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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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 001-39463

Ouster, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**86-2528989**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
350 Treat Avenue **San Francisco, California**	**94110**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (415) 949-0108

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	OUST	Nasdaq Global Select Market
Warrants to purchase common stock expiring 2026	OUSTZ	Nasdaq Capital Market

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $1,309.7 million. The registrant is no longer a smaller reporting company for the fiscal year ended December 31, 2026, but relies on applicable exemptions as a former smaller reporting company (through December 31, 2025) in this Annual Report on Form 10-K.

The registrant had 62,803,991 shares of common stock outstanding as of February 25, 2026.

Documents Incorporated by Reference:

Specifically identified portions of the registrant's definitive proxy statement relating to its 2026 annual meeting of stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K where indicated. The registrant's definitive proxy statement will be filed with the U.S. Securities and Exchange Commission (the "SEC") within 120 days after the end of the registrant's fiscal year ended December 31, 2025.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. 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"). All statements other than statements of historical fact contained in this Annual Report on Form 10-K may be forward-looking statements. The words "anticipates," "believe(s)," "could," "contemplates,", "continue," "expects," "estimates," "forecasts," "intends," "may," "plans," "projects," "predicts," "potential" "should," "targets," or "will" and similar expressions or the negative of these terms or expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to statements regarding our ability to maintain or grow our global sales and bolster our financial position; impacts from our recent acquisition of Stereolabs SAS; our expected contractual obligations and capital expenditures; the capabilities of and demand for our products; our anticipated new product launches and updates of existing products and anticipated impacts from recent product launches; our future results of operations and financial position; industry and business trends; the impact of market conditions and other macroeconomic factors on our business, financial condition and results of operation; expectations regarding legal proceedings; our future business strategy, plans, distribution partnerships, market growth and our objectives for future operations.

The forward-looking statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2025. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. Additionally, certain information we may disclose (either herein or elsewhere) is informed by the expectations of various stakeholders or third-party frameworks and, as such, may not necessarily be material for purposes of our filings under U.S. federal securities laws, even if we use "material" or similar language in discussing such matters.

GENERAL

Unless the context otherwise requires, references in this Annual Report on Form 10-K to "we", "our", "Ouster" and "the Company" refer to the business and operations of Ouster, Inc. and its consolidated subsidiaries. The Company was incorporated in the Cayman Islands on June 4, 2020 as "Colonnade Acquisition Corp.", Following the closing of a business combination between the Company and Ouster Technologies, Inc. (formerly, Ouster, Inc.) in March 2021 (the "Colonnade Merger"), the Company domesticated as a Delaware corporation and changed its name to Ouster, Inc. References to "CLA" refer to the Company prior to the business combination. Ouster Technologies, Inc., the Company's operating predecessor was founded on June 30, 2015.

We may announce material business and financial information to our investors using our investor relations website at *https://investors.ouster.com.* We therefore encourage investors and others interested in Ouster to review the information that we make available on our website, in addition to following our filings with the U.S. Securities and Exchange Commission ("SEC"), webcasts, press releases and conference calls. Information contained on our website is not part of this Annual Report on Form 10-K.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our common stock. The principal risks and uncertainties affecting our business include the following:

- Our products are frequently used in applications that are subject to evolving regulations and standards.
- Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.
- We have incurred significant losses to date and may never achieve or sustain profitability. If we are unable to overcome our limited sales history and establish and maintain confidence in our long-term business prospects among customers in our target markets or if our revenue opportunity does not materialize into sales and revenue, then our financial condition, operating results, business prospects and access to capital may suffer materially.
- Our revenue and margins could be adversely affected if we fail to maintain competitive average selling prices, high sales volumes, and/or fail to reduce product costs.
- We are subject to the risk of cancellation or postponement of our contracts with customers or the unsuccessful implementation of our products, which may adversely affect our business, results of operations and financial condition.
- We currently target many customers that are large corporations with substantial negotiating power and exacting product standards. If we are unable to sell our products to these customers, our prospects and results of operations will be adversely affected.
- We compete against established market participants that have substantially greater resources than us and against known and unknown market entrants who may disrupt our target markets. If our products are not selected for inclusion in our target markets, our business will be materially and adversely affected.
- Market adoption of lidar remains uncertain, and it is difficult to forecast long-term end-customer adoption rates and demand for our products.
- Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide and could cause our stock price to fluctuate or decline.
- If we choose to acquire or invest in other new businesses, products, or technologies, such acquisitions or investments may not be completed or result in the anticipated benefits and may present risks not originally contemplated and adversely impact our business.
- Key components in our products come from limited or single source third-party suppliers, and we expect to rely on third parties to manufacture a significant portion of our products for the foreseeable future. Interruptions in our relationships with these third parties could adversely impact our business.
- We may require additional capital in order to execute our business plan, which may not be available on terms acceptable to us, or at all.
- We may not be able to adequately protect or enforce our intellectual property rights or prevent competitors or other unauthorized parties from copying or reverse engineering our technology.

Part I

Item 1. Business.

Overview

Ouster, Inc. is a leader in sensing and perception for Physical Artificial Intelligence (Physical AI). Ouster enables machines to "Sense, Think, Act, and Learn" and independently execute tasks without human intervention. Physical AI allows machines to move beyond fixed, preprogrammed behavior into adaptive, intelligent action by focusing on perception, understanding, and learning from the physical world. As a pioneer in Physical AI, Ouster offers a unified sensing and perception platform that combines high-performance digital lidar, cameras, AI compute, sensor fusion and perception software, and cutting-edge AI models to our customers.

We anticipate that 3D vision technologies, coupled with artificial intelligence, will power autonomy that in turn will fundamentally disrupt business models across many existing industries and enable entirely new industries and capabilities. We believe that our digital lidar sensors are one of the highest performing, lowest cost solutions available today, which we believe positions us at the center of a global revolution in autonomy.

Our four target markets each have unique use cases for our lidar sensors:

- *Industrial.* Our industrial customers use our lidar sensors to increase safety and automate operations across the global supply chain. This includes material handling vehicles at ports and warehouses, off-highway vehicles in mines and on farms, and manufacturing equipment in factories.
- *Smart infrastructure.* Our smart infrastructure customers are in both the public and private sectors. Cities are prioritizing safety and efficiency through the use of lidar technology on roads and sidewalks in public spaces. We believe our products can enhance public welfare through security and smart city applications. Security companies are also looking to improve intrusion detection and tracking by augmenting existing closed-circuit television (CCTV) systems with the spatial tracking capabilities of lidar.
- *Robotics.* Our robotics customers are pioneering an automated future that can affect many aspects of our daily lives as they take on tasks that are redundant, cumbersome, expensive or dangerous for humans.
- *Automotive.* The automotive industry is shifting towards advanced/enhanced safety and autonomy features, in part powered by lidar. We believe we are uniquely positioned to support this transformation. We work with companies across the entire automotive ecosystem, from technology providers to direct automotive parts suppliers and original equipment manufacturers ("OEMs"), to design and manufacture lidar sensors for these advanced vehicle systems.

We believe these markets present a significant growth opportunity for us.

We envision a future where our technology that combines sensing, compute, applications and artificial intelligence will become universal for empowering 3D perception capabilities within robots, cars, trucks, and drones, as well as factories, warehouses, roads, sidewalks, public spaces, retail stores, stadiums, docks, and airport terminals. We believe our patents and ongoing development of perception, analytics, mapping, and localization software will better position us in this evolutionary environment.

We believe the simplicity of our digital lidar design gives us meaningful cost advantages in manufacturing, supply chain, and production yields. Our main manufacturing partners are Benchmark Electronics, Inc. ("Benchmark") and Fabrinet. Benchmark and Fabrinet manufacture the majority of our products, which we expect will reduce our product costs and allow us to rapidly scale production to meet our anticipated product demand. Based on cost quotes for our products in mass production, we anticipate our manufacturing costs per unit will decrease as production volumes increase.

Ouster's mission is to make the physical world safer and more efficient. As a leader in sensing and perception we bring Physical AI to life, with a foundational end-to-end sensing and perception platform and delivering intelligent digital lidar and camera solutions that improve quality of life in the physical world.

Intellectual Property

We believe our success, competitive advantages, and growth prospects depend in part upon our ability to develop and protect our core technology and intellectual property ("IP"). Being at the forefront of innovation in the lidar market depends in part on our ability to obtain and maintain intellectual property rights relating to our digital and analog products and solutions, including our software, real-time 3D vision for autonomous systems, manufacturing processes, and calibration methodology. The Company owns and controls various intellectual property rights, including patents, designs, copyrights, trademarks, trade names, trade secrets and other forms of intellectual property rights in the U.S. and various foreign countries. The Company regularly files applications to protect innovations arising from its research, development, design and marketing, and has accumulated a large portfolio of issued and registered intellectual property rights around the world. The Company licenses certain patents and receives annual royalties. We do not consider any single patent, trademark, or intellectual property right or a license for intellectual property right as solely or materially responsible for protecting the Company's product offerings or business.

We protect our proprietary rights through agreements with our commercial partners, supply chain vendors, employees, and consultants, and by closely monitoring the developments and products in the industry. In addition to seeking intellectual property protection originating from us, we continually evaluate opportunities to acquire or in-license intellectual property (inclusive of patents) to the extent we believe such intellectual property are useful or relevant to our business. By leveraging our deep knowledge of lidar technology, we have invented and patented an integrated, semiconductor-based lidar technology, which for our digital products consists of the following key features:

Patented digital lidar architecture

Our patents contain a broad range of claims related to devices and methods for implementing digital lidar, among other things. Our patents cover our micro-optic technology that enables improved digital lidar performance; our digital lidar architecture combining vertical cavity surface emitting lasers ("VCSEL") and single photon avalanche diodes ("SPAD"); our data processing circuits for in-silicon digital signal processing; and our lidar-camera convergence, combining active and passive sensing technologies.

Custom system-on-a-chip ("SoC") with SPAD detectors

Our sensors contain a custom-designed SoC that replaces the functionality of hundreds of discrete analog components and integrates those capabilities onto a single complementary metal-oxide-semiconductor ("CMOS") chip.

In our Ouster Sensor ("OS") product line, we are currently on our "L3" generation of SoC, which combines significant processing power with a 128-channel SPAD array onto a single piece of silicon and powers all of our REV7 products. Our SoC is capable of counting individual photons in order to detect very weak laser light pulses from long range targets. This digital SPAD-based approach enables our OS sensors to be compact, high-performance, and low-cost in order to provide advanced autonomy functionality to our industrial, robotics, smart infrastructure, and automotive customers.

Our Digital Flash ("DF") lidar is under development and utilizes our first generation CMOS SoC for solid-state sensors. In 2021, we announced our second generation DF SoC, "Chronos". Powered by this chip, the solid-state DF lidar features short, medium, and long-range sensing options that we believe has the potential to meet the performance, reliability, design, and cost requirements of global industrial and automotive OEMs.

Vertical cavity surface emitting laser array

Paired with our digital SPAD SoC is an array of VCSELs. By using VCSEL technology, we can place our laser emitters into a dense array. This dense, compact approach enables us to increase our resolution without increasing the size or complexity of our sensors.

Patented micro-optical system

In addition to our detector SoC and VCSEL array, our sensors feature patented micro-optical systems that enhance the performance of both our emitters and detectors. The combined effect of these micro-optical systems on sensor performance is equivalent to an increase in detector efficiency of multiple orders of magnitude.

Embedded software

Our existing embedded software is field-upgradeable, which enables us to customize and improve our sensors' capabilities. We believe that the flexibility of this existing embedded software, together with embedded software that we develop in the future, will create an avenue for software-based enhancements of performance and customization of our products that will be capable of addressing myriad end-market customers' specific technical requirements.

We believe these technology breakthroughs are central to our competitive advantage and dramatically improve sensor performance.

Our Product Portfolio

Ouster offers a unified platform of high-performance digital lidar, cameras, AI compute, sensor fusion and perception software, and cutting-edge AI models. Using an array of eye-safe lasers, our lidar solutions provide exceptional depth accuracy and perform exceedingly well in dark and obscure conditions. Cameras complement this by providing high resolution context, color, and texture, providing further data to interpret complex environments. Compared to radar, lidar and cameras provide better resolution, perceiving objects' shapes for superior object detection and classification. Lidar systems are designed to detect pedestrians equally well during daytime and nighttime conditions because the systems provide self-illumination by means of laser beams.

In October of 2021, Ouster acquired Sense Photonics, Inc. ("Sense") a developer of solid-state flash lidar based on VCSEL and SPAD technology. This acquisition has supported the development of our DF sensor which leverages technology and engineering expertise from both companies. In February 2023, Ouster completed the merger (the "Velodyne Merger") with Velodyne Lidar, Inc. ("Velodyne") pursuant to the terms of the Agreement and Plan of Merger, dated as of November 4, 2022. As a result, we currently offer the OS and Velodyne scanning sensors and are developing the DF solid-state flash sensors.

On February 4, 2026, Ouster acquired Stereolabs SAS ("Stereolabs"), a developer, manufacturer and seller of AI camera vision and perception solutions. The acquisition expanded the Company's product portfolio, and is expected to further strengthen its software capabilities and accelerate customer development. With this acquisition, Ouster now offers Physical AI's first unified sensing and perception platform, combining high-performance digital lidar, cameras, AI compute, sensor fusion and perception software, and cutting-edge AI models. This acquisition provides Ouster the ability to deliver foundational end-to-end sensing and perception platform for Physical AI.

OS Product line

Introduced in 2018, the OS product line is available in four different models to meet the needs of our end customers. The model options include the hemispheric field of view "OSDome", the ultra-wide view "OS0," the mid-range "OS1," and the long-range "OS2." Within each of these models, we offer numerous configuration options, including but not limited to different resolutions, connection standards, and data output structures. As we continue to release new generations of the silicon CMOS SoCs that power the OS product line, we expect the performance of our sensors to improve.

In 2022, we launched our REV7 OS series scanning sensors powered by our L3 chip. Compared to our earlier generation sensors, REV7 delivers double the range, enhanced object detection, increased precision and accuracy, and greater reliability.

DF Series

The DF series is a suite of short, mid, and long-range solid-state digital lidar sensors with superior reliability, durability, and affordability. The DF series is designed to meet automaker requirements and certifications for advanced driver assistance systems ("ADAS") and autonomous driving, while seamlessly integrating into the vehicle architecture and design. The DF series is also suitable for non-ADAS use cases where a full 360 degree field of view is not required.

Its key features include high resolution, adaptability, and scalability.

High resolution. The patented breakthrough solid-state digital flash architecture produces high-resolution 3D point clouds.

Adaptability. The multi-sensor suite is a flexible platform that can be easily adapted to different form-factors and sensor configurations to provide varying ranges, fields of view, and vehicle design freedoms – all with a simple change in optics or housing.

Scalability. The solid-state DF series is designed to be highly manufacturable and to offer durability, reliability, and affordability. We expect to offer individual solid-state sensors as well as a multi-sensor lidar suite at a price point that we believe could enable broad adoption. We believe that we are well-positioned to deliver on OEM requirements with a single supplier offering, reducing overall costs and making us a preferred potential partner.

Velodyne product lines

We also offer certain surround-view lidar sensors that Velodyne previously marketed prior to the Velodyne Merger. These scanning lidar products include the VLP-16, VLP-16 Lite, VLP-16 Hi-Res, VLP-32, and VLS-128, and are in the final stages of their product lifecycle. We stopped manufacturing these products in 2025.

Ouster Gemini

Ouster Gemini is a perception platform designed for smart infrastructure deployments like security, yard management, and crowd analytics, and is optimized exclusively for Ouster's digital lidar sensors. The Gemini platform consists of OS series lidar sensors, edge processor hardware, perception software, and cloud analytics.

The Ouster Gemini platform provides people and object detection, classification, and tracking for actionable, intuitive, and customizable insights while preserving personally identifiable information. Gemini enables our customers to detect, classify, and track objects through a covered area which can be expanded by meshing lidar sensors together to form a single, cohesive 3D view. This approach has multiple advantages compared to other similar solutions and can be used to replace or enhance existing camera, radar, or RF beacon-based systems:

Detection accuracy. Gemini perception software is specifically optimized to take advantage of the rich and robust data provided by Ouster's digital lidar sensors. The high resolution and improved range of our digital lidar sensors combined with a state of the art deep neural network based perception algorithms enhance the detection, classification, and tracking accuracy of the perception software.

Uninterrupted tracking. Gemini enables seamless tracking of objects across an entire area. Users can easily mesh multiple lidar sensors together within the Gemini software interface, allowing a seamless 3D view of object movement throughout the space.

Easy setup and administration. The simplicity of the Gemini platform, along with its intuitive user interface, enables customers to install, configure, and maintain the system with ease.

Privacy-preserving. Gemini does not output any personally identifiable information, allowing customers to deploy advanced monitoring systems in public or sensitive areas without privacy concerns.

BlueCity

BlueCity is a Gemini-powered solution for traffic operations, planning, and safety. In addition to traffic signal actuation, BlueCity provides real-time data analytics and predictions, which can be used to improve traffic and crowd flow efficiency, improve urban planning, advance sustainability, and protect vulnerable road users in a wide range of weather and lighting conditions.

Improve flow efficiency. Connecting BlueCity's intelligent solution to existing traffic controllers helps optimize signal timing and traffic and crowd flow based on real-time, multimodal traffic data. This can result in reduced traffic congestion, decreased vehicle delays, and maximized system capacity.

Improve urban planning. BlueCity can help improve mobility and urban growth management for all modes of transport with data-based decision-making insights on the volume, speed, and direction of pedestrians, cyclists, and vehicles.

Data analytics dashboard. BlueCity provides a user dashboard with actionable insights such as number of near misses, pedestrian crossing time estimates, illegal turn detection, and red-light violations.

ZED Cameras and Sensing and Perception Platform

With the acquisition of Stereolabs, Ouster now offers ZED cameras and AI Compute. ZED is a high-performance camera that provides 2D and 3D color data with ultra-low latency. The ZED cameras leverage Stereolabs' Neural Depth engine that delivers up to a 10x sensing price-to-performance advantage over traditional cameras. These products have been ruggedized for harsh industrial conditions with a compact form factor that simplifies robotics integration. The embedded AI compute hardware facilitates native, real-time sensor fusion at the edge.

Product Roadmap And Development

We continue to invest in growing our digital lidar, camera, and compute product portfolio and increasing the capabilities of our sensing and perception platform and our software solutions.

We currently expect that our future digital lidar product developments will be primarily driven by improvements to our semiconductors—the receiver SoC and VCSEL laser array— with little to no impact on the designs or architecture of our sensors.

Our digital lidar product roadmap primarily consists of designing, building, and integrating improved semiconductors into the OS product line, which we anticipate will improve the range and resolution of our sensors, among other features, without substantial changes to the form factor of our sensors.

We have manufactured prototypes of our DF sensors for the automotive ADAS market. The DF series is also suitable for non-ADAS use cases where a full 360 degree field of view is not required. After the initial release, we anticipate our DF sensors will improve in performance over time as we improve our core SoC and laser components.

Our software solutions include BlueCity for intelligent transportation systems, and Ouster Gemini for security, logistics automation, and crowd monitoring. We continue to work to improve the performance and expand the capabilities of these platforms through our artificial intelligence perception software and application-specific integrations, analytics, and dashboards.

Our Customers

We target four markets globally: automotive, industrial, robotics, and smart infrastructure. For the year ended December 31, 2025, two customers accounted for more than 10% of our revenue.

Industrial Automation

Our customers in the industrial market are generally engaged in the manufacturing, operation, or after-market modification of heavy industrial machinery, which includes automated guided vehicles (“AGVs”), autonomous mobile robots (“AMRs”), mining vehicles, large material handling vehicles such as forklifts, construction vehicles, agricultural vehicles, and port machinery among other machines. Lidar is used on heavy machinery to enable autonomous usage of the machinery and to improve worker safety. We believe that our industrial customers value the high resolution, range, small form factor, and high reliability of our digital lidar sensors.

Smart Infrastructure

Our customers in the smart infrastructure market are generally engaged in monitoring and analyzing human and vehicle movements for the purpose of providing building security and improving roadway safety and efficiency. This market includes federal, state, and local governments as well as private commercial businesses. Unlike traditional cameras, our lidar sensors provide accurate spatial data in low lighting conditions while safeguarding privacy concerns. We believe that our smart infrastructure customers value the high resolution, 360° horizontal field-of-view, and high reliability of our digital lidar sensors. Our lidar sensors and software solutions provide smart infrastructure customers the ability to detect, classify, and track people and vehicles through an easy to use software user interface, allowing them to interact with lidar data indirectly and in a task-relevant manner.

Robotics

Our customers in the robotics industry are generally engaged in the design, production, operation, or after-market modification of small mobile human-less vehicles, which includes wheeled robots, legged robots, and drones among other vehicles. Our customers in the robotics market include both commercial entities and nonprofit entities, such as research institutions. Our customers in the robotics market are installing lidar sensors for autonomous navigation, collision avoidance, and mapping in order to provide services such as last-mile delivery, street sweeping, and asset inspection. We believe our robotics customers value the high resolution, precision, wide vertical field-of-view, and high reliability of our lidar sensors.

Automotive

Our customers in the automotive industry fall into two categories: customers developing various forms of self-driving technology for driverless mobility and freight applications, and customers developing consumer ADAS. Both groups are generally engaged in the design, production, manufacture, operation, or after-market modification of automobiles, which includes consumer and commercial vehicles, commercial heavy trucks, and buses among other vehicles. Automotive customers use lidar as a core component in ADAS and for autonomous driving. We believe that our automotive customers value the high resolution, high reliability, and cost of our lidar technology.

Our Competitive Strengths

We believe the following strengths will allow us to maintain and extend our position as a leading provider in high-resolution lidar solutions.

Patented digital lidar technology

Since we invented and patented our digital lidar technology in 2015, we have launched a suite of products built on a shared architecture. Our proprietary SoC replaces hundreds to thousands of discrete components with a single, tightly-integrated, custom SPAD receiver array, and our high-efficiency VCSEL array integrates every laser into a single die. Moreover, our patented micro-optical system increases digital lidar performance by the equivalent of an orders-of-magnitude increase in detector efficiency. We believe that this architecture will allow us to continue to increase sensor performance while reducing its cost for many years to come. The Sense acquisition and the Velodyne Merger have enabled us to acquire additional intellectual property, which we believe will continue to distinguish us in the lidar space.

High performance at a competitive price

As we introduce future generations of our proprietary SoC, we expect to be able to offer improved resolution, range, precision, and reliability, and unlock new data types. Our simple digital architecture shared across our products has allowed for a single manufacturing process and common supply chain for all of our sensor models that we believe results in cost advantages that help us offer lower prices to our customers while maintaining gross margins.

Flexible and scalable product architecture

Our products employ a software-defined architecture, enabling low-cost development of new industry-specific applications, and a simple shared hardware architecture for scalable manufacturing.

Large and diversified customer base

We have diversified and strive to continue to diversify our customer base by growing our business in automotive, industrial, robotics, and smart infrastructure, which we believe gives us key advantages. Our customer and market diversity add stability to our business and we are able to reduce our exposure to the risk of development delays or regulatory changes that may affect our sales to a single customer or in a particular market.

Volume manufacturing today

We designed our technology for high-volume manufacturing. At our San Francisco, California facility, we manufacture sensors, including new product introductions and Buy America and Buy American-compliant sensors. While we continue to manufacture certain sensors in San Francisco, the Company outsources higher volume product manufacturing to our manufacturing partners Benchmark and Fabrinet, both of which have manufacturing facilities in Thailand. We believe these relationships provide multiple benefits, including allowing us to reduce our operating costs and the ability to leverage our partners' manufacturing capacity to quickly respond to changes in demand.

Digital solid-state technology positioned to capture high volume OEM opportunities

We expect that our prospective customers will select lidar suppliers primarily based on the anticipated ability to meet performance, reliability, design, and cost requirements. We believe that the solid-state digital lidar technology in our DF sensors will meet these requirements and lead to production wins and growth in this segment.

Highly reliable and rugged technology

In addition to high performance, comparatively low cost, and high customization flexibility, our sensors are designed to be highly reliable. We believe Ouster has one of the lowest field failure rates in the industry, which reduces the total cost of ownership of our sensors and we believe results in greater loyalty of our customers to our products.

Visionary management team

Innovation is central to our corporate culture. Ouster's co-founders Angus Pacala and Mark Frichtl have over two decades of combined experience in lidar engineering. In collaboration with our seasoned executive management team, they drive our vision and corporate strategy. We believe that the digital lidar technology invented by our founders will continue to drive significant improvements in autonomous technology. As the Company has developed, we have built a strong and stable supporting team, with long-tenured leaders in sales, marketing, operations, engineering, manufacturing, legal and finance.

Our Growth Strategies

Our growth strategy is based upon three components: the attractive performance and cost economics of our digital lidar technology, accelerating adoption with our software solutions, and focused commercial execution.

Today, our digital lidar technology powers OS and DF sensors that are high performance, highly customizable, reliable, and cost competitive. As we continue to upgrade the SoCs powering our OS and DF sensors, we expect to improve the performance of our sensors without significant negative impact to sensor cost or form factor. We plan to leverage this dynamic to grow our sensor sales by steadily improving our product performance while consistently maintaining a competitive price point.

We believe our software solutions for multiple end markets present a significant growth opportunity. For existing lidar users, software has the potential to decrease development time and improve system performance. For customers who historically rely on other sensor modalities or lack technical expertise, the introduction of software such as Ouster Gemini can catalyze the adoption of lidar by lowering the engineering resources required to transform raw data into actionable insights.

In addition to our sensor and software growth opportunities, we believe we can increase our growth through commercial execution excellence. By building a commercial organization with highly-skilled employees and efficient processes and systems, we believe we can improve our customer acquisition, accelerate existing customer growth, increase sales through distribution networks, and build valuable strategic partnerships.

With the acquisition of Stereolabs, we are expanding our product portfolio to featuring new camera vision solutions and AI compute. Ouster is positioned to secure a greater share of the sensing and perception market, including new high-growth use cases such as humanoid robotics, industrial automation, and visual inspection.

Key elements of our growth strategy include:

Execute on our product roadmap

We continue to place a priority on innovation and product development. We plan to continue improving our product performance and adding unique functionality while maintaining a competitive price point. We believe that improving our products at a consistently competitive price positions us to win new and expanded business opportunities in our target markets over time.

Grow sales volumes from existing accounts

We aim to create an established customer base in each of our four target markets that can be further strengthened as our relationships with customers mature. As our customers move through our pipeline from benchtop evaluation to pilot evaluation, to pre-production, and finally to production—we believe our order volumes will increase at each stage in the sales process. We expect that moving to series production can provide a material increase of up to several orders of magnitude in annual sales volume for a given customer program.

Commercialize digital lidar for emerging high volume OEM opportunities

We believe that our solid-state DF sensor will meet industry requirements for performance, cost, and reliability in high volume OEM applications. As development progresses, we will strive to build and maintain relationships with global OEMs and Tier 1s to further strengthen demand.

Expand our distribution network

While the majority of our sales are direct to customers, we also sell our sensors through a domestic and international distribution network, which has expanded as a result of the Velodyne Merger. We believe these distributors enable us to reach more end customers in an operationally efficient manner. We plan to grow our existing network and establish new distribution partnerships in regions where we do not currently have partnerships. By leveraging these relationships, we believe we will be able to reach more customers faster and rapidly grow our sales.

Expand our partner ecosystem

Effectively integrating and using a lidar sensor can be a complex task for some end customers. An ecosystem of value-added software and integrator companies is growing across the world, offering perception software and tailored solutions for our target markets. We have relationships with many of these companies, and have collaborated with some of them to develop software and services based on our sensors. We intend to further develop complementary solutions and integration services that we believe will provide potential customers with the requisite technical know-how and we expect that this will accelerate our sales growth.

Strengthen our worldwide sales and marketing presence

To further grow our market share in our target markets, we intend to opportunistically scale our commercial team to serve the needs of each end market. As our market presence grows through targeted sales and marketing activity, we believe our customer base will grow. In addition, we are increasingly cross-selling within accounts, accessing new projects and opportunities within accounts where we have a beachhead position and increasing the number of addressable opportunities.

Pursue strategic transactions

We have explored and may continue to explore strategic acquisitions, mergers or other transactions as a means to improve our competitive position. For example, in February 2023, we completed our merger of equals with Velodyne which helped us to strengthen our financial position, technology portfolio and software offering, and in February 2026, we completed our acquisition of Stereolabs, which is intended to help us broaden our Physical AI offerings by adding vision-based perceptions systems to our portfolio. While we see significant and growing demand for our products today, we believe selective transactions can create more expansive use cases for our products, provide greater access to target markets, improve our operating efficiency, or accelerate our product roadmap.

Manufacturing

Our San Francisco, California facility manufactures sensors, including new product introductions: Buy America and Buy American-compliant sensors. For higher volume manufacturing where we can leverage bigger companies' resources, we have invested in relationships with key manufacturing partners Benchmark and Fabrinet. We have also invested a significant amount of time and resources in streamlining our production process. Our optical alignment processes are partially or completely automated, which reduces manufacturing time and increases our production output. Our sensors also undergo application-focused final testing, which allows us to understand the real-world performance of our sensors before they are shipped to customers. We continue to invest in building manufacturing process control systems, which provide real-time production information on the sensors produced at the facilities in Thailand and San Francisco through integrated data stores and dashboards. This streamlined production process aims at lowering manufacturing costs.

Competition

There is an increasing demand for lidar to help advance automated systems with the intended goal of increasing safety, improving efficiency and enhancing productivity. Lidar's status as a critical sensor in many applications gives us the opportunity to add enhanced value to customers by providing comprehensive solutions. There is increasing adoption of lidar across a wide variety of industries. As a result, we compete against several companies developing lidar solutions for incorporation into these developing applications, some of which may be similar to ours. Our competitors may include and are not limited to: AEye, Aeva Inc., Cepton, Hesai Technology, Innoviz Technologies, Koito Manufacturing Co. Ltd., Luminar Technologies, MicroVision, Pepperl+Fuchs, Quanergy, RoboSense, Seyond, and SICK.

Additionally, some of our targeted customers may have their own internal lidar development programs. Our software products may also compete against companies that provide standalone software solutions. Although we believe our line of products and innovation support position us as a leader in the lidar market, we will continue to face competition from existing, established market competitors with greater resources and new companies developing lidar solutions.

Sales And Marketing

We maintain a global sales presence across the Americas, Europe, and Asia and Pacific markets. We sell directly to many of our customers and have also developed a global network of active distributors to sell, install, and support our solutions. Our commercial team is made up of experienced leaders who have been developing a focused sales organization geared towards ramping our sales pipeline. We continue to maintain a robust sales and marketing team to meet the demands of our existing customers and expect to expand our sales efforts to attract new customers. We plan to continue to expand and optimize our dealer network to ensure that we have sufficient geographic coverage across both existing and new markets.

We take a targeted marketing approach to each of our four focused markets. We develop and publish digital content designed to educate our audience on how to use Ouster's products, and selectively use other channels and advertising methods to attract customers. We leverage opportunities to present and speak at market-specific conferences, executive events, trade shows and industry events to further develop our brand and reputation. These opportunities also allow us to showcase our technology and attract additional customer interest. Through customer feedback, industry events and strategic relationships, we continue to identify the evolving needs of our customers and, as a result, develop new and improved solutions. In addition, we have a robust social media presence and are investing in various digital marketing strategies and tools to further reach customers as well as build our brand. We also sponsor universities and other non-profit organizations to increase awareness of our technology and showcase its capabilities.

Research and Development

We have invested significant resources into research and development of our lidar-based technologies. We believe our ability to maintain a leadership position depends in part on our ongoing research and development activities.

Our research and development activities are primarily based in San Francisco, California; Ottawa, Canada; and Edinburgh, Scotland. Our research and development team is responsible for the design, development, manufacturing, and testing of our products. We focus our efforts on the development of digital lidar technology, developer tooling, software solutions, and innovative manufacturing technologies. The research and development team also partners with our operations and supply chain teams to develop scalable and reliable manufacturing processes and aid in supply chain planning and diversification. Our team consists of engineers, technicians, scientists, operators and professionals with experience from a wide variety of the world's leading sensing, engineering, consumer electronics, and automotive organizations.

Government Regulation

Our worldwide business activities are subject to the various laws, rules, and regulations of the United States as well as of foreign governments. Compliance with laws, rules, and regulations has not had a material effect upon our competitive position but changes to laws, rules, and regulations, and enforcement of such, including but not limited to those pertaining to export controls, foreign exchange controls and cash repatriation restrictions, taxes, tariffs, IP ownership and infringement, cybersecurity, data privacy requirements, AI use and ethics, competition and antitrust, business acquisition, advertising, anti-corruption, climate change, environmental, health and safety requirements, employment, and product regulations, could impact our competitive position or otherwise have adverse impact on our business in subsequent periods (see Part I, Item 1A. Risk Factors).

As a lidar technology company, we are subject to the Electronic Product Radiation Control Provisions of the Federal Food, Drug, and Cosmetic Act. These requirements are enforced by the U.S. Food and Drug Administration ("FDA"). Electronic product radiation includes laser technology. Regulations governing these products are intended to protect the public from hazardous or unnecessary exposure. Manufacturers are required to certify in product labeling and report to the FDA that their products comply with applicable performance standards as well as maintain manufacturing, testing and distribution records for their products. Furthermore, we are also subject to similar internationally harmonized standards and regulations governing the safe use of laser products. Based upon successful evaluations of the applicable laser products, followed by written attestation by international third-party certification agencies, manufacturers are required to create Self Declarations of Compliance ("SDOC") of their products to such regulations, and label their products accordingly.

Our products and solutions are also subject to U.S. and foreign trade and customs product classifications, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Rising geopolitical tensions have led to new and/or increased compliance costs associated with export control laws and regulations and economic sanctions that impose licensing requirements or prohibition of the shipment of certain products to countries, governments, entities and persons. Adherence to these requirements could adversely affect our business and financial results, including ability to sell or ship our inventory of products or develop replacement products not subject to export control regulations, effectively excluding us from certain countries or regions.

Similarly, we are also subject to sourcing regulations such as the requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the EU Conflict Minerals Regulation 2017/821, that require us to carefully monitor our supply chain. Adherence to these requirements could adversely affect the sourcing, availability and pricing of the materials that may be used in the manufacture of components used in our products.

Our customers may use our products in applications that are regulated and/or subject to industry standards. Such applications require that our products comply with the applicable regulations and standards, including, but not limited to, functional safety, cybersecurity, product safety and product performance standards. For example, we continue to add features to our existing OS product line, and we expect to design, engineer and test our new DF sensors, to meet evolving U.S. and international consumer product safety and performance requirements as well as Automotive and Industrial Functional Safety, Cybersecurity and performance certifications designed to ensure the safe deployment and operation of autonomous vehicles, automotive ADAS, industrial machines and robots. Significant foreign markets also continue to develop their own respective standards to define deployment requirements for higher levels of autonomy in these jurisdictions.

Our operations are subject to various international, federal, state and local laws and regulations governing the occupational health and safety of our employees and wage regulations. We are subject to the requirements of the federal Occupational Safety and Health Administration, as amended, ("OSHA"), and comparable international, state and local laws that protect and regulate employee health and safety.

We are subject to climate-related, sustainability and environmental laws, rules and regulations that are evolving and changing.

This is not an exhaustive list of laws, rules, and regulations. Compliance with these laws, rules and regulations may require us to incur significant costs to comply, including obtaining permits, licenses, inspections of our facilities and products, and implementation of additional internal controls and additional oversight obligations.

Human Capital

As of December 31, 2025, we employed 204 people on a full-time basis in the United States and 116 people on a full-time basis internationally, either directly through our international subsidiaries or through a professional employer organization. We also engaged a certain number of consultants and independent contractors to supplement our permanent workforce. None of our employees are currently represented by a labor union or covered by collective bargaining agreements. We believe we have strong and positive relations with our employees.

Inclusion and Belonging. To attract, motivate and retain a highly-skilled workforce throughout our organization, we are focused on facilitating a safe and inclusive work environment that leverages the capabilities of our employees and encourages diversity of thought. In furtherance of these objectives, we provide training in various topics including anti-harassment, ethics and regulatory compliance for our employees to promote a healthy and inclusive organizational culture. The Company is committed to the principles of equal employment and non-harassment. We are committed to complying with all federal, state, and local laws providing equal employment opportunities, and all other employment laws and regulations.

Employee engagement. We prioritize employee engagement and value employee feedback, which we gauge through periodic employee engagement surveys that help us monitor both engagement and satisfaction and provides an additional reference point for evaluating initiatives aimed at enhancing our employees' experience.

Compensation and Benefits. We offer what we consider attractive compensation and benefit packages. This may include depending on location and eligibility, paid time-off, 401(k) plan with a Company match (subject to the IRS annual limit), stock-based awards, employee stock purchase plan, health and wellness programs, and other benefits. Our long-term equity compensation is intended to align management interests with those of our stockholders and to encourage the creation of long-term value.

Training and Development. We provide management and leadership development sessions on a regular basis. We continue to expand our offerings to include additional activities which bring together managers of all levels from across the organization.

Additional Information

Our Internet address is *https://ouster.com.* At our Investor Relations website, *https://investors.ouster.com*, we make available free of charge a variety of information for investors, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file that material with or furnish it to the SEC. Our filings with the SEC can also be accessed through the SEC's website at *http://www.sec.gov*. Our website and the information included in or linked to our website are not part of this Annual Report on Form 10-K or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors

Our business involves significant risks and uncertainties, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

Our company has a limited operating history, having been in operation since 2015. Our limited operating history makes it difficult for us to evaluate our future prospects. Certain factors that could alone or in combination prevent us from successfully commercializing our products include:

- recession or economic downturn globally or in the jurisdictions in which we do business;
- inflation or deflation, as well as changes in existing and expected rates of inflation or deflation, which may vary across the jurisdictions in which we do business;
- our reliance on third parties to manufacture our products or supply significant parts needed for our production process;
- our ability to establish and maintain successful relationships with our manufacturers and suppliers;
- our ability to tailor our commercial production depending on scale and on a cost-effective basis in a timely manner;
- our ability to successfully expand our product offerings;
- our ability to develop and protect intellectual property;
- our ability to gain market acceptance of our products with customers and maintain and expand customer relationships;
- the adaptability of our products and the ability of our customers to integrate our products into their products in a timely and effective manner;
- the actions of direct and indirect competitors that may seek to enter the markets in which we expect to compete or that may seek to impose barriers to one or more markets that we intend to target;
- the long-lead time for development of market opportunities, for which we are only at an early stage of development;
- our ability to forecast our revenue, budget, and manage our expenses;
- difficulty in collecting, or failure to collect, accounts receivable, as well as longer collection periods;
- our ability to comply with existing and new or modified local laws and regulations applicable to our business, or laws and regulations applicable to our customers for applications in which they may use our products;
- our ability to plan for and manage capital expenditures for our current and future products, and manage our supply chain and supplier relationships related to these current and future products;
- our ability to anticipate and respond to macroeconomic changes and changes in the markets in which we operate and expect to operate;
- our ability to maintain and enhance the value of our reputation and brand;
- our ability to effectively manage our growth and business operations; and
- our ability to recruit and retain talented people at all levels of our organization.

If we fail to understand fully or adequately address the challenges that we are currently encountering or that we may encounter in the future, including those challenges described here and elsewhere in this Part I, Item 1A. “Risk Factors,” our business, financial condition and results of operations could be adversely and materially affected. If the risks and uncertainties that we plan for when operating our business are incorrect or change, or if we fail to manage these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

We have incurred significant losses to date and may never achieve or sustain profitability.

We have experienced net losses in each year since our inception. In the years ended December 31, 2025 and 2024, we incurred net losses of $60.4 million and $97.0 million, respectively. We expect to continue to incur losses for the foreseeable future as we expand our product offering and continue to scale our commercial operations and research and development program. As of December 31, 2025, we had an accumulated deficit of $973.4 million. Even if we are able to increase the sales of our products, there can be no assurance that we will be profitable.

We expect we will continue to incur significant losses for the foreseeable future as we:

- hire additional personnel, as needed, to support investments in research and development ("R&D"), in order to develop technology and related software and to support the compliance needs in connection with being a public company;
- increase our sales and marketing functions, including expansion of our customer support and distribution capabilities; and
- expand operations and manufacturing.

If our products do not achieve sufficient market acceptance, we will not become profitable. If we fail to become profitable, or if we are unable to fund our business we may be unable to continue our operations. There can be no assurance that we will ever achieve or sustain profitability.

We expect to incur substantial R&D costs and devote significant resources to developing and commercializing new products, which could significantly affect our ability to become profitable and may not result in revenue to us. Any delay or interruption of the development and commercialization of new products may adversely affect our existing business and prospects for securing future business.

Our future growth depends on penetrating new markets, adapting existing products to new applications and customer requirements, and introducing new and effective products at an opportune time that may then achieve market acceptance. To remain competitive, we continue to develop new products and expand our existing product offerings. For instance, in January 2023, we announced the release of our software, Ouster Gemini, a cloud-backed digital lidar perception platform for crowd analytics, security, and intelligent transportation systems. Since then, we have continued to improve Ouster Gemini and its ability to detect, classify, and track moving objects in real-time using the 3D data from a single or multiple fused Ouster lidar sensors. In connection with the development of our products, we incur and expect to continue to incur substantial R&D costs, which may increase over time. Our R&D expenses were $65.2 million and $58.1 million during the years ended December 31, 2025 and 2024, respectively. R&D expenditures will adversely affect our results of operations in the future.

Further, our R&D program may be delayed and may not produce timely results. If we cannot produce successful results in time to accommodate customers' or potential customers' development timelines, we may lose business. If we are unsuccessful in introducing these products in accordance with our product launch plans or any publicly announced launch dates, it may be injurious to our reputation and brand and adversely affect our ability to be competitive in our four target markets and potential new markets. In launching such products, we may face foreseen and unforeseen difficulties that adversely affect such commercialization and could have a material adverse effect on our operations and business. Additionally, the success of our competitors' R&D efforts, including producing higher performing products or providing products competitive to our new products to our customers before us, may result in loss of business to us.

The promise of new products and successful R&D may even decrease our expected and actual revenue attributable to existing products, as historically, customers have delayed or cancelled outstanding purchasing commitments for certain products in anticipation of the release of new generation products from the Company. There is no guarantee that these delays and cancellations will not occur again in the future as we develop, announce and commercialize new products like our DF solid-state lidar sensor or our complementary software solutions.

If we are unable to overcome our limited sales history and establish and maintain confidence in our long-term business prospects among customers in our target markets or if our revenue opportunity does not materialize into sales and revenue, then our financial condition, operating results, business prospects and access to capital may suffer materially.

Our company has a limited sales history, as we only commenced selling our first revenue grade products in late 2018. Because of our limited sales history, we have limited experience managing and growing our relationships with existing customers and securing new customers in our target industries.

Our relationships with many of our existing customers are limited as they may not be prepared to select Ouster as a long-term supplier given our limited operating and sales history. To establish preliminary relationships with certain customers and to build their confidence, we have entered, and may continue to enter, into evaluation agreements, spot buy purchase

orders, non-binding letters of intent, and strategic customer agreements. These agreements are largely non-binding, do not include any minimum obligation to purchase any quantities of any products at this time, and do not require that the parties enter into a subsequent definitive, long-term, binding agreements; however, these preliminary agreements assist the Company in building confidence with customers if we are able to effectively perform and otherwise maintain positive relationships with them. If we are unable to build confidence with our existing customers, either through these preliminary agreements (due to any failure to enter into or perform under the agreements) or otherwise, or if we are unable to secure opportunities from these non-binding agreements, including those involving strategic customers, we may be unable to produce accurate forecasts or become profitable.

Our new customers may be less confident in us and less likely to purchase our products because of a lack of awareness about our products. They may also not be convinced that our business will succeed because of the absence of an established sales, service, support, and operating history. To address this, we must, among other activities, grow and improve our marketing capability and brand awareness, which may be costly. These activities may not be effective or could delay our ability to capitalize on the opportunities that we believe are suitable to our technology and products and may prevent us from successfully commercializing our products.

To build and maintain our business, we must maintain confidence in our products, long-term financial viability and business prospects. Failure to establish and maintain customer confidence may also adversely affect our reputation and business among our suppliers, analysts, ratings agencies, stockholders and other interested parties.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide and could cause our stock price to fluctuate or decline.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. Our financial results may fluctuate as a result of a variety of factors, including:

- the timing of ultimate end market and customer adoption of our products and particular versions of our products;
- the varying length of production cycles for our customers to integrate our products into their broader platforms;
- supply chain constraints and considerations and impacts on our costs of goods sold, such as shortages of semiconductor chips;
- our product mix and average selling prices, including negotiated selling prices and long-term customer agreements;
- the cost of raw materials or supplied components critical for the manufacture of our products;
- the timing and cost of, and level of investment in, research and development relating to our digital lidar technology and related software;
- developments involving our competitors;
- changes in governmental regulations affecting us, our supply chain, or applications in which our customers use our products or software, including export controls, tariffs, data privacy and security, or new regulatory standards for automotive, industrial, infrastructure, or robotics;
- future accounting pronouncements or changes in our accounting policies;
- adverse litigation, judgments, settlements or other litigation-related costs, or claims that may give rise to such costs; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

Many of these factors are outside of our control and may not accurately reflect the underlying performance of our business. The individual or cumulative effects of factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any guidance we may provide, or if the guidance we provide is below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even if our performance is consistent with any previously publicly stated guidance.

Our revenue and margins could be adversely affected if we fail to maintain competitive average selling prices, high sales volumes, and/or fail to reduce product costs.

Cost-cutting initiatives adopted by our customers often place increased downward pressure on our average selling prices. We also expect that any long term or high-volume agreements with customers may require step-downs in pricing over the term of the agreement or, if commercialized, over the period of production. We strive to keep our average selling price competitive and expect to achieve profitability by maintaining competitive average sales prices and through continually lower product costs. Our average selling price may be driven down by customer-specific selling price fluctuations such as non-standard discounts on large volume purchases. These lower average selling prices on large volume purchases may cause fluctuations in revenue and gross margins on a quarterly and annual basis and ultimately adversely affect our profitability. We have experienced and may in the future experience declines in the average selling prices of our products generally as our customers seek to commercialize autonomous systems at prices low enough to achieve market acceptance and as our competitors continue to produce and commercialize lower cost competing technologies. To achieve profitability and maintain margins, we will also need to continually reduce product and manufacturing costs. Reductions in product and manufacturing costs are principally achieved by scaling our production volumes and through step changes in manufacturing and continued engineering of the most cost-effective designs for our products. Further, as we continue to provide support for REV6, we anticipate downward pressure on our margins. In addition, we must continuously drive initiatives to reduce labor cost, improve worker efficiency, reduce the cost of materials, further lower overall product costs by carefully managing component prices, inventory and shipping cost, and minimize the impacts of tariffs and other regulatory impacts. We need to continually increase sales volume and introduce new, lower-cost products in order to maintain our overall gross margin. If we are unable to maintain competitive average selling prices, increase our sales volume or successfully introduce new, low-cost products, our revenue and overall gross margin will likely decline.

We compete against established market participants that have substantially greater resources than us and against known and unknown market entrants who may disrupt our target markets.

Our target markets are highly competitive and we may not be able to compete effectively in the market against these competitors. Competitors may offer lidar products at lower prices than ours, including pricing that we believe is below their cost, or may offer superior performing lidar products. These companies also compete with us indirectly by attempting to solve some of the same challenges with different technology. Established competitors in the market for lidar sensors have significantly greater resources and more experience than we do. These competitors have commercialized lidar technology that has achieved market adoption, strong brand recognition and may continue to improve in both anticipated and unanticipated ways. They may also have entered into commercial relationships with key customers and have built relationships and dependencies between themselves and those key customers.

In addition to current market competitors, new competitors may enter the lidar market or create products that function as an alternative to lidar, which may disrupt the commercial landscape of our target markets in ways that we may not be able to adapt to adequately or in a timely fashion. The already competitive landscape of the lidar market, including both foreseeable and unforeseeable entries of competitors and lidar technology from those competitors in our target markets, along with the potential emergence of new non-lidar solutions, may result in downward pricing pressure, reduced margins and may impede our ability to increase the sales of our products or cause us to lose market share, any of which will adversely affect our business, results of operations and financial condition.

We target many customers that are large corporations with substantial negotiating power and exacting product standards. If we are unable to sell our products to these customers, our prospects and results of operations will be adversely affected.

Many of our current and potential customers are large corporations that often possess significant leverage over their suppliers, and can successfully demand contract terms favorable to themselves, such as reserving the right to terminate their supply contracts for convenience. The disparities in negotiating power between us and larger corporations have required, and may require in the future, that we accept less favorable contract terms. These large corporations also have exacting technical specifications and requirements that we have been unable to, and may continue to be unable to, meet, thereby precluding our ability to secure sales. Meeting the technical requirements to secure and maintain significant contracts with any of these companies will require a substantial investment of our time and resources, and if we fail to comply with our customers' technical specifications and standards, we may lose existing and future business. Even when we succeed in securing contracts, these large companies have required, and may require in the future, evolving technical specifications for our products and may terminate our agreement or make a later determination that our products are not satisfactory, and even set a standard for the industry that we may not be able to meet. We therefore have no assurance that we can establish relationships with these companies, that our products will meet the needs of these or other companies, or that a contract with these companies will culminate in significant or any product sales.

Furthermore, in some instances, these large companies may have internally developed products and solutions that are competitive to our products. These companies may have substantial research and development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Such activities may foreclose significant sales opportunities for our products.

If our products are not selected for inclusion in our target markets, our business will be materially and adversely affected.

Although our products are designed for use in multiple markets, each of our target or new markets may have unique features and demands. If we are unsuccessful in meeting this demand, it may affect our entrance into these target or new markets which could adversely affect our future results of operations.

Our products are used in a wide variety of existing and emerging use cases in the industrial market, where our target customers are generally engaged in the manufacturing, operation, or after-market modification of heavy industrial machinery. These customers tend to be large companies that move slowly to larger scale production, often with years-long timelines. If our products are not chosen for deployment in these projects, or we lose a program under any circumstances, we may not have an opportunity to obtain that business again for many years. Industrial automation is a demanding industry with product specifications that our products may not always meet.

Our products also are used in a wide variety of existing and emerging use cases in the smart infrastructure market, which generally consists of public bodies and private commercial businesses engaging in the monitoring and analysis of pedestrian and vehicle movements for the purpose of providing building security, improving road user safety, and increasing roadway efficiency. This is still a nascent market, and while this industry is experimenting with the use of lidar in these applications, our customers may decide that lidar is not a viable solution for a variety of reasons, including price points, interoperability, and integration of lidar sensors. Customers in this market are often local governments, such as city governments, which may be subject to political pressures, and may not control their own budgets. For example, programs could be cancelled due to executive or legislative action that is out of a local government's control.

Our products also may be purchased by automotive OEMs and their suppliers in connection with their design and development of autonomous driving and ADAS technology. These programs are time and resource intensive, requiring thousands of man hours and several years. Automotive OEMs and suppliers undertake extensive testing or qualification processes prior to placing orders for large quantities of products such as ours, because such products will function as part of a larger system or platform and must meet other specifications. We spend significant time and resources to pursue the business of having our products selected by automotive OEMs and their suppliers for use in the manufacture of a particular vehicle model. If we are not chosen to supply products to Tiers 1s, OEMs may be less inclined to select our products for a particular vehicle model, which could turn into a lost opportunity to supply our products to this automotive OEM for a period of several years. If our products are not selected by an automotive OEM or its suppliers for one vehicle model or if our products are not successful in that vehicle model, it is less likely that our products will be deployed in other vehicle models of that OEM. If we fail to win a significant number of vehicle models from one or more of automotive OEMs or their suppliers, our business, results of operations and financial condition may be adversely affected.

Our products also are used in a wide variety of existing and emerging use cases in the robotics market, in which our customers are generally engaged in the design, production, operation, or after-market modification of small mobile unmanned vehicles, which includes wheeled robots, legged robots, and drones. This is a competitive market that often has strict functional and pricing requirements for products. If we are unable to make products that meet these requirements, or sell products at the required price point, we could lose this business to competitors or competitive technologies. There are diverse and potentially conflicting requirements across the robotics industry that may force us to prioritize certain segments over others, resulting in a lower total available market. Our target markets involve risks of program delay, loss, and cancellation.

The complexity of our products could result in unforeseen delays or expenses from undetected defects, errors or reliability issues in hardware or software which could reduce the market adoption of our new products, damage our reputation with current or prospective customers, expose us to product liability and other claims and adversely affect our operating costs.

Our products are highly technical and very complex and require high standards to manufacture and have in the past and will likely in the future experience defects, errors or reliability issues at various stages of development. We may be unable to timely release new products, manufacture existing products, correct problems that have arisen or correct such problems to our customers' satisfaction. Additionally, undetected errors, defects or reliability issues, especially as new products are introduced or as new versions are released, could result in serious injury to the end users of technology incorporating our products, or those in the surrounding area, our customers never being able to commercialize technology incorporating our products, litigation against us, negative publicity and other consequences. These risks are particularly prevalent in the

autonomous driving and ADAS markets. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by customers. If that is the case, we may incur significant additional development costs and product recall expenses, repair and/or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our financial results.

In addition, we could face material legal claims for breach of contract, product liability, fraud, tort or breach of warranty as a result of these problems. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our products. In addition, our business liability insurance coverage could prove inadequate with respect to a claim and future coverage may be unavailable on acceptable terms or at all. These product-related issues could result in claims against us and our business could be adversely affected.

Our customers use our solutions in autonomous driving and ADAS applications, which present the risk of significant injury, including fatalities. We may be subject to claims if a product using our lidar technology is involved in an accident and persons are injured or purport to be injured. Any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring legal claims against us to attempt to hold us liable. In addition, if lawmakers or governmental agencies were to determine that the use of our products or autonomous driving or certain ADAS applications increased the risk of injury to all or a subset of our customers, they may pass laws or adopt regulations that limit the use of our products or increase our liability associated with the use of our products or that regulate the use of or delay the deployment of autonomous driving and ADAS technology. Any of these events could adversely affect our brand, relationships with customers, operating results or financial condition.

We may incur significant direct or indirect liabilities in connection with our product warranties which could adversely affect our business and operating results.

We typically offer a limited product warranty that requires our products to conform to the applicable specifications and be free from defects in materials and workmanship for one to two years. As a result of increased competition and changing standards in our target markets, we may be required to increase our warranty period length and the scope of our warranty. To be competitive, we may be required to implement these increases before we are able to determine the economic impact of an increase. Accordingly, we may be at risk that any such warranty increase could result in foreseeable and unforeseeable losses for the Company.

In particular, the usage of our products by target customers could make us liable for warranty claims and pecuniary and reputational damages. In our target markets, our products may be placed in physical locations and environments that present harsh operating conditions, or that present a risk of product damage due to accidents or vandalism. This may result in more product failures than we anticipate, and may require us to provide warranties for our products beyond our knowledge of their performance. This could increase the rate of customer returns and warranty claims, resulting in higher-than-expected operating costs for us. Product failures may also affect market acceptance of our products and our ability to win future business. Any negative publicity related to the perceived quality of our products could affect our brand image, partner and customer demand, and adversely affect our operating results and financial condition.

We may require additional capital in order to execute our business plan, which may not be available on terms acceptable to us, or at all.

We may require additional capital in order to execute on our business plan, and we may require additional capital to fund our R&D efforts and to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances and we may determine to utilize an "at-the-market" offering program or engage in other equity or debt financings or enter into credit facilities for other reasons. In order to stay on our growth trajectory and further business relationships with current or potential customers or partners, or for other reasons, we may issue equity or equity-linked securities to such current or potential customers or partners. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all, particularly in an uncertain economic environment. We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

If we raise additional funds through the issuance of equity or convertible debt, including through an "at-the-market" offering program, or other equity-linked securities or if we issue equity or equity-linked securities to current or potential customers to further business relationships, our existing stockholders could experience significant dilution. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited and our business results and operations could be materially and adversely affected.

Market adoption of lidar remains uncertain, and it is difficult to forecast long-term end-customer adoption rates and demand for our products.

The majority of our revenue is generated by the sale of our digital lidar sensors and accessories. Given the evolving nature of the markets in which we operate, it is difficult to predict the customer demand or adoption rates for lidar technology generally or our products specifically. If demand does not develop or if we cannot accurately forecast customer demand, our future financial results, business, results of operations and financial condition will be adversely affected. If current or prospective customers have a negative perception of, or experience with, lidar or a competitor's lidar products they may be reluctant to adopt lidar in general or specifically our products. Any negative publicity, regardless of its accuracy, could materially and adversely affect our business.

Additionally, existing or new non-lidar technologies may emerge as customers' preferred alternative to lidar and may adversely affect the adoption of our lidar solutions and of lidar generally. Significant developments in alternative technologies, such as cameras and radar, may materially and adversely affect our business, prospects, financial condition and operating results in ways we do not currently anticipate. Any failure by us or the lidar market generally to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could adversely affect the adoption of lidar and sales of our current products or materially delay the development and introduction of new and enhanced products, which could result in the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors.

We are pursuing opportunities in markets that involve novel applications that are rapidly evolving, and that include both technological and regulatory uncertainties, making it difficult to predict the size and timing of market opportunities. For example, autonomous driving and lidar-based ADAS applications require complex technology, stringent testing, and rigorous safety controls. Because these automotive systems are both themselves complex, and also depend on complex technologies from many suppliers, commercialization of autonomous driving or ADAS products could be delayed or impaired on account of technological capabilities that are not sufficiently advanced for deployment in vehicles. These standards may never be met at all. Additionally, ADAS has yet to, and may never, achieve widespread adoption, which would reduce demand for lidar in that market. Similar concerns are also applicable to our other three verticals.

Although we currently have contracts with numerous commercial customers across diverse markets, these customers may not be able to utilize our technology in the foreseeable future, or at all. Regulatory, safety or reliability developments, many of which are outside of our control, could also cause delays or otherwise impair commercial adoption of these new technologies, which will adversely affect our growth. Our future financial performance will depend on our ability to make timely investments in the correct market opportunities in this environment.

Many of our customers are still in the testing and development phases of applications with our products and it cannot be certain that they will commercialize products or systems with our digital lidar sensors or at all. We believe adoption of lidar products, including our digital lidar sensors, will depend on numerous factors, including: whether the technological capabilities of lidar and lidar-based products meet users' current and evolving needs; whether the benefits of designing lidar into larger sensing systems outweigh the costs, complexity and time needed to deploy such technology or replace or modify existing systems that may have used other modalities such as cameras and radars; whether users in other applications can move beyond the testing and development phases and proceed to commercializing systems supported by lidar technology and whether lidar developers can keep pace with rapid technological changes in certain developing markets. If lidar technology generally does not achieve commercial success or if the market adoption is slower than expected, our business, results of operation and financial condition will be materially and adversely affected.

We may experience difficulties in managing our growth and expanding our operations.

We are experiencing significant growth in the scope and nature of our operations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We are currently in the process of strengthening our compliance programs, including our compliance programs related to product certifications, quality management systems certifications, environmental certifications, export controls, privacy and cybersecurity and anti-corruption. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have an adverse effect on our business, reputation and financial results. Additionally, rapid growth in our business may place a strain on our human and capital resources. Furthermore, we expect to continue to conduct our business internationally and anticipate increased business operations in the United States, Europe, Asia and the Middle East. These diversified, global operations place increased demands on our limited resources and require us to substantially expand the capabilities of our administrative and operational resources and to attract, train, manage and retain qualified management, technical, manufacturing, engineering, sales and other personnel. As our operations expand domestically and internationally, we will need to continue to manage multiple locations and additional relationships with various customers, partners, suppliers and other third parties across several markets.

We are focusing our current commercial efforts across four distinct target markets. We will be required to prioritize our limited financial and managerial resources as we pursue particular development and commercialization efforts in each target market. Any resources we expend on one or more of these efforts could be at the expense of other potentially profitable opportunities.

If we are not able to effectively maintain or grow our global sales and marketing organization, or maintain or grow an effective network of distributors, resellers, and integrators, our business prospects, results of operations and financial condition could be adversely affected.

In order to generate future sales growth, we will need to maintain or grow the size and geographic coverage of our field organization, including marketing, direct sales, customer support and technical services. Accordingly, our future success will depend largely on our ability to hire, train, retain, and motivate skilled regional sales managers and direct sales representatives with significant technical knowledge and understanding of our products. Because of the competition for their skillset, we may not be able to attract or retain such personnel on reasonable terms, if at all. If we are unable to maintain or grow our global sales and marketing organizations, we may not be able to increase our revenue, which would adversely affect our business, financial condition and results of operations.

Additionally, we rely on a network of independent distributors to help generate sales of our products internationally. If a dispute arises with a distributor or if we terminate our relationship with a distributor or a distributor goes out of business, it may take time to identify an alternative distributor, to train new personnel to market our products, and our ability to sell our products in a region formerly serviced by a terminated distributor could be harmed. In addition, our distributors may not successfully market and sell our products and may not devote sufficient time and resources that we believe are necessary to enable our products to develop, achieve or sustain market acceptance. Any of these factors could reduce our revenue or impair our revenue growth in affected markets, increase our costs in those markets or damage our reputation. In addition, if an independent distributor were to depart and be retained by one of our competitors, we may be unable to prevent that distributor from soliciting business from our existing customers, which could further adversely affect us. As a result of our reliance on third-party distributors, we may be subject to disruptions and increased costs due to factors beyond our control, including labor strikes, third-party errors and other issues. If the services of any of these third-party distributors become unsatisfactory, we may experience delays in meeting our customers' demands and we may be unable to find a suitable replacement on a timely basis or on commercially reasonable terms. Any failure to deliver products in a timely manner may damage our reputation and could cause us to lose potential customers.

Our forecasts of market growth and estimates of total addressable market may not be accurate.

Market opportunity estimates and growth forecasts included in this Annual Report on Form 10-K and in our other public disclosures are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The forecasts and estimates relating to the expected size and growth of the markets for lidar-based technology and sensing and perception solutions may prove to be inaccurate. Even if these markets experience the forecasted growth, we may not grow our business at similar rates, or at all. Our future growth is subject to many factors, including market adoption of our products, which is subject to many risks and uncertainties. Accordingly, the forecasts and estimates of market size and growth described in this Annual Report on Form 10-K and in our other public disclosures, should not be taken as indicative of our future growth.

Our sales and operations in international markets expose us to operational, financial and regulatory risks.

International sales comprise a significant amount of our overall revenue and while growing our international sales is an important part of our growth strategy, these efforts may not be successful. International operations are subject to a number of other risks, including:

- import and export laws and the impact of tariffs;
- exchange rate fluctuations;
- political and economic instability, war, international terrorism and anti-American sentiment, particularly in emerging markets and the geographic regions affected by the Russia-Ukraine and Israel-Hamas wars;
- uncertainty regarding the trade relationships among the United States, Canada, Thailand, China and Taiwan, as well as other countries, and related impacts to our supply chain;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally branded products, and laws and business practices favoring local competition;
- increased difficulty in managing inventory;
- increased risk in collecting trade receivables;
- delayed revenue recognition;
- less effective protection and/or lack of enforceability of intellectual property;
- stringent regulation of the autonomous or other systems or products using our products and stringent consumer protection and product compliance regulations, including but not limited to General Data Protection Regulation in the European Union, European competition law, the Restriction of Hazardous Substances Directive, the Waste Electrical and Electronic Equipment Directive and the Ecodesign for Sustainable Products Regulation that are costly to comply with and may vary from country to country;
- difficulties and costs of staffing and managing foreign operations;
- natural disasters and severe weather events including earthquakes, wildfires, hurricanes, tsunamis, floods, rising sea levels, as well as other impacts of climate change;
- withdrawals from, or renegotiation of existing trade agreements by the United States (or other jurisdictions) potentially affecting countries in which we do business;
- changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws; and
- U.S. government's restrictions on certain technology transfer to certain countries of concern.

The occurrence of any of these risks could negatively affect our international business and consequently our business, operating results, and financial condition.

We are subject to the risk of cancellation or postponement of our contracts with customers or the unsuccessful implementation of our products, which may adversely affect our business, results of operations and financial condition.

We have experienced, and may experience in the future, unexpected cancellations of major purchases of our products, which has affected and may adversely affect our results of operations. Prospective customers across our target markets generally must make significant commitments of resources to test and validate our products and confirm that they can be integrated with other technologies before including them in any particular system, product or model. Our products must meet customer specifications for quality, reliability and performance. Integration of our products may reveal errors, defects or incompatibilities with other sensing modalities that, if we are unable to correct them, may result in loss of customers, loss of market share, damage to our brand and reputation, increased service and replacement costs, lack of profitability, and constitute a hindrance to market acceptance. Although our agreements may contain provisions that aim at limiting our liability for damages resulting from defects in our products, such limitations and disclaimers may not be enforceable or otherwise effectively protect us from such claims, and we may have to indemnify our customers against liabilities arising from defects in our products or in their solutions that incorporate our products. These liabilities may also include costs incurred by our channel partners or end users to correct problems or replace our products, which could adversely affect our operating results and business prospects. These inherent operational risks are all the more important since the development cycles of our products with new customers vary widely depending on the application, market, customer and the complexity of the product. In our four target markets, development cycles can be six months to seven or more years. These development cycles require us to invest significant resources prior to realizing any revenue from the commercialization. Our revenue growth may be impaired if the system, product or vehicle model that includes our products is unsuccessful, including for reasons unrelated to our technology or software. Long development cycles and product cancellations or postponements may adversely affect our business, results of operations and financial condition.

If we do not adequately manage our inventory, we could lose sales or incur higher inventory-related expenses, which could negatively affect our operating results.

To ensure adequate inventory supply, we forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Fluctuations in the adoption of lidar products may affect our ability to forecast our future operating results, including revenue, gross margins, cash flows and profitability. Our ability to accurately forecast demand for our products could be affected by many factors, including the rapidly changing nature of our current target markets, the uncertainty surrounding the market acceptance and commercialization of lidar technology, the emergence of new markets, an increase or decrease in customer demand for our products or for products and services of our competitors, product introductions by competitors, market or supply chain disruptions due to public health crises, and any associated work stoppages or interruptions, unanticipated changes in general market conditions and the weakening of economic conditions or consumer confidence in future economic conditions. We may face challenges acquiring adequate supplies to manufacture our products and we, Benchmark and Fabrinet may not be able to manufacture our sensors at a rate necessary to satisfy the levels of demand, which would negatively affect our short-term and long-term growth. This risk may be exacerbated by the fact that we may not carry or be able to obtain from our suppliers a significant amount of inventory to satisfy short-term demand increases. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale, which has forced us to record inventory write-downs in the past

Inventory levels in excess of customer demand have resulted and may in the future result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. Conversely, if we underestimate customer demand for our products, we may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our revenue and operating results.

We are exposed to the risk of write-downs on the value of our inventory and other assets, in addition to purchase commitment cancellation risk.

We record a write-down for product and component inventories that have become obsolete or exceed anticipated demand, or for which cost exceeds net realizable value. We also accrue necessary cancellation fee reserves for orders of excess products and components. We review long-lived assets, including capital assets held at our suppliers' facilities, for impairment whenever events or circumstances indicate the assets may not be recoverable. If we determine that an impairment has occurred, we record a write-down equal to the amount by which the carrying value of the asset exceeds its fair value. No assurance can be given that we will not incur write-downs, fees, impairments and other charges given the rapid and unpredictable pace of product obsolescence in the industries in which we compete.

We order components for our products and build inventory in advance of product manufacturing and shipments. Manufacturing purchase obligations cover our forecasted component and manufacturing requirements, typically for periods up to three months. Because our target markets are volatile, competitive and subject to rapid technology and price changes, and because we have limited sales history, there is a risk we will forecast incorrectly and order or produce excess or insufficient amounts of components or products, or not fully utilize our firm purchase commitments.

Our business could be materially and adversely affected if our customers become unable to, or otherwise do not, pay their invoices.

If one or more of our major customers is unable to pay our invoices as they become due or a customer simply refuses to make such payments if it experiences financial difficulties, our business would be adversely affected. If a major customer were to enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to stay of execution and the possibility of legal or other modification, payments received may be subject to clawback and we could be forced to record a substantial loss. Additionally, a number of our customers are startup companies, small and mid-sized businesses, that are privately funded, have limited resources, and do not have a history of creditworthiness that we can audit to determine reliability and increase the potential risk to record potential losses. These companies could fail to raise enough capital and have to shut down operations. Even if they are financially solvent and stable and we are successful in securing a commercial relationship with them, their business plans for future programs may be inherently uncertain and unpredictable, and less structured than established companies. We generally do not require collateral or other security deposits for accounts receivable. To reduce credit risk, the Company considers customer creditworthiness, past transaction history with the customer as well as changes in customer payment terms when determining the collectability of specific customer accounts. Periodically, we may require a customer to make advanced payments in advance of product shipments. These measures to reduce credit risk may not be sufficient and our accounts receivable could be impaired or our revenues adversely impacted.

We are exposed to credit risk on our trade accounts receivable, supplier non-trade receivables and prepayments related to long-term supply agreements, and this risk is heightened during periods when economic conditions worsen.

We sell our products directly to businesses of a range of sizes, including small and mid-sized businesses. Our outstanding trade receivables are not covered by collateral, third-party bank support or financing arrangements, or credit insurance. Our exposure to credit and collectability risk on our trade receivables is higher in certain international markets and our ability to mitigate such risks may be limited. We also have unsecured supplier non-trade receivables resulting from purchases of components by outsourcing partners and other vendors that manufacture sub-assemblies or assemble final products for us. In addition, from time to time, we may make prepayments associated with long-term supply agreements to secure supply of inventory components. While we are implementing procedures to monitor and limit exposure to credit risk on our trade and supplier non-trade receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

It is possible that we will not generate taxable income in time to use our net operating loss carryforwards and certain tax credits before their expiration (if we generate taxable income at all).

In addition, our federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code, respectively, and similar provisions of state law. Under those sections of the Internal Revenue Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income or taxes may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by certain significant shareholders that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have completed an analysis of Section 382 ownership changes in our stock through February 10, 2023 and have concluded that we have experienced ownership changes that will result in limitations in our ability to use an immaterial amount of tax credit carryforwards. We may experience ownership changes in the future as a result of future transactions in our stock. If it is determined that we undergo one or more ownership changes in the future, then our ability to utilize our federal and state net operating loss carryforwards or other tax attributes may be limited or eliminated.

Key components in our products come from limited or single source third-party suppliers, and we expect to rely on third parties to manufacture a significant portion of our products for the foreseeable future. Interruptions in our relationships with these third parties could adversely impact our business.

We rely on third-party manufacturers, including Benchmark and Fabrinet, to supply a substantial portion of our products. These arrangements are intended to lower our operating costs, but they also reduce our direct control over production and distribution. This diminished control may have an adverse effect on the quality or quantity of products or services, or our flexibility to respond to changing conditions. If Benchmark or any of our third-party component suppliers or logistics and transportation partners experience interruptions, delays or disruptions in supplying their products or services, including by natural disasters, trade restrictions, public health crises, or work stoppages or capacity constraints, our ability to ship products to distributors and customers may be delayed. Similarly, we source components from countries that have been impacted by tariffs under the current U.S. government, including Thailand, Canada, China and Taiwan. If the cost of products sourced from these or certain other countries increase significantly due to tariffs or trade restrictions, we may not be able to change suppliers or otherwise avoid or mitigate such costs. Various tariffs enacted in 2025 have been subject to successful legal challenge, but it remains unclear whether and to whom those tariffs may be refunded, and the federal government may attempt to impose new or similar tariffs under alternative statutory mechanisms. Any prolonged uncertainty or volatility in tariff policy could disrupt supply chain planning and increase our costs. In addition, unfavorable economic conditions could result in financial distress among third-party suppliers or manufacturers upon which we rely, thereby increasing the risk of disruption of supplies necessary to fulfill our production requirements and meet customer demands. Additionally, if any of these third parties on whom we rely were to experience quality control problems in their operations and our products do not meet customer or regulatory requirements, we could be required to cover the cost of repair or replacement of any defective products. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and could have a negative effect on our operating results. In addition, such delays or issues with product quality could adversely affect our reputation and our relationship with our customers, distributors, value added software resellers, and integrators.

If these third parties experience financial, operational, manufacturing capacity or other difficulties, or experience shortages in required components, or if they are otherwise unable or unwilling to continue to manufacture our products in required volumes or at all, our supply may be disrupted, we may be required to seek alternate manufacturers and we may be required to re-design our products. It would be time consuming, and could be costly and impracticable, to begin to use new manufacturers, components or designs, and such changes could cause significant interruptions in supply and could have an

adverse effect on our ability to meet our scheduled product deliveries and may subsequently lead to the loss of sales. While we take measures to protect our trade secrets, the use of third-party suppliers and manufacturers may also risk disclosure of our innovative and proprietary manufacturing methodologies, which could adversely affect our business.

We believe there are a limited number of competent, high-quality suppliers in the industry that meet our strict quality and control standards, and as we seek to obtain additional or alternative supplier arrangements in the future, there can be no assurance that we would be able to do so on satisfactory terms, in a timely manner, or at all. Our suppliers could also discontinue or modify components used in our products. In some cases, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. We may in the future experience component shortages and price fluctuations of certain key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption or material pricing change from suppliers of these components, we may not be able to develop alternate sources in a timely manner or at all in the case of sole or limited sources. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly and we may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to meet our requirements or to fill customer orders in a timely manner. Any interruption or delay in the supply of any of these parts or components, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would adversely affect our ability to meet our scheduled product deliveries to our customers. This could adversely affect our relationships with customers and distributors and could cause delays in shipment of our products and adversely affect our operating results. In addition, increased component costs could result in lower gross margins. Even where we are able to pass increased component costs along to our customers, there may be a lapse of time before it is possible to do so, such that we must absorb the increased cost. If we are unable to buy these components in quantities sufficient to meet our requirements on a timely basis, we will not be able to deliver our products to our customers, and cause our customers to use competitors' products instead of ours.

Should operations at our third-party suppliers, including Benchmark and Fabrinet, encounter disruptions or losses that may be caused by work stoppages, disease outbreaks or pandemics, acts of war, terrorism, fire, earthquakes, flooding or other natural disasters, it could result in delays, postponement or reduce production of our products, which could have a material adverse effect on our business, results of operations and financial condition until such time as such production disruption is resolved or an alternate source of production or supply is secured.

Outsourcing a substantial percentage of our manufacturing outside of the United States involves certain risks or may not be successful, which could harm our ability to deliver products and recognize revenue.

Historically, we manufactured all of our digital sensors at our facility in San Francisco, California. We continue to maintain a portion of our manufacturing at this facility, including any production of Buy America and Buy American-compliant sensors; however, in 2019, we began moving a portion of our manufacturing operations to a manufacturing facility in Thailand in connection with our relationship with Benchmark, which for the year ended December 31, 2025, accounted for the majority of our OS sensor manufacturing output. After the merger with Velodyne, we moved manufacturing operations of Velodyne sensors to a Fabrinet facility in Thailand. The Company expects to continue to outsource the higher volume product line manufacturing to its manufacturing partners, Benchmark and Fabrinet. We have invested in manufacturing process equipment which is held at Benchmark and Fabrinet facilities. We expect to make additional capital expenditures and to continue to devote the attention of our management and other personnel to the operations located at our outsourced manufacturing partners. We may also need to make prepayments to some of our suppliers associated with long-term supply agreements. While these arrangements help ensure the supply of components and finished goods, if any of the Company's manufacturing partners or suppliers experiences severe financial problems or other disruptions in their business, such continued supply would be reduced or terminated, and the recoverability of manufacturing process equipment or prepayments would be negatively impacted. In such cases the efforts and attention of our management and other personnel to these relationships that were diverted from our other business operations would not be recoverable.

Additionally, manufacturing outside the United States is subject to several inherent risks, including:

- foreign currency fluctuations;
- local economic conditions;
- political instability;
- import or export requirements;
- foreign government regulatory requirements;
- reduced protection for intellectual property rights in some countries;
- tariffs and other trade barriers and restrictions; and
- potentially adverse tax consequences.

We do not currently have long-term, committed supply contracts with many of our suppliers. Loss of one or more of these suppliers or our inability to identify and establish relationships with new suppliers could harm our business and impede our growth.

Because we do not maintain long-term supply contracts with many of our suppliers, they could seek to alter or terminate their relationship with us at any time, leaving us with periods during which we have limited or no ability to manufacture our products. The production of our products is dependent on producing or sourcing certain key components, including semiconductor chips, and raw materials at acceptable price levels. If we are unable to adequately reduce and control the costs of such key components, we will be unable to realize manufacturing costs targets, which could reduce the market adoption of our products, damage our reputation with current or prospective customers, and materially and adversely impact our brand, business, prospects, financial condition and operating results.

Adverse conditions in the industries we target or the global economy more generally could have adverse effects on our results of operations.

While we make our strategic planning decisions based on the assumption that the markets we are targeting will grow, our business is dependent, in large part on, and directly affected by, business cycles and other factors affecting the robotics, industrial automation, smart infrastructure, and transportation industries and global economy generally. Our target markets are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rates and credit availability, consumer confidence, inflation, environmental impact, governmental incentives and regulatory requirements, political volatility, labor relations issues, trade agreements and other factors.

For example, general inflation in the United States, Europe and other geographies has risen significantly in recent years. General inflation, including rising prices for inputs and rising wages, as well as rising interest rates negatively impact our business by increasing our operating costs. General inflation also negatively impacts our business by decreasing the capital for our customers to deploy to purchase our products. Inflation may cause our customers to reduce or delay orders for our products thereby causing a decrease in sales. Increased instability relating to this higher inflation as well as rising interest rates may enhance volatility in currency exchange rates, limit our suppliers' and customers' access to credit and limit our ability to access debt and equity financing. These uncertainties may make it difficult for us and our suppliers and customers to accurately plan future business activities and materially adversely impact our operating results and financial condition.

Our future success depends in part on recruiting and retaining key personnel and if we fail to do so, it may be more difficult for us to execute our business strategy. We are currently a small organization and may need to hire additional qualified personnel to effectively implement our strategic plan.

Our success depends on our ability to attract, retain and motivate highly qualified management, technical, manufacturing, engineering and sales personnel. In particular, our success may depend on our ability to recruit and retain management personnel who are qualified to manage a public company. We are highly dependent on our senior management, including our founders, Angus Pacala and Mark Frichtl. If any of such persons left, our business could be harmed. All of our U.S. based employees are "at-will" employees. The loss of the services of one or more of our key employees could delay or have an impact on the successful commercialization of our products. We do not maintain key man insurance.

Our ability to successfully execute on our strategic plan depends in part on our ability to continue to appropriately build our organization and hire qualified personnel, especially with engineering, sales, technical, and manufacturing expertise. Competition for qualified personnel is especially severe in the San Francisco Bay Area. We may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel. If we are unsuccessful in our recruitment and retention efforts, it may adversely affect our business and our growth prospects.

Some of our employees are employed by professional employer organizations which may have unexpected costs that could adversely impact our business.

We contract with non-US professional employer organizations ("PEOs"), to administer our human resources, payroll and employee benefits functions for some of our subsidiaries' employees outside of the United States. Although our subsidiaries recruit and select these employees, their employment relationship is with the relevant PEO. Accordingly, these employees are compensated through the PEO, are governed by the work policies created by the PEO and receive their annual wage statements and other payroll-related reports from the PEO. In addition, some of these employees may receive stock compensation directly from the Company. The PEO relationship streamlines hiring and employee maintenance, and enables management to focus on issues other than payroll administration, but this relationship also exposes us to some risks. For example, if the PEO is unable to or otherwise fails to adequately withhold or pay employer taxes or to comply with other applicable laws, we may be held liable for such violations notwithstanding any indemnification provisions provided to us by the PEOs. In certain non-US jurisdictions, despite the PEO relationship, there is a risk that the employee may nonetheless be deemed our direct employee and that the Company may be deemed to have a permanent operation in a

non-US jurisdiction. Court and administrative proceedings related to matters of employment tax, labor law and other laws applicable to PEO arrangements could distract management from our business and cause us to incur significant expense. If we were held liable for violations by PEOs, such monetary penalties may adversely affect our profitability and could negatively affect our business and results of operations.

If we choose to acquire or invest in new businesses, products, or technologies, such acquisitions or investments may not be completed or result in the anticipated benefits and may present risks not originally contemplated, which may have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

Our success depends on our ability to enhance and broaden our product offerings in response to changing customer demands, competitive pressures and advances in technologies. Failure to successfully identify, complete, manage and integrate acquisitions could materially and adversely affect our business, financial condition and results of operations and could cause our stock price to decline. We continue to search for viable acquisition candidates or strategic transactions that would expand our market sector and/or global presence, as well as additional products appropriate for current distribution channels. Accordingly, we have previously pursued and may in the future pursue the acquisition of new businesses, products or technologies instead of developing them internally. Our future success will depend, in part, upon our ability to manage the expanded business following these acquisitions, including challenges related to the management and monitoring of new operations and associated increased costs and complexity associated with such acquisitions. For example, in February 2026, we completed the acquisition of Stereolabs, a company with operations outside of the United States. In connection with any acquisitions, we could issue additional equity securities, which would dilute our stockholders, incur substantial debt to fund the acquisitions or assume significant liabilities.

Acquisitions involve many and diverse risks and uncertainties, including risks associated with conducting due diligence, problems integrating the purchased operations, assets, technologies or products, unanticipated costs, liabilities, and economic, political, legal and regulatory challenges due to our inexperience operating in new regions or countries, inability to achieve anticipated synergies, overpaying for acquisitions, invalid sales assumptions underlying potential acquisitions, issues maintaining uniform standards, procedures, controls and policies, diversion of management attention, adverse effects on existing business relationships or acquired company business relationships, risks associated with entering new markets, potential loss of key employees of acquired businesses, increased legal, accounting and compliance costs, and failure to successfully integrate acquired companies, or retain key personnel from the acquired company. Acquisitions may divert our attention from our core business. Acquisitions may require us to record goodwill and non-amortizable intangible assets that will be subject to testing on a regular basis and potential period impairment charges, incur amortization expenses related to certain intangible assets, and incur write offs and restructuring and other related expenses, any of which could harm our operating results and financial condition.

We compete with other companies for these opportunities, and we may be unable to consummate such acquisitions or other strategic transactions on commercially reasonable terms, or at all. In addition, acquired businesses may have ongoing or potential liabilities, legal claims (including tort and/or personal injury claims) or adverse operating issues that we fail to discover through due diligence prior to the acquisition. Even if we are aware of such liabilities, claims or issues, we may not be able to accurately estimate the magnitude of the related liabilities and damages. In particular, to the extent that prior owners of any acquired businesses or properties failed to comply with or otherwise violated applicable laws or regulations, failed to fulfill their contractual obligations to their customers, or failed to satisfy legal obligations to employees or third parties, we, as the successor, may be financially responsible for these violations and failures and may suffer reputational harm or otherwise be adversely affected. Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairment in the future that could harm our financial results. If we were to issue additional equity in connection with such acquisitions, this may dilute our stockholders.

Legal and Regulatory Risks Related to Our Business

Our products are frequently used in applications that are subject to evolving regulations and standards. Similarly, our operations are subject to evolving regulations and laws.

Our customers may use our products for regulated and standardized applications that require our products to comply with regulations and standards that are applicable to both our products and to those industries and applications, including functional safety and product reliability standards. New regulations and industry standards may be adopted that result in delays or cancellations of programs. If we decide not to pursue or fail to achieve these regulatory or industry certifications, we may lose existing or potential commercial opportunities or be exposed to legal liability from regulators.

Similarly, our operations are subject to an evolving regulatory environment. New and changing laws, regulations, executive orders and enforcement priorities can also create uncertainty about how such laws and regulations will be interpreted and applied, which may decrease customer spending, increase our costs or otherwise adversely impact our business and results of operations.

We are subject to governmental export and import controls and economic sanctions laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business, prospects, financial condition and results of operations.

Our products and solutions are subject to certain U.S. and foreign export controls, trade sanctions, and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. U.S. export control laws and regulations and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions. Even though we take precautions to prevent our productions and solutions from being provided to entities subject to these restrictions, our products could find their way to such prohibited entities. Any such provision could have negative consequences, including government investigations, penalties, or reputational harm.

In addition, complying with export control and sanctions regulations for a particular sale may be time-consuming and create delays in the introduction of our products and solutions in some international markets, and, in some cases, prevent the export of our software and services to some countries altogether. Exports of our products and technology must be made in compliance with these laws and regulations. If a license is required from a government agency prior to sale, no exports may occur until the appropriate approvals are obtained. If we fail to comply with these laws and regulations, penalties could be imposed, including substantial monetary fines and/or denial of export privileges. In addition, in extreme cases responsible employees or managers can be held criminally liable for such violations.

The Company's business has been and can be impacted by political events, political and regulatory scrutiny, trade and other international disputes, which may expose the Company to increasing regulation, media scrutiny, business interruptions, government investigations, legal actions and penalties.

Political events, trade and other international disputes and geopolitical tensions can have a material adverse effect on the Company and its customers, suppliers and contract manufacturers. Restrictions on international trade, such as tariffs and other controls on imports or exports of goods, technology or data, can materially adversely affect the Company's business and supply chain. The impact can be particularly significant if these restrictive measures apply to countries and regions where the Company derives a significant portion of its revenues and/or has significant supply chain operations. For example, a large majority of the Company's manufacturing is performed in whole or in part by outsourcing partners located primarily in Thailand. Accordingly, we currently, and will continue to, consider ways to mitigate the impact of any tariffs on goods manufactured by Benchmark and Fabrinet in Thailand.

Changing the Company's business and supply chain in accordance with new or changed restrictions on international trade can be expensive, time-consuming and disruptive to the Company's business and results of operations. Such new restrictions have been and may in the future be announced with little or no advance notice, which have created, and may in the future create uncertainty, and the Company may not be able to effectively mitigate any or all adverse impacts from such measures. For example, in 2025, new tariffs were proposed and/or implemented on certain imports to the United States (the "U.S. Tariffs"). In February 2026, the United States Supreme Court invalidated a significant portion of tariffs that had been in effect since April 2025 based on International Emergency Economic Powers Act (IEEPA). The ruling has created substantial uncertainty regarding the tariff landscape, including the method and timing of any refunds to previously collected tariffs and any imposition of new or similar tariffs under alternative statutory mechanisms.

In addition, several countries have imposed, or threatened to impose, and may continue to threaten reciprocal tariffs on imports from the U.S. and other retaliatory measures. The ultimate resolution and consequences of the trade policy developments, and their impact on the Company continues to be uncertain and will depend on several factors, including whether additional or incremental U.S. Tariffs or other measures are announced, imposed or delayed, to what extent other countries implement tariffs or other retaliatory measures in response, and the overall magnitude and duration of these measures. If disputes and conflicts further escalate, actions by governments in response could be significantly more severe and restrictive.

In addition, even if we are able to mitigate the direct impacts to our operations from changes in U.S. and foreign trade policy, our sales volumes may in the future be adversely affected by reduced sales of or demand for end product incorporating our products, whether resulting from increased costs of such products attributable to increased tariffs or other trade barriers or the broader economic impact of such measures, such as increased inflation or other adverse macroeconomic trends.

Our inability to effectively manage the adverse impacts of the foregoing, including changing U.S. and foreign trade policies, could materially and adversely impact our consolidated financial condition, results of operations and stock price.

We have been and may in the future become involved in legal proceedings, government investigations, or commercial or contractual disputes, which could have a material adverse effect on our profitability and consolidated financial position.

We have been and may in the future, be subject to various claims, legal proceedings, and government investigations that arise in the ordinary course of business and these matters may be significant. These matters may include, without limitation, disputes with our distributors, suppliers and customers, intellectual property claims, stockholder litigation, government investigations, class action lawsuits, personal injury claims, environmental issues, customs and value-added tax disputes and employment and tax issues. In addition, we have in the past and could face in the future a variety of labor and employment claims against us, which could include but is not limited to general discrimination, wage and hour, privacy, ERISA or disability claims. In such matters, government agencies or private parties may seek to recover from us large, indeterminate amounts in penalties or monetary damages (including, in some cases, treble or punitive damages) or seek to limit our operations in some way. In addition, the Company enters into agreements that include indemnification provisions that can subject the Company to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, these types of legal proceedings or investigations can be expensive, time-consuming and disruptive to the Company's operations, including significant management time and attention. Often these cases raise complex factual and legal issues and create risks and uncertainties. In recognition of these considerations, we may enter into agreements or other arrangements to settle disputes or litigation and resolve such challenges. However, such agreements may not always be available on acceptable terms, and litigation may still arise. Such agreements can also significantly reduce the Company's revenue and increase the Company's cost and operating expenses, materially affecting the Company's business, results of operations, financial condition and stock price. Additionally, such agreements may require the Company to change its business practice.

The outcome of litigation or government investigation is inherently uncertain. No assurances can be given that any proceedings and claims will not have a material adverse impact on our operating results and consolidated financial position or that our available insurance will mitigate this impact.

For descriptions of legal proceedings to which we are party, including proceedings assumed in connection with the Velodyne Merger, see Note 8. Commitments and Contingencies included in the notes to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

We are subject to, and must remain in compliance with, numerous complex and changing laws and governmental regulations concerning the manufacturing, use, distribution and sale of our products. Some of our customers also require that we comply with their own unique requirements relating to these matters.

We manufacture and sell products that contain components, which may contain materials that are subject to government regulation in both the locations where we manufacture and assemble our products, as well as the locations where we sell our products. Since we operate on a global basis, this is a complex process which requires continual monitoring of regulations and an ongoing compliance process to ensure that we and our suppliers are in compliance with existing regulations in each market where we operate. If there is an unanticipated new regulation that significantly impacts our use and sourcing of various components or requires more expensive components, that regulation could materially adversely affect our business, results of operations and financial condition. If we are not currently in compliance with existing regulations, or we fail to adhere to new regulations or fail to continually monitor the updates, we may incur costs in remedying our non-compliance and it may disrupt our operations. In addition, current or proposed regulations may adversely impact the availability of supplies needed to manufacture our products. For example, the Uyghur Forced Labor Prevention Act effectively bans all products from China's Xinjiang province due to concerns that the goods were produced with forced labor, which is having adverse impacts on global supply chains. In such circumstances, we may also be subject to litigation, lose customers, suffer negative publicity and our business, results of operations, and financial condition could be adversely affected.

We and our vendors are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in expanding production facilities.

Environmental pollution and climate change have been the subject of significant legislative and regulatory efforts on a global basis, and we believe this will continue both in scope and in the number of countries participating. In addition, foreign, federal, state and local governments and our customers have had an evolving focus on environmental sustainability, which has resulted in, and may result in new, regulations and customer requirements, which could materially adversely impact our business, results of operations and financial condition. If we are unable to effectively address concerns about environmental impact, our reputation could be negatively impacted, and our business, results of operations or financial condition could suffer. These regulations and requirements apply to our vendors and suppliers, as well. To the extent compliance with, or the effect of, these regulations and requirements on vendors and suppliers result in their inability to deliver their products to us on time or at all, this could materially adversely impact our business, results of operations

and financial condition. For example, the State of California has enacted a number of laws that require reporting on carbon neutrality claims and use of carbon removal credits and direct and indirect greenhouse gas emissions and climate-related financial risks. Additional local, state, federal and international laws and rules with respect to sustainability and environmental matters which have been passed or proposed and may be enacted in the future and the extent and scope of their requirements and impact on our business are unknown. Such rules, as well as other ESG and sustainability-related regulation and legislation, may require us to incur significant additional costs to comply, including the implementation of significant additional internal controls and impose increased oversight obligations on our management and board of directors.

Any new or modified environmental regulations or laws may increase the cost of raw materials or components we use in our products. Environmental regulations require us to continually reduce product energy usage, monitor and exclude an expanding list of restricted substances and to participate in required recovery and recycling of our products. Environmental and health and safety laws and regulations can be complex, and we have limited experience complying with them. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations.

If contamination is found at properties we operate or formerly operated, this may result in liability for us under environmental laws and regulations, including the Comprehensive Environmental Response, Compensation and Liability Act, which can impose liability for the full amount of remediation-related costs without regard to fault. Costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or operating results.

Failure to meet evolving and changing environmental, social, and governance ("ESG") expectations or standards or to achieve our ESG goals could adversely affect our business, results of operations, financial condition, and stock price.

We experience pressure to make commitments or set goals or targets relating to ESG matters that affect companies in our industry, including the design and implementation of specific risk mitigation strategic initiatives relating to environmental sustainability. If we are not effective in addressing ESG matters affecting our industry, such as greenhouse gas emissions and climate-related risks, renewable energy, water stewardship, waste management, responsible artificial intelligence, human capital matters, responsible sourcing and supply chain, human rights, and social responsibility, among other issues, or setting and meeting relevant sustainability commitments, goals, or targets, our reputation may suffer. As we continue to develop our voluntary ESG program and disclosures, there can be no assurance that regulators, customers, investors, employees, and other stakeholders will determine that these programs and disclosures are sufficiently robust, and we cannot assure that our stakeholders will agree with our ESG strategies. In addition, there can be no assurance that we will be able to attain any announced goals related to our sustainability program, as statements regarding any sustainability goals reflect our current plans and aspirations and are not guarantees that we will be able to achieve them within the timelines we announce or at all. Furthermore, both advocates and opponents of such ESG matters are increasingly resorting to a range of activism forms, including media campaigns, shareholder proposals, and litigation to advance their perspectives. There has similarly been an increase in activism and litigation in opposition to certain ESG or human capital initiatives, such as alleging that corporate diversity, equity and inclusion programs may discriminate against certain groups. To the extent we are subject to such activism or challenges, it may require us to incur costs or otherwise adversely impact or business. Changing stakeholder expectations, changing laws, evolving voluntary and regulatory disclosure standards, and our efforts to manage and report on ESG issues present operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material adverse impact on our business, including on our reputation and stock price.

We are subject to U.S. and foreign anti-corruption and anti-money laundering laws. We can face criminal liability and other serious consequences for violations, which can harm our business.

We are subject to the U.S. Foreign Corrupt Practices Act, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the Money Laundering Control Act 18 U.S.C. §§ 1956 and 1957, and other anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors and other collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector and failing to prevent bribery, and require that we keep accurate books and records and maintain internal accounting controls designed to prevent any such actions. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

As we increase our international cross-border business and expand our operations abroad, we may continue to engage with business partners and third-party intermediaries to market our services and to obtain necessary permits, licenses and other

regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas are received or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, operating results and financial condition could be materially harmed.

Our business may be adversely affected if it fails to comply with the regulatory requirements under the Federal Food, Drug, and Cosmetic Act or the Food and Drug Administration (the "FDA").

As a lidar technology company, we are subject to the Electronic Product Radiation Control Provisions of the Federal Food, Drug, and Cosmetic Act. These requirements are enforced by the FDA. Electronic product radiation includes laser technology. Regulations governing these products are intended to protect the public from hazardous or unnecessary exposure. Manufacturers are required to certify in product labeling and in reports to the FDA that their products comply with applicable performance standards as well as maintain manufacturing, testing, and distribution records for their products. Failure to comply with these requirements could result in enforcement action by the FDA, which could require us to cease distribution of our products, recall or remediate products already distributed to customers, or subject us to FDA enforcement.

Our products incorporate artificial intelligence and machine learning technologies, and failures or flaws in these technologies could result in product liability claims, reputational harm, and regulatory action.

Our perception software solutions, including Ouster Gemini and BlueCity, rely on artificial intelligence ("AI") and machine learning algorithms, to detect, classify, and track objects and people. These AI-enabled products are deployed in safety-critical applications, including [autonomous vehicles, advanced driver assistance systems, industrial automation, robotics, and smart infrastructure for traffic safety and security]. We have limited control over how customers implement, configure, or use our products, or how our products interact with other components in customers' systems.

AI and machine learning technologies may generate inaccurate outputs or fail to detect objects, people, or events in certain conditions. The performance of our AI algorithms may be affected by factors outside of our control, including environmental conditions, edge cases not represented in training data, adversarial inputs, or scenarios that differ from the conditions under which the algorithms were developed and tested. If our AI-enabled products fail to perform as expected, particularly in safety-critical applications, we could face:

- significant product liability claims, including claims arising from personal injury or property damage;
- damage to our reputation and brand;
- loss of customers and revenue;
- regulatory investigations, enforcement actions, or restrictions on our products;
- recalls or remediation costs; and
- increased insurance costs or inability to obtain adequate coverage.

Our business may be affected by the evolving regulatory framework for AI Technologies.

We use AI and machine learning technologies, throughout our business, and are making investments in this area. The regulatory framework for AI and machine learning technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations pertaining to AI. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of our AI and machine learning technologies.

It is possible that new laws and regulations will be adopted in the United States and in other non-U.S. jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI and machine learning technologies for our business, or require us to change the way we use AI and machine learning technologies in a manner that negatively affects the performance of our products, services, and business and the way in which we use these technologies. We may need to expend resources to adjust our products or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply

with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI and machine learning technologies). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition and results of operations.

We are exposed to risks related to the use of AI tools by us and others.

Although we are evaluating and, where we believe appropriate, incorporating the use of AI tools into our operations, such as the use of generative AI tools to assist in the development of code, our use of such tools may subject us to significant competitive, legal, regulatory and other risks, and there can be no assurance that our use of AI tools will enhance our business operations or result in a benefit to us. Our competitors may be more successful in their use of AI tools, including by developing superior products or improving their operations with the assistance of AI. Additionally, there could be adverse impacts from inaccurate or flawed algorithms. Our use of AI tools could also result in the loss of confidential information or intellectual property or an inability to claim or enforce intellectual property rights, as well as subject us to risks related to intellectual property infringement or misappropriation, data privacy, cybersecurity, and the unauthorized use of Company data.

Failures, or perceived failures, to comply with privacy, data protection, and information security requirements in the variety of jurisdictions in which we operate may adversely impact our business, and such legal requirements are evolving, uncertain and may require improvements in, or changes to, our policies and operations.

We receive, store, handle, transmit, use, and otherwise process business information and information related to individuals, including from and about actual and prospective customers, employees, business contacts, service providers, and others. We also depend on a number of third-party vendors in relation to the operation of our business, a number of which process data on our behalf. Our current and potential future operations and sales subject us to laws and regulations addressing privacy and the collection, use, storage, disclosure, transfer, processing, and protection of a variety of types of data. For example, we are subject to General Data Protection Regulation ("GDPR"), the Swiss Federal Act on Data Protection ("FADP"), and the California Consumer Privacy Act ("CCPA"), each of which provide for potentially material penalties for non-compliance. These regimes, among other things, impose data security requirements, disclosure requirements, and restrictions on data collection, uses, and sharing that may impact our operations and the development of our business. The full impact of these privacy regimes, and other privacy, data protection, and information security laws we may be subject to, on our business is rapidly evolving across jurisdictions and remains uncertain at this time.

Since these data security regimes are evolving, uncertain, and complex, especially for a global business like ours, we may need to update or enhance our compliance measures as our products, markets and customer demands further develop, and these updates or enhancements may require implementation costs. In addition, we may not be able to monitor and react to all legal developments in a timely manner. Any compliance measures we do adopt may prove ineffective. Any failure, or perceived failure, by us to comply with current and future regulatory or customer-driven privacy, data protection, and information security requirements, or to prevent or mitigate security breaches, cyber-attacks, or improper access to, use of, or disclosure of data, or any security issues or cyber-attacks affecting us, could result in significant liability, costs (including the costs of mitigation and recovery), and a material loss of revenue resulting from the adverse impact on our reputation and brand, loss of proprietary information and data, disruption to our business and relationships, and diminished ability to retain or attract customers and business partners. Such events may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity, and could cause customers and business partners to lose trust in us, which could have a material adverse effect on our reputation, result of operations, financial condition, and business.

Risks Related to Our Intellectual Property

We may not be able to adequately protect or enforce our intellectual property rights or prevent competitors or other unauthorized parties from copying or reverse engineering our technology.

Our success depends in part on our ability to obtain patents and other intellectual property rights covering our technology and products, and to maintain adequate legal protection for our technology and products in the United States and worldwide. We rely on patent, trademark, copyright, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protections.

We can make no assurances whether any of our pending patent applications will mature into issued patents, or that any of our pending trademark applications will be registered, in a manner that gives us any or adequate defensive protection or competitive advantages. We also do not know whether any patents issued to us or any trademarks registered by us will not be challenged, invalidated or circumvented. Our portfolio of currently-issued patents and registered trademarks, and any patents that may be issued, any copyrights and trademarks that may be registered in the future, may not provide sufficiently

broad protections to us, or may not prove to be enforceable in actions against alleged infringers. We cannot be certain that the actions we have undertaken to protect our technology and products will prevent unauthorized use of our technology or the reverse engineering of our products. Moreover, others may independently develop technologies and products that compete with ours, or infringe our intellectual property.

We have filed for patents and trademarks in the United States and in certain international jurisdictions, but such protections may not be available, and we may not have applied for protections in all countries in which we operate or sell our products. Though we may have obtained intellectual property and related proprietary rights in various jurisdictions, it may prove difficult to enforce our intellectual property rights in practice. Discovering and protecting against unauthorized use of our intellectual property, products and other proprietary rights is expensive and difficult, particularly internationally. We believe that our patents are foundational in the area of lidar products, and intend to enforce our intellectual property rights. Competitors and other unauthorized parties may attempt to copy or reverse engineer our lidar technology and other aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our products, to determine the validity and scope of the proprietary rights of others or to block the importation of infringing products into the United States or other markets. Failure to adequately protect our intellectual property rights could result in our competitors offering infringing products, potentially resulting in the loss of some of our competitive advantage, market share and a decrease in our revenue, which would adversely affect our business, operating results, financial condition and prospects.

Claims that we are infringing third-party intellectual property, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and adversely affect our business.

Any intellectual property and related contractual litigation, if it is initiated in the future by us or a third-party, would result in substantial costs and diversion of management resources, either of which could materially and adversely affect our business, operating results and financial condition. Such claims may also divert management resources and attention away from other business efforts and force us to acquire intellectual property rights and licenses, which may involve substantial royalty or other payments that may not be acceptable to us. Further, a party making such a claim against us, if successful, could secure a judgment that requires us to pay substantial damages or such a party could obtain an injunction. An adverse determination also could invalidate our intellectual property rights and adversely affect our ability to offer our products to our customers and may require that we procure or develop substitute products that do not infringe, which could require significant effort and expense. Even if we obtain favorable outcomes in any such litigation, we may not be able to obtain adequate remedies, or may have incurred costs that threaten our financial stability. Assertions of our attempts to enforce our rights against third parties could also lead these third parties to assert their own intellectual property or other rights against us or seek invalidation or a narrowed scope of our rights, in whole or in part. Any of these events could adversely affect our business, operating results, financial condition and prospects.

Lidar is a heavily populated intellectual property field, in which many companies, both within and outside of the lidar industry, hold patents covering lidar products and other adjacent technologies. In addition to patents, companies in the lidar industry typically rely on copyrights and trade secrets to protect their technology. As a result, there has been frequent litigation in the lidar industry based on allegations of patent infringement, misappropriation or other violations of intellectual property rights. We have, and in the future may, receive inquiries from other intellectual property holders and we may become subject to claims that we infringe others' intellectual property rights, particularly as our market presence increases, as our products expand to new use cases and geographies, and as we face increasing competition. In addition, parties may claim that our name and the branding of our products infringe their trademark rights in certain countries or territories. If such a claim were to prevail, we may have to change the names of and branding of our products in the affected territories which would be costly and could cause market confusion.

We currently have various agreements in effect pursuant to which we have agreed to defend, indemnify and hold harmless our customers, suppliers, and other partners from damages and costs which may arise from the infringement by our products of third-party patents or other intellectual property rights. The scope of these indemnity obligations vary, but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. Our insurance does not typically cover intellectual property infringement claims. A claim that our products infringe a third-party's intellectual property rights, even if untrue, could adversely affect our relationships with our customers and deter future customers from purchasing our products. Our defense of intellectual property rights claims brought against us, or our customers, suppliers or partners, with or without merit, could be time-consuming and expensive to litigate or settle.

Even if we are not a party to any litigation between a customer and a third-party relating to infringement of its products, an adverse outcome in any such litigation could make it more difficult for us to defend our products against intellectual property infringement claims in any subsequent litigation matter in which we are a named party. Any of these results could adversely affect our brand and operating results.

Any intellectual property and related contractual litigation, if it is initiated in the future by us or a third-party, would result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Such claims may also divert management resources and attention away from other business efforts and force us to acquire intellectual property rights and licenses, which may involve substantial royalty or other payments that may not be acceptable to us. Further, a party making such a claim against us, if successful, could secure a judgment that requires us to pay substantial damages or such a party could obtain an injunction. An adverse determination also could invalidate our intellectual property rights and adversely affect our ability to offer our products to our customers and may require that we procure or develop substitute products that do not infringe, which could require significant effort and expense. Even if we obtain favorable outcomes in any such litigation, we may not be able to obtain adequate remedies, or may have incurred costs that threaten our financial stability. Assertions of our rights against third parties could also lead third parties to assert their own intellectual property or other rights against us or seek invalidation or a narrowed scope of our rights, in whole or in part. Any of these events could adversely affect our business, operating results, financial condition and prospects.

Our intellectual property applications may not issue or be registered, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We cannot be certain that we are the first inventor of the subject matter to which we have filed any particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application to, or otherwise publicly disclosed, subject matter that we are seeking to protect in a given patent application, we may not be entitled to the protection sought by the patent application. We also cannot be certain whether the claims included in a patent application will ultimately be granted as an issued patent since the patent office of the jurisdiction in which a patent application is filed may rule that the subject matter we are seeking to patent is not novel or is obvious or otherwise non-inventive or rule that the patent application and/or claims of the patent application do not comply with one or more other requirements of the patent laws of the jurisdiction. Further, the scope of protection of issued patent claims is often difficult to determine. As a result, we cannot be certain that our issued patents will afford protection against competitors with similar technology. In addition, our competitors may design around our issued patents, which may adversely affect our business, prospects, financial condition and operating results.

In addition to patented technology, we rely on our unpatented proprietary technology, copyrights, trade secrets, proprietary processes and know-how.

We rely on proprietary information (including, for example, trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable or subject to copyright or trademark protection, or that we believe is best protected by means that do not require public disclosure. We may seek to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors and third parties. We may fail, however, to enter into the necessary agreements, and even if properly executed and entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Additionally, we have limited control over the protection of trade secrets used by our current or future manufacturing partners and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, advisors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

We also rely on security measures, both physical and electronic, to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. Also, we may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees' former employers.

We may be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of one or more of an employee's former employers. Litigation may be necessary to defend us against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable

intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products, which could severely harm our business. Even if we are successful in defending against any such claims, litigation could result in substantial costs and demand on management resources.

Risks Related to Being a Public Company and our Capital Structure

We have previously identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting in the future, which may result in material misstatements of our consolidated financial statements, cause us to fail to meet our periodic reporting obligations, or cause our access to the capital markets to be impaired.

We previously identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a 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. While we have remediated our prior material weaknesses, our failure to implement and maintain effective internal control over financial reporting in the future could result in errors in our consolidated financial statements that could result in a restatement of our financial statements and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. Additionally, ineffective internal control could expose us to an increased risk of financial reporting fraud and the misappropriation of assets and subject us to potential delisting from the stock exchange on which we list or to other regulatory investigations and civil or criminal sanctions.

As a public company, we are required pursuant to Section 404(a) of the Sarbanes-Oxley Act of 2022 (the "Sarbanes Oxley Act") to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for each annual report on Form 10-K filed with the SEC. This assessment includes disclosure of any material weaknesses identified by our management in internal control over financial reporting. In the future, to the extent we are considered an accelerated filer or a large accelerated filer, our independent registered public accounting firm will also be required pursuant to Section 404(b) of the Sarbanes-Oxley Act to attest to the effectiveness of our internal control over financial reporting in each annual report on Form 10-K to be filed with the SEC. Additionally, any company that Ouster acquires will, subject to certain grace periods in the period immediately following an acquisition, be required to be included in the Company's assessment as well as the auditors' attestation, where applicable. We are also required to disclose material changes made in our internal control over financial reporting on a quarterly basis. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the stock exchange on which our securities are listed or other regulatory authorities, which would require additional financial and management resources.

Certain of our warrants are accounted for as liabilities and the changes in value of such warrants could have a material effect on our financial results.

We have determined to classify the private placement warrants assumed from CLA as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings. Due to the recurring fair value measurement, we recognize non-cash gains or losses on the private placement warrants each reporting period and the amount of such gains or losses has been material and could continue to be material in the future. Our accounting treatment of our warrants is based on its current interpretation of the SEC Statement and other guidance and may change in light of any further interpretive guidance, as may be applicable.

Amazon owns a warrant to purchase a significant portion of our outstanding common stock, and it may in the future be able to influence the Company's corporate decisions.

Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon.com, Inc. ("Amazon"), holds a warrant ("Amazon Warrant") to acquire, following customary antidilution adjustments, up to an aggregate of 3,271,970 (2,728,985 of which are currently vested) shares of our common stock at an exercise price of $50.57 per share, representing 5.2% of our outstanding common stock as of February 25, 2026. We assumed the Amazon Warrant as part of the Velodyne Merger. The exercise price and the warrant shares issuable upon exercise of the Amazon Warrant are subject to further antidilution adjustments, including in the event we make certain sales of common stock (or securities exercisable or convertible into or exchangeable for shares of our common stock) at a price less than the exercise price of the Amazon Warrant. If Amazon were to exercise the Amazon Warrant to purchase significant amounts of our common stock, it may be able to exert significant control over us. It also may have interests that differ from other stockholders and may vote or otherwise act in ways with which we or other stockholders disagree or that may be adverse to the interests of our stockholders.

The price of our common stock and warrants may be volatile.

The price of our common stock, as well as our warrants, may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale by significant stockholders of any of their shares of our common stock;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our Company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic, political and social conditions, such as the effects of public health crises, recessions, interest rates, local and national elections, tariffs, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism.

These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance.

We do not intend to pay cash dividends for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline. If few analysts cover us, demand for our common stock could decrease and our common stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly.

Holders of our publicly traded warrants will not be permitted to exercise their warrants unless the warrants remain registered or certain exemptions are available.

If the issuance of the common stock upon exercise of our publicly traded warrants is not registered, qualified or exempt from registration or qualification under the Securities Act and applicable state securities laws, holders of warrants will not be entitled to exercise such warrants and such warrants may have no value and expire worthless. In such event, holders who acquired their warrants as part of a purchase of units will have paid the full unit purchase price solely for the common stock included in the units.

If the common stock issuable upon exercise of the publicly traded warrants are not registered under the Securities Act, under the terms of the warrant agreement, holders of warrants who seek to exercise their warrants will not be permitted to do so for cash and, instead, will be required to do so on a cashless basis in accordance with Section 3(a)(9) of the Securities Act or another exemption.

In no event will warrants be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration or qualification is available.

If our common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of "covered securities" under Section 18(b)(1) of the Securities Act, we may, at our option, not permit holders of warrants who seek to exercise their warrants to do so for cash and, instead, require them to do so on a cashless basis in accordance with Section 3(a)(9) of the Securities Act; in the event we so elect, we will not be required to file or maintain in effect a registration statement or register or qualify the shares underlying the warrants under applicable state securities laws, and in the event we do not so elect, we will use our best efforts to register or qualify the shares underlying the warrants under applicable state securities laws to the extent an exemption is not available.

In no event will we be required to net cash settle any warrant, or issue securities (other than upon a cashless exercise as described above) or other compensation in exchange for the warrants in the event that we are unable to register or qualify the shares underlying the warrants under the Securities Act or applicable state securities laws.

Holders of our publicly traded warrants may only be able to exercise such warrants on a "cashless basis" under certain circumstances, and if they do so, they will receive fewer shares of common stock from such exercise than if they were to exercise such warrants for cash.

The warrant agreement provides that in the following circumstances holders of warrants who seek to exercise their warrants will not be permitted to do for cash and will, instead, be required to do so on a cashless basis in accordance with Section 3(a)(9) of the Securities Act: (i) if the common stock issuable upon exercise of the warrants are not registered under the Securities Act in accordance with the terms of the warrant agreement; (ii) if we have so elected and the common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of "covered securities" under Section 18(b)(1) of the Securities Act; and (iii) if we have so elected and we call the public warrants for redemption. If holder exercises public warrants on a cashless basis, they would pay the warrant exercise price by surrendering the warrants for that number of common stock equal to the quotient obtained by dividing (x) the product of the number of common stock underlying the warrants, multiplied by the excess of the "fair market value" of our common stock (as defined in the next sentence) over the exercise price of the warrants by (y) the fair market value. The "fair market value" is the average reported closing price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of exercise is received by the warrant agent or on which the notice of redemption is sent to the holders of warrants, as applicable. As a result, an impacted warrant holder would receive fewer shares of common stock from such exercise than if you were to exercise such warrants for cash.

We may amend the terms of the publicly traded warrants in a manner that may be adverse to holders of public warrants with the approval by the holders of at least 50% of the then outstanding public warrants. As a result, the exercise price of the publicly traded warrants could be increased, the exercise period could be shortened and the number of common stock purchasable upon exercise of a warrant could be decreased, all without warrant holder approval.

Our publicly traded warrants were issued in registered form under the warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder for certain limited administrative provisions, and that the approval by the holders of at least 50% of the then-outstanding public warrants is required to make any change that adversely affects the interests of the registered holders of publicly traded warrants. Accordingly, we may amend the terms of our public warrants in a manner adverse to a holder of public warrants if holders of at least 50% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or shares, shorten the exercise period or decrease the number of shares of common stock purchasable upon exercise of a warrant.

Our warrant agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with us.

The warrant agreement for our publicly traded warrants provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the warrant agreements, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Notwithstanding the foregoing, these provisions of the warrant agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of

our warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreement. If any action, the subject matter of which is within the scope the forum provisions of the warrant agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a "foreign action") in the name of any holder of our warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action"), and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder's counsel in the foreign action as agent for such warrant holder.

This choice-of-forum provision may limit a warrant holder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us, which may discourage such lawsuits. Alternatively, if a court were to find this provision in our warrant agreements inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

We may redeem unexpired publicly traded warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making such warrants worthless.

We have the ability to redeem the outstanding publicly traded warrants at any time prior to their expiration. We may redeem such warrants at a price of $0.10 per warrant, provided that the closing price of our common stock equals or exceeds $180.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. Redemption of the outstanding warrants could force you to (i) exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the private placement warrants initially issued by CLA will be redeemable by us so long as they are held by Colonnade Sponsor LLC or its permitted transferees.

Delaware law and our Certificate of Incorporation and Bylaws contain certain provisions, including anti-takeover provisions that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our Certification of Incorporation and Bylaws and the Delaware General Corporations Law ("DGCL") contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, and therefore depress the trading price of our common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our board of directors or taking other corporate actions, including effecting changes in our management. Among other things, the Certification of Incorporation and Bylaws include provisions regarding:

- providing for a classified board of directors with staggered, three-year terms;
- the ability of our board of directors to issue shares of preferred stock, including "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the Certificate of Incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- the ability of our board of directors to amend the Bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management.

The provisions of our Certificate of Incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our Certificate of Incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) will be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on our behalf, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholders to us or our stockholders, (iii) any action, suit or proceeding arising pursuant to any provision of the DGCL or our Bylaws or Certificate of Incorporation (as each may be amended from time to time), (iv) any action, suit or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (v) any action, suit or proceeding asserting a claim against us or any current or former director, officer or stockholder governed by the internal affairs doctrine.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such Securities Act claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the Certificate of Incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Notwithstanding the foregoing, the Certificate of Incorporation provides that the exclusive forum provision will not apply to suits brought to enforce any cause of action arising under the Securities Act, any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder.

These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in the Certificate of Incorporation to be inapplicable or unenforceable in such action.

We may be subject to securities litigation, class action and derivative lawsuits, which could result in substantial costs and could divert management attention away from other business concerns.

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Additionally, securities class action lawsuits and derivative lawsuits are often brought against public companies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources from other business concerns, which could seriously harm our business. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. For a description of our legal proceedings, see Note 8. Commitments and Contingencies included in the notes to our audited consolidated financial statements included elsewhere in the Annual Report on Form 10-K.

Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

General Risk Factors

Our facilities in California are located near an earthquake fault and an earthquake or other natural disaster or resource shortage could disrupt our operations.

Important documents and records for our products and manufacturing operations are located in our various facilities in San Francisco, California near active earthquake zones. In the event of a natural disaster such as an earthquake, drought, flood or fire or localized extended outages of critical utilities or transportation we do not have a formal business continuity or disaster recovery plan, and therefore could experience a significant business interruption. In addition, California has from time to time experienced shortages of water, natural gas, and electric power. Future shortages and conservation measures could impact our operations and result in increased expenses. In addition, we rely on information technology systems to

communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' ability to timely deliver product components, our business, operating results and financial condition would be adversely affected.

We and our third-party providers are subject to cybersecurity risks, and any material failure, weakness, interruption, cyber event, incident, or breach of security could materially adversely affect our business, results of operations, and financial condition.

We rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, "IT Systems"). We own and manage some of these IT Systems, but also rely on third parties for a range of IT Systems and related products and services. We and certain of our third-party providers collect, maintain and process data about customers, employees, business partners and others, including information about individuals — as well as proprietary information belonging to our business such as trade secrets (collectively, "Confidential Information").

We and our third-party vendors and suppliers face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our IT Systems and Confidential Information, including from diverse threat actors, such as state-sponsored organizations, opportunistic hackers, and hacktivists, as well as through diverse attack vectors including acts of vandalism, malware (including ransomware), social engineering, denial or degradation of service attacks, computer viruses, software bugs or vulnerabilities, supply chain attacks, phishing attacks, ransomware attacks, misplaced or lost data, human errors, malicious insiders or other similar events. Moreover, any integration of artificial intelligence in our or any third-party's operations, products or services is expected to pose new or unknown cybersecurity risks and challenges.

We and certain of our third-party providers have experienced actual and attempted cyberattacks and other security incidents. For example, we have experienced phishing attacks and incidents involving unauthorized access to Confidential Information. While no attacks or incidents have had a material adverse impact on our operations or financial condition to date, we cannot guarantee that material incidents will not occur in the future. For example, we are at risk for interruptions, outages and breaches of: IT Systems, including in relation to business, financial, accounting, product development, data processing or production processes, owned by us or our third-party vendors or suppliers; facility security systems, owned by us or our third-party vendors or suppliers; in-product technology owned by us or our third-party vendors or suppliers; the integrated software in our lidar solutions; or Confidential Information that we process or our third-party vendors or suppliers process on our behalf. Such cyber incidents could materially disrupt IT Systems; result in loss of Confidential Information including intellectual property, trade secrets or other proprietary or competitively sensitive information, certain information of customers, employees, suppliers, drivers or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software in our lidar solutions.

Cyberattacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools—including artificial intelligence—that circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact to our IT Systems, Confidential Information or business. We cannot guarantee that our cybersecurity risk management program and processes, including our policies, controls, or procedures will be fully implemented, complied with, or adequate to detect, prevent or mitigate cyber incidents. Because we make extensive use of third party suppliers and service providers, such as cloud services that support our internal and customer-facing operations, successful cyberattacks that disrupt or result in unauthorized access to third party IT Systems could materially impact our operations and financial results. We have also acquired and are likely to continue to acquire companies with cybersecurity vulnerabilities or unsophisticated security measures, which exposes us to additional cybersecurity risk. In addition, we deploy scanning tools in our IT environment that allow us to identify and track security vulnerabilities, but we cannot guarantee that patches or mitigating measures will be applied before vulnerabilities can be exploited by a threat actor.

Further, the implementation, maintenance, segregation and improvement of these IT Systems require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current programs and processes, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the programs and processes upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these programs and processes as planned, our operations may be disrupted, our ability to

accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results.

A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation (including class actions), and require significant incident response, system restoration, or remediation and future compliance costs, any of which could materially affect our business, prospects, financial condition and operating results. Moreover, our Confidential Information, including proprietary information or intellectual property, could be compromised or misappropriated and our reputation may be adversely affected. If these programs and processes do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

In addition, our insurance coverage for cyber-attacks may not be sufficient to cover all the losses we may experience as a result of a cyber incident, and we cannot guarantee that applicable insurance will be available to us or in the future on economically reasonable terms at all.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We have developed and implemented a cybersecurity program that seeks to ensure the confidentiality, integrity, and availability of the Company's information assets, including its critical systems. We use the ISO 27001 Information Security Management System (ISMS) standard as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business. Our cybersecurity program is integrated into our overall risk management program; which is reviewed and evaluated by our Board, and shares reporting channels and governance processes that apply across the risk management program to other legal, compliance, strategic, operational, and financial areas.

Key elements of our cybersecurity program include, but are not limited to, (i) raising security awareness of our employees and product development teams, and (ii) implementing and maintaining security controls and operations that are designed to protect identities, networks, systems, and data and provide for detection, response, and recovery, including a cyber incident response plan.

We engage external parties to enhance our cybersecurity program and to operate a variety of operational functions. We engage consultants, advisors and vendors who are recognized for their cybersecurity expertise or products to supplement, augment and/or test elements of our security program. We also engage third-party specialists to conduct security assessments and independent audits of the Company's systems and networks.

The Company has adopted a third-party management policy to formalize the baseline of security controls that it expects its partners and other third-party companies (including service providers) to meet, in accordance with their criticality to our operations and respective risk profile based on their level of access to our systems and/or data. To mitigate risks that may arise from the Company's interactions with service providers, suppliers, and vendors, we strive to ensure that our systems/services are integrated with trustworthy vendors.

Although to date we have not identified risks from cybersecurity threats or experienced any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our operations, business strategy or financial condition, the scope or impact of any future incident cannot be predicted with certainty. For additional information on our cybersecurity risks, see ***"We and our third-party providers are subject to cybersecurity risks, and any material failure, weakness, interruption, cyber event, incident, or breach of security could materially adversely affect our business, results of operations, and financial condition."*** in Part 1, Item 1A for more information.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its overall risk oversight function and has delegated to the Audit Committee oversight of the Company's cybersecurity program. The Audit Committee receives regular cybersecurity updates and reports from members of the Company's executive team and the Senior Director of Information Security and Compliance and in turn briefs the full Board on these updates as part of its Committee report. In addition, the full Board receives a full report on the Company's cybersecurity program at least annually. The Board is also apprised by the executive team and Senior Director of Information Security and Compliance of more significant or serious cybersecurity incidents.

Our Senior Director of Information Security and Compliance under the direction of our executive team, and is primarily responsible for assessing and managing our material risks from cybersecurity threats. The Senior Director of Information Security and Compliance has day to day responsibility for the Company's cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our Senior Director of Information Security and Compliance has served in various roles in information security for over 15 years, including serving as Associate Director of Cybersecurity of a public company as well as a PCI Qualified Security Assessor at a cybersecurity consulting firm. He holds a M.S. in Computer Science and has attained various certifications, including an Advanced Computer Security Certificate from Stanford University. Our Senior Director of Information Security and Compliance assists the executive team by taking steps to stay informed about and monitor the Company's efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in our IT environment. The Company's executive team also monitors the activities of the Breach Response Team ("BRT") and where appropriate participates in and supports the BRT in the evaluation and remediation of cyber and other security incidents in accordance with the Company's incident response plan.

Item 2. Properties

Our corporate headquarters are located in San Francisco, California where we lease 26,125 square feet of office space pursuant to a lease that is scheduled to expire in August 2034. In December 2025, we acquired 20,032 square feet of office space in a building adjacent to our corporate headquarters which was previously held under lease. Engineering, manufacturing, research and development and administrative functions of the Company are performed in San Francisco.

We also lease a 204,000 square foot facility in San Jose, California, which term will expire in December 2027 and is no longer used for any essential manufacturing, research and development functions.

We also lease other small facilities that we use as offices for our sales and office personnel. These facilities are not material to our business or operations.

Item 3. Legal Proceedings

We are, from time to time, party to various claims and legal proceedings arising in the ordinary course of our business. See Note 8. Commitments and Contingencies included in the notes to our audited financial statements included elsewhere in the Annual Report on Form 10-K for a discussion of our material legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock and warrants expiring in 2026 are listed for trading on the NASDAQ under the symbols “OUST” and “OUSTZ”, respectively.

Holders

As of February 25, 2026, there were 240 registered holders of record of our common stock. The actual number of stockholders of our common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares of common stock are held in street name by banks, brokers and other nominees.

Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

In October 2025, certain shareholders of a subsidiary of Velodyne (the "BlueCity Holders") exercised their right to exchange an aggregate of 502,776 shares in such subsidiary into 41,248 shares of our common stock, respectively. The BlueCity Holders acquired the shares in the Velodyne subsidiary as consideration for Velodyne’s acquisition of BlueCity Technology, Inc. in October 2022, and the shares were exchangeable into Velodyne shares generally on a one-for-one basis, which ratio was adjusted to reflect the exchange ratio from the Velodyne Merger and our reverse stock split. The shares of our common stock were issued without registration under the Securities Act in reliance on Section 4(a)(2) and/or Regulation S of the Securities Act and the rules and regulations promulgated thereunder.

On November 9, 2025, we agreed to issue shares of common stock as partial consideration for the acquisition of Stereolabs SAS (“Stereolabs”). Upon the closing of the Stereolabs transaction on February 4, 2026, we issued 1,847,677 shares, inclusive of 660,005 shares which will be released over a four-year period. We sold the foregoing securities in transactions not involving an underwriter and not requiring registration under Section 5 of the Securities Act of 1933, as amended (the “Securities Act”), in reliance on the exemptions afforded by Section 4(a)(2 and/or Regulation S of the Securities Act and the rules and regulations promulgated thereunder.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, for the operation and expansion of our business and do not anticipate declaring or paying any dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, contractual requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our results of operations and financial condition should be read together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Ouster’s actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled “Risk Factors” and in other parts of this Annual Report on Form 10-K.

Overview

Ouster was founded in 2015 with the invention of our high-performance digital lidar. To continue to grow our business in the coming years, we expanded and plan to continue invest in growing our digital lidar product portfolio, increasing the capabilities of our software solutions, and opportunistically expanding our sales and marketing efforts. We are headquartered in San Francisco, California.

We are a leading global provider of lidar sensors and solutions. We design and manufacture high-resolution digital lidar sensors that offer advanced 3D vision to machinery, vehicles, robots, and fixed infrastructure assets, which allows each to understand and visualize the surrounding world and enable safe operation and autonomy. We believe our sensors are one of the highest-performing, lowest-cost lidar solutions available today across each of our four target markets: automotive, industrial, robotics, and smart infrastructure. Our digital lidar sensors leverage a simplified architecture based on two semiconductor chips and are backed by a suite of patent-protected technology.

We also provide perception software platforms for smart infrastructure deployments. Our software enables real-time people and object detection, classification, and tracking for actionable, intuitive, and customizable insights while preserving personally identifiable information. Our digital lidar sensors leverage a simplified architecture based on two semiconductor chips and are backed by a suite of patent-protected technology.

Our hardware product offering currently includes four models of sensors in our OS product line: the hemispheric field of view OSDome, the ultra-wide field of view OS0, the mid-range OS1, and the long-range OS2. Within our OS sensor models, we offer numerous customization options, all enabled by embedded software. For each of our models in the OS product line, we offer resolution options of 128 lines vertically ("channels"), 64 channels, or 32 channels, as well as many beam spacing options. In 2022, we launched our REV7 OS series scanning sensors powered by L3 chip. REV7 features the all-new OSDome sensor, as well as upgraded OS0, OS1, and OS2 sensors that deliver double the range, enhanced object detection, increased precision and accuracy, and greater reliability compared to our prior generation sensors. We are currently developing our solid-state digital flash ("DF") sensors, which is a suite of short, mid, and long-range solid-state digital lidar sensors that provide uniform precision imaging without motion blur across an entire field of view.
We also provide perception software platforms for smart infrastructure deployments. Our software enables real-time people and object detection, classification, and tracking for actionable, intuitive, and customizable insights while preserving personally identifiable information. Ouster Gemini is a perception platform designed for smart infrastructure deployments like security and crowd analytics, and is optimized exclusively for Ouster's digital lidar sensors. BlueCity is a Gemini-powered solution for traffic operations, planning, and safety. BlueCity provides real-time data analytics and predictions, which can be used to improve traffic and crowd flow efficiency, improve urban planning, advance sustainability, and protect vulnerable road users in a wide range of weather and lighting conditions.

We have invested heavily in patents since our inception, pursuing comprehensive coverage of invention families and use cases, with broad international coverage. We believe that our extensive patent coverage creates material barriers to entry for anyone aiming to compete in the digital lidar space.

We believe the simplicity of our digital lidar design gives us a meaningful advantage in costs related to manufacturing, supply chain, and production yields. Our main manufacturing partners are Benchmark and Fabrinet, which manufacture the majority of our products at their facilities in Thailand. We expect this will allow us to continue to reduce our product costs and rapidly scale production to meet our anticipated product demand. Based on cost quotes for our products in mass production, we anticipate our manufacturing costs per unit will decrease further as production volumes increase.

Merger with Velodyne Lidar, Inc.

On November 4, 2022, we entered into an Agreement and Plan of Merger (the "Velodyne Merger Agreement") with Velodyne Lidar, Inc., a Delaware corporation ("Velodyne"), Oban Merger Sub, Inc., a Delaware corporation and one of our direct, wholly owned subsidiaries ("Velodyne Merger Sub I") and Oban Merger Sub II LLC, a Delaware limited liability company and one of our direct, wholly owned subsidiaries ("Velodyne Merger Sub II"). On February 10, 2023, we completed our merger of equals with Velodyne pursuant to the terms of the Velodyne Merger Agreement with Velodyne, Merger Sub I and Merger Sub II (the "Velodyne Merger").

The product offerings we acquired through the Velodyne Merger include the VLP-16, VLP-16 Lite, VLP-16 Hi-Res, VLP-32 and VLS-128. These product offerings are in the final stages of their product life cycle, and we ceased manufacturing them in 2025.

Amazon Warrant

Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon.com, Inc. ("Amazon"), holds a warrant ("Amazon Warrant") to acquire shares of our common stock. We assumed the Amazon Warrant as part of the Velodyne Merger. As a result of the issuance and sale by the Company of an additional 4,671,406 shares of common stock in the twelve months ended December 31, 2025 in "at-the-market offerings" at prices below the exercise price of the Amazon Warrant, an antidilution adjustment was made in accordance with the terms of the Amazon Warrant, resulting in the increase in the number of shares issuable under the Amazon Warrant by 4,077 shares of common stock and a reduction to the original strike price of the Amazon Warrant to $50.57 per share. As of December 31, 2025, there were 3,271,970 shares of common stock issuable under the Amazon Warrant.

The exercise price and the warrant shares issuable upon exercise of the Amazon Warrant are subject to further antidilution adjustments, including in the event we make certain sales of common stock (or securities exercisable or convertible into or exchangeable for shares of our common stock) at a price less than the exercise price of the Amazon Warrant. The Amazon Warrant is subject to vesting; 50% of the unvested Amazon Warrant as of the date of the Velodyne Merger vested as a result of the Velodyne Merger and the remainder will vest over time based on payments by Amazon or its affiliates to us in connection with Amazon's purchase of goods and services from us.

Factors Affecting Our Performance

Commercialization of Lidar Applications. We believe that our lidar solutions are approaching an inflection point of adoption across our target end market applications and that we are well-positioned to capitalize on this opportunity. However, it is difficult to estimate the timing of ultimate end market and customer adoption. As a result, we expect that our results of operations, including revenue and gross margins, will improve over time but may fluctuate on a quarterly and annual basis for the foreseeable future. As the market for lidar solutions matures and more customers reach a commercialization phase, the fluctuations in our operating results may become less pronounced. In 2025, our strategic business objectives included growing the software-attached business, transforming the product portfolio, and executing towards profitability.

Number of Customers in Production. For certain strategic customers and markets, our products must be integrated into a broader platform, which then must be tested and validated to achieve system-level performance and reliability thresholds that enable commercial production and sales. The time necessary to reach commercial production varies from six months to several years, based on the market and application. For example, the production cycle in the automotive market tends to be longer than other target markets. It is critical to our future success that our customers reach commercial production and select our products, and that we avoid unexpected cancellations of major purchases of our products. Because the timelines to reach production vary significantly and the revenue generated by each customer in connection with commercial production is unpredictable, it is difficult for us to reliably predict our financial performance.

Customers' Sales Volumes. Our customer base is diversified and we aim to continue to penetrate into diverse end markets to increase our sales volumes. Ultimately, widespread adoption of our customers' products that incorporate our lidar solutions will depend on many factors, including the size of our customers' end markets, market penetration of our customers' products that incorporate our digital lidar solutions, our customers' ability to sell their products, and the financial stability and reputation of our customers.

Average Selling Prices ("ASPs"), Product Costs and Margins. Our product costs and gross margins depend largely on the volumes of sensors shipped, the mix of existing and new products sold, and the number and variety of solutions we provide to our customers. We expect that our selling prices will vary by target end market and application due to market-specific supply and demand dynamics. We expect to continue to experience some downward pressure on prices from signing anticipated large multi-year agreements in the near term. We expect that these customer-specific selling price fluctuations, combined with our volume-driven product costs, may drive fluctuations in revenue and gross margins on a quarterly basis. In addition, we expect that the current uncertainty surrounding U.S. trade relationships may impact our future product costs and margins, particularly to the extent there are significant tariffs or trade restrictions imposed on goods imported from Thailand, Canada, China or Taiwan that are used in our products. Our contractual arrangements generally provide that our customers will pay the costs of tariffs. Although we are taking steps to mitigate the impacts of potential tariffs, we do not expect to be able to fully offset or avoid such costs. These costs could impact customer demand and adoption as described above under "Customers' Sales Volumes."

Competition. Lidar is an emerging technology, and there are many competitors for this growing market. Absent the introduction of new technology, we expect this competition to continue to push our ASPs lower in the coming years. However, we believe that because of the simplicity of our digital lidar technology and the value proposition of our lidar solutions, we are well-positioned to scale more effectively than our competitors and to continue to deliver positive gross margins.

Continued Investment and Innovation. We believe that we are a leading lidar provider. Our financial performance is significantly dependent on our ability to maintain this leading position, which is further dependent on the investments we make in growing our digital lidar product portfolio and increasing the capabilities of our software solutions. We believe it is essential that we continue to identify and respond to rapidly evolving customer requirements, including successfully progressing our digital lidar roadmap and developing technologies that will enhance the operating performance of our products. Our "L4" sensor prototypes are generating rich point clouds and have moved into validation testing. Our "Chronos" chip has been fabricated by our foundry partner and is now undergoing in-house testing. If we fail to continue our innovation, our market position and revenue may be adversely affected, and our investments in that area will not be recovered.

Supply Chain Continuity. Some of the key components in the products we have designed or are currently designing come from limited or single source suppliers. If these third parties experience financial, operational, manufacturing capacity or other difficulties, or experience shortages in required components, or if they are otherwise unable or unwilling to continue to manufacture these components in required volumes or at all, our supply may be disrupted or be on less favorable terms. Such changes could have an adverse effect on our ability to meet our scheduled product deliveries and may subsequently lead to the loss of sales. In addition, we are continuing to monitor the impact of the recent tariff and trade policy actions taken by the United States and foreign governments on our supply chain. We are continuously considering ways to mitigate the impact of these evolving tariff and trade policy actions and the uncertainties arising from the rapidly changing global trade environment on our supply chain; however, there can be no assurances that our current or future mitigation efforts will be successful.

Market Trends and Uncertainties. We anticipate increasing demand for our digital lidar solutions within a multi-billion dollar total addressable market ("TAM"). We define our TAM as applications in the automotive, industrial, robotics, and smart infrastructure end markets where we actively engage and maintain customer relationships. Each of our target markets is potentially a significant global opportunity, and these markets have historically been underserved by limited or inferior technology or not served at all. We believe we are well-positioned in our market as a leading provider of high-resolution lidar sensors.

We may not be able to take advantage of demand if we are unable to anticipate regulatory changes and adapt quickly enough to meet such new regulatory standards or requirements applicable to us or to our customers' products in which our lidar sensors are used. Market acceptance of lidar technology and active safety technology depend upon many factors, including cost, performance, safety performance, regulatory requirements, international taxes, and tariff and trade policy actions of governments related to such technologies. These factors may impact the ultimate market acceptance of our lidar technology.

International Expansion. We view international expansion as an important element of our strategy to increase revenue and achieve profitability. We continue to position ourselves in geographic markets that we expect to serve as important sources of future growth. We have an existing presence in three regions: Americas; Asia and Pacific; and Europe, Middle East and Africa. We intend to expand our presence in these regions over time including through distribution partnerships. Expanded global reach will require continued investment and may expose us to additional foreign currency risk, international taxes, tariff and trade policy actions of foreign governments, legal obligations, export/import regulations and additional operational costs. These risks and challenges that may impact our ability to meet our projected sales volumes, revenues, and gross margins. In addition, the current uncertainty surrounding U.S. trade relationships may impact our future international sales, particularly to the extent there are significant tariffs or trade restrictions imposed on goods imported from the United States.

Employee Retention Credit. The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes. The Company qualified for the ERC for the period between March 17, 2020 and September 30, 2021 and the Company received an ERC credit in the amount of $8.0 million during the year ended December 31, 2025.

Components of Results of Operations

Revenue

The majority of our revenue comes from the sale of our lidar sensors and accessories both directly to end users and through distributors both domestically and internationally. We recognize revenue from product sales when the performance obligation of transferring control of the product to the customer has been met, generally when the product is shipped. We also recognize revenue by performing services related to product development, validation, licenses, maintenance under our extended warranty contracts, and shipping. We do not expect these services to be material components of revenue, cost of revenue or gross margin in the near future. Performance obligations related to services are generally recognized over time, based on cost-to-cost input basis or straight-line over time. Amounts billed to customers related to shipping and handling are classified as revenue, and we have elected to recognize the cost of shipping activities that occur after control has transferred to the customer as a fulfillment cost rather than a separate performance obligation. All related costs are accrued and recognized within cost of revenue when the related revenue is recognized.

Most of our customers are innovators and early technology adopters incorporating our products into their solutions. Currently, our product revenue consists of both customers ordering small volumes of our products that are in an evaluation phase and customers that order larger volumes of our products and have more predictable long-term production schedules. However, we believe we are still at the very beginning of the lidar adoption curve, and some customers are still learning their growth and demand rates which can impact the timing of purchase orders quarter to quarter. As we grow our business, we expect to continue to improve our own understanding of our customers' needs and timelines, and expect the timing of orders will have a less notable impact on our quarterly results.

Royalties from Long-Term IP License Contracts

We license rights to our intellectual property ("IP") to certain customers and collect royalties based on those customers' product sales. The recognition of such revenue from royalties for long-term IP contracts is dependent on the nature and terms of each agreement. We recognize license revenue upon the later of (a) delivery of the IP or (b) commencement of the license term if there are no substantive future obligations to perform under the arrangement. Revenue for licenses to future technology developed on a when-and-if-available basis is recognized straight-line over the license period as long as customers continue to have access to the future technology. Royalties from the license of IP are recognized at the later of the period the sales occur or the satisfaction of the performance obligation to which some or all of the royalties have been allocated. Significant judgment is applied when the Company determines the amount and timing of revenue from the IP royalties when Company contracts with customers to license rights to its IP. In the year ended December 31, 2025, we recognized $22.8 million in revenue for royalties from long-term IP license contracts. However, we do not consider this revenue to be reflective of the core operations of our business. Further, we expect the revenue we recognize for such royalties in the future will vary considerably from period to period, and expect that the amounts recognized in the year ended December 31, 2025 will likely exceed amounts recognized in future annual periods.

Cost of Revenue

Cost of revenue consists of the manufacturing cost of our lidar sensors, which primarily consists of sensor components, personnel-related expenses, including salaries, benefits, and stock-based compensation directly associated with our manufacturing organization, and amounts paid to our third-party contract manufacturer and vendors. Our cost of revenue also includes depreciation of manufacturing equipment, amortization of intangible assets, an allocated portion of overhead, facility and IT costs, warranty expenses, excess and obsolete inventory and shipping costs.

Revenue from royalties from long-term IP license contracts is recorded without any associated cost of revenue.

Gross Profit and Gross Margin

Our gross profit equals total revenues less our total cost of revenues, and our gross margin is our gross profit expressed as a percentage of total revenue. Our gross margin is subject to quarterly fluctuations in product mix, price and volume. Because revenue from royalties from long-term IP license contracts is recorded without any associated cost of revenue, our gross profit and gross margin are favorably impacted by royalties from long-term IP license contracts, particularly in the year ended December 31, 2025.

Operating Expenses

Research and Development Expenses

Research and development ("R&D") activities are primarily conducted at our San Francisco headquarters and our additional R&D facilities in Scotland and Canada and consist of the following activities:

- Design, prototyping, and testing of proprietary electrical, optical, and mechanical subsystems for our digital lidar products;
- Robust testing for safety certifications;
- Development of new products and enhancements to existing products in response to customer requirements including firmware and software development of lidar integration products;
- Custom SoC design for Ouster's digital lidar products; and
- Development of custom manufacturing equipment.

R&D expenses consist of personnel-related expenses, including salaries, benefits, and stock-based compensation, for all personnel directly involved in R&D activities, third-party engineering and contractor costs, prototype expenses, amortization of intangible assets, and an allocated portion of overhead, facility and information technology ("IT") costs that support R&D activities.

R&D costs are expensed as they are incurred. Our investment in R&D will continue to grow as we invest in new lidar technology and related software. Our absolute amount of R&D expenses is expected to grow over time; however, we expect R&D as a percentage of revenue to decrease as our business grows.

Sales and Marketing Expenses

Our business development, customer support and marketing teams are located in offices worldwide. Selling and marketing expenses consist of personnel-related expenses, including salaries, benefits, and stock-based compensation, for all personnel directly involved in business development, customer support, and marketing activities, and marketing expenses including trade shows, advertising, and demonstration equipment. Sales and marketing expenses also include amortization expense of intangible assets related to customer relationships associated with the acquisitions and an allocated portion of facility and IT costs that support sales and marketing activities. We expect sales and marketing expenses as a percentage of revenue to decrease over time as our business grows.

General and Administrative Expenses

General and administrative expenses consist of personnel-related expenses, including salaries, benefits, and stock-based compensation, of our executives and members of the board of directors, finance, human resources, an allocated portion of facility and IT costs that support general and administrative activities, as well as amortization of intangible assets, fees related to legal fees, patent prosecution, accounting, finance and professional services, as well as insurance and bank fees. We have experienced and may in the near-term experience additional increases in general and administrative expenses related to legal, accounting, finance and professional services costs associated with litigation activities, hiring more personnel and consultants to support our international activities and compliance with the applicable provisions of the Sarbanes-Oxley Act and other SEC rules and regulations as a result of being a public company. Our absolute amount of general and administrative expenses will grow over time; however, we expect general and administrative expenses as a percentage of revenue to decrease as our business grows.

Interest Income, Interest Expense, and Other Income (Expense), Net

Interest income consists primarily of income earned on our cash and cash equivalents and short-term investments. These amounts will vary based on our respective balances and market rates. Interest expense consists primarily of interest on our debt and the amortization of debt issuance costs and discounts. Other income (expense), net consists primarily of realized and unrealized gains and losses on foreign currency transactions and balances, realized gains and losses related to sales of our available-for-sale investments and the change in fair value of the private placement warrant liability.

Income Taxes

Our income tax provision consists of federal, state and foreign current and deferred income taxes. Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items arising in the quarter. Our effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on deferred tax assets as it is more likely than not that some, or all, of our deferred tax assets will not be realized. We continue to maintain a full valuation allowance against our U.S. Federal and state deferred tax assets. The income tax provision (benefit) for the years ended December 31, 2025, and 2024, respectively, was not material to the Company's consolidated financial statements. For the year ended December 31, 2025, the Company recorded an income tax benefit of $2.9 million primarily related to the resolution of the Company's IRS examination of its 2017 and 2018 tax years offset in part by income taxes for its foreign operations.

Results of Operations:

The following table summarizes key components of our results of operations for the years ended December 31, 2025 and 2024:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Revenue		
Product revenue	$ 146,578	$ 111,101
Royalties	22,806	—
Total revenue	169,384	111,101
Cost of revenue[1]	85,948	70,641
Gross profit	83,436	40,460
Operating expenses[1]:		
Research and development	65,170	58,084
Sales and marketing	27,624	27,852
General and administrative	64,641	58,701
Total operating expenses	157,435	144,637
Loss from operations	(73,999)	(104,177)
Other income (expense):		
Interest income	9,485	8,846
Interest expense	—	(1,823)
Other income (expense), net	1,202	646
Total other income (expense), net	10,687	7,669
Loss before income taxes	(63,312)	(96,508)
Provision for (benefit from) income taxes	(2,935)	537
Net loss	$ (60,377)	$ (97,045)

The following table sets forth the components of our consolidated statements of operations and comprehensive loss data as a percentage of revenue for the periods presented:

	Year Ended December 31,	
	2025	2024
	(% of total revenue)	
Revenue:		
Product revenue	87 %	100 %
Royalties	13	—
Total revenue	100	100
Cost of revenue[1]	51	64
Gross profit	49	36
Operating expenses[1]:		
Research and development	38	52
Sales and marketing	16	25
General and administrative	38	53
Total operating expenses	94	130
Loss from operations	(45)	(94)
Other income (expense):		
Interest income	6	8
Interest expense	—	(2)
Other income (expense), net	1	1
Total other income (expense), net	7	7
Loss before income taxes	(37)	(87)
Provision for (benefit from) income taxes	(2)	—
Net loss	(36)%	(87)%

[1]Includes stock-based compensation expense as follows:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Cost of revenue	$ 5,455	$ 4,608
Research and development	19,020	18,260
Sales and marketing	4,978	5,347
General and administrative	11,371	12,244
Total stock-based compensation	$ 40,824	$ 40,459

Comparison of the years ended December 31, 2025 and 2024

Revenue

	Year Ended December 31,		2025 - 2024 Change	
	2025	2024		%
	(dollars in thousands)			
Revenue by geographic location:				
Americas	$ 92,103	$ 58,430	$ 33,673	58 %
Asia and Pacific	54,187	20,158	34,029	169
Europe, Middle East and Africa	23,094	32,513	(9,419)	(29)
Total	$ 169,384	$ 111,101	$ 58,283	52 %

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Revenue increased by $58.3 million, or 52%, to $169.4 million for the year ended December 31, 2025 from $111.1 million for the prior year. The increase in revenue was primarily driven by increased sales of the sensors as customers increased their purchase levels compared to the prior year period and the recognition of $22.8 million of revenue on royalties from long-term IP license contracts. During the fourth quarter of fiscal 2025, the Company recognized $16.1 million associated with royalties that were previously deferred pending the resolution of significant uncertainty associated with resolving the Company's performance obligation under the license contract. The cumulative royalty revenue (included above) is associated with a multi-year IP license contract entered into in a prior year which granted a customer a right-to-use our functional intellectual property for the duration of the stated license term. As of December 31, 2025 those uncertainties have been resolved, which resulted in recognition of such amounts.

Geographic Locations

Revenue increased across the geographic regions of the Americas and Asia and Pacific, offset in part by decreased revenue in Europe, the Middle East and Africa as compared to the comparable period in the prior year. The revenue increase in the Americas was primarily attributable to higher sales of the REV7 sensor. The revenue increase in Asia and Pacific was primarily attributable to the recognition of $22.8 million of revenue on royalties from long-term IP license contracts.

Cost of Revenue and Gross Margin

	Year Ended December 31,		2025 - 2024 Change	
	2025	2024	$	%
	(dollars in thousands)			
Cost of revenue	$ 85,948	$ 70,641	$ 15,307	22 %

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Cost of revenue

Cost of revenue increased by $15.3 million, or 22%, to $85.9 million for the year ended December 31, 2025 from $70.6 million for the prior year. The increase in cost of revenue was primarily attributable to higher volume of sensor shipments, higher product manufacturing, stock based compensation and tariff related costs, partially offset by lower excess and obsolete inventory charges and a $2.4 million cost reduction associated with the ERC that was received in the year ended December 31, 2025.

Gross margin rose to 49% for the year ended December 31, 2025 from 36% in the prior year primarily as a result of the recognition of revenue on royalties from long-term IP license contracts for which there is no associated cost of revenue as well as the factors described above related to the increased sales of REV7 sensor.

Operating Expenses

	Year Ended December 31,		2025 - 2024 Change	
	2025	2024	$	%
	(dollars in thousands)			
Operating expenses:				
Research and development	$ 65,170	$ 58,084	$ 7,086	12 %
Sales and marketing	27,624	27,852	(228)	(1)
General and administrative	64,641	58,701	5,940	10
Total operating expenses:	$ 157,435	$ 144,637	$ 12,798	9 %

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Research and *Development*

Research and development expenses increased by $7.1 million, or 12%, to $65.2 million for the year ended December 31, 2025 from $58.1 million in the prior year. The increase is primarily attributable to the Company's continuing investment in the research and development of new product offerings and higher annual incentive compensation costs for employees engaged in the research and product development function, offset in part by $3.3 million in ERC benefits recognized as a reduction to research and development expense in the year ended December 31, 2025.

Sales and Marketing

Sales and marketing expenses decreased by $0.2 million, or 1%, to $27.6 million for the year ended December 31, 2025 from $27.9 million in the prior year. The decrease was primarily due to the $1.1 million in ERC benefits recognized as a reduction to sales and marketing expense in the year ended December 31, 2025, offset in part by an increase in sales and marketing compensation and personnel related expenses.

General and Administrative

General and administrative expenses increased by $5.9 million, or 10%, to $64.6 million for the year ended December 31, 2025 from $58.7 million in the prior year. The increase was primarily attributable to higher legal and professional fees to support an acquisition transaction and other corporate initiatives, partially offset by $1.2 million in ERC benefits recognized as a reduction in general and administrative expense in the year ended December 31, 2025.

Interest Income, Interest Expense and Other Income (Expense), Net

	Year Ended December 31,		2025 - 2024 Change	
	2025	2024	$	%
	(dollars in thousands)			
Interest income	$ 9,485	$ 8,846	$ 639	7%
Interest expense	—	(1,823)	1,823	(100)
Other income (expense), net	1,202	646	556	86
Total	$ 10,687	$ 7,669	$ 3,018	39%

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

The year-over-year increase in interest income was primarily attributable to $1.3 million interest income earned on delayed IRS payments related to ERC claims recognized during the year ended December 31, 2025, offset in part by lower investment interest income earned which resulted from lower cash and short-term investments balances and lower average rate of interest earned on held balances during the year ended December 31, 2025.

The year-over-year decrease in interest expense was due to the full pay off of our debt facility in August 2024.

Other income (expense), net was not material for the years ended December 31, 2025 and December 31, 2024. The year-over-year increase in other income (expense), net was due to a R&D tax credit refund of $0.7 million from a foreign jurisdiction.

Income Taxes

	Year Ended December 31,		2025 - 2024 Change	
	2025	2024	$	%
	(dollars in thousands)			
Loss before income taxes	$ (63,312)	$ (96,508)	$ 33,196	(34)%
Provision for (benefit from) income tax	(2,935)	537	(3,472)	(647)
Effective tax rate	4.64 %	(0.56)%		

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Our effective tax rate was 4.64% for the year ended December 31, 2025 compared to our effective tax rate of (0.56)% for the prior year.

For the year ended December 31, 2025, the Company recorded an income tax benefit of $2.9 million primarily related to the resolution of the Company's IRS examination of its 2017 and 2018 tax years offset in part by income taxes for its foreign operations.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and short-term investments, cash generated from sales of our products, and sales of common stock under our at-the market equity offering programs.

Our primary requirements for liquidity and capital are to finance working capital, inventory management, capital expenditures, and general corporate purposes. We expect these needs to continue as we develop and grow our business.

As of December 31, 2025 we had an accumulated deficit of $973.4 million and cash, cash equivalents, restricted cash and short-term investments of approximately $211.2 million. Management believes that our existing sources of liquidity will be adequate to fund our operations for at least twelve months from the date of this Annual Report on Form 10-K. However, we may need to raise additional capital in the future to support our operations.

We manage our cash and cash equivalents with financial institutions that we believe have high credit quality and, at times, such amounts exceed federally insured limits. The failure of any bank with which we maintain a commercial relationship could cause us to lose our deposits in excess of the federally insured or protected amounts. We have experienced recurring losses from operations, and negative cash flows from operations, and we expect to continue operating at a loss and to have negative cash flows from operations for the foreseeable future. Because we are in the growth stage of our business and operate in an emerging field of technology, we expect to continue to invest in research and development and opportunistically expand our sales and marketing teams worldwide. We may require additional capital to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions, or unforeseen circumstances and in either the short-term or long-term may determine to engage in equity or debt financings. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited. In particular, current macroeconomic conditions, including elevated inflation rates and high interest rates, have resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital. If we are unable to raise additional funds when or on the terms desired, our business, financial condition and results of operations could be adversely affected.

ATM Agreement

On April 29, 2022, we entered into an open market sale agreement with B. Riley Securities, Inc., Cantor Fitzgerald & Co. and Oppenheimer & Co. Inc. (the "Former ATM Agreement"), pursuant to which we could offer and sell shares of our common stock with an aggregate offering price of up to $150.0 million under an "at-the-market" offering program.

We terminated the Former ATM Agreement in April 2025 in anticipation of the scheduled expiration of our registration statement on Form S-3 (File No. 333-264600). We filed a new registration statement on Form S-3 on May 2, 2025 (File No. 333-286936), which was subsequently declared effective by the SEC.

On May 12, 2025, we entered into an At Market Issuance Sales Agreement (the "ATM Agreement") with Oppenheimer & Co. Inc., pursuant to which the Company may offer and sell, from time to time, through or to the agent, acting as agent or principal, having an aggregate offering price of up to $100.0 million.

During the year ended December 31, 2025, we sold 4,671,406 shares at a weighted-average sales price of $20.88 per share, resulting in cumulative gross proceeds to us totaling approximately $97.5 million before deducting offering costs, sales commissions and fees. Cumulative net proceeds to us totaled approximately $95.6 million after deducting offering costs, sales commissions and fees.

The remaining availability under the ATM Agreement as of December 31, 2025 is approximately $2.5 million.

Prior Debt Arrangements

On October 25, 2023, we entered into the Credit Line Account Application and Agreement for Organizations and Businesses (the "Credit Agreement") and the Addendum to Credit Line Account Application and Agreement (the "Addendum"; and the Credit Agreement as amended, modified, and/or supplemented by the Addendum, the "UBS Agreement") by and among the Company, UBS Bank USA (the "Bank"), and UBS Financial Services Inc. The UBS Agreement provided us with a revolving credit line of up to $45.0 million, subject to certain terms and conditions. We initially borrowed $44.0 million, and all of the proceeds were used to refinance and terminate our prior term loan facility.

On August 12, 2024, we repaid the $44.0 million principal amount outstanding under the UBS Agreement, along with accrued interest, and terminated all commitments and obligations thereunder. We funded the repayment of the outstanding revolving loans under the UBS Agreement with cash on hand. For additional information regarding the terms of the UBS Agreement, see Note 5. Debt to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Material Cash Requirements

We are a party to many contractual obligations involving commitments to make payments to third parties. These obligations impact our short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the consolidated balance sheet as of December 31, 2025, while others are considered future commitments. Our contractual obligations primarily consist of non-cancelable purchase commitments with various parties to purchase goods or services, primarily inventory, entered into in the normal course of business and operating leases. For information regarding our other contractual obligations, refer to Note 7. Leases and Note 8. Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Cash Flow Summary

	For the Years ended December 31,	
	2025	2024
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (39,956)	$ (33,694)
Investing activities	(36,251)	14,652
Financing activities	97,610	15,393

Operating Activities

During the year ended December 31, 2025, operating activities used $40.0 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of $60.4 million, offset by our non-cash charges of $52.5 million primarily consisting of depreciation and amortization of $7.8 million, stock-based compensation of $40.8 million, amortization of right-of-use asset of $5.1 million and inventory write-down of $0.4 million. The changes in our operating assets and liabilities of $32.1 million were primarily due to an increase in accounts receivable of $8.0 million, an increase in inventory of $6.8 million, an increase in prepaid expenses and other assets of $3.6 million, an increase in accounts payable of $13.2 million, a decrease in contract liabilities of $14.3 million, a decrease in operating lease liability of $6.7 million, and a decrease in accrued and other liabilities of $5.9 million.

During the year ended December 31, 2024, operating activities used $33.7 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of $97.0 million, offset by our non-cash charges of $51.9 million primarily consisting of depreciation and amortization of $9.8 million, stock-based compensation of $40.5 million, amortization of right-of-use asset of $4.9 million and inventory write-down of $2.1 million. The changes in our operating assets and liabilities of $11.5 million was primarily due to an increase in accounts receivable of $1.7 million, decrease in inventory of $4.7 million, a decrease in prepaid expenses and other assets of $21.3 million, an increase in accounts payable of $2.5 million, an increase in contract liabilities of $19.0 million, a decrease in operating lease liability of $6.3 million, and a decrease in accrued and other liabilities of $28.1 million.

Investing Activities

During the year ended December 31, 2025, cash used by investing activities was $36.3 million, consisting primarily of purchases of short-term investments of $149.6 million and purchase of property and equipment of $24.9 million, offset in part by $138.3 million proceeds from sales and maturities of short-term investments. During the year ended December 31, 2025, cash used for the purchase of property and equipment was primarily related to a purchase of real property for $18.2 million.

During the year ended December 31, 2024, cash provided by investing activities was $14.7 million, consisting primarily of $162.3 million proceeds from sales and maturities of short-term investments offset in part by purchases of short-term investments of $144.6 million.

Financing Activities

During the year ended December 31, 2025, cash provided by financing activities was $97.6 million, consisting primarily of $95.6 million of proceeds from the issuance of common stock under the ATM Agreement.

During the year ended December 31, 2024, cash provided by financing activities was $15.4 million, consisting primarily of $57.8 million of proceeds from the issuance of common stock under the Former ATM Agreement, partially offset by the repayment of indebtedness of $44.0 million under the UBS Agreement.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates, assumptions and judgments that can significantly impact the amounts we report as assets, liabilities, revenue, costs and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates under different assumptions and conditions.

Business Combinations

Business combinations are accounted for under the acquisition method. We recognize the assets acquired and liabilities assumed in business combinations on the basis of their fair values at the date of acquisition. We assess the fair value of assets acquired, including intangible assets, and liabilities assumed using a variety of methods. Each asset acquired and liability assumed is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of intangible assets incorporates significant estimates and assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset, future cash inflows and outflows, probabilities of success, asset lives, and the appropriate discount rates. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. Transaction costs and restructuring costs associated with a business combination are expensed as incurred.

During the measurement period, which extends no later than one year from the acquisition date, we may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations within other income (expense), net.

Inventory Valuation

Inventories are stated at the lower of cost or estimated net realizable value. Costs are computed under the standard cost method, which approximates actual costs determined on a first in, first out basis. We record write-downs of inventories which are obsolete or in excess of anticipated demand. Significant judgment is used in establishing our forecasts of future demand and obsolete material exposures. We consider marketability and product life cycle stage, product development plans, demand forecasts, and assumptions about future demand and market conditions in establishing our estimates. If the actual component usage and product demand are significantly lower than forecast, which may be caused by factors within and outside of our control, or if there were a higher incidence of inventory obsolescence because of rapidly changing technology and our customer requirements, we may be required to increase our inventory write-downs. A change in our estimates could have a significant impact on the value of our inventory and our results of operations.

We believe that the accounting policy discussed below is critical to understanding our historical and future performance as these policies involve a greater degree of judgment and complexity.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised products or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these products or services.

The Company licenses rights to its IP to certain customers and collects royalties based on customer's product sales. IP revenue recognition is dependent on the nature and terms of each agreement. The Company recognizes license revenue upon the later of (a) delivery of the IP or (b) commencement of the license term if there are no substantive future obligations to perform under the arrangement. Revenue for licenses to future technology developed on a when-and-if-available basis is recognized straight-line over the license period as long as customers continue to have access to the future technology. Royalties from the license of IP are recognized at the later of the period the sales occur or the satisfaction of the performance obligation to which some or all of the royalties have been allocated.Significant judgment is applied when the Company determines the amount and timing of revenue from the IP royalties when Company contracts with customers to license rights to its IP.

Refer to Note 2 - Summary of Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding our revenue recognition policies.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks 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 the result of fluctuations in interest rates, foreign currency exchange rates and to a lesser extent, inflation risk. The following analysis provides quantitative and qualitative information regarding these risks.

Inflation Risk

General inflation in the U.S., Europe and other geographies has risen significantly in recent years. To date, we do not believe that inflation has had a material effect on our business, financial condition, or results of operations, other than its impact on the general economy. However, we are monitoring the current inflationary environment, particularly as it may be impacted by proposed and/or newly implemented tariffs. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases, and our inability or failure to do so could harm our business, financial condition and results of operations.

Interest Rate Risk

As of December 31, 2025, we had cash, cash equivalents, restricted cash and short-term investments of approximately $211.2 million, of which $54.5 million consisted of institutional money market funds, $68.3 million consisted of commercial paper, and $72.8 million consisted of corporate debt, all of which carries a degree of interest rate risk. The primary goals of our investment policy are liquidity and capital preservation. We do not enter into investments for trading or speculative purposes. These investments are subject to interest rate risk, as sharp increases in market interest rates could have an adverse impact on their fair value. Although the fair values of these instruments can fluctuate, we believe that the short-term, highly liquid nature of these investments, and our ability to hold these instruments to maturity, reduces our risk for potential material losses. A hypothetical 100 basis point change in interest rates would not have a material impact on our financial condition or results of operations due to the short-term nature of our investment portfolio.

On August 12, 2024, we repaid in full, with cash on hand, all outstanding indebtedness and terminated all commitments and obligations under the UBS Agreement. As of December 31, 2025, we had no debt outstanding and therefore are not exposed to interest rate risk with respect to debt.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our revenue is generated in U.S. dollars. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the U.S. and to a lesser extent in Asia and Europe. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical consolidated financial statements. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates. No strategy can completely insulate us from risks associated with such fluctuations and our currency exchange rate risk management activities could expose us to substantial losses if such rates move materially differently from our expectations.

Item 8. Financial Statements and Supplementary Data

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OUSTER, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Ouster, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ouster, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Product revenue

As described in Note 2 to the consolidated financial statements, the Company's revenue was $146.6 million for the year ended December 31, 2025, of which the majority related to product revenue. Product revenue is recognized at a point in time when control of the goods is transferred to the customer, generally occurring upon shipment or delivery dependent upon the terms of the underlying contract. The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring products to the customer.

The principal consideration for our determination that performing procedures relating to revenue recognition for product revenue is a critical audit matter is a high degree of auditor effort in performing procedures over the Company's revenue recognition. As disclosed by management, material weaknesses were identified that impacted this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing revenue recognized for a sample of product revenue transactions by obtaining and inspecting source documents, such as contracts, sales quotes, purchase orders, sales orders, invoices, proof of shipment, and subsequent cash receipts and (ii) confirming a sample of outstanding customer invoice balances as of December 31, 2025 and, for confirmations not returned, obtaining and inspecting source documents, such as contracts, sales quotes, purchase orders, sales orders, invoices, and subsequent cash receipts.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 2, 2026

We have served as the Company’s auditor since 2019.

OUSTER, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 67,413	$ 45,542
Restricted cash, current	1,467	722
Short-term investments	141,172	126,480
Accounts receivable, net	27,753	17,941
Inventory	23,566	16,417
Prepaid expenses and other current assets	17,517	12,750
Total current assets	278,888	219,852
Property and equipment, net	31,891	10,164
Operating lease, right-of-use assets	13,452	14,308
Unbilled receivable, non-current portion	8,560	10,133
Intangible assets, net	13,316	17,830
Restricted cash, non-current	1,100	1,835
Other non-current assets	2,309	2,026
Total assets	$ 349,516	$ 276,148
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 19,984	$ 6,288
Accrued and other current liabilities	26,200	30,591
Contract liabilities, current	20,705	34,351
Operating lease liability, current portion	4,142	7,196
Total current liabilities	71,031	78,426
Operating lease liability, non-current portion	12,938	13,054
Contract liabilities, non-current portion	3,106	2,538
Other non-current liabilities	703	1,219
Total liabilities	87,778	95,237
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, $0.0001 par value; 100,000,000 shares authorized at December 31, 2025 and 2024; 60,947,757 and 52,560,770 issued and outstanding at December 31, 2025 and 2024, respectively	48	47
Additional paid-in capital	1,235,580	1,094,938
Accumulated deficit	(973,448)	(913,071)
Accumulated other comprehensive (loss) income	(442)	(1,003)
Total stockholders' equity	261,738	180,911
Total liabilities and stockholders' equity	$ 349,516	$ 276,148

The accompanying notes are an integral part of these consolidated financial statements

OUSTER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)

	Year Ended December 31,	
	2025	2024
Revenue:		
Product revenue	$ 146,578	$ 111,101
Royalties	22,806	—
Total revenue	169,384	111,101
Cost of revenue	85,948	70,641
Gross profit	83,436	40,460
Operating expenses:		
Research and development	65,170	58,084
Sales and marketing	27,624	27,852
General and administrative	64,641	58,701
Total operating expenses	157,435	144,637
Loss from operations	(73,999)	(104,177)
Other income (expense):		
Interest income	9,485	8,846
Interest expense	—	(1,823)
Other income (expense), net	1,202	646
Total other income (expense), net	10,687	7,669
Loss before income taxes	(63,312)	(96,508)
Provision for (benefit from) income tax	(2,935)	537
Net loss	$ (60,377)	$ (97,045)
Other comprehensive income (loss)		
Changes in unrealized (loss) gain on available for sale securities	$ 83	$ (386)
Foreign currency translation adjustments	478	(809)
Total comprehensive loss	$ (59,816)	$ (98,240)
Net loss per common share, basic and diluted	$ (1.07)	$ (2.08)
Weighted-average shares used to compute basic and diluted net loss per share	56,334,911	46,584,479

The accompanying notes are an integral part of these consolidated financial statements

OUSTER, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total Stockholders' Equity
	Shares	Amount				
Balance — January 1, 2024	43,257,862	$ 42	$ 995,464	$ (816,026)	$ 192	$ 179,672
Issuance of common stock upon exercise of stock options	105,581	—	206	—	—	206
Issuance of restricted stock awards	533,601	1	—	—	—	1
Proceeds from at-the-market offering, net of commissions and fees of $1,749 and issuance costs of $346	6,045,428	2	56,214	—	—	56,216
Issuance of common stock in connection with Velodyne Merger	211,216	—	—	—	—	—
Issuance of common stock upon vesting of restricted stock	2,022,741	2	—	—	—	2
Issuance of common stock to employees under employee stock purchase plan	384,341	—	1,703	—	—	1,703
Common stock warrants issuable to customer	—	—	892	—	—	892
Stock-based compensation expense	—	—	40,459	—	—	40,459
Net loss	—	—	—	(97,045)	—	(97,045)
Other comprehensive loss	—	—	—	—	(1,195)	(1,195)
Balance — December 31, 2024	52,560,770	47	1,094,938	(913,071)	(1,003)	180,911
Issuance of common stock upon exercise of stock options	43,904	—	83	—	—	83
Forfeited restricted stock awards	(68,072)	—	—	—	—	—
Proceeds from at-the-market offering, net of commissions and fees of $1,951 and issuance costs of $421	4,671,406	1	95,157	—	—	95,158
Issuance of common stock in connection with Velodyne Merger	205,642	—	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	3,139,352	—	—	—	—	—
Issuance of common stock to employees under employee stock purchase plan	394,755	—	1,955	—	—	1,955
Common stock warrants issuable to customer	—	—	2,623	—	—	2,623
Stock-based compensation expense	—	—	40,824	—	—	40,824
Net loss	—	—	—	(60,377)	—	(60,377)
Other comprehensive income	—	—	—	—	561	561
Balance — December 31, 2025	60,947,757	$ 48	$ 1,235,580	$ (973,448)	$ (442)	$ 261,738

The accompanying notes are an integral part of these consolidated financial statements

OUSTER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years ended December 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (60,377)	$ (97,045)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,781	9,836
Loss on write-off and disposal of property and equipment	113	401
Stock-based compensation	40,824	40,459
Reduction of revenue related to stock warrant issued to customer	2,623	892
Amortization of right-of-use asset	5,108	4,904
Non-cash interest income	(214)	(619)
Accretion or amortization on short-term investments	(3,239)	(5,095)
Change in fair value of warrant liabilities	(126)	(103)
(Recovery) provision for inventory write-down	(373)	2,080
Provision (recovery of) for doubtful accounts	(8)	(587)
Realized gain on sale of investments	(12)	(275)
Changes in operating assets and liabilities:		
Accounts receivable	(8,017)	(1,724)
Inventory	(6,775)	4,735
Prepaid expenses and other assets	(3,569)	21,317
Accounts payable	13,202	2,476
Accrued and other liabilities	(5,865)	(28,059)
Contract liabilities	(14,299)	19,036
Operating lease liability	(6,733)	(6,323)
Net cash used in operating activities	(39,956)	(33,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property & equipment	—	668
Purchases of property and equipment	(24,893)	(3,756)
Purchase of short-term investments	(149,613)	(144,573)
Proceeds from sales and maturities of short-term investments	138,255	162,313
Net cash provided by (used in) investing activities	(36,251)	14,652
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	83	205
Proceeds from ESPP purchase	1,955	1,703
Payments received (remitted) to fund employees tax obligation for vested RSUs	410	—
Repayments of borrowings	—	(43,975)
Proceeds from the issuance of common stock under at-the-market offering, net of commissions and fees	95,583	57,806
At-the-market offering costs for the issuance of common stock	(421)	(346)
Net cash provided by financing activities	97,610	15,393
Effect of exchange rates on cash and cash equivalents	478	(886)
Net increase (decrease) in cash, cash equivalents and restricted cash	21,881	(4,535)
Cash, cash equivalents and restricted cash at beginning of year	48,099	52,634
Cash, cash equivalents and restricted cash at end of year	$ 69,980	$ 48,099
SUPPLEMENTAL DISCLOSURES OF OPERATING ACTIVITIES:		
Cash paid for interest	$ —	$ 2,073
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:		
Property and equipment purchases included in accounts payable and accrued liabilities	$ 1,166	$ 480
Right-of-use assets obtained in exchange for operating lease liabilities	$ 6,862	$ —

The accompanying notes are an integral part of these consolidated financial statements

OUSTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Basis of Presentation

Description of Business

Ouster, Inc. (the "Company") was incorporated in the Cayman Islands on June 4, 2020 as "Colonnade Acquisition Corp.". Following the closing of a business combination between the Company and Ouster Technologies, Inc. (formerly, Ouster, Inc.) in March 2021 (the "Colonnade Merger"), the Company domesticated as a Delaware corporation and changed its name to "Ouster, Inc." References to "CLA" refer to the Company prior to the business combination. Ouster Technologies, Inc., the Company's predecessor was founded on June 30, 2015. The Company is a leading provider of high-resolution digital lidar sensors that offer advanced 3D vision to machinery, vehicles, robots, and fixed infrastructure assets, allowing each to understand and visualize the surrounding world and ultimately enabling safe operation and ubiquitous autonomy.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries (all of which are wholly owned) and have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Liquidity

The Company's principal sources of liquidity are its cash and cash equivalents, short-term investments, cash generated from sales of the Company's products, sales of common stock under its at-the-market equity offering program and debt financing.

The accompanying consolidated financial statements have been prepared on a going concern basis. The Company has experienced recurring losses from operations, and negative cash flows from operations. As of December 31, 2025, the Company's existing sources of liquidity included cash and cash equivalents, restricted cash, and short-term investments of $211.2 million. The Company has incurred losses and negative cash flows from operations for several years. If the Company continues to incur losses in the future, it may need to improve liquidity and raise additional capital through the issuance of equity and/or debt. There can be no assurance that the Company would be able to raise such capital. However, management believes that the Company's existing sources of liquidity are adequate to fund its operations for at least twelve months from the date the consolidated financial statements were available for issuance.

At the Market Issuance Sales Agreement

On April 29, 2022, the Company entered into an open market sale agreement with B. Riley Securities, Inc., Cantor Fitzgerald & Co. and Oppenheimer & Co. Inc. (the "Former ATM Agreement"), pursuant to which we could offer and sell shares of our common stock with an aggregate offering price of up to $150.0 million under an "at-the-market" offering program. During the years ended December 31, 2024 and 2023, the Company sold 6,045,428 and 2,878,875 shares, respectively under the Former ATM Agreement. The weighted-average sales price and gross proceeds to the Company before deducting offering costs, sales commissions and fees were approximately $9.64 and $5.67 per share and $58.3 million and $16.3 million, respectively, during the year ended December 31, 2024 and 2023. The Company used the net proceeds from the Former ATM Agreement for working capital and general corporate purposes. We terminated the Former ATM Agreement in April 2025 in anticipation of the scheduled expiration of our registration statement on Form S-3 (File No. 333-264600).

The Company filed a new registration statement on Form S-3 on May 2, 2025 (File No. 333-286936), which was subsequently declared effective by the SEC. On May 12, 2025, the Company entered into an At the Market Issuance Sales Agreement (the "ATM Agreement") with Oppenheimer & Co. Inc., pursuant to which the Company may offer and sell, from time to time, through or to the agent, acting as agent or principal, having an aggregate offering price of up to $100.0 million. During the year ended December 31, 2025, we sold 4,671,406 shares at a weighted-average sales price of $20.88 per share, resulting in cumulative gross proceeds to us totaling approximately $95.6 million before deducting offering costs, sales commissions and fees. Cumulative net proceeds to us totaled approximately $97.5 million after deducting offering costs, sales commissions and fees.

The remaining availability under the ATM Agreement as of December 31, 2025 is approximately $2.5 million.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. The most significant estimates included in these consolidated financial statements are the useful lives of long-lived assets, revenue recognition, inventory write downs, the realizability of deferred tax assets, the measurement of stock-based compensation, and the valuation of the Company's various financial instruments. The complexity of the estimation process and factors relating to assumptions, risks and uncertainties inherent with the use of the estimates affect the amount of revenue and related expenses reported in the Company's consolidated financial statements. Internal and external factors can affect the Company's estimates. Actual results could differ from these estimates under different assumptions or conditions.

Business Combinations

Business combinations are accounted for under the acquisition method. The Company recognizes the assets acquired and liabilities assumed in business combinations on the basis of their fair values at the date of acquisition. The Company assesses the fair value of assets acquired, including intangible assets, and liabilities assumed using a variety of methods. Each asset acquired and liability assumed is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of intangible assets incorporates significant estimates and assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset, future cash inflows and outflows, probabilities of success, asset lives, and the appropriate discount rates. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. Transaction costs and restructuring costs associated with a business combination are expensed as incurred.

During the measurement period, which extends no later than one year from the acquisition date, the Company may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations within other income (expense), net.

Foreign Currencies

The functional currency of the Company is the U.S. dollar. The functional currency of the Company's wholly-owned foreign subsidiaries is generally the same as the entity's local currency. Accordingly, the asset and liability accounts of our foreign operations are translated into U.S. dollars using the current exchange rate in effect at the balance sheet date and equity accounts are translated into U.S. dollars using historical rates. The revenues and expenses are translated using the weighted-average exchange rates in effect during the period, and gains and losses from foreign currency translation adjustments are included as a component of accumulated other comprehensive loss in the consolidated balance sheets. Foreign currency translation adjustments are recorded in other comprehensive loss in the consolidated statements of operations and comprehensive loss.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. Foreign currency transaction gains and losses are recorded in other income (expense), net in the consolidated statements of operations and comprehensive loss.

Segment Information

The Company operates as one reportable and operating segment, which relates to the sale and production of lidar sensor kits. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources. The profitability of the Company's product group is not a determining factor in allocating resources and the CODM does not evaluate profitability below the level of the consolidated company.

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised products or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these products or services. To achieve the core principle of this standard, the Company performs the following five steps:

1) Identify the contract with a customer

A contract with a customer exists when the contract is approved, each party's rights regarding the product or services to be transferred and the payment terms for the product or services can be identified, it is determined that the customer has the ability and intent to pay and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer. Accounts receivable are due under normal trade terms, typically three months or less.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the product or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the product or services is separately identifiable from other promises in the contract.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring product or services to the customer. Royalties from the license of intellectual property ("IP") are included in the transaction price in the period the sales occur. Other forms of variable consideration are included in the transaction price if the Company judges that it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts contain a significant financing component. All taxes assessed by a governmental authority on a specific revenue-producing transaction collected by the Company from a customer are excluded from the transaction price.

4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). In 2025 and 2024, the Company did not have a material volume of contracts that required the allocation of transaction price to multiple performance obligations.

5) Recognize revenue when or as the Company satisfies a performance obligation

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to a customer.

If revenue is derived from more than one of the subcaptions described below, each class which is not more than 10 percent of the sum of the items is combined with another class.

Product revenue

The majority of the Company's revenue comes from product sales of lidar sensors to direct customers and distributors. Revenue is recognized at a point in time when control of the goods is transferred to the customer, generally occurring upon shipment or delivery dependent upon the terms of the underlying contract. Product sales to certain customers may require customer acceptance due to performance acceptance criteria that are considered more than a formality. For these product sales, revenue is recognized upon the expiration of the customer acceptance period. Amounts billed to customers for shipping and handling are included in revenue, and the Company has elected to recognize the cost of shipping activities that occur after control has transferred to the customer as a fulfillment cost rather than a separate performance obligation. All related shipping costs are accrued and recognized within cost of revenue when the related revenue is recognized.

Services

The Company's services revenue consists primarily of software development and compliance services. The obligation to provide services is generally satisfied over time, with the customer simultaneously receiving and consuming the benefits as the Company satisfies its performance obligations. For product development and validation service projects, the Company bills and recognizes revenue as the services are performed. For these arrangements, control is transferred over as the Company's inputs are incurred to complete the project; therefore, revenue is recognized over the service period with the measure of progress using the input method based on labor costs incurred to total labor cost ("cost-to-cost") as the services are provided.

IP Licenses

The Company licenses rights to its IP to certain customers and collects royalties based on customer's product sales. IP revenue recognition is dependent on the nature and terms of each agreement. The Company recognizes license revenue upon the later of (a) delivery of the IP or (b) commencement of the license term if there are no substantive future obligations to perform under the arrangement. Revenue for licenses to future technology developed on a when-and-if-available basis is recognized straight-line over the license period as long as customers continue to have access to the future technology. Royalties from the license of IP are recognized at the later of the period the sales occur or the satisfaction of the performance obligation to which some or all of the royalties have been allocated.

Software Licenses

The Company's Gemini software license arrangements provide the customer with the right to install and use functional intellectual property (as it exists at the point in time at which the license is granted) for the duration of the contract term (perpetual or term license). Revenue from distinct software licenses is recognized at the point in time when the software is made available to the customer.

Maintenance

The Company's Gemini software license arrangements typically include an initial (bundled) post contract customer support (maintenance or "PCS") term. Those software license arrangements, which include PCS represent a distinct, stand-alone performance obligation. Contract consideration is allocated to the PCS based on its relative SSP and revenue is recognized ratably over the PCS term.

Product Warranties

The Company provides standard product warranties for a term of typically one to two years to ensure that its products comply with agreed-upon specifications. Standard warranties are considered to be assurance type warranties and are not accounted for as separate performance obligations. The Company also provides service type extended warranties for typically an additional term ranging up to two additional years. For service type extended warranty contracts, the Company allocates revenue to this performance obligation on a relative standalone selling price basis and recognizes the revenue on a ratable basis over time during the effective period of the services as the Company stands ready to provide services as needed.

Costs to obtain a contract

The Company expenses the incremental costs of obtaining a contract when incurred because the amortization period for these costs would typically be less than one year. These costs primarily relate to sales commissions and are expensed as incurred in sales and marketing expense in the Company's consolidated statements of operations and comprehensive loss. The incremental cost of obtaining a contract for the years ended December 31, 2025 and 2024 was $4.6 million, and $4.1 million, respectively.

Right of return

The Company's general terms and conditions for its contracts do not contain a right of return that allows the customer to return products and receive a credit, however it has in practice permitted returns of its sensor kits in limited circumstances. Allowances for sales returns, which reduce revenue, are estimated using historical experience and were immaterial as of December 31, 2025 and 2024. Actual returns in subsequent periods have been consistent with estimated amounts.

Net loss per common share

The Company follows the two-class method when computing net loss per common share. The two-class method determines net loss per common share for common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company has no participating securities outstanding for the periods presented.

Basic net loss per common share attributable to common stockholders is computed by dividing the net loss by the weighted average number of common shares outstanding for the period. Diluted net loss attributable to common stockholders is computed by adjusting net loss attributable to common stockholders to reallocate undistributed earnings based on the potential impact of dilutive securities. Diluted net loss per common share attributable to common stockholders is computed by dividing the diluted net loss attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of common stock equivalents.

In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The Company reported a net loss attributable to common stockholders for the years ended December 31, 2025 and 2024.

Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). The Company's changes in unrealized loss on available for sale securities and foreign currency translation adjustment are the only components of other comprehensive loss that is excluded from the reported net loss for all periods presented.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents consist of cash deposited with banks, money market accounts and commercial paper.

Restricted Cash

Restricted cash consists of collateral to merchant credit card, deposit account to secure foreign entity closure costs, issuance of a deposit performance guarantee issued in favor of a customer, and certificates of deposit held by a bank as security for outstanding letters of credit.

Investments

The Company considers investments with an original maturity greater than three months and remaining maturities less than one year to be short-term investments. The Company classifies those investments that are not required for use in current operations and that mature in more than 12 months as long-term investments.

The Company classifies its investments as available for sale and reports them at fair value, with unrealized gains and losses recorded in accumulated other comprehensive loss. For investments sold prior to maturity, the cost of investments sold is based on the specific identification method. Realized gains and losses on the sale of investments are recorded in other income, net in the consolidated statement of operations and comprehensive loss.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for expected credit losses representing its best estimate of expected credit losses related to its existing accounts receivable and their net realizable value. The allowance is determined using a combination of factors including historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company writes off accounts receivable against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Changes in the Company's allowance for expected credit losses were as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Beginning balance	$ 753	$ 1,104
Provision (recovery of) for doubtful accounts	(8)	(587)
Net write-offs and other	(275)	236
Ending balance	$ 470	$ 753

Inventory

Inventory consists primarily of raw materials, work-in-process, and finished goods and is stated at the lower of cost or estimated net realizable value. Costs are computed under the standard cost method, which approximates actual costs determined on the first-in, first-out basis. The Company charges cost of revenue for write-downs of inventories which are obsolete or in excess of anticipated demand based on purchase commitments, production needed to fulfil the warranty obligations, consideration of product marketability and product development plans, historical revenue and assumptions about future demand and market conditions.

Property and Equipment

Property and equipment is comprised of all land, buildings and leasehold improvements and machinery and equipment used in our operations and corporate administration. Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and resulting gain or loss is reflected in the consolidated statement of income. Assets, excluding land, are depreciated using the straight-line method over their estimated useful lives. (see Note 4).

Impairment of Long-Lived Assets

The Company evaluates events and changes in circumstances that could indicate carrying amounts of long-lived assets, including intangible assets, may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future undiscounted cash flows is less than the carrying amount of those assets, the Company records an impairment charge in the period in which such determination is made. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Intangible Assets

Intangible assets consist of developed technology, vendor relationship and customer relationships. Acquired intangible assets are initially recorded at the acquisition-date fair value. Intangible assets are amortized on a straight-line basis over their estimated useful lives, generally 3 to 8 years.

Fair Value of Financial Instruments

The Company applies the fair value measurement accounting standard whenever other accounting pronouncements require or permit fair value measurements. Fair value is defined in the accounting standard as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level 1 - Quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 - Instruments whose significant value drivers are unobservable.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, cash equivalents, restricted cash, short-term investments, and accounts receivable. Although the Company deposits its cash, cash equivalents, restricted cash and short-term investments with financial institutions that the Company believes are of high credit quality, its deposits, at times, may exceed federally insured limits. As of December 31, 2025 and 2024, the Company had cash, cash equivalents, short-term investments and restricted cash with financial institutions in the U.S. of $201.3 million and $161.8 million, respectively. As of December 31, 2025 and 2024, the Company also had cash with financial institutions in countries other than the U.S. of approximately $9.9 million and $12.8 million, respectively, that was not federally insured.

The Company generally does not require collateral or other security deposits for accounts receivable.

To reduce credit risk, the Company considers customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms when determining the collectability of specific customer accounts. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Accounts receivable from the Company's major customers representing 10% or more of total accounts receivable and unbilled receivable was as follows:

	December 31,	
	2025	2024
Customer A	42 %	39 %
Customer B	14 %	*
Customer D	13 %	*

*Customer accounted for less than 10% of total accounts receivable and unbilled receivable.

Concentrations of supplier risk

Purchases from the Company's suppliers and vendors representing 10% or more of total purchases were as follows:

	Year Ended December 31,	
	2025	2024
Supplier A	10 %	11 %
Supplier B	26 %	15 %

Accounts payable from the Company's suppliers and vendors representing 10% or more of total accounts payable were as follows:

	December 31,	
	2025	2024
Supplier A	13 %	18 %
Supplier B	50 %	55 %
Supplier C	10 %	*

*Supplier accounted for less than 10% of total accounts payable.

Amazon Warrant

The Amazon Warrant (as defined in Note 6) is accounted for as an equity instrument. To determine the fair value of the Amazon Warrant on its issuance date, the Company used the Black-Scholes option pricing model.

For awards granted to a customer, which are not in exchange for distinct goods or services, the fair value of the awards earned based on service or performance conditions is recorded as a reduction of the transaction price. Accordingly, when Amazon purchases goods or services and vesting conditions become probable of being achieved, the Company records a non-cash stock-based reduction to revenue associated with the Amazon Warrant, which is calculated based on the fair value of the Amazon Warrant shares as of the Velodyne Merger date.

Stock-based Compensation

The Company measures and recognizes stock-based compensation expense for stock-based awards granted to employees, directors, and consultants over the requisite service periods based on the estimated stock-based award grant date fair value.

The fair values of the restricted stock awards and restricted stock units were determined based on the fair value of the Company's common stock on the grant date. The Company recognizes stock-based compensation expense over the requisite service period. Forfeitures are accounted for as they occur. The Company's policy for issuing stock upon stock option exercise is to issue new common stock.

Government Credits

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the ERC for qualified wages paid from January 1, 2021 to June 30, 2021 and the credit was increased to 70% of qualified wages an eligible employer pays to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the employee retention credit through December 31, 2021. The Company qualified for the ERC for the period between March 17, 2020 and September 30, 2021. The Company recognizes government credits for which there is a reasonable assurance of compliance with credit conditions and receipt of credits. The Company received credits in the amount of $8.0 million in the year ended December 31, 2025. For the year ended December 31, 2025, the ERC was recorded as follows: $2.4 million as a reduction in cost of revenue, $3.3 million as a reduction in research and development expense, $1.1 million as a reduction in sales and marketing expense and $1.2 million as a reduction to general and administrative expense in the consolidated statement of operations and comprehensive loss. The qualified wages and health insurance benefits paid by the Company were related to the first, second and third quarters of 2021.

Income Taxes

We account for income taxes using an asset and liability approach. Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss ("NOL") and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Due to its history of operating losses, the Company has recorded a full valuation allowance against its U.S. deferred tax assets as of December 31, 2025 and 2024.

The Company accounts for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of the related

appeals or litigation processes, if any. An uncertain tax position that meets a more likely than not standard based on its technical merit would then be evaluated under the measurement step to determine the largest tax benefit that the taxpayer more likely than not will realize. The Company classifies any liabilities for unrecognized tax benefits as current to the extent that the Company anticipates payment of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

Recently Issued and Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740) Improvements to Income Tax Disclosures" ("ASU 2023-09"), which prescribes standard categories for the components of the effective tax rate reconciliation and requires disclosure of additional information for reconciling items meeting certain quantitative thresholds, requires disclosure of disaggregated income taxes paid, and modifies certain other income tax-related disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2025 and can be adopted on a prospective or retrospective basis. The Company adopted the amendments in this update for the annual period beginning fiscal year 2025 and applied the new disclosure requirements prospectively to the current annual period. Prior period disclosures have not been adjusted to reflect the new disclosure requirements. Refer to Note 13. Income Taxes regarding the additional disclosures included within the consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

The Company considers the applicability and impact of all ASUs. ASUs not referenced below were assessed and determined to be not applicable and are not expected to have a material impact on the Company's consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 2025-05"). This standard introduces a practical expedient that companies can choose to apply when determining allowances for credit losses. Specifically, it permits companies to assume that the current conditions as of the balance sheet date remain unchanged throughout the remaining life of the assets. This standard is effective for the Company for annual reporting periods beginning after December 15, 2025, and requires prospective application. The Company is currently evaluating the impact of ASU 2025-05, however, does not expect it to have a material impact on its financial statements.

In May 2025, the FASB issued ASU 2025-03, Business Combinations (Topic 805) and Consolidation (Topic 810) ("ASU 2025-03"), which clarifies the requirements for determining the accounting acquirer in the acquisition of a variable interest entity. ASU 2025-03 beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The amendments in this update require that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. Early adoption is permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the disclosure impact that ASU 2025-03 may have on its financial statement presentation and disclosures.

In May 2025, the FASB issued ASU 2025-04, Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606) ("ASU 2025-04"), which clarifies the requirements for share-based consideration payable to a customer. The amendments in this update are effective for all entities for annual reporting periods (including interim reporting periods within annual reporting periods) beginning after December 15, 2026. Early adoption is permitted for all entities. The Company is currently evaluating the disclosure impact that ASU 2025-04 may have on its financial statement presentation and disclosures.

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses." The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures. The guidance is effective for public business entities for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The guidance is to be applied prospectively, with the option for retrospective application. The Company is currently evaluating the impact of the ASU on the disclosures within the consolidated financial statements.

Note 3. Fair Value of Financial Instruments

The following table provides information by level for the Company's assets and liabilities that were measured at fair value on a recurring basis (in thousands):

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Money market funds	$ 54,475	$ —	$ —	$ 54,475
Short-term investments:				
Commercial paper	—	68,326	—	68,326
Corporate debt	—	72,846	—	72,846
Total short-term investments	—	141,172	—	141,172
Total financial assets	$ 54,475	$ 141,172	$ —	$ 195,647

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Money market funds	$ 24,740	$ —	$ —	$ 24,740
Short-term investments:				
Commercial paper	—	56,886	—	56,886
Corporate debt	—	69,594	—	69,594
Total short-term investments	—	126,480	—	126,480
Total financial assets	$ 24,740	$ 126,480	$ —	$ 151,220
Liabilities				
Warrant liabilities	$ —	$ —	$ 126	$ 126
Total financial liabilities	$ —	$ —	$ 126	$ 126

Money market funds are included within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. Level 3 liabilities that are measured on a recurring basis for the years ended December 31, 2025 and 2024 were not material.

Non-Recurring Fair Value Measurements

The Company has certain assets, including intangible assets, which are measured at fair value on a non-recurring basis and are adjusted to fair value only if an impairment charge is recognized. The categorization of the framework used to measure fair value of the assets is considered to be within the Level 3 valuation hierarchy due to the subjective nature of the unobservable inputs used.

Disclosure of Fair Values

Our financial instruments that are not re-measured at fair value include accounts receivable, accounts payable, accrued and other current liabilities and debt. The carrying values of these financial instruments approximate their fair values.

Note 4. Balance Sheet Components

Cash and Cash Equivalents

The Company's cash and cash equivalents consist of the following (in thousands):

	December 31,	
	2025	2024
Cash	$ 12,938	$ 20,802
Cash equivalents:		
Money market funds[1]	54,475	24,740
Total cash and cash equivalents	$ 67,413	$ 45,542

[1] The Company maintains a cash sweep account, which is included in money market funds as of December 31, 2025 and 2024, respectively. Cash is invested in short-term money market funds that earn interest.

The Company's short-term investments consist of commercial paper and corporate debt. Short-term investments were $141.2 million as of December 31, 2025. Unrealized gains and losses on the Company's short-term investments were not material as of December 31, 2025 and therefore, the amortized cost of the Company's short-term investments approximated their fair value.

Restricted Cash

Restricted cash consists of our collateral to merchant credit card, deposit account to secure foreign entity closure costs, issuances of deposit performance guarantee issued in favor of a customer, and certificates of deposit held by a bank as security for outstanding letters of credit.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets to the total of the amounts reported in the consolidated statements of cash flows (in thousands):

	December 31,	
	2025	2024
Cash and cash equivalents	$ 67,413	$ 45,542
Restricted cash, current	1,467	722
Restricted cash, non-current	1,100	1,835
Total cash, cash equivalents and restricted cash	$ 69,980	$ 48,099

Inventory

Inventory, consisting of material, direct and indirect labor, and manufacturing overhead, consists of the following (in thousands):

	December 31,	
	2025	2024
Raw materials	$ 3,866	$ 3,610
Work in process	93	307
Finished goods	19,607	12,500
Total inventory	$ 23,566	$ 16,417

During the years ended December 31, 2025 and 2024, $(0.4) million and $2.1 million of inventory (recoveries) write downs were (credited) charged to cost of revenue.

Prepaid Expenses and Other Current Assets

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

	December 31,	
	2025	2024
Prepaid expenses	$ 6,416	$ 5,703
Prepaid insurance	967	893
Receivable from contract manufacturers	3,497	2,882
IRS Income tax refund receivable	2,993	—
Insurance receivable	—	2,000
Other current assets	3,644	1,272
Total prepaid and other current assets	$ 17,517	$ 12,750

Property and Equipment, net

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

	Estimated Useful Life (in years)	December 31,	
		2025	2024
Land	Not depreciated	$ 7,798	$ —
Building	25	9,453	—
Machinery and equipment	3	16,640	12,146
Computer equipment	3	1,140	689
Automotive and vehicle hardware	5	93	93
Software	3	160	601
Furniture and fixtures	7	863	845
Construction in progress		7,326	6,349
Leasehold improvements	Shorter of useful life or lease term	5,097	9,459
		48,570	30,182
Less: Accumulated depreciation		(16,679)	(20,018)
Property and equipment, net		$ 31,891	$ 10,164

On December 16, 2025, the Company purchased the building and land at 2741 16th Street, San Francisco, California which were previously leased (see Note 7. Leases).

Depreciation expense associated with property and equipment was $3.3 million and $3.2 million in the years ended December 31, 2025 and 2024, respectively.

The following table summarizes the Company's property and equipment, net by geography (in thousands):

	December 31,	
	2025	2024
United States	$ 20,944	$ 3,668
Thailand	4,838	1,766
France	4,050	3,208
Taiwan	1,819	1,180
Others	240	342
Total	$ 31,891	$ 10,164

Acquired Intangible Assets, Net

The following tables present acquired intangible assets, net as of December 31, 2025 and 2024 (in thousands):

	Estimated Useful Life (in years)	December 31, 2025 Gross Carrying Amount	Accumulated Amortization	Net Book Value
Developed technology	3 - 8	$ 23,500	$ (13,634)	$ 9,866
Vendor relationship	3	6,600	(6,600)	—
Customer relationships	3 - 8	6,300	(2,850)	3,450
Intangible assets, net		$ 36,400	$ (23,084)	$ 13,316

	Estimated Useful Life (in years)	December 31, 2024 Gross Carrying Amount	Accumulated Amortization	Net Book Value
Developed technology	3 - 8	$ 23,500	$ (9,795)	$ 13,705
Vendor relationship	3	6,600	(6,600)	—
Customer relationships	3 - 8	6,300	(2,175)	4,125
Intangible assets, net		$ 36,400	$ (18,570)	$ 17,830

Amortization expense was $4.5 million, and $6.6 million in the years ended December 31, 2025, and 2024, respectively.

The following table summarizes estimated future amortization expense of finite-lived intangible assets, net (in thousands):

Years:	Amount
2026	$ 3,774
2027	3,682
2028	2,779
2029	2,331
2030	675
Thereafter	75
Total	$ 13,316

Product Warranties

The following table reflects the activity in accrued warranty cost (in thousands):

	December 31, 2025	December 31, 2024
Beginning balance	$ 3,049	$ 3,661
Warranty expenditures	(927)	(901)
Change to warranty accrual	(122)	289
Ending balance	$ 2,000	$ 3,049

Accrued and Other Current Liabilities

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

	December 31, 2025	December 31, 2024
Accrued legal fees and contingencies	$ 2,124	$ 8,493
Uninvoiced receipts	7,910	4,368
Accrued compensation	7,415	6,115
Sales and use tax	2,462	2,215
Other	6,289	9,400
Total accrued and other current liabilities	$ 26,200	$ 30,591

Note 5. Debt

On October 25, 2023, the Company entered into the Credit Line Account Application and Agreement for Organizations and Businesses (the "Credit Agreement") and the Addendum to Credit Line Account Application and Agreement (the "Addendum"; and the Credit Agreement as amended, modified, and/or supplemented by the Addendum, the "UBS Agreement") by and among the Company, UBS Bank USA (the "Bank"), and UBS Financial Services Inc.

Loans under the UBS Agreement bore interest at a rate equal to (x) for variable rate loans, the sum of (i) the applicable SOFR average plus 0.110%, plus (ii) 1.20%, and (y) for fixed rate loans, the sum of either (1) CME Term Rate or (2) the U.S. Treasury Rate, as applicable and as defined in the UBS Agreement, as determined based on the duration of the advance, plus the applicable liquidity premium with a range of 0.15% to 0.50%, as set forth in the UBS Agreement. Interest payments were due (x) for variable rate loans, on the last day of each calendar month, and on each date that any portion of the principal amount is due, including on the Maturity Date, and (y) for fixed rate loans, on the last day of the applicable interest period, and on each date that any portion of the principal amount is due, including on the Maturity Date. The Company was able to repay any variable rate loans at any time in whole or in part, without penalty. The Company could repay any fixed rate loans in whole, but not in part, subject to certain breakage costs. Interest expense was recognized over the life of the respective debt, which approximates the effective interest rate method.

On August 12, 2024, the Company repaid in full, with cash on hand, all outstanding indebtedness and terminated all commitments and obligations under the UBS Agreement. The UBS Agreement payoff amount included the revolving loans in the principal amount of $44.0 million, plus accrued and unpaid interest.

Note 6. Warrants

Public Warrants

CLA, in its IPO in August 2020, issued units that each consisted of one Class A ordinary share and one-half warrant to purchase a Class A ordinary share (the "Public warrants"). The warrants became exercisable 12 months following the closing of the Company's IPO, and expire five years from the completion of the Colonnade Merger, or earlier upon redemption or liquidation. On March 11, 2021, upon the closing of the Colonnade Merger each of the 9,999,996 outstanding warrants, as adjusted for any fractional warrants that were not issued upon separation, was converted automatically into a redeemable Public warrant to purchase one share of the Company's common stock. As adjusted for the Reverse Stock Split, each 10 Public warrants is exercisable for one share of Ouster common stock at an exercise price of $115.00 per share with no fractional shares issuable upon exercise of a warrant. The Public warrants were recognized as equity upon the Merger in the amount of $17.9 million. These warrants expire on March 11, 2026.

Prior to their expiration, the Company may redeem the Public warrants at a price of $0.10 per warrant, provided that the closing price of the Company's common stock equals or exceeds $180.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which the Company gives proper notice of such redemption to the warrants holders.

Amazon Warrant

On February 10, 2023, as part of the Velodyne Merger, the Company assumed a warrant agreement and a transaction agreement, pursuant to which Velodyne agreed to issue to Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon.com Inc. ("Amazon"), a warrant to acquire, following customary antidilution adjustments, up to an aggregate of 3,263,898 shares of the Company's common stock at an exercise price of $50.71 per share (the "Amazon Warrant"). The exercise price and the warrant shares issuable upon exercise of the Amazon Warrant are subject to further antidilution adjustments, including in the event the Company makes certain sales of common stock (or securities exercisable or convertible into or exchangeable for shares of the Company's common stock) at a price less than the exercise price of the Amazon Warrant. As a result of the issuance and sale by the Company of an additional 6,045,428 shares of common stock in the twelve months ended December 31, 2024 in the Company's "at-the-market" offering at prices below the exercise price of the Amazon Warrant, an antidilution adjustment was made in accordance to the terms of the Amazon Warrant occurred, resulting in the increase in the number of shares issuable under the Amazon Warrant by 3,374 shares of common stock and a reduction to the original strike price of the Amazon Warrant to $50.64 per share. As a result of the issuance and sale by the Company of an additional 4,671,406 shares of common stock in the twelve months ended December 31, 2025 in the Company's "at-the-market" offering at prices below the exercise price of the Amazon Warrant, an antidilution adjustment was made in accordance to the terms of the Amazon Warrant occurred (see Note 9), resulting in the increase in the number of shares issuable under the Amazon Warrant by 4,077 shares of common stock and a reduction to the original strike price of the Amazon Warrant to $50.57 per share. As of December 31, 2025, there were 3,271,970 shares of common stock issuable under the Amazon Warrant.

The Amazon Warrant shares vest in multiple tranches over time based on payments of up to $100.0 million by Amazon or its affiliates (directly or indirectly through third parties) to the Company in connection with Amazon's purchase of goods and services. The fair value of the unvested Amazon Warrant shares will be recorded as an increase to additional paid-in capital, with a corresponding reduction to revenue as qualifying revenues are recognized and vesting conditions become probable of being achieved.

For the year ended December 31, 2025, 568,680 Amazon Warrant shares vested and the Company recognized non-cash stock-based reduction to revenue of $2.6 million. For the year ended December 31, 2024, 226,691 Amazon Warrant shares vested and the Company recognized non-cash stock-based reduction to revenue of $0.9 million.

The fair value of the Amazon Warrant shares was estimated on February 10, 2023, the date of completion of the Velodyne Merger, using the Black-Scholes option pricing model on the remaining contractual term of 6.98 years, an expected volatility of 53.7%, a 3.86% risk-free interest rate and a 0% expected dividend yield. The Company estimated expected volatility by using historical volatility of the Company's publicly traded stock and historical volatility of a group of publicly traded peer companies for the period commencing February 16, 2016 and ending on the date of the Velodyne Merger.

The right to exercise the Amazon Warrant and receive the warrant shares that have vested expires February 4, 2030.

As of December 31, 2025, 2,728,985 Amazon Warrant shares have vested.

Note 7. Leases

The Company leases its headquarters located in San Francisco, California, where the Company leases 26,125 square feet of office space pursuant to a lease that is scheduled to expire in August 2034. In December 2025, the Company acquired 20,032 square feet of office space in a building adjacent to our corporate headquarters that was previously held under lease. Prior to 2024, the Company had executed or assumed as lessee an additional five other operating leases for rental of office space. The terms of those leases range from 1 to 3 years.

On February 10, 2023, the Company assumed long-term non-cancellable lease agreements stemming from the Velodyne Merger: (i) approximately 204,000 square feet of office and manufacturing space in San Jose, California and (ii) additional space pursuant to the assumed leases for offices located in Alameda, California; and Bengaluru, India.

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term	5.67	2.84
Weighted-average discount rate	7.74 %	7.09 %

The Company incurred total lease costs in its consolidated statements of operations and comprehensive loss of $6.7 million and $6.9 million for the years ended December 31, 2025, and 2024, respectively.

350 Treat Building Lease

In September 2017, the Company entered into a lease agreement (the "350 Treat Building Lease") to lease approximately 26,125 square feet of office and warehouse space located in San Francisco, California for its corporate headquarters.

The lease terms were subsequently amended multiple times, most recently in December 2025, when the Company and the landlord agreed to extend the term of the lease for an additional eight years and eight months and provided for an additional tenant improvement allowance. The total base lease payments for the extended period of 8.7 years equal $12.3 million. The amendment resulted in an adjustment of $6.1 million to the right-of-use asset and right-of-use operating lease liability which was recorded in December 2025.

As of December 31, 2025 the remaining lease term is 8.7 years, expiring on August 31, 2034. In addition to minimum lease payments, the lease requires the Company to pay associated taxes and operating costs.

The 350 Treat Building Lease is considered to be an operating lease as it does not meet the criteria of a finance lease. As of December 31, 2025, the operating lease right-of-use asset and operating lease liability were $8.3 million and $9.3 million, respectively. At the amendment date of the lease, a discount rate of 6.50% was used to calculate the present value of the minimum lease payments to determine the lease liability. As of December 31, 2024, the operating lease right-of-use asset and operating lease liability were $3.3 million and $4.5 million, respectively.

2741 16th Street Lease

In September 2017 the Company entered into a lease agreement (the "2741 16th Street Lease") to lease approximately 20,032 square feet of office space and 25,000 square feet of parking space located in San Francisco, California.

In May 2020, the Company entered into an amendment to the 2741 16th Street Lease agreement, whereby the parties agreed to extend the term of the lease for an additional four years, restructure the monthly rent payable under the lease and provide for an additional tenant improvement allowance. The total base lease payments for the extended period of four years equaled $8.5 million and the increase in total base lease payments for the lease term provided for by the original agreement was $0.7 million. The amendment resulted in an adjustment of $6.2 million to the right-of-use asset and right-of-use operating lease liability which was recorded in May 2020. In addition to minimum lease payments, the lease required the Company to pay associated taxes and operating costs.

The 2741 16th Street Lease was considered to be an operating lease as it did not meet the criteria of a finance lease. As of December 31, 2024, the operating lease right-of-use asset and operating lease liability were $4.0 million and $5.4 million, respectively. The discount rate used to determine the operating lease liability was 5.25%.

On December 16, 2025, the Company purchased the building and land at 2741 16th Street, which were previously leased, for $18.2 million (including approximately $202,000 of transactions costs). Management assessed the fair market value using the market and replacement cost methods and, per the assessment, allocated approximately 45% of the purchase price to the land and 55% of the purchase price to the building. The transaction resulted in the termination of the related ROU asset, and lease liability, of $2.6 million and $3.6 million, respectively. No gain or loss was recognized as the lease termination occurred due to the purchase of the leased asset. This allocation of the purchase price, after accounting for the impact of the lease termination, resulted in $7.8 million allocated to the land and $9.5 million allocated to the building.

5521 Hellyer Avenue Lease

As part of the Velodyne Merger, the Company assumed a long-term non-cancellable lease agreement of 5521 Hellyer Avenue (the "5521 Hellyer Avenue Lease"), which was entered into in January 2017, to lease approximately 204,000 square feet of space in San Jose, California. These leased premises are no longer used for any essential manufacturing or research and development functions.

In October 2019, as part of the second amendment to the 5521 Hellyer Avenue Lease, the lease term was extended for an additional five years ending in December 31, 2027. The total base lease payments for the extended period of 5.0 years equals $17.6 million. As of December 31, 2025, the operating lease right-of-use asset and operating lease liability were $4.2 million and $6.8 million, respectively. As of December 31, 2024, the operating lease right-of-use asset and operating lease liability were $6.3 million and $9.6 million, respectively. The discount rate used to determine the operating lease liability was 9.75%.

Other operating real estate leases

The Company has executed or assumed as lessee operating leases for rental of office space. The remaining lease terms of those leases range from 1 to 3 years. The Company is obligated to make lease payments totaling approximately $1.1 million for those leases over the respective lease terms.

Total operating lease cost for the years ended December 31, 2025 and 2024 was $6.7 million and $6.9 million, which consisted of $5.2 million and $5.6 million of fixed lease expense and $1.5 million and $1.3 million of variable lease expense, respectively. Cash paid for amounts included in the measurement of lease liabilities was $7.6 million and $7.3 million for the years ended December 31, 2025 and 2024, respectively.

The maturities of the operating lease liabilities as of December 31, 2025 were as follows (in thousands):

Year ending December 31,		
2026	$	4,991
2027		5,510
2028		1,629
2029		1,479
2030		1,470
2031 and thereafter		5,784
Total undiscounted lease payments		20,863
Less: imputed interest		(3,783)
Total operating lease liabilities	$	17,080

Note 8. Commitments and Contingencies

Letters of Credit

In connection with certain office leasehold interests in real property located in San Francisco (350 Treat Ave. and, 2741 16th Street) and in Paris, France, the Company obtained letters of credit from certain banks as required by the lease agreements. If the Company defaults under the terms of the applicable lease, the lessor will be entitled to draw upon the letters of credit in the amount necessary to cure the default. The amounts covered by the letters of credit are collateralized by certificates of deposit, which are included in restricted cash on the consolidated balance sheets as of December 31, 2025 and 2024. The amount collateralizing the 2741 16th Street lease letter of credit following the purchase of the property and the termination of the 2741 16th Street lease was released during the first fiscal quarter of 2026. The outstanding amount of the letters of credit was $1.4 million and 1.4 million as of December 31, 2025 and 2024, respectively.

Non-cancelable purchase commitments

As of December 31, 2025, the Company had non-cancelable purchase commitments to third-party contract manufacturers for approximately $19.2 million and other vendors for approximately $11.3 million.

Contingencies

From time to time, the Company may be involved in legal and administrative proceedings arising in the ordinary course of business. The Company records a liability in its consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. Management reviews these estimates in each accounting period as additional information becomes known and adjusts the loss provision when appropriate. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in the consolidated financial statements. If a loss is probable but the amount of loss cannot be reasonably estimated, the Company discloses the loss contingency and an estimate of possible loss or range of loss (unless such an estimate cannot be made). Legal costs incurred in connection with loss contingencies are expensed as incurred.

Litigation

The Company is involved in various legal proceedings arising in the ordinary course of business. Significant judgment is required in both the determination of probability and the determination as to whether any exposure is reasonably estimable. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates.

Velodyne Legacy Litigation

On March 3, 2021, a purported shareholder of Velodyne filed a complaint for a putative class action against Velodyne, Anand Gopalan and Andrew Hamer in the United States District Court, Northern District of California, entitled *Moradpour v. Velodyne Lidar, Inc., et al.*, No. 3:21-cv01486-SI. The complaint alleged purported violations of the federal securities laws and that, among other things, the defendants made materially false and/or misleading statements and failed to disclose material facts about Velodyne's business, operations and prospects, including with respect to David Hall's role with Velodyne and removal as Chairman of Velodyne's Board of Directors. The complaint alleged that purported class members have suffered losses and sought, among other things, an award of compensatory damages on behalf of a putative class of persons who purchased or otherwise acquired Velodyne's securities between November 9, 2020 and February 19, 2021. On March 12, 2021, a putative class action entitled *Reese v. Velodyne Lidar, Inc., et al.*, No. 3:21-cv-01736-VC, was filed against Velodyne, Mr. Gopalan and Mr. Hamer in the United States District Court for the Northern District of California, based on allegations similar to those in the earlier class action and seeking recovery on behalf of the same putative class. On March 19, 2021, another putative class action entitled *Nick v. Velodyne Lidar, Inc., et al.*, No. 4:21-cv-01950-JST, was filed in the United States District Court for the Northern District of California, against Velodyne, Mr. Gopalan, Mr. Hamer, two current or former directors, and three other entities. The complaint was based on allegations similar to those in the earlier class actions and sought, among other things, an award of compensatory damages on behalf of a putative class of persons who purchased or otherwise acquired Velodyne's securities between July 2, 2020 and March 17, 2021. The class actions were consolidated. On March 13, 2024, the parties to the consolidated securities class action lawsuit filed a stipulation of settlement to settle this lawsuit, without any admission or concession of wrongdoing or liability by Velodyne or the individual defendants. On April 19, 2024, the court preliminarily approved the settlement that provides for a payment of $27.5 million of which $23.4 million was funded by insurance proceeds. The Company had accrued for and recorded the entire amount of this $27.5 million settlement liability and had recorded the expense within general and administrative expenses in 2023 after concluding that such settlement amount is probable and reasonably estimable. As of December 31, 2023, the Company recorded an insurance receivable of $23.4 million in prepaid expenses and other current assets to be funded by insurance proceeds based on the terms of the settlement. The $23.4 million insurance receivable allows the Company to recover the majority of the settlement expense, resulting in a net charge of $4.1 million in its consolidated statement of operations. The settlement charge of $4.1 million was paid in June 2024. As a result of the court approving the settlement, issuing final judgment, and dismissing the lawsuit on August 19, 2024, the Company unrecognized the related liability and receivable in the amount of $23.4 million.

On January 18, 2022, David and Marta Hall filed a lawsuit in the Superior Court of California, County of Alameda, against current and former officers and directors of Velodyne, as well as Velodyne's outside counsel. The Halls sought to recover damages for financial and other injuries they allegedly sustained as a result of the merger between Graf and Velodyne. On May 3, 2022, certain defendants filed motions to compel arbitration and other defendants filed motions to quash service of process for lack of personal jurisdiction. The court conducted a hearing on the motions on July 20, 2022. On August 30, 2022, the court granted the motion to quash service with respect to the out of state defendants. On October 3, 2022, the court granted the motion to compel Mr. Hall to arbitrate his claims, and stayed proceedings on Ms. Hall's claims pending arbitration of Mr. Hall's claims. On October 20, 2022, Mr. and Ms. Hall voluntarily dismissed the action without prejudice. On January 3, 2023, Mr. and Ms. Hall filed an arbitration demand with substantially the same allegations as the prior lawsuit. On or about August 22, 2023, Ms. Hall filed an application in Texas District Court, Dallas County to compel arbitration of two of the individuals who had been dismissed from the prior court action for lack of personal jurisdiction; these two individuals agreed to participate in the arbitration and thus the Texas action has been stayed. On January 17, 2025, three of the individual respondents were dismissed with prejudice, and Mr. and Ms. Hall dismissed certain claims against the three remaining respondents Messrs. Gopalan, Graf and Dee. The parties agreed to a confidential settlement, without any admission or concession of wrongdoing or liability by Velodyne or the individual respondents, and executed the definitive agreement on April 16, 2025. As of December 31, 2024, the Company accrued the settlement expenses associated with this action. An insurance receivable allowed the Company to recover the majority of the settlement expenses, resulting in a net charge that was immaterial to its consolidated statement of operations. The Halls filed notices of dismissal with prejudice of the arbitration on June 4, 2025, and of the Texas action on June 10, 2025.

On August 10, 2023, Plaintiffs David and Marta Hall filed a complaint against Velodyne in the Superior Court of California, County of San Francisco asserting claims for breach of contract and failure to reimburse expenses in violation of California Labor Code Section 2802 (the "2023 Hall Matter"). The 2023 Hall Matter seeks indemnification for legal fees incurred on the Halls' behalf in connection with a prior derivative action against certain Velodyne officers and directors, and named Velodyne as a nominal defendant, captioned *In Re Velodyne Lidar, Inc. Derivative Action*, Case No. 1:21-cv-00369-TMH (D. Del.) (dismissed on November 7, 2023). On November 21, 2023, Velodyne denied all allegations. The parties agreed to a confidential settlement, without any admission or concession of any wrongdoing or liability by Velodyne or Ouster, and executed the definitive settlement agreement on April 16, 2025. This lawsuit was dismissed with prejudice on or around April 18, 2025.

On August 25, 2023, a putative shareholder class action suit was filed in the Delaware Court of Chancery against six former officers and directors of Graf Acquisition LLC, the predecessor entity of Velodyne, as well as two other entities (one of which has since been dismissed without prejudice), entitled *Berger v. Graf Acquisition, LLC,* et al., No. C.A. 2023 0873 LWW. The Company, Graf Acquisition LLC and Velodyne were not named as defendants. The plaintiff, who was allegedly a GIC shareholder, asserted claims for breach of fiduciary duty and unjust enrichment in connection with the merger of GIC and Velodyne on September 29, 2020, and sought damages, disgorgement and other recovery on behalf of the putative class of GIC shareholders in an unspecified amount. The parties agreed to a settlement without any admission or concession of wrongdoing or liability by any of the defendants, subject to final approval by the court. As of June 30, 2025, the Company accrued the expected settlement expenses associated with this action. An insurance receivable allowed the Company to recover the majority of the expected settlement expenses, resulting in a net charge that was immaterial to its consolidated statement of operations. On October 7, 2025, the court approved the settlement and subsequently entered final judgment and dismissed the case on October 8, 2025.

Ouster Litigation

On April 11, 2023, the Company filed a complaint in the District of Delaware alleging patent infringement of certain claims of the Company's U.S. Patent Nos. 11,175,405, 11,178,381, 11,190,750, 11,287,515, and/or 11,422,236 against Hesai Group and Hesai Technology Co., Ltd. The complaint seeks monetary damages as well as the issuance of a permanent injunction. On May 30, 2023, the Court granted to stay the case pending the resolution, including all appeals, of In the Matter of Certain LiDAR (Light Detection and Ranging) Systems and Components Thereof, 337-TA-1363. On February 10, 2025, the parties filed a joint request to maintain the stay. Subject to the terms of a confidential decision in the arbitration described below, the Company dismissed without prejudice this case on April 11, 2025.

On May 17, 2023, Hesai Photonics Technology Co. Ltd. and Hesai Group (collectively "Hesai Photonics") filed a request for arbitration with JAMS against the Company, Velodyne Lidar, Inc., Velodyne, LLC, and Oban Merger Sub II LLC. Hesai Photonics alleges that the Company is bound as a result of the Company's 2023 merger with Velodyne Lidar, Inc. by the terms and conditions, including an obligation to arbitrate disputes, of a long-term, global cross-licensing settlement agreement signed in 2020 between Hesai Photonics and Velodyne Lidar, Inc. ("Velodyne-Hesai Settlement Agreement"). On June 13, 2023, the Company responded to the arbitration demand and denied all allegations. On March 28, 2025, the tribunal issued a confidential interim decision, finding that the Company was subject to the Velodyne-Hesai Photonics Settlement Agreement. On September 15, 2025, the tribunal issued a confidential final decision, affirming the earlier finding of a global licensing settlement agreement that requires Hesai Photonics to pay royalties and deciding on fees in the amount of approximately $6.4 million, which the Company paid in the fourth quarter of fiscal 2025.

On September 14, September 25, and September 26, 2023, Hesai filed Petitions for Inter Partes Review with the Patent Trial and Appeal Board ("PTAB") challenging the validity of the Company's patents asserted in the ITC and Delaware patent actions. The Company provided preliminary responses to those petitions in late December 2023 and early January 2024. On March 19, 2024, March 28, 2024, and April 1, 2024, the PTAB issued decisions to institute inter partes review for four patents: IPR2023-01421 (Patent No. 11,175,405), hearing date of December 17, 2024; IPR2023-01422 (Patent No. 11,287,515), hearing date of December 17, 2024; IPR2023-01456 (Patent No. 11,178,381), hearing date of January 13, 2025; and IPR2023-01457 (Patent No. 11,190,750), hearing date of January 13, 2025. On March 13, 2025, the PTAB issued final written decisions upholding the patentability of all challenged claims in IPR2023-01422, and finding unpatentable all challenged claims in IPR2023-01421 and IPR2023-01457. On March 17, 2025, the PTAB issued a final written decision finding unpatentable all challenged claims of IPR2023-01456. On June 2 and 3, 2025, the Company filed notices of appeal for IPR2023-01421, IPR 2023-01426, and IPR 2023-01457, but the parties dismissed all but IPR2023-01421, which is awaiting hearing. Regarding the fifth patent (Patent No. 11,422,236), the PTAB declined to institute on March 28, 2024, (see IPR2023-01458). Hesai requested review to the Director of the United States Patent and Trademark Office ("Director Review"), who remanded to the PTAB for further review of its decision not to institute. On January 21, 2025, the PTAB again denied institution, to which Hesai again requested Director Review, and the Company objected. On March 20, 2025, the Director again denied review.

As of December 31, 2025, the Company accrued $1.1 million in connection the Velodyne Legacy and Ouster legal proceedings as of December 31, 2025.

Indemnification

The Company enters into agreements in the ordinary course of business that include indemnification provisions. Generally, in these provisions the Company agrees to defend, indemnify, and hold harmless the indemnified parties for claims and losses suffered or incurred by such indemnified parties for which the Company is responsible under the applicable indemnification provisions. The terms of the indemnification provisions vary depending upon negotiations between the Company and its counterpart; however, typically, these indemnification obligations survive the term of the contract and the maximum potential amount of future payments the Company could be required to make pursuant to these provisions are uncapped.

The Company has also entered into indemnity agreements pursuant to which it has indemnified its directors and officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer, other than liabilities arising from willful misconduct of the individual. To date, the Company is indemnifying and has incurred costs to defend lawsuits or settle claims described above under the heading "Litigation" pursuant to the indemnity agreements of former directors and officers.

Note 9. Common Stock

Pursuant to the terms of the Second Amended and Restated Certificate of Incorporation, the Company is authorized to issue the following shares and classes of capital stock, each with a par value of $0.0001 per share: (i) 100,000,000 shares of common stock; (ii) 100,000,000 shares of preferred stock. The holder of each share of common stock is entitled to one vote.

On April 29, 2022, we entered into an open market sale agreement with B. Riley Securities, Inc., Cantor Fitzgerald & Co. and Oppenheimer & Co. Inc. (the "Former ATM Agreement"), pursuant to which we could offer and sell shares of our common stock with an aggregate offering price of up to $150.0 million under an "at-the-market" offering program. During the years ended December 31, 2024 and 2023, the Company sold 6,045,428 and 2,878,875 shares, respectively under the Former ATM Agreement. The weighted-average sales price and gross proceeds to the Company before deducting offering costs, sales commissions and fees were approximately $9.64 and $5.67 per share and $58.3 million and $16.3 million, respectively, during the year ended December 31, 2024 and 2023. The Company used the net proceeds from the Former ATM Agreement for working capital and general corporate purposes. We terminated the Former ATM Agreement in April 2025 in anticipation of the scheduled expiration of our registration statement on Form S-3 (File No. 333-264600).

The Company filed a new registration statement on Form S-3 on May 2, 2025 (File No. 333-286936), which was subsequently declared effective by the SEC. On May 12, 2025, the Company entered into an At Market Issuance Sales Agreement (the "ATM Agreement") with Oppenheimer & Co. Inc., pursuant to which the Company may offer and sell, from time to time, through or to the agent, acting as agent or principal, having an aggregate offering price of up to $100.0 million. During the year ended December 31, 2025, the Company sold 4,671,406 shares at a weighted-average sales price of $20.88 per share, resulting in cumulative gross proceeds to us totaling approximately $97.5 million before deducting offering costs, sales commissions and fees. Cumulative net proceeds to the Company totaled approximately $95.6 million after deducting offering costs, sales commissions and fees.

The remaining availability under the ATM Agreement as of December 31, 2025 is approximately $2.5 million.

Note 10. Stock-based Compensation

As of December 31, 2025, the Company maintains five equity incentive plans: its Amended and Restated 2015 Stock Plan (the "2015 Plan"), the Sense Photonics, Inc. 2017 Equity Incentive Plan (the "Sense Plan"), the Velodyne Lidar, Inc. 2020 Equity Incentive Plan (the "Velodyne Plan"), its 2021 Incentive Award Plan (the "2021 Plan") and its Amended and Restated 2022 Employee Stock Purchase Plan (the "2022 ESPP" and, collectively with the 2015 Plan, the Sense Plan, the Velodyne Plan and the 2021 Plan, the "Plans").

The Plans, other than the 2022 ESPP, provide for the grant of stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance stock unit awards and other forms of equity compensation (collectively, "equity awards"). In addition, the 2021 Plan provides for the grant of performance bonus awards. New equity awards may only be granted under the 2021 Plan and Velodyne Plan. Awards under the 2021 Plan and Velodyne Plan can be granted to employees, including officers, directors and consultants of the Company and its subsidiaries, in each case, within the limits provided in the 2021 Plan and Velodyne Plan, respectively.

Options under the Plans will be exercisable at such times and as specified in the Award Agreement (as defined in the Plans) provided that the term of an option or stock appreciation will not exceed ten years. Options granted under the Plans may be Incentive Stock Options (ISOs) or Non-statutory Stock Options, as determined by the Administrator (as defined in the Plans) at the time of grant of an option and subject to the applicable provisions of Section 422 of the Internal Revenue Code and the regulations promulgated thereunder. The exercise price of an option will be no less than 100% of the fair market value of the shares of common stock on the date of grant. The exercise price of an ISO granted to a 10% shareholder will be no less than 110% of the fair market value of the shares on the date of grant and the term of the ISO will not exceed five years. Options granted generally vest over four years and vest at a rate of 25% upon the first anniversary of the issuance date and 1/36th per month thereafter. The Company accounts for forfeitures as they occur.

Restricted stock and restricted stock units granted to employees generally vest as to 25% of the shares on the first anniversary service date of the grant, and quarterly thereafter so as to be 100% vested on the fourth anniversary of the vesting commencement date. All participants holding shares of restricted stock will be entitled to all the rights of a stockholder with respect to such shares and have voting power and other rights with respect to such shares, provided, however, that such shares are held in escrow and subject to forfeiture until the shares vested.

Certain employees have the right to early exercise unvested stock options, subject to rights held by the Company to repurchase unvested shares in the event of voluntary or involuntary termination. The Company accounts for cash received in consideration for the early exercise of unvested stock options as a non-current liability, included as a component of other liabilities in the Company's consolidated balance sheets.

2021 Incentive Award Plan

On March 11, 2021, the board of directors approved the 2021 Plan. 18,558,576 shares of the Company's common stock were initially reserved for issuance under the 2021 Plan. The 2021 Plan includes an evergreen provision that provides for an annual increase in the number of shares of common stock available for issuance thereunder beginning on January 1, 2022 and ending on January 1, 2031, equal to 5% of the shares of Company common stock outstanding on the last day of the immediately preceding fiscal year and such smaller number of shares as determined by the board of directors or a committee thereof.

2015 Stock Plan

In 2015, the Company established its 2015 Stock Plan. As of March 11, 2021, the effective time of the Colonnade Merger, the Company no longer grants equity awards pursuant to the 2015 Plan, but it continues to govern the terms of outstanding stock options that were granted prior to that date.

2022 Employee Stock Purchase Plan

The Company's 2022 ESPP has been offered to all eligible employees since August 2022 and generally permits certain employees to purchase shares of our common stock through payroll deductions of up to 15% of their compensation of each offering period, subject to certain limitations.

The 2022 ESPP provides offering periods that have a duration of 24 months in length and are comprised of purchase periods of six months in length. The offering periods are scheduled to start on the first trading day on or after May 16 and November 16 of each year. Under the 2022 ESPP, the purchase price of a share equals 85% of the lesser of the fair market value of a share of common stock on either the first or last day of the applicable offering period of the last day of the applicable purchase period.

In May of 2023, the Company increased the share purchase limit under the 2022 ESPP to 3,000 shares of the Company's common stock per offering period and added Velodyne Lidar, Inc. as a participating employer in the 2022 ESPP. The stock-based compensation expense for the 2022 ESPP is based on the estimated grant date fair value utilizing the Black-Scholes option valuation model of the 2022 ESPP shares and the number of shares that can be purchased as of the grant date, which is recognized as expense on a straight-line expense attribution method over the length of an offering period. During fiscal 2025 employees purchased 394,755 shares of common stock under the 2022 ESPP at a weighted-average purchase price of $4.95, with proceeds of $2.0 million. During fiscal 2024 employees purchased 384,341 shares of common stock under the 2022 ESPP at a weighted-average purchase price of $4.43, with proceeds of $1.7 million.

Equity Plans Assumed from Acquisitions

On October 22, 2021 ("Effective Time"), the Company closed the acquisition of Sense pursuant to the Agreement and Plan of Merger and Plan of Reorganization ("Sense Agreement"). Pursuant to the Sense Agreement, upon the completion of the transaction, the Company assumed the Sense 2017 Equity Incentive Plan (the "Sense Plan"). In addition, pursuant to the Sense Agreement, at the Effective Time, each outstanding option to purchase Sense common stock and each award of time-based RSUs in respect of shares of Sense common stock held by Sense employees, in each case, that was outstanding as of immediately prior to the Effective Time was automatically adjusted by the Exchange Ratio (as defined in the Sense Agreement) and converted into an equity award of the same type covering shares of the Company's common stock, on the same terms and conditions, (including, if applicable, any continuing vesting requirements) under the applicable Sense plan and award agreement in effect immediately prior to the Effective Time (the "Assumed Awards"). In connection with the closing of the acquisition, 82,311 stock options and 449,098 RSUs were assumed.

On February 10, 2023, the Company consummated the Velodyne Merger. Pursuant to the Velodyne Merger, the Company assumed the Velodyne Lidar, Inc. 2020 Equity Incentive Plan (the "Velodyne Plan"), and all restricted stock units granted thereunder that were outstanding immediately prior to the consummation of the Velodyne Merger and converted into restricted stock units covering shares of the Company's common stock (such assumed awards, the "Assumed RSUs") and all shares of Velodyne Lidar, Inc. restricted stock were converted into shares of Company restricted stock. Each Assumed RSU and award of restricted stock is subject to substantially the same terms and conditions as applied to the related Velodyne restricted stock unit award or restricted stock award immediately prior to the consummation of the Velodyne Merger, except that the number of shares of common stock subject to each Assumed RSU or constituting restricted stock was adjusted in accordance with the terms of the Velodyne Merger Agreement. In connection with the consummation of the Velodyne Merger, 961,012 Assumed RSUs and 728,646 shares of restricted stock were assumed. Pursuant to the terms of the Velodyne Plan, the number of shares reserved for issuance increases on January 1 of each year by the lesser of 820,400 shares or such smaller number of shares determined by the board of directors. In addition, any shares that are subject to awards forfeited and any shares of restricted stock that are forfeited will be available for grant under the Velodyne Plan.

The Company recognized stock-based compensation for all stock awards in the statements of operations and comprehensive loss as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Cost of revenue	$ 5,455	$ 4,608
Research and development	19,020	18,260
Sales and marketing	4,978	5,347
General and administrative	11,371	12,244
Total stock-based compensation	$ 40,824	$ 40,459

The following table summarizes stock-based compensation expense by award type (in thousands):

	Year Ended December 31,	
	2025	2024
RSUs	$ 37,051	$ 29,929
Stock options	—	4,480
Employee stock purchase plan	1,207	1,956
RSAs	2,566	4,094
Total stock-based compensation	$ 40,824	$ 40,459

Stock-based compensation expense is based on awards which vest. The Company. accounts for forfeitures as they occur, rather than estimating expected forfeitures.

Stock option activity for the years ended December 31, 2025 and 2024 is as follows:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding—January 1, 2024	1,871,649	$ 7.36	6.72	$ 6,191
Options exercised	(105,581)	1.93		610
Options cancelled	(11,044)	29.39		21
Outstanding—December 31, 2024	1,755,024	$ 7.55	5.72	$ 10,076
Options exercised	(43,904)	$ 1.95		723
Options cancelled	(498)	$ 1.95		3
Outstanding—December 31, 2025	1,710,622	7.69	4.72	$ 24,142
Vested and expected to vest—December 31, 2025	1,710,622	$ 7.69	4.72	$ 24,142
Exercisable—December 31, 2025	1,710,622	$ 7.69	4.72	$ 24,142

The following table summarizes information about stock options outstanding and exercisable at December 31, 2025:

	Options Outstanding		
Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
$ 1.85	167,863	4.54	167,863
$ 2.13	781,142	4.75	781,142
$ 14.22	752,408	4.75	752,408
$ 52.40	9,209	3.74	9,209
	1,710,622		1,710,622

No options were granted during the years ended December 31, 2025 and December 31, 2024. As of December 31, 2025, there was no remaining unamortized stock-based compensation expense related to unvested stock options.

Restricted Stock Units ("RSU")

A summary of RSUs activity under the Plan for the years ended December 31, 2025 and, 2024 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (per share)
Unvested—January 1, 2024	3,074,939	$ 13.19
Granted	2,836,726	9.45
Canceled	(424,161)	12.70
Vested	(2,022,740)	12.37
Unvested—December 31, 2024	3,464,764	$ 10.68
Granted	4,278,834	12.46
Canceled	(519,171)	10.22
Vested	(3,139,352)	11.43
Unvested—December 31, 2025	4,085,075	$ 12.02

As of December 31, 2025, total compensation expense related to unvested RSUs granted to employees, but not yet recognized, was $39.5 million, with a weighted-average remaining vesting period of 1.7 years.

Restricted Stock Awards

A summary of RSA activity for the years ended December 31, 2025 and 2024 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (per share)
Unvested—January 01, 2024	376,919	$ 15.30
Granted	533,601	7.94
Vested	(453,822)	10.69
Unvested—December 31, 2024	456,698	$ 11.28
Canceled	(68,072)	8.79
Vested	(388,626)	10.27
Unvested—December 31, 2025	—	$ —

Stock compensation expense is recognized on a straight-line basis over the vesting period of each award of RSAs. As of December 31, 2025, there was no remaining compensation expense related to unvested RSAs granted to employees yet to be recognized. The common stock comprising RSAs is issued at grant but, generally, is subject to a risk of forfeiture if the holder terminates service with the Company and its subsidiaries prior to vesting.

Note 11. Employee Benefit Plan

In 2018, the Company adopted a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company at its discretion offers matching contributions of up to 4% of each employee's annual compensation. The Company provided matching contributions of $1.6 million and $1.7 million to the plan during the years ended December 31, 2025 and 2024, respectively.

Note 12. Net Loss Per Common Share

The following table sets forth the computation of basic and diluted net loss per common share attributable to common stockholders (in thousands, except share and per share data):

	Year Ended December 31,	
	2025	2024
Numerator:		
Net loss	$ (60,377)	$ (97,045)
Denominator:		
Weighted average shares used to compute basic and diluted net loss per share	56,334,911	46,584,479
Net loss per common share-basic and diluted	$ (1.07)	$ (2.08)

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive:

	December 31,	
	2025	2024
Options to purchase common stock	1,710,622	1,755,024
Public and private common stock warrants	4,871,960	5,235,409
Restricted Stock Units	4,085,075	3,464,764
Share purchase rights under the ESPP	290,918	569,048
Unvested RSAs	—	456,698
Total	10,958,575	11,480,943

Note 13. Income Taxes

Loss before income taxes for the years ended December 31, 2025, and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Domestic	$ (64,550)	$ (98,413)
Foreign	1,238	1,905
Total	$ (63,312)	$ (96,508)

The components of income tax expense are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Current:		
Federal	$ (3,457)	$ —
State	70	34
Foreign	187	314
Total current (benefit) expense	(3,200)	348
Deferred:		
Federal	—	135
State	—	—
Foreign	265	54
Total deferred expense	265	189
Total income tax (benefit) expense	$ (2,935)	$ 537

A reconciliation between the U.S. federal statutory rate and the Company's effective tax rate for tax year 2025 after the adoption of ASU 2023-09 is as follows (in thousands, except percentages):

	Year Ended December 31,	
	2025	
Tax at U.S. federal statutory tax rate	$ (13,296)	21.0 %
State and local income taxes, net of federal income tax effect*	57	(0.1)%
Foreign tax effects	455	(0.7)%
Effects of cross-border tax laws		
Global intangible low-taxed income	195	(0.3)%
Subpart F income	2	— %
Tax credits		
Research and development credits	4,069	(6.4)%
Changes in Valuation Allowances	8,932	(14.1)%
Nontaxable or deductible items		
Stock-based and non-deductible employee compensation	(1,221)	1.9 %
Other	258	(0.4)%
Changes in unrecognized tax benefits	(1,359)	2.1 %
Other		
2017 and 2018 IRS examination resolution	(3,720)	5.9 %
Return-to-provision adjustment	2,695	(4.3)%
Other	(2)	— %
Total tax provision (benefit)	$ (2,935)	4.6 %

*State taxes in Massachusetts for 2025 made up the majority (greater than 50%) of the tax effect in this category.

A reconciliation between the U.S. federal statutory rate and the Company's effective tax rate for the tax year 2024 prior to the adoption of ASU 2023-09 is as follows:

	Year Ended December 31,	
	2024	
Tax at U.S. federal statutory rate	$ (20,267)	21.0 %
State income taxes, net of federal benefit	23	— %
Stock-based compensation	7,213	(7.5)%
Foreign rate differential	10	— %
Fair value changes - warrants	(22)	— %
Valuation allowance	13,174	(13.7)%
Non-deductible expenses	39	— %
Other	367	(0.4)%
Total tax provision	$ 537	(0.6)%

Significant components of the Company's deferred tax assets and liabilities for federal, state and foreign income taxes are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	$ 242,635	$ 200,050
Credits	7,637	9,863
Stock-based compensation	601	2,118
Accruals and reserves	4,121	4,296
Deferred revenue	4,284	5,163
Fixed assets	—	1,689
Operating lease liability	3,947	5,086
Capitalized research and development expenditures	8,092	37,291
Gross deferred tax assets	271,317	265,556
Valuation allowance	(266,186)	(259,698)
Net deferred tax assets	5,131	5,858
Deferred tax liabilities:		
Fixed assets	(227)	—
Intangible property	(1,823)	(3,022)
Operating lease, right of use assets	(3,081)	(2,571)
Gross deferred tax liabilities	(5,131)	(5,593)
Net deferred tax assets	$ —	$ 265

Deferred income taxes have not been provided for undistributed earnings of the Company's consolidated foreign subsidiaries because of the Company's intent to reinvest such earnings indefinitely in active foreign operations. The Company believes that future domestic cash generation will be sufficient to meet future domestic cash needs. The Company has not recorded a deferred tax liability on the undistributed earnings of non-U.S. subsidiaries.

The Company has established a full valuation allowance of $266.2 million and $259.7 million for the years ended December 31, 2025 and 2024, respectively, against its U.S. Federal, state and foreign deferred tax assets. The Company determines its valuation allowance on deferred tax assets by considering both positive and negative evidence in order to ascertain whether it is more likely than not that deferred tax assets will be realized. Due to the history of losses the Company has generated in the past, the Company believes that it is not more likely than not that all of its U.S. Federal, state, and foreign deferred tax assets can be realized as of December 31, 2025. Accordingly, the Company has recorded a full valuation allowance on its deferred tax assets.

The valuation allowance on the Company's net deferred taxes increased by $6.5 million during the year ended December 31, 2025 as compared to a decrease of $45.3 million during the year ended December 31, 2024. The current year increase in valuation allowance is primarily attributable to the generation of net operating losses. The prior year decrease in valuation allowance is primarily attributable to the generation of net operating losses and capitalization of research and development expenditures.

As of December 31, 2025, the Company had federal net operating loss carryforwards and state net operating loss carryforwards of approximately $1.1 billion and $458.2 million, respectively. As of December 31, 2025, federal net operating loss carryforwards generated after December 31, 2017 will be carried forward indefinitely and the state net operating loss carryforward begins expiring in 2028 through 2045. As of December 31, 2025, the amount of federal net operating loss that does not expire is $1.1 billion.

As of December 31, 2025, the Company had federal and state research and development credit carryforwards of approximately $0.9 million and $12.8 million, respectively. As of December 31, 2025 the federal credits will expire starting in 2035, if not utilized and state credits carryforward indefinitely.

The Tax Reform Act of 1986 and similar state legislation impose substantial restrictions on the utilization of the net operating losses and tax credit carryforwards in the event there is a change in ownership as provided by Section 382 and Section 383 of the Internal Revenue Code and similar state provisions. We have completed an analysis of Section 382 ownership changes in our stock through February 10, 2023 and have concluded that we have experienced ownership changes that will result in limitations in our ability to use certain of our tax credit carryforwards. The Company may experience ownership changes in the future as a result of future transactions in our stock. If it is determined that we undergo one or more ownership changes in the future, then our ability to utilize our U.S. Federal and state net operating loss carryforwards or other tax attributes may be limited or eliminated.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted. The OBBBA provides for significant U.S. tax law changes and modifications including making permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. The enactment of OBBBA resulted in an immaterial impact on the income tax provision due to the Company's valuation allowance and the Company does not expect that portions of OBBBA with future effective dates will have a material impact.

Net cash paid (refunds received) for income taxes consisted of the following (in thousands):

	Year Ended December 31, 2025
U.S. Federal	$ (857)
U.S. state and local jurisdictions	22
Foreign	
United Kingdom	(282)
China	263
Netherlands	180
Canada	(61)
Other	50
Net cash paid (refunds received) for income taxes	$ (685)

The amount of cash income taxes paid by the Company during the year ended December 31, 2024 was $0.4 million.

The balance of gross unrecognized tax benefits as of December 31, 2025, and 2024 was $23.4 million and $24.8 million, respectively. Out of the total unrecognized tax benefits, $0.5 million at December 31, 2025, if recognized, would impact our effective tax rate in the period of recognition. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2025 and 2024, the Company has accrued immaterial interest and penalties related to uncertain tax positions. The following table sets forth the change in the uncertain tax positions for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
Balance at the beginning of the year	$ 24,755	$ 24,755
Decreases:		
For prior years' tax positions	(1,355)	—
Balance at the end of the year	$ 23,400	$ 24,755

The Company files income tax returns in the U.S. for Federal, California, and other U.S. states, as well as miscellaneous foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The earliest year open for examination is the 2016 tax year. During the year ended December 31, 2025, the Company reached a resolution of its IRS examination for the 2017 and 2018 tax years and the Company recorded a refund receivable of $3.0 million. The Company does not believe it is reasonably possible that the Company's unrecognized tax benefits will materially change in the next 12 months. All of the net operating losses and research and development credit carry-forwards that may be used in future years are still subject to inquiry given that the statute of limitation for these items would begin in the year of the utilization.

Deferred income taxes have not been provided for undistributed earnings of the Company's consolidated foreign subsidiaries because of the Company's intent to reinvest such earnings indefinitely in active foreign operations. The Company believes that future domestic cash generation will be sufficient to meet future domestic cash needs. The Company has not recorded a deferred tax liability on the undistributed earnings of non-U.S. subsidiaries.

Note 14. Revenue

The majority of the Company's revenue is recognized at the point in time when the customer obtains control of the respective lidar sensor kits. Revenue recognized over time is immaterial to total revenue recognized for any given period.

The following table presents total revenues by geographic area based on the location products were shipped to and services provided (in thousands):

	Year Ended December 31,	
	2025	2024
Americas	$ 92,103	$ 58,430
Asia and Pacific	54,187	20,158
Europe, Middle East and Africa	23,094	32,513
Total	$ 169,384	$ 111,101

Customers that accounted for more than 10% of revenue during the years ended December 31, 2025 and 2024 were as follows:

	Year Ended December 31,	
	2025	2024
Customer A	11%	*
Customer E	21 %	12 %

*Customer accounted for less than 10% of total revenue in the period.

Countries that accounted for more than 10% of revenue was as follows:

	Year Ended December 31,	
	2025	2024
United States	53 %	49 %
China	15%	*
Sweden	*	10 %

*Country accounted for less than 10% of total revenue in the period.

Revenue Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. An unbilled receivable is recorded in instances when revenue is recognized prior to invoicing, and amounts collected in advance of services being provided are recorded as deferred revenue. Contract assets are generated when contractual billing schedules differ from revenue recognition timing.

Unbilled receivables

A receivable for multi-year licensing services is generally recorded upon invoicing. A receivable for multi-year license contracts is recorded upon delivery, whether or not invoiced, to the extent the Company has an unconditional right to receive payment in the future related to those licenses. As of December 31, 2025, the current portion of these unbilled receivables in the amount of $6.4 million, primarily consisting of unbilled receivables from multi-year license contracts, is included in "Accounts receivable, net" on the consolidated balance sheet. As of December 31, 2024, the current portion of these unbilled receivables in the amount of $3.3 million, primarily consisting of unbilled receivables from multi-year license contracts, is included in "Accounts receivable, net" on the consolidated balance sheet.

Contract Assets

Contract assets primarily relate to the Company's rights to consideration under license arrangements when the licenses have been transferred to the customers, but payment is contingent upon a future event, other than the passage of time (i.e. type of unbilled receivable) and for which the Company does not have an unconditional right at the reporting date.

Contract asset also arises when the timing of billing differs from the timing of revenue recognized, such as when revenue is recognized on guaranteed minimum payments at the inception of the contract when there is not yet a right to invoice in accordance with contract terms and payment is contingent upon future event. Contract assets, current are included in prepaid expenses and other current assets on the accompanying consolidated balance sheets. Contract assets, non-current portion are included in other non-current assets on the accompanying consolidated balance sheets.

Contract Liabilities

Contract liabilities consist of deferred revenue, advanced payments and deposits from customers for goods and services that are yet to be provided. Deferred revenue includes billings in excess of revenue recognized related to product sales, licenses, extended warranty and other services revenue, and is recognized as revenue when the Company performs under the contract. The long-term portion of deferred revenue, mostly related to obligations under license arrangements and extended warranty, is classified as non-current contract liabilities and is included in other non-current liabilities in the Company's consolidated balance sheets. Customer advanced payments represent required customer payments in advance of product shipments according to customer's payment term. Customer advance payments are recognized as revenue when control of the performance obligation is transferred to the customer. Customer deposits represent consideration received from a customer which can be applied to future product or service purchases, or refunded.

Contract assets and liabilities are presented net at the individual contract level in the consolidated balance sheet and are classified as current or long-term based on the nature of the underlying contractual rights and obligations.

The following table provides information about contract asset and liability balances as of December 31, 2025 and 2024 (in thousands).

	December 31, 2025	December 31, 2024
Contract assets, current	$ 937	$ —
Contract assets, non-current portion	281	—
Total contract assets	$ 1,218	$ —
Contract liabilities, current		
Deferred revenues from multi-year licensing contracts	$ 133	$ 10,922
Other contract liabilities	20,572	23,429
Contract liabilities, non-current portion		
Deferred revenues from multi-year licensing contracts	$ 429	$ 627
Other contract liabilities	2,677	1,911
Total contract liabilities	$ 23,811	$ 36,889

Deferred revenues from multi-year licensing contracts mainly represent minimum royalty payments received from licensees relating to long-term IP license contracts for which the Company has future obligations under the license agreements. Royalties from the IP licenses are recognized at the later of the period the sales occur or the satisfaction of the performance obligation to which some or all of the royalties have been allocated. The Company evaluated its performance obligations under multi-year licensing contracts and did not recognize any revenue under such licensing contracts in fiscal year 2024 because the Company concluded there is significant uncertainty associated with resolving the Company's performance.

During the fourth quarter of fiscal 2025, the Company recognized $22.8 million in royalty revenue that included $16.1 million in cumulative royalty revenue associated with a multi-year IP license contract entered into in a prior year which granted a customer a right-to-use our functional intellectual property for the duration of the stated license term. The associated royalties were previously deferred pending the resolution of significant uncertainty associated with resolving the Company's performance under the license contract. As of December 31, 2025 those uncertainties have been resolved, which resulted in recognition of such amounts.

Other contract liabilities primarily relate to a multi-year contract entered in 2023 with a customer to sell its products. During the year ended December 31, 2024, the Company signed a new contract, which was subsequently modified, with this customer that added new service performance obligations and modified certain payment, pricing and delivery terms. As a result, the Company received an additional $16.2 million in payments from this customer, which was recorded in other contract liabilities during the year ended December 31, 2024. Modifications were accounted for in accordance with the contract modification framework. As of December 31, 2025, $12.5 million remained deferred under the contract until a future product and service delivery date.

The following table provides information about contract liabilities (remaining performance obligations) and the significant changes in the balances during the years ended December 31, 2025 and 2024 (in thousands).

	Contract Liabilities
Beginning balance as of January 1, 2024	$ 17,852
Net revenue deferred in the period	21,031
Revenue recognized that was included in the contract liability balance at the beginning of the period	(1,994)
Ending balance as of December 31, 2024	$ 36,889
Net revenue deferred in the period	7,557
Reclassification to contract asset	2,802
Revenue recognized that was included in the contract liability balance at the beginning of the period	(23,437)
Ending balance as of December 31, 2025	$ 23,811

Note 15. Segment

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. The Chief Executive Officer reviews financial information including revenue, expenses and net loss presented on a consolidated basis, accompanied by certain supplemental information about significant expense categories for purposes of allocating resources and evaluating the Company's financial performance. The Company operates as one reportable and operating segment, which relates to the sale and production of lidar sensor kits and there are no segment managers who are held accountable for operations, operating results and plans for levels or components below the consolidated unit level. The CODM assesses financial performance of the reportable segment and decides how to allocate resources based on the net loss that also is reported as the net loss attributable to the Company on the consolidated statements of operations and comprehensive loss. The net loss is also used by our CODM to monitor actual results versus budget and prior periods amounts of our reportable segment and decide how to expand business or to return value to stockholders. The measure of the segment assets is reported on the consolidated balance sheet as total assets.

The following table reflects certain financial data for our reportable segment (in thousands):

	Year Ended December 31,	
	2025	2024
Total revenue	$ 169,384	$ 111,101
Less[1]:		
Product manufacturing costs	68,024	57,951
Stock based compensation and amortization expense	7,307	6,377
Other costs[2]	10,617	6,313
Research and development	65,170	58,084
Sales and marketing	27,624	27,852
General and administrative	64,641	58,701
Total other (income) expense, net	(10,687)	(7,669)
Provision for (benefit from) income tax	(2,935)	537
Net loss	$ (60,377)	$ (97,045)

[1]The significant expense categories and amounts align with the segment-level information that is regularly provided to the chief operating decision maker.

[2]Other costs primarily includes inventory excess and obsolescence, scrap, warranty, freight, tariffs and other cost of revenue items.

Note 16. Subsequent Event

On February 4, 2026 ("Closing Date"), the Company completed the acquisition of Stereolabs SAS ("Stereolabs"), a developer, manufacturer and seller of vision systems headquartered in France. The acquisition expanded the Company's product portfolio, and is expected to further strengthen its software capabilities and accelerate customer development. In exchange for 100% of the outstanding share capital of Stereolabs, shareholders of Stereolabs received cash consideration of $35.4 million and 1,847,677 newly-issued shares of the Company's common stock valued at $35.4 million based on the trading price on the Closing Date, and of which 660,005 shares are subject to a staggered lock-up arrangement lasting through a four-year period, whereby twenty-five (25%) percent will be released upon each anniversary of the completion date as long as the key employees are still employees of the Company.

The acquisition will be accounted for as a business combination, and the Company will begin consolidating Stereolabs' financial results in its condensed consolidated financial statements starting as of Closing Date. Given the recent date of the acquisition, the Company has not finalized its determination of the fair value of the assets acquired and liabilities assumed. The Company has engaged third-party consultants to assist with determining the fair value of assets and liabilities acquired from Stereolabs as of the acquisition date.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

Disclosure controls and procedures include controls and other procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934, as amended, ("Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management of the Company, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that any 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 judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2025.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an assessment as of December 31, 2025 of the effectiveness of our internal control over financial reporting based on the criteria set forth in the Internal Control–Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management concluded that, as of December 31, 2025, our internal control over financial reporting was effective.

Remediation of Previously Reported Material Weaknesses

We previously identified and disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024 and in our subsequent Quarterly Reports on Form 10-Q the following material weaknesses in internal control over financial reporting.

We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience, and training commensurate with our accounting and reporting requirements. This material weakness contributed to the following additional material weakness.

We did not design and maintain effective controls over the period-end financial reporting process to ensure, for other than journal entries, that segregation of duties ("SOD") conflicts were identified, reviewed and mitigated by appropriately designed mitigating controls as needed to achieve complete, accurate and timely financial accounting, reporting and disclosures.

Throughout 2025, we enhanced the design and/or operation of internal controls by:

- Improving internal controls to ensure that SOD conflicts were timely identified, reviewed and mitigated by appropriately designed mitigating controls and procedures. This included periodic monitoring of changes in roles and responsibilities that could impact SOD conflicts within the period-end financial reporting process.
- Recruiting personnel with appropriate internal controls, accounting knowledge and experience commensurate with our accounting and reporting requirements, in addition to engaging and utilizing third party consultants and specialists. Our management also continued to reallocate and align roles and responsibilities within the accounting team to optimize and leverage the skills and experience of various personnel.
- Providing internal control training for personnel responsible for implementing internal controls for the Company.

Our management completed its documentation, testing and evaluation of the enhanced control activities and determined that, as of December 31, 2025, these control activities have been appropriately designed and implemented, and have operated effectively for a sufficient period of time to conclude that these previously identified material weaknesses have been remediated.

Attestation Report of Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting because we do not qualify as an accelerated or a large accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On November 18, 2025, Darien Spencer, the Company's Chief Operating Officer, adopted a "Rule 10b5-1 trading arrangement" as defined in Item 408(a) of Regulation S-K. The plan provides for the periodic sale of up to 323,918 shares of common stock between April 16, 2026 and November 18, 2027.

On December 15, 2025, Mark Frichtl, the Company's Co-Founder and Chief Technology Officer, adopted a "Rule 10b5-1 trading arrangement" as defined in Item 408(a) of Regulation S-K. The plan provides for the periodic sale of up to 850,176 shares of common stock between March 24, 2026 and December 31, 2026.

Other than as described above, during the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Code of Conduct

We have adopted a Code of Business Conduct and Ethics (the "Code of Conduct") that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and/or controller, and persons performing similar functions. A copy of the Code of Conduct is available on our Investors website at investors.ouster.com in the "Governance" section. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, that are required to be disclosed by SEC or NASDAQ rules will be disclosed on our website. We did not grant any waivers to the Code of Conduct in fiscal 2025. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

The remaining information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be included under the headings "Election of Directors," "Executive Officers" "Corporate Governance," and "Delinquent Section 16(a) Reports" (if applicable) in our definitive proxy statement for our 2026 annual meeting of stockholders (the "2026 Annual Meeting of Stockholders"), to be filed within 120 days after the end of the 2025 fiscal year and is incorporated herein by reference.

Information About Our Executive Officers & Directors

The following table provides information regarding our executive officers and members of our board of directors (ages are calculated as of March 2, 2026):

Name	Age	Position at Ouster	Principal Employment
Angus Pacala	37	Director, Co-Founder and Chief Executive Officer	Same
Mark Frichtl	37	Co-Founder and Chief Technology Officer	Same
Kenneth P. Gianella	53	Chief Financial Officer	Same
Darien Spencer	62	Chief Operating Officer	Same
Megan Chung	52	General Counsel and Secretary	Same
Theodore L. Tewksbury, Ph.D.	69	Chair of the Board of Directors	Former Chief Executive Officer of Velodyne Lidar, Inc.
Christina C. Correia	55	Director	Group Vice President, Chief Accounting Officer and Business Finance at Lam Research Corporation
Virginia Boulet	72	Director	Former Managing Director of Legacy Capital, LLC, an investment company
Phillip M. Eyler	54	Director	Former President and Chief Executive Officer of Gentherm Incorporated
Susan Heystee	64	Vice Chair of the Board of Directors	Former Senior Vice President of Global Automotive Business at Verizon Connect, a telecommunications company
Ernest Maddock	67	Director	Former Chief Financial Officer of Micron Technology, Inc., a semiconductor manufacturing company
Stephen A. Skaggs	63	Director	Former Senior Vice President and Chief Financial Officer of Atmel Corporation

Item 11. Executive Compensation

The information required by Items 402, 407(e)(4), and (e)(5) of Regulation S-K will be included under the headings "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation" (if applicable) in our definitive proxy statement for our 2026 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized For Issuance under Equity Compensation Plans (as of December 31, 2025):

Plan category:	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities Reflected in first column)
Equity compensation plans approved by security holders[1]			2,595,496[2][6][7]
Restricted Stock Units	4,085,075 [3]	$ — [5]	
Options to Purchase Common Stock	1,710,622 [4]	$7.69 [5]	
Employee Stock Purchase Plan[6]	—	$ —	
Equity compensation plans not approved by security holders	—	$ —	—
Total	5,795,697	$7.69	2,595,496

(1) Consists of the Ouster, Inc. 2021 Incentive Award Plan ("2021 Plan"), Velodyne 2020 Equity Incentive plan (the "Velodyne Plan"), Ouster Inc. Amended and Restated 2015 Stock Plan ("2015 Plan") and Sense Photonics, Inc. 2017 Equity Incentive Plan and ("Sense Plan").

(2) The number of shares authorized under our 2021 Plan increases on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (A) 5% of the shares of common stock outstanding as of the last day of the immediately preceding fiscal year and (B) such lesser number of shares as determined by our board of directors. No additional awards will be granted under the 2015 Plan or the Sense Plan and, as a result, no shares remain available for issuance for new awards under the 2015 Plan or the Sense Plan. The number of shares authorized under our Velodyne 2020 Plan increases on the first day of each calendar year beginning on January 1, 2021 and ending on (and including) January 1, 2030, equal to the lesser of (A) 820,400 shares of common stock and (B) such lesser number of shares as determined by our board of directors.

(3) Consists of 2,359,740 outstanding restricted stock units under the 2021 Plan, 1,723,645 outstanding restricted stock units under the Velodyne Plan, and 1,690 outstanding restricted stock units under the Sense Plan.

(4) Consists of 1,710,413 outstanding options to purchase stock under the 2015 Plan and 9,209 outstanding options to purchase stock under the Sense Plan.

(5) As of December 31, 2025, the weighted-average exercise price of outstanding options under the 2015 Plan was $7.45 and the weighted-average exercise price of outstanding options under the Sense Plan was $52.40. Outstanding restricted stock units and restricted stock awards subject to time-based vesting do not have an exercise price and therefore are not included in the calculation of the weighted-average exercise price.

(6) Consists of 1,626,215 shares available for purchase by our employees under the Ouster, Inc 2022 Employee Stock Purchase Plan.

(7) Consists of 530,202 shares remaining available for issuance under the 2021 Plan and 439,079 shares available for issuance under the Velodyne Plan.

The remaining information required by Item 403 of Regulation S-K will be included under the heading "Security Ownership of Certain Beneficial Owners and Management" in our definitive proxy statement for our 2026 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Items 404 and 407(a) of Regulation S-K will be included under the headings "Certain Relationships and Related Person Transactions," "Corporate Governance" and "Director Independence" in our definitive proxy statement for our 2026 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by Item 9(e) of Schedule 14A of the Exchange Act will be included under the heading "Independent Registered Public Accounting Firm Fees and Other Matters" in our definitive proxy statement for our 2026 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements.

The consolidated financial statements of the Company are listed in the index under Part II, Item 8, of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules.

All financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

(a)(3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished herewith
3.1	Certificate of Incorporation of Ouster, Inc.	S-4 POS	333-251611	3.1	3/10/2021	
3.2	Certificate of Amendment to Certificate of Incorporation of Ouster, Inc.	8-K	001-39463	3.1	4/20/2023	
3.3	Second Amended and Restated Bylaws of Ouster, Inc. (effective as of April 18, 2024)	8-K	001-39463	3.1	4/22/2024	
4.1	Warrant Agreement, dated August 20, 2020, between Colonnade Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39463	4.1	8/25/2020	
4.2	Specimen Warrant Certificate of the Registrant	S-1	333-240378	4.2	8/4/2020	
4.3	Description of Securities					*
4.4	Warrant to Purchase Common Stock of Velodyne Lidar, Inc., by and between Velodyne Lidar, Inc. and Amazon.com NV Investment Holdings LLC, dated as of February 4, 2022	8-K	001-38703	4.1	2/7/2022	
10.1+	Form of Indemnification Agreement and advancement agreement	10-Q	001-39463	10.1	11/05/2025	
10.2	Amended and Restated Registration Rights Agreement, by and among Ouster, Inc. and the holders party thereto	8-K	001-39463	10.2	3/15/2021	
10.3+	2021 Incentive Award Plan	8-K	001-39463	10.3	3/15/2021	
10.3(a)+	Form of Stock Option Agreement under the 2021 Incentive Award Plan	8-K	001-39463	10.5(a)	3/15/2021	
10.3(b)+	Form of Restricted Stock Unit Agreement under the 2021 Incentive Award Plan	8-K	001-39463	10.3(b)	3/15/2021	
10.3(c)+	Form of Restricted Stock Grant Notice and Restricted Stock Agreement	10-Q	001-39463	10.4	5/13/2024	

10.4#	Manufacturing Services Agreement, dated as of March 5, 2018, by and between Ouster, Inc. and Benchmark Electronics, Inc.	S-4	333-251611	10.6	12/22/2020
10.5	NNN Lease, dated September 1, 2017, by and between Ouster, Inc. and SIC-350 Treat, LLC	S-4/A	333-251611	10.14	1/28/2021
10.5(a)	First Amendment to NNN Lease, dated January 1, 2018, by and between Ouster, Inc. and SIC-350 Treat, LLC	S-4/A	333-251611	10.14(a)	1/28/2021
10.5(b)	Second Amendment to NNN Lease, dated March 27, 2018, by and between Ouster, Inc. and SIC-350 Treat, LLC	S-4/A	333-251611	10.14(b)	1/28/2021
10.5(c)	Third Amendment to NNN Lease, dated November 15, 2021, by and between Ouster, Inc. and SIC-350 Treat, LLC	10-K	001-39463	10.6(c)	2/28/2022
10.5(d)	Fourth Amendment to NNN Lease, dated November 15, 2021, by and between Ouster, Inc. and SIC-350 Treat, LLC	8-K	001-39463	10.6(d)	12/19/2025
10.6+	Third Amended and Restated Non-Employee Director Compensation Program	10-Q	001-39463	10.3	5/13/2024
10.7+	Sense Photonics, Inc. 2017 Equity Incentive Plan, as amended	S-8	333-260576	99.1	10/29/2021
10.8(a)+	Form of Stock Option Agreement under the Sense Photonics, Inc. 2017 Equity Incentive Plan, as amended	10-K	001-39463	10.9(a)	2/28/2022
10.9+	Ouster, Inc. Amended and Restated 2015 Stock Plan	S-1	333-254987	10.9	4/2/2021
10.9(a)+	Form of Stock Option Agreement under the Amended and Restated 2015 Stock Plan	S-1	333-254987	10.9(a)	4/2/2021
10.9(b)+	Form of Early Exercise Stock Option Agreement under the Amended and Restated 2015 Stock Plan	S-1	333-254987	10.9(b)	4/2/2021
10.9(c)+	Form of Restricted Stock Unit Agreement under the Amended and Restated 2015 Stock Plan	S-1	333-254987	10.9(c)	4/2/2021
10.10+	Ouster, Inc. Amended and Restated 2022 Employee Stock Purchase Plan	DEF14A	001-39463	Annex A	4/25/2024
10.11	At Market Issuance Sales Agreement, dated May 12, 2025, by and between the Company and Oppenheimer & Co. Inc.	8-K	01-39463	1.1	5/12/2025
10.12+	Offer Letter, by and between Ouster, Inc. and Darien Spencer, dated July 25, 2017	10-Q	001-39463	10.2	11/8/2022
10.13+	Executive Employment Agreement by and between Velodyne Lidar, Inc. and Mark Weinswig, dated May 3, 2022	10-Q	001-38703	10.1	11/9/2022
10.14+	Velodyne Lidar, Inc. 2020 Equity Incentive Plan	8-K	001-38703	10.2	10/5/2020
10.15+	Form of Stock Option Agreement under the Velodyne Lidar, Inc. 2020 Equity Incentive Plan	8-K	001-38703	10.5	10/5/2020
10.16+	Form of Restricted Stock Unit Agreement under the Velodyne Lidar, Inc. 2020 Equity Incentive Plan	S-8	333-269748	99.1(b)	2/14/2023
10.17	Transaction Agreement, by and between Velodyne Lidar, Inc. and Amazon.com, Inc., dated as of February 4, 2022	8-K	001-38703	10.1	2/7/2022
10.18	Ouster, Inc. Executive Change in Control and Severance Plan, Effective November 4, 2024	8-K	001-39463	10.1	11/5/2024
10.19+	Form of Participation Agreement for the Executive Change in Control and Severance Plan	8-K	001-39463	10.2	11/5/2024

10.20+	Offer Letter between Kenneth P. Gianella and the Company, dated April 25, 2025	8-K	001-39463	10.1	4/29/2025	
19.1	Insider Trading Compliance Policy					*
21.1	List of Subsidiaries					*
23.1	Consent of PricewaterhouseCoopers LLP					*
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended					*
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
97.1	Policy for Recovery of Erroneously Awarded Compensation	10-K	001-39463	97.1	3/28/2024	
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

The annexes, schedules, and certain exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the SEC upon request.

Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item 601(b)(10).

Filed herewith.

Furnished herewith.

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Ouster, Inc.	
Date: March 2, 2026	By:	/s/ Kenneth P. Gianella
	Name:	Kenneth P. Gianella
	Title:	Chief Financial Officer (principal financial officer and principal accounting officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Angus Pacala Angus Pacala	Director, Co-Founder and Chief Executive Officer (Principal Executive Officer)	March 2, 2026
/s/ Kenneth P. Gianella Kenneth P. Gianella	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 2, 2026
/s/ Theodore L. Tewksbury Theodore L. Tewksbury, Ph.D.	Chair of the Board of Directors	March 2, 2026
/s/ Virginia Boulet Virginia Boulet	Director	March 2, 2026
/s/ Phillip M. Eyler Phillip M. Eyler	Director	March 2, 2026
/s/ Susan Heystee Susan Heystee	Vice Chair of the Board of Directors	March 2, 2026
/s/ Ernest Maddock Ernest Maddock	Director	March 2, 2026
/s/ Stephen A. Skaggs Stephen A. Skaggs	Director	March 2, 2026
/s/ Christina C. Correia Christina C. Correia	Director	March 2, 2026