

## 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 building the eyes of autonomy. We are a leading global provider of lidar sensors and solutions for the automotive, industrial, robotics, and smart infrastructure industries. Ouster's products include high-resolution scanning and solid-state digital lidar sensors, analog lidar sensors, and software solutions.

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:

- **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.
- **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.
- **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.
- **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.

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

We envision a future where our digital technology enables lidar to become universal, 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 patented digital approach to lidar and our ongoing development of perception, analytics, mapping, and localization software will better position us in this changing 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.

Our mission to make the physical world safer and more efficient is aligned with our focus on sustainability now and into the future. We believe that our lidar technology is a key enabler of sustainable solutions, empowering our customers to achieve greater levels of automation, which have been shown to have the potential to significantly reduce global carbon dioxide emissions and help curb the effects of climate change. Likewise, smart city initiatives powered by lidar can better manage traffic, reduce commute times, and further reduce emissions.

## **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. Since our inception, we have heavily invested in our patent portfolio by pursuing comprehensive coverage of invention families, use cases, and international coverage. Being at the forefront of innovation in the lidar market depends in part on our ability to obtain and maintain patents and other proprietary rights relating to our key technology, and our ability to successfully enforce these rights against third parties. We currently have proprietary intellectual property for both our digital and analog products and solutions, including in our software, real-time 3D vision for autonomous systems, manufacturing processes and calibration methodology. We have also filed patents and trademark applications in order to further secure these rights and strengthen our ability to defend against third parties who may infringe on our rights. We also rely on trade secrets, design and manufacturing know-how, and continuing technological innovations to maintain and improve our competitive position.

As a result, we have built a portfolio of intellectual property, including issued patents and registered trademarks, copyrights, confidential technical information, and expertise in the development of lidar technology and software.

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; and in addition to seeking patent protection covering inventions originating from us, we continually evaluate opportunities to acquire or in-license patents to the extent we believe such patents 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**

Using an array of eye-safe lasers, our lidar solutions measure distances in the environment at the speed of light. Unlike camera-based solutions, lidar solutions allow machines to see in 3D by providing precise distance measurements of surrounding objects. Lidar also performs better than cameras in low light conditions and produces fewer errors. Compared to radar, lidar provides 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.

## **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 plan to stop manufacturing these products in 2025.

## Ouster Gemini

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. 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. 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.

## Product Roadmap And Development

We continue to invest in growing our digital lidar product portfolio and increasing the capabilities of 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, 2024, one customer accounted for more than 10% of our revenue from product sales.

### ***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.

### ***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.

### ***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.

### ***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.

## **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 an affordable 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 supporting team, adding 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.

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. 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. From time to time, we 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**

While the U.S. has historically provided a positive legal landscape that allows safe testing and development of autonomous features, with nuances that vary from state to state, we are subject to the non-exhaustive list of regulations set forth below.

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. 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.

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. 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, 2024, we employed 192 people on a full-time basis in the United States and 100 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 Inclusion and Belonging training 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, annual bonuses, 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, 2024 and 2023, we incurred net losses of \$97.0 million and \$374.1 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, 2024, we had an accumulated deficit of \$913.1 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. Ouster Gemini offers the 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 \$58.1 million and \$91.2 million during the years ended December 31, 2024 and 2023, respectively. Because we account for R&D as an operating expense, these 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

## 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, and our warrants expiring in 2025 are listed for trading on the NASDAQ under the symbol “OUSTW”.

#### Holders

As of March 17, 2025, there were 225 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

Other than as described in the Company’s Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2024 and March 31, 2024, the Company did not sell any securities that were not registered under the Securities Act during the year ended December 31, 2024.

#### 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 plan to discontinue 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 us of an additional 6,045,428 shares of common stock in the year ended December 31, 2024 pursuant to the At-Market-Issuance Sales Agreement at prices below the exercise price of the Amazon Warrant, an antidilution adjustment 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 of December 31, 2024, there were 3,267,890 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 market adoption. However, as our customers continue research and development projects that rely on lidar technology, 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 with solutions that rely on our technology, the fluctuations in our operating results may become less pronounced. In 2025, our strategic business objectives include 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 substantially longer than in our other target markets. It is critical to our future success in each of our target end markets that our customers reach commercial production and select our products in their commercial production applications, 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 with multi-year negotiated pricing. 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. However, notwithstanding any short-term price surcharges on our components, we expect that our volume-driven product costs will decrease over time. 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, or China that are used in our products. These costs could also impact customer demand as described above under "Customers' Sales Volumes."

**Competition.** Lidar is an emerging technology, and there are many competitors for this growing market which has created downward pressure on our ASPs. Absent the introduction of new technology, we expect this pressure to continue to push our ASPs lower in the coming years. However, we believe that because of the simplicity of our digital lidar technology, we are well-positioned to scale more effectively than our competitors and can leverage this scale 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 research and development. 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. For example, we may be required to seek alternate manufacturers or suppliers for our products. It would be time-consuming, and could be costly and impracticable, to begin to use and qualify 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.

*Market Trends and Uncertainties.* We anticipate increasing demand for our digital lidar solution. We estimate a multi-billion dollar total addressable market (“TAM”) for our solutions in the future. 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 and international taxes or tariffs 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 and tariffs, 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.

## **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.

### ***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.

### ***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.

### ***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.

### *Goodwill Impairment Charges*

In the year ended December 31, 2023, we recorded goodwill impairment charges of approximately \$166.7 million. These charges were primarily driven by the decrease in our market capitalization during the period. Our goodwill impairment analysis includes a comparison of the aggregate estimated fair value of our reporting unit to our total market capitalization. There was no addition to goodwill as of December 31, 2024, and as such, our remaining goodwill balance was nil.

### *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, excluding specific balances due to the Velodyne Merger. The income tax provision for the years ended December 31, 2024 and 2023, respectively, was not material to the Company's consolidated financial statements.



## Results of Operations:

The following table summarizes key components of our results of operations for the years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
	(dollars in thousands)	
Revenue	\$ 111,101	\$ 83,279
Cost of revenue <sup>(1)</sup>	70,641	74,965
Gross profit	40,460	8,314
Operating expenses <sup>(1)</sup> :		
Research and development	58,084	91,210
Sales and marketing	27,852	41,639
General and administrative	58,701	81,982
Goodwill impairment charges	—	166,675
Total operating expenses	144,637	381,506
Loss from operations	(104,177)	(373,192)
Other income (expense):		
Interest income	8,846	9,038
Interest expense	(1,823)	(9,303)
Other income (expense), net	646	(130)
Total other income (expense), net	7,669	(395)
Loss before income taxes	(96,508)	(373,587)
Provision for income tax expense	537	523
Net loss	\$ (97,045)	\$ (374,110)

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,	
	2024	2023
	(% of total revenue)	
Revenue	100 %	100 %
Cost of revenue <sup>(1)</sup>	64	90
Gross profit	36	10
Operating expenses <sup>(1)</sup> :		
Research and development	52	110
Sales and marketing	25	50
General and administrative	53	98
Goodwill impairment charges	—	200
Total operating expenses	130	458
Loss from operations	(94)	(448)
Other income (expense):		
Interest income	8	11
Interest expense	(2)	(11)
Other income (expense), net	1	—
Total other income (expense), net	—	—
Loss before income taxes	(94)	(448)
Provision for income tax expense	—	1
Net loss	(94)%	(449)%

<sup>(1)</sup>Includes stock-based compensation expense as follows:

	Year Ended December 31,	
	2024	2023
	(dollars in thousands)	
Cost of revenue	\$ 4,608	\$ 2,854
Research and development	18,260	24,551
Sales and marketing	5,347	9,966
General and administrative	12,244	20,354
Total stock-based compensation	\$ 40,459	\$ 57,725

## Comparison of the years ended December 31, 2024 and 2023

### Revenue

	Year Ended December 31,		2024 - 2023 Change	
	2024	2023	\$	%
	(dollars in thousands)			
Revenue by geographic location:				
Americas	\$ 58,429	\$ 45,744	\$ 12,685	28 %
Asia and Pacific	20,158	12,929	7,230	56
Europe, Middle East and Africa	32,513	24,606	7,907	32
Total	\$ 111,101	\$ 83,279	\$ 27,822	33 %

### Revenue

Revenue increased by \$27.8 million, or 33%, to \$111.1 million for the year ended December 31, 2024 from \$83.3 million for the prior year. The increase in revenue was primarily driven by increased sales of the REV7 sensors as customers increased their purchase levels compared to the prior year period.

### Geographic Locations

Revenue increased across the geographic regions of the Americas, Asia and Pacific, and Europe, Middle East and Africa as compared to the comparable period in the prior year. The revenue increases in those geographic regions were primarily attributable to higher sales of the REV7 sensor.

### Cost of Revenue and Gross Margin

	Year Ended December 31,		2024 - 2023 Change	
	2024	2023	\$	%
	(dollars in thousands)			
Cost of revenue	\$ 70,641	\$ 74,965	\$ (4,324)	(6)%

### Cost of revenue

Cost of revenue decreased by \$4.3 million, or 6%, to \$70.6 million for the year ended December 31, 2024 from \$75.0 million for the prior year. The decrease in cost of revenue was primarily attributable to lower excess and obsolete inventory charges and compensation-related expenses, partially offset by increased shipments over the period.

Gross margin rose to 36% for the year ended December 31, 2024 from 10% in the prior year primarily as a result of the factors described above related to the increased sales of REV7 sensor.

## Operating Expenses

	Year Ended December 31,		2024 - 2023 Change	
	2024	2023	\$	%
	(dollars in thousands)			
Operating expenses:				
Research and development	\$ 58,084	\$ 91,210	\$ (33,126)	(36)%
Sales and marketing	27,852	41,639	(13,787)	(33)
General and administrative	58,701	81,982	(23,281)	(28)
Goodwill impairment charges	—	166,675	(166,675)	100 %
Total operating expenses:	<u>\$ 144,637</u>	<u>\$ 381,506</u>	<u>\$ (236,869)</u>	<u>(62)%</u>

### Research and Development

Research and development expenses decreased by \$33.1 million, or 36%, to \$58.1 million for the year ended December 31, 2024 from \$91.2 million in the prior year. The decrease was primarily attributable to the reduction in compensation expenses and other costs from the restructuring and cost reduction initiatives after the closing of the Velodyne Merger.

### Sales and Marketing

Sales and marketing expenses decreased by \$13.8 million, or 33%, to \$27.9 million for the year ended December 31, 2024 from \$41.6 million in the prior year. The decrease was primarily attributable to the reduction in compensation expenses and other costs from the restructuring and cost reduction initiatives after the closing of the Velodyne Merger.

### General and Administrative

General and administrative expenses decreased by \$23.3 million, or 28%, to \$58.7 million for the year ended December 31, 2024 from \$82.0 million in the prior year. The decrease was primarily attributable to the reduction in compensation expenses and other costs from the restructuring and cost reduction initiatives after the closing of the Velodyne Merger.

### Goodwill Impairment Charges

There was no addition to goodwill for the year ended December 31, 2024, and as such, our remaining goodwill balance was nil. Goodwill impairment charges were \$166.7 million for the year ended December 31, 2023, primarily driven by the decrease in our market capitalization during the period.

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

	Year Ended December 31,		2024 - 2023 Change	
	2024	2023	\$	%
	(dollars in thousands)			
Interest income	\$ 8,846	\$ 9,038	\$ (192)	(2)%
Interest expense	(1,823)	(9,303)	7,480	(80)
Other expense (income), net	646	(130)	776	(597)

The year-over-year decrease in interest income was primarily attributable to lower average cash and cash equivalent balances.

The year-over-year decrease in interest expense was due to entering into the UBS Agreement in October 2023, which had a lower interest rate than our prior debt arrangement and a reduction in the outstanding debt balance which was paid off in full on August 12, 2024.

Other income (expense), net was not material for the years ended December 31, 2024 and December 31, 2023.

## Income Taxes

	Year Ended December 31,		2024 - 2023 Change	
	2024	2023	\$	%
	(dollars in thousands)			
Loss before income taxes	\$ (96,508)	\$ (373,587)	\$ 277,079	(74)%
Provision for income tax expense (benefit)	537	523	14	3
Effective tax rate	(0.56)%	(0.14)%		

Our effective tax rate was (0.56)% for the year ended December 31, 2024 compared to our effective tax rate of (0.14)% for the prior year. Our tax expense changed during the year ended December 31, 2024, compared to the prior year, primarily due to income tax expense from profitable foreign jurisdictions.

## 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 program.

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, 2024 we had an accumulated deficit of \$913.1 million and cash, cash equivalents, restricted cash and short-term investments of approximately \$174.6 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 “ATM Agreement”), which expires three years from the May 2, 2022 Form S-3 filing date, pursuant to which we may 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. Subject to the terms and conditions of the ATM Agreement, we may sell the shares in amounts and at times to be determined by us but we are under no obligation to sell any of the shares. Actual sales, if any, will depend on a variety of factors to be determined by us from time to time, including, among other things, market conditions, the trading price of our common stock, capital needs and determinations by us of the appropriate sources of funding. During the year ended December 31, 2024, we sold 6,045,428 shares of common stock for net proceeds of \$57.8 million under the ATM Agreement, and during the year ended December 31, 2023, we sold 2,878,875 shares of common stock for net proceeds of \$14.6 million.

The remaining availability under the ATM Agreement as of December 31, 2024 is approximately \$58.6 million. We currently intend to use the net proceeds from the sale of shares pursuant to the ATM Agreement for working capital and general corporate purposes.

### 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 6. 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, 2024, 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 8. Leases and Note 9. 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,	
	2024	2023
	(dollars in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (33,694)	\$ (137,890)
Investing activities	14,652	50,601
Financing activities	15,393	15,657

### Operating Activities

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 a decrease in accounts receivable of \$1.7 million, decrease in inventory of \$4.7 million, an increase 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.

During the year ended December 31, 2023, operating activities used \$137.9 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of \$374.1 million, impacted by our non-cash charges of \$257.7 million primarily consisting of inventory write-down of \$10.0 million, interest expense and loss on extinguishment of debt of \$4.0 million, goodwill impairment charges of \$166.7 million, depreciation and amortization of \$17.1 million, stock-based compensation of \$57.7 million, loss on write-off of construction in-progress and right-of-use asset impairment of \$1.7 million, and amortization of right-of-use asset of \$4.5 million. The cash used in changes in our operating assets and liabilities of \$21.5 million was primarily due to an increase in inventories of \$4.0 million, a decrease in accounts payable of \$8.5 million, an increase in accrued and other liabilities of \$8.1 million.

### ***Investing Activities***

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 of short-term investments and purchases of short-term investments of \$144.6 million.

During the year ended December 31, 2023, cash used in investing activities was \$50.6 million, which was attributed primarily to the Velodyne Merger and proceeds and purchases of short-term investments.

### ***Financing Activities***

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 ATM Agreement, partially offset by the repayment of indebtedness of \$44.0 million under the UBS Agreement.

During the year ended December 31, 2023, cash provided by financing activities was \$15.7 million, consisting primarily of \$14.6 million of proceeds from the issuance of common stock under the ATM Agreement and proceeds from employee stock purchase program of \$1.2 million.

### **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. Significant judgment is applied when the Company determines the amount and timing of revenue from the intellectual property (“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, 2024, we had cash, cash equivalents, restricted cash and short-term investments of approximately \$174.6 million, of which \$24.7 million consisted of institutional money market funds, \$56.9 million consisted of commercial paper, and \$69.6 million consisted of corporate debt and U.S. government agency securities, 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, 2024, 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, 2024 and 2023, 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, 2024 and 2023, 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 \$111.1 million for the year ended December 31, 2024, 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, 2024 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 21, 2025

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,	
	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 45,542	\$ 50,991
Restricted cash, current	722	552
Short-term investments	126,480	139,158
Accounts receivable, net	17,941	14,577
Inventory	16,417	23,232
Prepaid expenses and other current assets	12,750	34,647
Total current assets	219,852	263,157
Property and equipment, net	10,164	10,228
Operating lease, right-of-use assets	14,308	18,561
Unbilled receivable, non-current portion	10,133	10,567
Intangible assets, net	17,830	24,436
Restricted cash, non-current	1,835	1,091
Other non-current assets	2,026	2,703
Total assets	\$ 276,148	\$ 330,743
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 6,288	\$ 3,545
Accrued and other current liabilities	30,591	58,166
Contract liabilities, current	34,351	12,885
Operating lease liability, current portion	7,196	7,096
Total current liabilities	78,426	81,692
Operating lease liability, non-current portion	13,054	18,827
Debt	—	43,975
Contract liabilities, non-current portion	2,538	4,967
Other non-current liabilities	1,219	1,610
Total liabilities	95,237	151,071
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.0001 par value; 100,000,000 shares authorized at December 31, 2024 and 2023; 52,560,770 and 43,257,862 issued and outstanding at December 31, 2024 and 2023, respectively	47	42
Additional paid-in capital	1,094,938	995,464
Accumulated deficit	(913,071)	(816,026)
Accumulated other comprehensive (loss) income	(1,003)	192
Total stockholders' equity	180,911	179,672
Total liabilities and stockholders' equity	\$ 276,148	\$ 330,743

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,	
	2024	2023
Revenue	\$ 111,101	\$ 83,279
Cost of revenue	70,641	74,965
Gross profit	40,460	8,314
Operating expenses:		
Research and development	58,084	91,210
Sales and marketing	27,852	41,639
General and administrative	58,701	81,982
Goodwill impairment charges	—	166,675
Total operating expenses	144,637	381,506
Loss from operations	(104,177)	(373,192)
Other income (expense):		
Interest income	8,846	9,038
Interest expense	(1,823)	(9,303)
Other income (expense), net	646	(130)
Total other income (expense), net	7,669	(395)
Loss before income taxes	(96,508)	(373,587)
Provision for income tax expense	537	523
Net loss	\$ (97,045)	\$ (374,110)
Other comprehensive loss		
Changes in unrealized (loss) gain on available for sale securities	\$ (386)	\$ 354
Foreign currency translation adjustments	(809)	(13)
Total comprehensive loss	\$ (98,240)	\$ (373,769)
Net loss per common share, basic and diluted	\$ (2.08)	\$ (10.10)
Weighted-average shares used to compute basic and diluted net loss per share	46,584,479	37,042,081

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, 2023	18,658,798	\$ 19	\$ 613,665	\$ (441,916)	\$ (149)	\$ 171,619
Issuance of common stock upon Velodyne Merger	19,483,269	20	306,582	—	—	306,602
Common Stock adjustment reflected as a result of the one-for-10 reverse stock split effectuated on April 6, 2023	85,893	—	—	—	—	—
Proceeds from at-the-market offering, net of commissions and fees of \$872 and issuance costs of \$327	2,878,875	3	15,424	—	—	15,427
Issuance of common stock upon exercise of stock options	142,117	—	270	—	—	270
Issuance of common stock upon vesting of restricted stock units	1,755,157	—	—	—	—	—
Issuance of common stock to employees under employee stock purchase plan	257,506	—	1,175	—	—	1,175
Repurchase of common stock	(3,753)	—	(3)	—	—	(3)
Common stock warrants issuable to customer	—	—	528	—	—	528
Vesting of early exercised stock options	—	—	98	—	—	98
Stock-based compensation expense	—	—	57,725	—	—	57,725
Net loss	—	—	—	(374,110)	—	(374,110)
Other Comprehensive income	—	—	—	—	341	341
Balance — December 31, 2023	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

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,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (97,045)	\$ (374,110)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment charges	—	166,675
Depreciation and amortization	9,836	17,148
Loss on write-off and disposal of property and equipment and right-of-use asset impairment	401	1,673
Gain on lease termination	—	(807)
Stock-based compensation	40,459	57,725
Reduction of revenue related to stock warrant issued to customer	892	528
Amortization of right-of-use asset	4,904	4,519
Interest expense and loss on debt extinguishment	—	4,001
Amortization of debt issuance costs and debt discount	—	190
Non-cash interest income	(619)	(732)
Accretion or amortization on short-term investments	(5,095)	(4,685)
Change in fair value of warrant liabilities	(103)	49
Inventory write down	2,080	10,047
Provision (recovery of) for doubtful accounts	(587)	1,346
Realized gain on sale of investments	(275)	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,724)	3,574
Inventory	4,735	(4,047)
Prepaid expenses and other assets	21,317	(21,575)
Accounts payable	2,476	(8,520)
Accrued and other liabilities	(28,059)	8,081
Contract liabilities	19,036	6,597
Operating lease liability	(6,323)	(5,567)
Net cash used in operating activities	(33,694)	(137,890)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property & equipment	668	560
Purchases of property and equipment	(3,756)	(3,006)
Purchase of short-term investments	(144,573)	(137,104)
Proceeds from sales of short-term investments	162,313	158,014
Cash and cash equivalents acquired in the Velodyne Merger	—	32,137
Net cash provided by investing activities	14,652	50,601
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of stock options	205	271
Proceeds from ESPP purchase	1,703	1,174
Proceeds from borrowings, net of debt discount and issuance costs	—	43,975
Repayments of borrowings	(43,975)	(43,975)
Proceeds from the issuance of common stock under at-the-market offering, net of commissions and fees	57,806	14,575
At-the-market offering costs for the issuance of common stock	(346)	(363)
Net cash provided by financing activities	15,393	15,657
Effect of exchange rates on cash and cash equivalents	(887)	(12)
Net increase decrease in cash, cash equivalents and restricted cash	(4,536)	(71,644)
Cash, cash equivalents and restricted cash at beginning of year	52,634	124,278
Cash, cash equivalents and restricted cash at end of year	\$ 48,099	\$ 52,634
<b>SUPPLEMENTAL DISCLOSURES OF OPERATING ACTIVITIES:</b>		
Cash paid for interest	\$ 2,073	\$ 5,115
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:</b>		
Property and equipment purchases included in accounts payable and accrued liabilities	\$ 480	\$ 524
Common stock shares issued in the Velodyne Merger	\$ —	\$ 297,425
Common stock warrants issued in the Velodyne Merger	\$ —	\$ 9,177

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. was incorporated in the Cayman Islands on June 4, 2020 as “Colonnade Acquisition Corp.” (“CLA”). Following the closing of the business combination in March 2021, the Company domesticated as a Delaware corporation and changed its name to “Ouster, Inc.” The Company’s prior operating subsidiary, Ouster Technologies, Inc. (“OTI” and prior to the Merger (as defined below)), was incorporated in the state of Delaware 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. Unless the context otherwise requires, references in this subsection to “the Company” refer to the business and operations of OTI (formerly known as Ouster, Inc.) and its consolidated subsidiaries prior to the Merger (as defined below) and to Ouster, Inc. (formerly known as CLA) and its consolidated subsidiaries following the consummation of the Merger.

CLA, the Company’s legal predecessor, was originally a blank check company incorporated as a Cayman Islands exempted company on June 4, 2020. CLA was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. On March 11, 2021, CLA consummated a merger (the “Merger”) with OTI pursuant to an Agreement and Plan of Merger (the “Merger Agreement”) dated as of December 21, 2020. As a result of the Merger, among a number of other things, (1) each of the then issued and outstanding 10,000,000 redeemable warrants of CLA (the “CLA warrants”) converted automatically into a redeemable warrant to purchase one share of Ouster common stock (the “Public warrants”) pursuant to the Warrant Agreement, dated August 20, 2020 (the “Warrant Agreement”), between CLA and Continental Stock Transfer & Trust Company (“Continental”), as warrant agent and (2) each of the then issued and outstanding 6,000,000 private placement warrants of CLA (the “Private Placement warrants”) converted automatically into a Public warrant pursuant to the Warrant Agreement. No fractional Public warrants were issued upon separation of the CLA units.

On February 10, 2023, the Company completed a merger with Velodyne Lidar, Inc., a Delaware corporation (“Velodyne”) pursuant to the terms of the Agreement and Plan of Merger (the “Velodyne Merger Agreement”) with Velodyne, Oban Merger Sub, Inc. (“Merger Sub I”) and Oban Merger Sub II LLC (“Merger Sub II”) (the “Velodyne Merger”) dated as of November 4, 2022, accounted for as a business combination with the Company being the accounting acquirer (Note 3).

***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. The presentation of certain prior period amounts has been reclassified to conform with current year presentation.

On April 6, 2023, the Board of Directors approved a one-for-10 reverse stock split and a corresponding reduction in authorized shares of common stock (the “Reverse Stock Split”). On April 20, 2023, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to its Certificate of Incorporation to effect the one-for-10 Reverse Stock Split of the Company’s common stock and a corresponding reduction in authorized shares of common stock. The par value of the Company’s common stock was not adjusted as a result of the Reverse Stock Split. All share and per share amounts and related stockholders’ equity balances presented herein have been retroactively adjusted to reflect the Reverse Stock Split.

***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, 2024, the Company's existing sources of liquidity included cash and cash equivalents, restricted cash, and short-term investments of \$174.6 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.

#### ***Merger Agreement with Velodyne Lidar, Inc.***

On November 4, 2022, the Company 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 the Company's direct, wholly owned subsidiaries ("Velodyne Merger Sub I") and Oban Merger Sub II LLC, a Delaware limited liability company and one of the Company's direct, wholly owned subsidiaries ("Velodyne Merger Sub II").

On February 10, 2023, the Company completed the merger with Velodyne Lidar, Inc., a Delaware corporation ("Velodyne") pursuant to the terms of the Agreement and Plan of Merger (the "Velodyne Merger Agreement") with Velodyne, Oban Merger Sub, Inc. ("Merger Sub I") and Oban Merger Sub II LLC ("Merger Sub II") (the "Velodyne Merger") dated as of November 4, 2022, accounted for as a business combination with the Company being an accounting acquiror (Note 3).

#### ***At the Market Issuance Sales Agreement***

On April 29, 2022, the Company entered into an At-Market-Issuance Sales Agreement (the "ATM Agreement") with B. Riley Securities, Inc., Cantor Fitzgerald & Co. and Oppenheimer & Co. Inc., pursuant to which the Company may offer and sell, from time to time, through or to the agents, acting as agent or principal, shares of the Company's common stock having an aggregate offering price of up to \$150.0 million under the Company's Form S-3 registration statement. During the years ended December 31, 2024 and 2023, the Company sold 6,045,428 and 2,878,875 shares, respectively. 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 plans to use the net proceeds from the ATM Agreement for working capital and general corporate purposes.

The remaining availability under the ATM Agreement as of December 31, 2024 is approximately \$58.6 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.