

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

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2022  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-39463

**Ouster, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**86-2528989**  
(I.R.S. Employer  
Identification No.)

**350 Treat Avenue**  
**San Francisco, California 94110**  
(Address of principal executive offices) (Zip Code)  
**(415) 949-0108**  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address, and former fiscal year, if changed since last report)

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common stock, \$0.0001 par value per share</b>	<b>OUST</b>	<b>New York Stock Exchange</b>
<b>Warrants to purchase common stock</b>	<b>OUST WS</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of November 7, 2022, the registrant had 184,531,202 shares of common stock, \$0.0001 par value per share, outstanding.



**TABLE OF CONTENTS**

	<b>Page</b>
<b>Part I - Financial Information</b>	
<a href="#">Item 1.</a>	
<a href="#">Financial Statements</a>	5
<a href="#">Condensed Consolidated Balance Sheets (Unaudited)</a>	5
<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)</a>	6
<a href="#">Condensed Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) (Unaudited)</a>	7
<a href="#">Condensed Consolidated Statements of Cash Flows (Unaudited)</a>	9
<a href="#">Notes to Condensed Consolidated Financial Statements (Unaudited)</a>	10
<a href="#">Item 2.</a>	
<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	30
<a href="#">Item 3.</a>	
<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	45
<a href="#">Item 4.</a>	
<a href="#">Controls and Procedures</a>	46
<b>Part II - Other Information</b>	
<a href="#">Item 1.</a>	
<a href="#">Legal Proceedings</a>	48
<a href="#">Item 1A.</a>	
<a href="#">Risk Factors</a>	48
<a href="#">Item 2.</a>	
<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	50
<a href="#">Item 3.</a>	
<a href="#">Defaults Upon Senior Securities</a>	50
<a href="#">Item 4.</a>	
<a href="#">Mine Safety Disclosures</a>	50
<a href="#">Item 5.</a>	
<a href="#">Other Information</a>	50
<a href="#">Item 6.</a>	
<a href="#">Exhibits.</a>	50
<a href="#">Signature</a>	52

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Ouster, Inc. (the “Company”, “Ouster,” or “we”) intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding Ouster’s future operating results and financial position, its business strategy and plans, including new products, the expected timing of the closing of the Velodyne Merger (as defined herein); the ability of the parties to complete the Velodyne Merger considering the various closing conditions; the Company’s ability to continue as a going concern; the availability of cash or additional financing to fund our operations; future cost savings measures; market growth and trends, and the Company’s objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely,” “aim,” “forecast,” “should,” “can have,” “likely,” and similar expressions are intended to identify forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including Ouster’s limited operating history and history of losses; the negotiating power and product standards of its customers; fluctuations in its operating results; supply chain constraints and challenges; cancellation or postponement of contracts or unsuccessful implementations; the adoption of its products and the growth of the lidar market generally; the risk that the Velodyne Merger may not be completed in a timely manner or at all; uncertainties as to the timing of the consummation of the Velodyne Merger and the potential failure to satisfy the conditions to the consummation of the Velodyne Merger, including obtaining stockholder and regulatory approvals; the risk that the Velodyne Merger may involve unexpected costs, liabilities or delays; the risk that the Company may not recognize the anticipated benefits of the Velodyne Merger; its ability to grow its sales and marketing organization; substantial research and development costs needed to develop and commercialize new products; the competitive environment in which it operates; selection of its products for inclusion in target markets; its future capital needs and ability to secure additional capital on favorable terms or at all; its ability to use tax attributes; its dependence on key third party suppliers, in particular Benchmark Electronics, Inc., and manufacturers; its ability to maintain inventory and the risk of inventory write-downs; inaccurate forecasts of market growth; its ability to manage growth; the creditworthiness of its customers; risks related to acquisitions; risks related to international operations; risks of product delivery problems or defects; costs associated with product warranties; its ability to maintain competitive average selling prices or high sales volumes or reduce product costs; conditions in its customers’ industries; its ability to recruit and retain key personnel; its use of professional employer organizations; its ability to adequately protect and enforce its intellectual property rights; its ability to effectively respond to evolving regulations and standards; risks related to operating as a public company; risks related to the COVID-19 pandemic; and risks related to certain of its warrants being accounted for as liabilities. Other risk factors include the important factors described in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2022, as may be updated from time to time in the Company’s other filings with the SEC, that may cause its actual results, performance or achievements to differ materially and adversely from those expressed or implied by the forward-looking statements.*

*Any forward-looking statements made herein speak only as of the date of this Quarterly Report on Form 10-Q, and you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or achievements reflected in the forward-looking statements will be achieved or occur. Except as required by applicable law, we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q or to conform these statements to actual results or revised expectations.*

## GENERAL

Unless the context otherwise indicates, references in this Quarterly Report on Form 10-Q to the terms “Ouster,” “the Company,” “we,” “our” and “us” refer to Ouster, Inc.

We may announce material business and financial information to our investors using our investor relations website at <https://investors.ouster.com/overview>. We therefore encourage investors and others interested in Ouster to review the information that we make available on our website, in addition to following our SEC filings, webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report on Form 10-Q.

As of June 30, 2022, the Company determined that it qualified as a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act. Consistent with Section 5120.1(d) of the Financial Reporting Manual, the Company has elected to reflect this status immediately. As a result, for the year ending December 31, 2023 and the remainder of the year ending December 31, 2022, we expect that we will be exempt from certain disclosure requirements and permitted to rely on certain reduced disclosure requirements. For instance, smaller reporting companies are not required to obtain an auditor attestation report regarding management’s assessment of internal control over financial reporting; are not required to provide a compensation discussion and analysis; and may present only two years of audited financial statements and related MD&A disclosure.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 133,189	\$ 182,644
Restricted cash, current	250	977
Accounts receivable, net	10,783	10,723
Inventory	20,804	7,448
Prepaid expenses and other current assets	6,923	5,566
Total current assets	171,949	207,358
Property and equipment, net	8,594	10,054
Operating lease, right-of-use assets	13,652	15,156
Goodwill	51,151	51,076
Intangible assets, net	19,286	22,652
Restricted cash, non-current	1,088	1,035
Other non-current assets	554	371
Total assets	<u>\$ 266,274</u>	<u>\$ 307,702</u>
<b>Liabilities, redeemable convertible preferred stock and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 8,154	\$ 4,863
Accrued and other current liabilities	14,395	14,173
Operating lease liability, current portion	3,127	3,067
Total current liabilities	25,676	22,103
Operating lease liability, long-term portion	14,288	16,208
Warrant liabilities (at September 30, 2022 and December 31, 2021 related party \$97 and \$2,669, respectively)	276	7,626
Debt	19,181	—
Other non-current liabilities	1,561	1,065
Total liabilities	60,982	47,002
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock, \$0.0001 par value per share; 100,000,000 shares authorized at September 30, 2022 and December 31, 2021; Nil shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively (aggregate liquidation preference of nil at September 30, 2022 and December 31, 2021, respectively)	—	—
Stockholders' equity:		
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized at September 30, 2022 and December 31, 2021; 184,190,016 and 172,200,417 issued and outstanding at September 30, 2022 and December 31, 2021, respectively	18	17
Additional paid-in capital	605,195	564,045
Accumulated deficit	(399,740)	(303,356)
Accumulated other comprehensive loss	(181)	(6)
Total stockholders' equity	205,292	260,700
Total liabilities, redeemable convertible preferred stock, and stockholders' equity	<u>\$ 266,274</u>	<u>\$ 307,702</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Product revenue	\$ 11,204	\$ 7,755	\$ 30,091	\$ 21,726
Cost of product revenue	7,488	5,879	21,002	16,212
Gross profit	3,716	1,876	9,089	5,514
Operating expenses:				
Research and development	17,212	8,390	49,011	19,576
Sales and marketing	8,541	6,737	23,194	14,777
General and administrative	14,008	14,073	40,306	36,177
Total operating expenses	39,761	29,200	112,511	70,530
Loss from operations	(36,045)	(27,324)	(103,422)	(65,016)
Other (expense) income:				
Interest income	733	165	1,231	305
Interest expense	(699)	—	(1,143)	(504)
Other income (expense), net	61	14,490	7,071	(422)
Total other expense, net	95	14,655	7,159	(621)
Loss before income taxes	(35,950)	(12,669)	(96,263)	(65,637)
Provision for income tax expense	37	—	121	—
Net loss	\$ (35,987)	\$ (12,669)	\$ (96,384)	\$ (65,637)
Other comprehensive loss				
Foreign currency translation adjustments	\$ (87)	\$ —	\$ (175)	\$ —
Total comprehensive loss	\$ (36,074)	\$ (12,669)	\$ (96,559)	\$ (65,637)
Net loss per common share, basic and diluted	\$ (0.20)	\$ (0.08)	\$ (0.55)	\$ (0.53)
Weighted-average shares used to compute basic and diluted net loss per share	181,361,354	156,647,259	175,795,093	123,175,390

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

**OUSTER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND**  
**STOCKHOLDERS' EQUITY (DEFICIT)**  
**(unaudited)**  
**(in thousands, except share data)**

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance — December 31, 2021	—	\$ —	172,200,417	\$ 17	\$ 564,045	\$ (303,356)	\$ (6)	\$ 260,700
Issuance of common stock upon exercise of stock options	—	—	822,702	—	209	—	—	209
Issuance of common stock upon exercise of restricted stock awards - net of tax withholding	—	—	812,491	—	(59)	—	—	(59)
Repurchase of common stock	—	—	(233,107)	—	(31)	—	—	(31)
Stock-based compensation expense	—	—	—	—	8,750	—	—	8,750
Vesting of early exercised stock options	—	—	—	—	19	—	—	19
Net loss	—	—	—	—	—	(32,397)	—	(32,397)
Other Comprehensive loss	—	—	—	—	—	—	(12)	(12)
Balance — March 31, 2022	—	—	173,602,503	17	572,933	(335,753)	(18)	237,179
Proceeds from at-the-market offering, net of commissions and fees of \$451 and issuance costs of \$546	—	—	6,749,344	1	14,021	—	—	14,022
Issuance of common stock upon exercise of stock options	—	—	234,241	—	45	—	—	45
Issuance of common stock upon exercise of restricted stock awards	—	—	950,858	—	—	—	—	—
Repurchase of common stock	—	—	(57,301)	—	(12)	—	—	(12)
Vesting of early exercised stock options	—	—	—	—	52	—	—	52
Cancellation of Sense acquisition shares	—	—	(55,130)	—	(358)	—	—	(358)
Stock-based compensation expense	—	—	—	—	8,119	—	—	8,119
Net loss	—	—	—	—	—	(28,000)	—	(28,000)
Other Comprehensive loss	—	—	—	—	—	—	(76)	(76)
Balance — June 30, 2022	—	—	181,424,515	18	594,800	(363,753)	(94)	230,971
Proceeds from at-the-market offering, net of commissions and fees of \$54	—	—	1,084,365	—	1,754	—	—	1,754
Issuance of common stock upon exercise of stock options	—	—	722,087	—	146	—	—	146
Issuance of common stock upon exercise of restricted stock awards	—	—	975,147	—	—	—	—	—
Repurchase of common stock	—	—	(16,098)	—	(3)	—	—	(3)
Vesting of early exercised stock options	—	—	—	—	43	—	—	43
Stock-based compensation expense	—	—	—	—	8,455	—	—	8,455
Net loss	—	—	—	—	—	(35,987)	—	(35,987)
Other Comprehensive loss	—	—	—	—	—	—	(87)	(87)
Balance — September 30, 2022	—	\$ —	184,190,016	\$ 18	\$ 605,195	\$ (399,740)	\$ (181)	\$ 205,292

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

**OUSTER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND**  
**STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)**  
**(unaudited)**  
**(in thousands, except share data)**

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive loss	Total Stockholders' Equity (Deficit)
	Shares <sup>(1)</sup>	Amount	Shares <sup>(1)</sup>	Amount				
Balance — December 31, 2020	88,434,754	\$ 39,225	33,327,294	\$ —	\$ 133,468	\$ (209,375)	\$ —	(75,907)
Issuance of common stock upon exercise of stock options	—	—	727,114	1	189	—	—	190
Repurchase of common stock	—	—	(220,561)	—	(43)	—	—	(43)
Issuance of redeemable convertible preferred stock upon exercise of warrants	4,232,947	58,097	—	—	—	—	—	—
Conversion of redeemable convertible preferred stock to common stock	(92,667,701)	(97,322)	92,667,701	12	97,322	—	—	97,334
Issuance of common stock upon merger and private offering, net of acquired private placement warrants of \$19,377	—	—	34,947,657	3	272,061	—	—	272,064
Offering costs in connection with the merger	—	—	—	—	(26,620)	—	—	(26,620)
Vesting of early exercised stock options	—	—	—	—	438	—	—	438
Stock-based compensation expense	—	—	—	—	5,256	—	—	5,256
Net loss	—	—	—	—	—	(20,957)	—	(20,957)
Balance — March 31, 2021	—	—	161,449,205	16	482,071	(230,332)	—	251,755
Vesting of early exercised stock options	—	—	—	—	104	—	—	104
Stock-based compensation expense	—	—	—	—	6,154	—	—	6,154
Net loss	—	—	—	—	—	(32,011)	—	(32,011)
Balance — June 30, 2021	—	\$ —	161,449,205	\$ 16	\$ 488,329	\$ (262,343)	\$ —	\$ 226,002
Issuance of common stock upon exercise of stock options	—	—	186,165	—	35	—	—	35
Cancellation of previously issued awards	—	—	(105,921)	—	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	65	—	—	65
Stock-based compensation expense	—	—	—	—	7,147	—	—	7,147
Net loss	—	—	—	—	—	(12,669)	—	(12,669)
Balance — September 30, 2021	—	\$ —	161,529,449	\$ 16	\$ 495,576	\$ (275,012)	\$ —	\$ 220,580

(1) The shares of the Company's common and redeemable convertible preferred stock, prior to the Merger (as defined in Note 1), have been retroactively restated as shares reflecting the exchange ratio of approximately 0.703 established in the Merger as described in Note 1.

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

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

	Nine months ended September 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (96,384)	\$ (65,637)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,070	3,428
Stock-based compensation	25,324	18,557
Change in right-of-use asset	2,075	1,292
Interest expense	290	36
Amortization of debt issuance costs and debt discount	104	250
Change in fair value of warrant liabilities	(7,350)	406
Inventory write down	894	866
Provision for doubtful accounts	9	—
Gain from disposal of property and equipment	(100)	—
Changes in operating assets and liabilities:		
Accounts receivable	(69)	(4,378)
Inventory	(14,249)	(2,551)
Prepaid expenses and other assets	(1,540)	42
Accounts payable	3,225	(2,707)
Accrued and other liabilities	(158)	7,060
Operating lease liability	(2,431)	(1,770)
Net cash used in operating activities	(83,290)	(45,106)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property & equipment	275	—
Purchases of property and equipment	(2,353)	(1,774)
Net cash used in investing activities	(2,078)	(1,774)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the merger and private offering	—	291,454
Payment of offering costs	—	(27,124)
Repayment of debt	—	(7,000)
Proceeds from issuance of promissory notes to related parties	—	5,000
Repayment of promissory notes to related parties	—	(5,000)
Repurchase of common stock	(46)	(43)
Proceeds from exercise of stock options	398	539
Proceeds from borrowings, net of debt discount and issuance costs	19,077	—
Proceeds from the issuance of common stock under at-the-market offering, net of commissions and fees	16,322	—
At-the-market offering costs for the issuance of common stock	(278)	—
Taxes paid related to net share settlement of restricted stock awards	(59)	—
Net cash provided by financing activities	35,414	257,826
Effect of exchange rates on cash and cash equivalents	(175)	—
Net increase (decrease) in cash, cash equivalents and restricted cash	(50,129)	210,946
Cash, cash equivalents and restricted cash at beginning of period	184,656	12,642
Cash, cash equivalents and restricted cash at end of period	\$ 134,527	\$ 223,588
<b>SUPPLEMENTAL DISCLOSURES OF OPERATING ACTIVITIES:</b>		
Cash paid for interest	\$ 750	\$ 635
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:</b>		
Property and equipment purchases included in accounts payable and accrued liabilities	\$ 45	\$ 334
Private placement warrants acquired as part of the merger	\$ —	\$ 19,377
Issuance of redeemable convertible preferred stock upon exercise of warrants	\$ —	\$ 58,097
Conversion of redeemable convertible preferred stock to common stock	\$ —	\$ 97,322
Right-of-use assets obtained in exchange for operating lease liability	\$ 571	\$ —
Unpaid at-the-market offering costs	\$ 267	\$ —

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

**OUSTER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**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”. 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 Colonnade Acquisition Corp.) and its consolidated subsidiaries following the consummation of the Merger.

Colonnade Acquisition Corp. (“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 with the Company pursuant to an Agreement and Plan of Merger (the “Merger Agreement”) dated as of December 21, 2020, details of which are included below.

***Basis of Presentation and Principles of Consolidation***

The unaudited condensed 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 (“US GAAP”) applicable to interim periods. The functional currency for the Company is the United States dollar. All intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the results of operations for the periods shown. The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2021 and the notes related thereto, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 28, 2022. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by US GAAP. Certain information and note disclosures normally included in the audited financial statements prepared in accordance with US GAAP have been condensed or omitted from this report, as is permitted by applicable rules and regulations. The results of operations for any interim period are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any other future years or interim periods.

***Liquidity***

The Company has experienced recurring losses from operations, and negative cash flows from operations. As of September 30, 2022, the Company had an accumulated deficit of approximately \$399.7 million. The Company has historically financed its operations primarily through the Merger and related transactions, the sale of convertible notes and equity securities, proceeds from debt and, to a lesser extent, cash received from sales. Management expects significant operating losses and negative cash flows from operations to continue for the foreseeable future. The Company expects to continue investing in product development and sales and marketing activities. The long-term continuation of the Company’s business plan is dependent upon the generation of sufficient revenues from its products to offset expenses and its ability to raise more capital. In the event that the Company does not generate sufficient cash flows from operations and is unable to obtain funding on acceptable terms or at all, the Company will be forced to delay, reduce, or eliminate some or all of its discretionary spending, which could adversely affect the Company’s business prospects, ability to meet long-term liquidity needs or ability to continue operations.

The FASB Accounting Standards Update (“ASU”) No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40) requires the Company to make certain disclosures if it concludes that there is substantial doubt about the entity’s ability to continue as a going concern within one year from the date of the issuance of these condensed consolidated financial statements.

Management has determined that the Company has funds that are sufficient to continue as a going concern. The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis.

In evaluating the Company's ability to continue as a going concern, the Company considered the conditions and events that could raise substantial doubt about the Company's ability to continue as a going concern for 12 months following November 8, 2022, the date the Company's condensed financial statements were issued. Management considered the Company's current financial condition and liquidity sources, including current funds and available working capital, forecasted future cash flows and the Company's obligations due before November 8, 2023. As discussed in Note 14 the Company intends to execute the merger transaction with Velodyne Lidar, Inc. (which is subject to usual and customary closing conditions beyond our control). Although there is no assurance that the merger transaction will be successfully completed, the Company believes it can successfully complete the acquisition, enabling it to continue as a going concern. Also, the Company will evaluate whether it can meet its future obligations through the issuance of additional shares. If neither of these occur, the Company would expect to execute plans to reduce operating costs.

#### ***Impact of the COVID-19 Pandemic***

Ouster has been actively monitoring the COVID-19 pandemic on a global scale and continues to evaluate the long-term impacts on the business while keeping abreast of the latest developments, particularly the variants of the virus, to ensure preparedness for Ouster's employees and its business. We maintain our commitment to protecting the health and safety of our employees and customers. We continue to adapt and enhance our safety protocols as we follow the guidance from local authorities. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs and employee-related amounts, will depend on future events that are uncertain, including as a result of new information that continues to emerge concerning the virus, its variants, the deployment and effectiveness of vaccination roll-outs, vaccination hesitancy, therapeutics, and the actions taken to contain the virus or treat it, as well as the economic impact on local, regional, national and international customers and markets. Thus, the Company is not able to estimate the future consequences on its operations, its financial condition, or its liquidity.

#### ***Merger Agreement with Colonnade Acquisition Corp. and Beam Merger Sub, Inc.***

On December 21, 2020, OTI entered into the Merger Agreement with CLA and Beam Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and subsidiary of CLA. OTI's board of directors unanimously approved OTI's entry into the Merger Agreement, and on March 11, 2021, the transactions contemplated by the Merger Agreement were consummated. Pursuant to the terms of the Merger Agreement, (i) CLA domesticated as a corporation incorporated under the laws of the State of Delaware and changed its name to "Ouster, Inc." and (ii) Merger Sub merged with and into OTI (such transactions contemplated by the Merger Agreement, the "Colonnade Merger"), with OTI surviving the Colonnade Merger.

As a result of the Merger, among other things, (1) each of the then issued and outstanding 5,000,000 CLA Class B ordinary shares, par value \$0.0001 per share, of CLA (the "CLA Class B ordinary shares") converted automatically, on a one-for-one basis, into a CLA Class A ordinary share (as defined below), (2) immediately following the conversion described in clause (1), each of the then issued and outstanding 25,000,000 Class A ordinary shares, par value \$0.0001 per share, of CLA (the "CLA Class A ordinary shares"), converted automatically, on a one-for-one basis, into a share of common stock, par value \$0.0001 per share, of Ouster (the "Ouster common stock"), (3) 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 (4) each of the then issued and outstanding units of CLA that had not been previously separated into the underlying CLA Class A ordinary shares and underlying CLA warrants upon the request of the holder thereof (the "CLA units"), were cancelled and entitled the holder thereof to one share of Ouster common stock and one-half of one Public warrant, and (5) 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.

Immediately prior to the effective time of the Colonnade Merger, (1) each share of OTI's Series B Preferred Stock, par value \$0.00001 per share (the "OTI Preferred Stock"), converted into one share of common stock, par value \$0.00001 per share, of OTI (the "OTI common stock" and, together with OTI Preferred Stock, the "OTI Capital Stock") (such conversion, the "OTI Preferred Conversion") and (2) all of the outstanding warrants to purchase shares of OTI Capital Stock were exercised in full or terminated in accordance with their respective terms (the "OTI Warrant Settlement").

As a result of and upon the closing of the Colonnade Merger, among other things, all shares of OTI Capital Stock (after giving effect to the OTI Warrant Settlement) outstanding immediately prior to the closing of the Colonnade Merger together with shares of OTI common stock reserved in respect of options to purchase shares of OTI common stock and restricted shares of OTI common stock (together, the “OTI Awards”) outstanding immediately prior to the closing of the Colonnade Merger that were converted into awards based on Ouster common stock, were cancelled in exchange for the right to receive, or the reservation of, an aggregate of 150,000,000 shares of Ouster common stock (at a deemed value of \$10.00 per share), which, in the case of OTI Awards, were shares underlying awards based on Ouster common stock, representing a fully-diluted pre-transaction. Upon closing of the Colonnade Merger, the Company received gross proceeds of \$299.9 million from the Colonnade Merger and private offering, offset by \$8.5 million of pre-merger costs relating to CLA and offerings costs of \$26.6 million.

The Colonnade Merger was accounted for as a reverse recapitalization under US GAAP. Under this method of accounting, CLA is treated as the “acquired” company for financial reporting purposes. This determination is primarily based on OTI stockholders comprising a relative majority of the voting power of the Company and having the ability to nominate the members of the board of directors of the Company after the Colonnade Merger, OTI’s operations prior to the Colonnade Merger comprising the only ongoing operations of the Company following the Colonnade Merger, and OTI’s senior management prior to the Colonnade Merger comprising a majority of the senior management of the Company following the Colonnade Merger. Accordingly, for accounting purposes, the financial statements of the Company represent a continuation of the financial statements of OTI with the Colonnade Merger being treated as the equivalent of OTI issuing stock for the net assets of CLA, accompanied by a recapitalization whereby no goodwill or other intangible assets are recorded. Transactions and balances prior to the Colonnade Merger are those of OTI. The shares and net loss per share available to holders of OTI’s common stock prior to the Colonnade Merger have been retroactively restated as shares reflecting the exchange ratio established in the Colonnade Merger Agreement.

#### ***PIPE Investment***

On December 21, 2020, concurrently with the execution of the Colonnade Merger Agreement, CLA entered into subscription agreements with certain institutional and accredited investors (collectively, the “PIPE Investors”), pursuant to which the PIPE Investors agreed to purchase, in the aggregate, 10,000,000 shares of Ouster common stock at \$10.00 per share for an aggregate commitment amount of \$100,000,000 (the “PIPE Investment”), a portion of which was funded by certain affiliates of Colonnade Sponsor LLC, CLA’s sponsor (the “Sponsor”). The PIPE Investment was consummated substantially concurrently with the closing of the Colonnade Merger.

#### ***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 million under the Company’s Form S-3 registration statement. From the date of the ATM Agreement through September 30, 2022, the Company sold 7,833,709 shares at a weighted-average sales price of \$2.08 per share, resulting in cumulative gross proceeds to the Company totaling approximately \$16.8 million before deducting offering costs, sales commissions and fees.

#### ***Loan and Security Agreement***

On April 29, 2022, the Company entered into a loan and security agreement (the “Loan Agreement”) with Hercules. The Loan Agreement provides with the term loan of up to \$50.0 million, subject to terms and conditions. The Company borrowed the initial tranche of \$20.0 million on April 29, 2022. The Company may borrow an additional \$20.0 million on or before March 15, 2023, subject satisfying certain conditions. An additional \$10.0 million may be drawn on or before June 15, 2023, subject to satisfying certain conditions relating to the achievement of trailing twelve-month revenue and profit milestones.

For additional information, see Note 5, Debt.

#### **Note 2 – Summary of Significant Accounting Policies**

During the nine months ended September 30, 2022, there were no significant changes to the Company’s significant accounting policies as disclosed in the Company’s Annual Report on Form 10-K filed with the SEC on February 28, 2022, except for the changes described below. The Company has consistently applied the accounting policies to all periods presented in these condensed consolidated financial statements.

**Deferred Debt Financing Costs**

Financing costs incurred in connection with a loan and security agreement with Hercules Capital, Inc. (“Hercules”) are deferred and amortized using the effective interest rate method over the life of the respective agreement. Any discount or premium on the issuance of any debt is amortized using the effective interest method over the life of the respective debt security.

The Company presents deferred debt financing costs on the balance sheet as a contra-liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

**Recently Issued and Adopted Accounting Pronouncements**

In August 2020, the FASB issued ASU No. 2020-06: Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, the amendments in the ASU also simplify the guidance in ASC 815-40, Derivatives and Hedging: Contracts in Entity’s Own Equity, by removing certain criteria that must be satisfied in order to classify a contract as equity, which is expected to decrease the number of freestanding instruments and embedded derivatives accounted for as assets or liabilities. Finally, the amendments revise the guidance on calculating earnings per share, requiring use of the if-converted method for all convertible instruments and rescinding an entity’s ability to rebut the presumption of share settlement for instruments that may be settled in cash or other assets. The new standard became effective for the Company for annual periods beginning December 15, 2021. The Company adopted this ASU as of January 1, 2022 using a modified retrospective method of transition, which did not have an impact on its condensed consolidated financial statements and related disclosures.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

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

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which amends ASC 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years and should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period. The Company is currently evaluating the impact of the adoption of this ASU on the Company’s consolidated financial statements.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, cash equivalents, restricted cash, and accounts receivable. Cash, cash equivalents, and restricted cash are deposited with federally insured commercial banks in the United States; and at times, cash balances may be in excess of federal insurance limits. The Company generally does not require collateral or other security deposits for accounts receivable.

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

Accounts receivable from the Company’s major customer representing 10% or more of total accounts receivable was as follows:

	September 30, 2022	December 31, 2021
Customer A	*	11 %

\* Customer accounted for less than 10% of total accounts receivable in the period.

Revenue from the Company's major customers representing 10% or more of total revenue was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Customer C	*	*	*	10 %

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

### Concentrations of Supplier Risk

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

	Three Months Ended September 30,		Nine Months Ended September 30, 2022	
	2021	2020	2021	2020
Supplier B	29 %	19 %	33 %	17 %

Supplier B accounted for 32% and 55% of total accounts payable balance as of September 30, 2022 and December 31, 2021.

### Note 3. Fair Value of Financial Instruments

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

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

As of September 30, 2022 and December 31, 2021, the Company's Level 3 liabilities consisted of the Private Placement warrant liability. The determination of the fair value of warrant liability is discussed in Note 6.

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

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Money market funds	\$ 129,919	\$ —	\$ —	\$ 129,919
Total financial assets	\$ 129,919	\$ —	\$ —	\$ 129,919
<b>Liabilities</b>				
Warrant liabilities	\$ —	\$ —	\$ 276	\$ 276
Total financial liabilities	\$ —	\$ —	\$ 276	\$ 276

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Money market funds	\$ 177,513	\$ —	\$ —	\$ 177,513
Total financial assets	\$ 177,513	\$ —	\$ —	\$ 177,513
<b>Liabilities</b>				
Warrant liabilities	\$ —	\$ —	\$ 7,626	\$ 7,626
Total financial liabilities	\$ —	\$ —	\$ 7,626	\$ 7,626

Money market funds are included within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

The fair value of the redeemable convertible preferred stock warrant, redeemable convertible preferred stock tranche and Private Placement warrant liabilities is based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. In determining the fair value of the warrant liabilities, the Company used the Black-Scholes option pricing model to estimate the fair value using unobservable inputs, including the expected term, expected volatility, risk-free interest rate and dividend yield (see Note 6).

The following table presents a summary of the changes in the fair value of the Company's Level 3 financial instruments (in thousands):

	Redeemable Convertible Preferred Stock Warrant Liability	Private Placement Warrant Liability
Fair value as of December 31, 2021	\$ —	\$ 7,626
Change in the fair value included in other income (expense), net	—	(7,350)
Fair value as of September 30, 2022	\$ —	\$ 276
Fair value as of December 31, 2020	(49,293)	—
Private placement warrant liability acquired as part of the Colonnade Merger	—	(19,377)
Change in the fair value included in other income (expense), net	(8,804)	8,398
Issuance of preferred stock upon exercise of warrants	58,097	—
Fair value as of September 30, 2021	\$ —	\$ (10,979)

#### Disclosure of Fair Values

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

#### Note 4. Balance Sheet Components

##### Cash and Cash Equivalents

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

	September 30, 2022	December 31, 2021
Cash	\$ 3,270	\$ 5,131
Cash equivalents:		
Money market funds <sup>(1)</sup>	129,919	177,513
Total cash and cash equivalents	\$ 133,189	\$ 182,644

<sup>(1)</sup>The Company maintains a cash sweep account, which is included in money market funds as of September 30, 2022. Cash is invested in short-term money market funds that earn interest.

**Restricted Cash**

Restricted cash consists of certificates of deposit held by a bank as security for outstanding letters of credit. In September 2022, the Company received \$0.7 million of restricted cash balance that was related to a deposit in connection with the execution of a respective lease contract at 2741 16th Street. The Company had a restricted cash balance of \$1.3 million and \$2.0 million as of September 30, 2022 and December 31, 2021, respectively, which has been excluded from the Company's cash and cash equivalents balances. The Company presented \$0.3 million and \$1.0 million of the total amount of restricted cash within current assets on the condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021, respectively. The remaining restricted cash balance of \$1.1 million and \$1.0 million is included in non-current assets on the condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021, respectively.

Reconciliation of cash, cash equivalents and restricted cash as shown in the condensed consolidated statement of cash flows to the respective accounts within the condensed consolidated balance sheet is as follows (in thousands):

	September 30, 2022	September 30, 2021
Cash and cash equivalents	\$ 133,189	\$ 221,576
Restricted cash, current	250	1,008
Restricted cash, non-current	1,088	1,004
Total cash, cash equivalents and restricted cash	<u>\$ 134,527</u>	<u>\$ 223,588</u>

**Inventory**

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

	September 30, 2022	December 31, 2021
Raw materials	\$ 6,194	\$ 2,401
Work in process	2,658	1,951
Finished goods	11,952	3,096
Total inventory	<u>\$ 20,804</u>	<u>\$ 7,448</u>

Total inventory balance as of September 30, 2022 and December 31, 2021 includes a write down of \$2.2 million and \$1.7 million, respectively, for obsolete, scrap, or returned inventory. During the three months ended September 30, 2022 and 2021, \$0.5 million and \$0.7 million of inventory write offs were charged to cost of revenue. During the nine months ended September 30, 2022 and 2021, respectively, \$0.9 million and \$0.9 million of inventory write offs were charged to cost of revenue. During the three and nine months ended September 30, 2022, \$0.3 million of inventory write offs were charged to research and development.

**Prepaid Expenses and Other Current Assets**

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

	September 30, 2022	December 31, 2021
Prepaid expenses	\$ 1,875	\$ 1,970
Prepaid insurance	1,520	1,355
Receivable from contract manufacturer	2,068	1,344
Other current assets	1,460	897
Total prepaid and other current assets	<u>\$ 6,923</u>	<u>\$ 5,566</u>

### Property and Equipment, Net

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

	Estimated Useful Life (in years)	September 30, 2022	December 31, 2021
Machinery and equipment	3	\$ 9,292	\$ 8,404
Computer equipment	3	504	498
Automotive and vehicle hardware	5	93	93
Software	3	104	104
Furniture and fixtures	7	772	730
Construction in progress		3,187	1,700
Leasehold improvements	Shorter of useful life or lease term	9,358	9,265
		23,310	20,794
Less: Accumulated depreciation		(14,716)	(10,740)
Property and equipment, net		\$ 8,594	\$ 10,054

Depreciation expense associated with property and equipment was \$3.7 million and \$2.3 million in the nine months ended September 30, 2022 and 2021, respectively.

### Goodwill and Acquired Intangible Assets, Net

In the fourth quarter of 2021, the Company completed the acquisition of Sense Photonics Inc. (“Sense”), a privately held lidar technology company for autonomous vehicles. The transaction has been accounted for as a business combination. The Company purchased all of the outstanding shares of the capital stock of Sense and settled all Sense debt for total consideration of \$72.8 million. Goodwill represents the excess of the purchase price over the preliminary estimated fair values of the identifiable assets and assumed liabilities acquired and is primarily attributable to the assembled workforce and expected synergies at the time of the acquisition. Goodwill is not deductible for tax purposes.

The Company assesses goodwill for impairment during the fourth quarter of each year or more often if deemed necessary. As of September 30, 2022, the Company with the assistance of third-party valuation specialist performed an interim impairment test of its goodwill as a result of the decline in market conditions and updated outlook as a result of the impact of market uncertainties that prolonged sales cycle. The Company’s reporting unit fair value was determined based on a discounted future cash flow model (income approach). The estimated fair value of the reporting unit exceeded its carrying value by approximately 4% as of September 30, 2022. Accordingly, the Company determined that goodwill was not impaired as of September 30, 2022.

Given this level of fair value, in the event the financial performance of the Company does not meet management’s current expectations in the future or the Company experiences prolonged market downturns or persistent declines in the Company’s stock price, worsening trends from the COVID-19 pandemic, or there are other negative revisions to key assumptions, the Company may be required to perform additional impairment analyses and could be required to recognize a non-cash goodwill impairment charge. As of September 30, 2022, goodwill was \$51.2 million.

Measurement period adjustments recognized during 2022 related primarily to updated estimated fair values for assumed employer withholding tax liabilities, royalty liability and a net working capital adjustment. A reconciliation of preliminary total consideration as of December 31, 2021, and total consideration as of September 30, 2022, are presented below (in thousands):

	As Reported	Measurement Period Adjustment	As Adjusted Value
Fair value of common stock issued at closing	\$ 60,024	\$ (358)	\$ 59,666
Fully vested replacement equity awards	1,081	—	1,081
Cash paid at closing to settle Sense pre-existing debt and transaction costs incurred by Sense	11,703	—	11,703
Total consideration	\$ 72,808	\$ (358)	\$ 72,450

	As Reported	Measurement Period Adjustment	As Adjusted Value
<b>Assets acquired:</b>			
Cash	689	—	689
Restricted cash	69	—	69
Accounts receivable, net	768	—	768
Prepaid expenses and other current assets	463	—	463
Property and equipment, net	626	—	626
Developed technology	15,900	—	15,900
Vendor relationship	6,600	—	6,600
Customer relationships	900	—	900
Goodwill	51,076	76	51,152
<b>Total assets acquired</b>	<b>\$ 77,091</b>	<b>\$ 76</b>	<b>\$ 77,167</b>
<b>Liabilities assumed:</b>			
Accounts payable	\$ (266)	\$ —	\$ (266)
Accrued and other current liabilities	\$ (1,540)	\$ (234)	\$ (1,774)
Other non-current liabilities	\$ —	\$ (200)	\$ (200)
Deferred tax liability	\$ (2,477)	\$ —	\$ (2,477)
<b>Total liabilities assumed</b>	<b>\$ (4,283)</b>	<b>\$ (434)</b>	<b>\$ (4,717)</b>
<b>Net Assets acquired</b>	<b>\$ 72,808</b>	<b>\$ (358)</b>	<b>\$ 72,450</b>

The following tables present acquired intangible assets, net as of September 30, 2022 and December 31, 2021 (in thousands):

	Estimated Useful Life (in years)	September 30, 2022		
		Gross Carrying amount	Accumulated Amortization	Net Book Value
Developed technology	8	\$ 15,900	\$ (1,822)	\$ 14,078
Vendor relationship	3	6,600	(2,017)	4,583
Customer relationships	3	900	(275)	625
<b>Intangible assets, net</b>		<b>\$ 23,400</b>	<b>\$ (4,114)</b>	<b>\$ 19,286</b>

	Estimated Useful Life (in years)	December 31, 2021		
		Gross Carrying amount	Accumulated Amortization	Net Book Value
Developed technology	8	\$ 15,900	\$ (331)	\$ 15,569
Vendor relationship	3	6,600	(367)	6,233
Customer relationships	3	900	(50)	850
<b>Intangible assets, net</b>		<b>\$ 23,400</b>	<b>\$ (748)</b>	<b>\$ 22,652</b>

Amortization expense was \$3.4 million in the nine months ended September 30, 2022.

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

Years:	Amount
2022 (the remainder of 2022)	\$ 1,120
2023	4,488
2024	4,071
2025	1,988
2026	1,988
Thereafter	5,631
Total	<u>\$ 19,286</u>

#### ***Accrued and Other Current Liabilities***

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

	September 30, 2022	December 31, 2021
Accrued compensation	\$ 4,017	\$ 3,229
Uninvoiced receipts	7,973	9,835
Accrued interest	290	—
ESPP contributions	159	—
Other	1,956	1,109
Total accrued and other current liabilities	<u>\$ 14,395</u>	<u>\$ 14,173</u>

#### **Note 5. Debt**

##### ***Runway Growth Loan Agreement***

On November 27, 2018, the Company entered into a Loan and Security Agreement with Runway Growth Credit Fund Inc. (“Runway Loan and Security Agreement”). The Runway Loan and Security Agreement provided for loans in an aggregate principal amount up to \$10.0 million with a loan maturity date of November 15, 2021. The loan carried an interest rate equal to LIBOR plus 8.5%, unless LIBOR was no longer attainable or ceased to fairly reflect the costs of the lender, in which case the applicable interest rate would have been Prime Rate plus 6.0%. In an event of default, annual interest would have been increased by 5.0% above the otherwise applicable rate.

In conjunction with the Runway Loan and Security Agreement, OTI issued a warrant to purchase 35,348 shares of Series A redeemable convertible preferred stock (the “Series A Preferred Stock”) of OTI (4.0% of original principal amount of \$10.0 million, divided by the exercise price), with an exercise price of \$11.3518 per share. The fair value of this warrant was estimated to be \$0.1 million and accounted for as a debt discount. On August 5, 2019, in connection with the second amendment to the Runway Loan and Security Agreement, OTI amended the warrant issued to Runway Growth to increase the number of shares available to purchase to 53,023 shares of Series A Preferred Stock of OTI. The aggregate value of the warrants increased by \$0.1 million after the warrant modification.

The warrants were exercised on March 11, 2021 and the warrant liability was remeasured to fair value with the increase recognized as a loss of \$0.6 million for the three months ended March 31, 2021 within other income (expense), net in the consolidated statements of operations and comprehensive loss. The warrant liability was remeasured to fair value as of March 31, 2021 and the reduction was recognized as a gain of \$0.2 million.

On March 26, 2021, the Company terminated the Runway Loan and Security Agreement and repaid the \$7.0 million principal amount outstanding as well as interest and fees amounting to \$0.4 million. The Company incurred no prepayment fees in connection with the termination and all liens and security interests securing the loan made pursuant to the Runway Loan and Security Agreement were released upon termination. As of September 30, 2022 and December 31, 2021, the outstanding principal balance of the loan was nil, respectively.

### ***Promissory Notes***

The Company issued a \$5 million promissory note in January 2021 to certain current investors of the Company (or their respective affiliates) to help continue to fund the Company's ongoing operations through the consummation of the Colonnade Merger. The note accrued interest at a rate equal to LIBOR plus 8.5% per annum and was repaid on March 11, 2021 in accordance with its terms in connection with the consummation of the Colonnade Merger.

### ***Loan and Security Agreement***

On April 29, 2022, the Company entered into the Loan Agreement with Hercules. The Loan Agreement provides the Company with a term loan of up to \$50.0 million, subject to terms and conditions. The Company borrowed the initial tranche of \$20.0 million on April 29, 2022. The Company may borrow an additional \$20.0 million on or before March 15, 2023, subject satisfying certain conditions. An additional \$10.0 million may be drawn on or before June 15, 2023, subject to satisfying certain conditions relating to the achievement of trailing twelve-month revenue and profit milestones.

Advances under the Loan Agreement bear interest at the rate of interest equal to greater of either (i) (x) the prime rate as reported in The Wall Street Journal plus (y) 6.15%, and (ii) 9.40%, subject to compliance with financial covenants and other conditions. The Loan Agreement includes covenants, limitations, and events of default customary for similar facilities. The Loan Agreement matures on May 1, 2026.

Interest on amounts borrowed under the Loan Agreement is payable on a monthly basis until June 1, 2025. After June 1, 2025, payments consist of equal monthly installments of principal and interest payable until the secured obligations are repaid in full. However, if the Company achieves certain equity proceeds, revenue or profit targets for the twelve-month period ending December 31, 2023, then the interest-only payments will continue and the Company will be obligated to repay the aggregate principal amount on May 1, 2026. The entire principal balance and all accrued but unpaid interest shall be due and payable on May 1, 2026. On the earliest to occur of May 1, 2026, the date on which the obligations under the Loan Agreement are paid and the date on which such obligations become due and payable, the Company is also required to pay Hercules an end of term charge from \$1.5 million to \$3.7 million, depending on the amount borrowed.

In connection with the Loan Agreement, the Company paid the lender a cash facility and legal fees of \$0.6 million and incurred debt issuance costs to third parties that were directly related to issuing debt in the amount of \$0.3 million. The effective interest rate on this debt is 14.3% after giving effect to the debt discount, debt issuance costs and the end of term charge. Amortization expense included in the interest expense related to debt discount and debt issuance costs of the Loan Agreement was not material for the three and nine months ended September 30, 2022.

The Company may prepay the principal of any advance made pursuant to the terms of the Term Loan Facility at any time subject to a prepayment charge equal to: 2.50%, if such advance is prepaid in any of the first 12 months following the Closing Date, 1.50%, if such advance is prepaid after 12 months but prior to 24 months following the Closing Date, and 1.0%, if such advance is prepaid anytime thereafter.

If the Company failed to maintain an unrestricted cash balance of \$60.0 million, it would then be subject to a financial covenant that requires the Company to achieve certain trailing twelve-month revenue targets tested quarterly as set forth in the Loan Agreement and commencing with the quarter ending on June 30, 2023. All obligations under the Loan Agreement are unconditionally guaranteed by the Company's subsidiary Sense Photonics, Inc. The Term Loan Facility is secured by substantially all of the Company's and the guarantors' existing and after-acquired assets, including all intellectual property, all securities in existing and future domestic subsidiaries and 65.0% of the securities in foreign subsidiaries, subject to certain exceptions and exclusions.

The Loan Agreement contains customary covenants for transactions of this type and other covenants agreed to by the parties, including, among others, (i) the provision of annual, quarterly and monthly financial statements, management rights and insurance policies and (ii) restrictions on incurring debt, granting liens, making acquisitions, making loans, paying dividends, dissolving, and entering into leases and asset sales. The Loan Agreement also provides for customary events of default, including, among others, payment, bankruptcy, covenant, representation and warranty, change of control, judgment and material adverse effect defaults.

Long-term debt outstanding is summarized below (in thousands):

	September 30, 2022
Long-term debt	\$ 20,000
Less: unamortized debt discount	(530)
Less: debt issuance costs	(289)
Total debt	\$ 19,181

The unamortized debt discount and debt issuance costs are amortized to interest expense over the life of the instrument using the effective interest rate method.

## Note 6. Warrants

### *Series A and B Redeemable Convertible Preferred Stock Warrants*

On November 27, 2018, in connection with the execution of the prior Loan and Security Agreement (the “Runway Loan and Security Agreement”), OTI issued a warrant to purchase 35,348 shares of Series A Preferred Stock of OTI at an exercise price of \$11.3518 per share (the “Runway warrant”). On August 5, 2019, in connection with the second amendment to the Runway Loan and Security Agreement, OTI amended the Runway warrant to increase the number of shares available to purchase to 53,023 shares of Series A Preferred Stock of OTI at an exercise price of \$11.3518 per share.

The Runway warrants included a cashless exercise provision under which their holders could, in lieu of payment of the exercise price in cash, surrender the Runway warrant and receive a net amount of shares based on the fair market value of OTI’s stock at the time of exercise of the warrants after deduction of the aggregate exercise price. The Runway warrants contained provisions for adjustment of the exercise price and number of shares issuable upon the exercise of the Runway warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications, and consolidations.

The fair value of the warrants issued was recorded as of the date of initial issuance in the amount of \$0.1 million. The subsequent issuance of warrants pursuant to the August 5, 2019 amendment to the Runway Loan and Security Agreement was recorded in the amount of \$0.1 million. Immediately prior to the Colonnade Merger, the warrants were exercised in full in accordance with their terms.

On April 3, 2020, in connection with the closing of the Series B redeemable convertible preferred stock, OTI issued a warrant to purchase 4,513,993 shares of Series B redeemable convertible preferred stock of the Company at an exercise price of \$0.3323 per share (the “Series B warrants”). The Series B warrants could be exercised prior to the earliest to occur of (i) the 10-year anniversary of the date of issuance, (ii) the consummation of a liquidation transaction, or (iii) the consummation of an initial public offering. The Series B warrants included a cashless exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of the Company’s stock at the time of exercise of the warrants after deduction of the aggregate exercise price. The Series B warrants contained provisions for adjustment of the exercise price and number of shares issuable upon the exercise of the Series B warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications, and consolidations.

The Series B warrants were initially recognized as a liability at a fair value of \$0.7 million. The Series B warrants were exercised on February 11, 2021 and the warrant liability was remeasured to fair value as of that date, resulting in a loss of \$8.3 million for the nine months ended September 30, 2021, classified within other income (expense), net in the consolidated statements of operations and comprehensive loss. Upon exercise, redeemable convertible preferred stock converted into common stock pursuant to the conversion rate effective immediately prior to the Colonnade Merger.

Historically, value was assigned to each class of equity securities using an option pricing model method (“OPM”). In September 2020, OTI began allocating the equity value using a hybrid method that utilizes a combination of the OPM and the probability weighted expected return method (“PWERM”). The PWERM is a scenario-based methodology that estimates the fair value of equity securities based upon an analysis of future values for OTI, assuming various outcomes. As the probability of a transaction with a special purpose acquisition company (“SPAC”) increased, the fair value of the redeemable convertible preferred stock warrant liability increased as of the date of the exercise.

The redeemable convertible preferred stock warrants were valued using the following assumptions under the Black-Scholes option-pricing model:

	Initial Issuance Date	Subsequent Issuance Date	December 31, 2020	February 11, 2021	March 11, 2021
Stock price	\$ 5.80	\$ 5.80	\$ 7.11	\$ 10.27	\$ 8.44
Expected term (years)	10.00	9.31	2.00	2.00	2.00
Expected volatility	57.81 %	57.35 %	76.00 %	76.00 %	76.00 %
Risk-free interest rate	3.06 %	1.75 %	0.13 %	0.13 %	0.13 %
Dividend yield	0 %	0 %	0 %	0 %	0 %

#### **Private Placement Warrants**

Simultaneously with the closing of the Company's initial public offering (the "IPO") in August 2020, the sponsor of CLA, Colonnade Sponsor LLC, purchased an aggregate of 6,000,000 Private Placement warrants at a price of \$1.00 per warrant, for an aggregate purchase price of \$6,000,000. The Private Placement warrants became exercisable 12 months following the closing of the Company's IPO, and will expire five years from the completion of the Colonnade Merger, or earlier upon redemption or liquidation. On March 11, 2021, each outstanding Private Placement warrant automatically converted into a warrant to purchase one share of Ouster common stock pursuant to the Warrant Agreement, at an exercise price of \$11.50 per share.

The private placement warrant liability was remeasured to fair value as of September 30, 2022, resulting in a gain of \$0.2 million and \$7.4 million for the three and nine months ended September 30, 2022, respectively, classified within other income (expense), net in the condensed consolidated statements of operations and comprehensive loss. The private placement warrant liability was remeasured to fair value as of September 30, 2021 resulting in a loss of \$14.5 million and \$8.4 million for the three and nine months ended September 30, 2021, respectively, classified within other income (expense), net in the condensed consolidated statements of operations and comprehensive loss.

The Private Placement warrants were valued using the following assumptions under the Black-Scholes option-pricing model:

	September 30, 2021	December 31, 2021	September 30, 2022
Stock price	\$ 7.32	\$ 5.20	\$ 0.96
Exercise price of warrant	11.5	11.5	11.5
Expected term (years)	4.44	4.19	3.44
Expected volatility	46.00 %	57.00 %	69.24 %
Risk-free interest rate	0.90 %	1.14 %	4.21 %

#### **Public Warrants**

CLA, in its IPO in August 2020, issued 20,000,000 units that each consisted of one Class A ordinary share and one-half warrant to purchase a Class A ordinary share, which the Company refers to as CLA warrants before the Colonnade Merger and Public warrants after the Colonnade Merger. These warrants may only be exercised for a whole number of shares, and no fractional warrants were issued or issuable upon separation of the units and only whole warrants will trade. The warrants became exercisable 12 months following the closing of the Company's IPO, and will expire five years from the completion of the Colonnade Merger, or earlier upon redemption or liquidation. Each Public warrant is exercisable at a price of \$11.50 per share. On March 11, 2021, upon the closing of the Colonnade Merger pursuant to the Colonnade Merger Agreement (Note 1), each of the 9,999,996 outstanding warrants, as adjusted for any fractional warrants that were not issued upon separation, was converted automatically into a redeemable Public warrant to purchase one share of the Company's common stock. The Public warrants were recognized as equity upon the Colonnade Merger in the amount of \$17.9 million.

Prior to their expiration, the Company may redeem the Public warrants at a price of \$0.01 per warrant, provided that the closing price of the Company's common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which the Company gives proper notice of such redemption to the warrants holders.

## **Note 7. Commitments and Contingencies**

### ***Letters of Credit***

In connection with certain office leasehold interests in real property located in San Francisco (350 Treat Ave and, 2741 16th Street) and in Paris (5, rue Coq Héron), the Company obtained letters of credit from certain banks as required by the lease agreements. If the Company defaults under the terms of the applicable lease, the lessor will be entitled to draw upon the letters of credit in the amount necessary to cure the default. The amounts covered by the letters of credit are collateralized by certificates of deposit, which are included in restricted cash on the condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021. The outstanding amount of the letters of credit was \$1.3 million and \$2.0 million as of September 30, 2022 and December 31, 2021, respectively.

### ***Non-Cancelable Purchase Commitments***

As of September 30, 2022, the Company had non-cancelable purchase commitments to a third-party contract manufacturer for approximately \$26.0 million and other vendors for approximately \$7.5 million.

### ***Litigation***

The Company is involved in various legal proceedings arising in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. Legal fees are expensed as incurred. The Company has identified certain claims as a result of which a loss may be incurred, but in the aggregate any loss is expected to be immaterial. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates.

The company has made no accruals with respect to the following:

On June 10, 2021, the Company received a letter from the SEC notifying us of an investigation and document subpoena. The subpoena seeks documents regarding projected financial information in CLA's Form S-4 registration statement filed on December 22, 2020. The Company has complied with the SEC's requests to date; however, the SEC may request additional documents or information.

On June 14, 2022, Velodyne Lidar USA, Inc. ("Velodyne") filed a lawsuit against the Company relating to two patents and requested an International Trade Commission proceeding with respect to the same two patents. On July 8, 2022, the Company filed a complaint against Velodyne, alleging multiple claims including intellectual property misappropriation and false advertising. While the cases remain pending, the Company and Velodyne have agreed that no later than seven days after the execution of the merger agreement with Velodyne (the "Velodyne Merger Agreement"), each will cooperate to take certain actions in connection with dismissing these pending litigation matters between the Company and Velodyne and moving to terminate United States International Trade Commission Investigation No. 337-TA-1332. There can be no assurances that such matters will ultimately be dismissed.

Other than as set forth above, as of September 30, 2022 and December 31, 2021 there were no material updates and no other material litigation matters.

### ***Indemnification***

From time to time, the Company enters into agreements in the ordinary course of business that include indemnification provisions. Generally, in these provisions the Company agrees to defend, indemnify, and hold harmless the indemnified parties for claims and losses suffered or incurred by such indemnified parties for which the Company is responsible under the applicable indemnification provisions. The terms of the indemnification provisions vary depending upon negotiations between the Company and its counterpart; however, typically, these indemnification obligations survive the term of the contract and the maximum potential amount of future payments the Company could be required to make pursuant to these provisions are uncapped. To date, the Company has never incurred costs to defend lawsuits or settle claims related to these indemnification provisions.

The Company has also entered into indemnity agreements pursuant to which it has indemnified its directors and officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer, other than liabilities arising from

willful misconduct of the individual. To date, the Company has never incurred costs to defend lawsuits or settle claims related to these indemnity agreements. The unaudited condensed consolidated financial statements do not include a liability for any potential obligations under the indemnification agreements at September 30, 2022 and December 31, 2021.

#### **Note 8. Redeemable Convertible Preferred and Common Stock**

The Company's common stock and warrants trade on the New York Stock Exchange under the symbol "OUST" and "OUSTWS", respectively. Pursuant to the terms of the Second Amended and Restated Certificate of Incorporation, the Company is authorized to issue the following shares and classes of capital stock, each with a par value of \$0.0001 per share: (i) 1,000,000,000 shares of common stock; (ii) 100,000,000 shares of preferred stock. Immediately following the Colonnade Merger, there were 161,449,205 shares of common stock with a par value of \$0.0001, and 15,999,996 warrants outstanding. The holder of each share of common stock is entitled to one vote.

The Company has retroactively adjusted the shares issued and outstanding prior to March 11, 2021 to give effect to the exchange ratio established in the Colonnade Merger Agreement to determine the number of shares of common stock into which they were converted.

Immediately prior to the Colonnade Merger, OTI's certificate of incorporation, as amended, authorized it to issue 342,367,887 shares of \$0.00001 par value, with 210,956,516 shares designated as common stock and 131,411,372 shares of redeemable convertible preferred stock.

On March 11, 2021, upon the closing of the Transaction pursuant to the Colonnade Merger Agreement (Note 1), all of the outstanding redeemable convertible preferred stock was converted to the Company's common stock pursuant to the conversion rate effective immediately prior to the Transaction and the remaining amount was reclassified to additional paid-in capital. As of September 30, 2022 and December 31, 2021, the Company does not have any redeemable convertible preferred stock outstanding.

On April 29, 2022, the Company entered into an At-Market-Issuance Sales Agreement (the "ATM Agreement") pursuant to which the Company may, subject to the terms and conditions set forth in the agreement offer and sell, from time to time, through or to the agents, acting as agent or principal, shares of the Company's common stock, par value \$0.0001 per share, having an aggregate offering price of up to \$150.0 million.

From the date of the ATM Agreement through September 30, 2022, the Company sold 7,833,709 shares at a weighted-average sales price of \$2.08 per share, resulting in cumulative gross proceeds to the Company totaling approximately \$16.8 million before deducting offering costs, sales commissions and fees. Cumulative net proceeds to the Company totaled approximately \$15.8 million after deducting offering costs, sales commissions and fees. The Company plans to use the net proceeds from this offering for working capital and general corporate purposes.

In September 2022, the Company suspended sales of common stock through its ATM Agreement. The remaining availability under the ATM Agreement as of September 30, 2022 is approximately \$133.2 million.

#### **Note 9. Stock-based Compensation**

As of September 30, 2022, the Company has four equity incentive plans, the 2015 Stock Plan (the "2015 Plan"), the Sense 2017 Equity Incentive Plan (the "Sense Plan"), the 2021 Incentive Award Plan (the "2021 Plan") and 2022 Employee Stock Purchase Plan (the "2022 ESPP" and, collectively with the 2015 Plan, the Sense Plan and the 2021 Plan, together the "Plans").

The Plans provide for the grant of stock options, stock appreciation rights, restricted stock awards ("RSA"), restricted stock units ("RSUs"), performance stock unit awards and other forms of equity compensation (collectively, "equity awards"). In addition, the 2021 Plan provides for the grant of performance bonus awards. All awards under the Plans may be granted to employees, including officers, and awards under the 2015 Plan, Sense Plan and 2021 Plan also may be granted to directors and consultants, in each case, within the limits defined in the Plans.

The Company's 2022 ESPP has been offered to all eligible employees since August 2022 and generally permits certain employees to purchase shares of our common stock through payroll deductions of up to 15% of their compensation of each offering period, subject to certain limitations. Under the 2022 ESPP, the purchase price of a share under the ESPP equals 85% of the lesser of the fair market value of a share of common stock on either the first or last day of each offering period, but no less than the par value per share of common stock. As of September 30, 2022, 6.9 million shares of our common stock were available for issuance under the 2022 ESPP. The stock-based compensation expense is calculated as of the beginning of the

offering period as the fair value of the 2022 ESPP shares utilizing the Black-Scholes option valuation model and is recognized over the offering period. The first offering period under the 2022 ESPP commenced on September 6, 2022. As of September 30, 2022, the maximum number of shares that may be issued under the first offering period was 349,630 shares of our common stock, but no shares were issued under the 2022 ESPP.

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

On October 12, 2020, certain executives and employees issued the Company partial recourse promissory notes with an aggregate principal of \$1.1 million. The promissory notes carried a 0.38% annual interest rate and were due on the earliest of the ninth anniversary of the date of issuance of the notes, the termination of employment of the executive/employee, the filing by the Company of a registration statement under the Securities Act of 1933, the promissory notes being prohibited under Section 13(k) of the Securities Exchange Act of 1934 or, the closing of a change in control of the Company. The promissory notes were issued by the executives and employees in satisfaction of the exercise price of vested options to purchase 2,883,672 shares of common stock and unvested options to purchase 4,603,833 shares of common stock. No cash was exchanged as part of the exercises. In March 2021, in connection with the close of the Colonnade Merger, the Company forgave half of the respective obligations under the promissory notes for certain executives and required such noteholders to repay the remaining balance of \$0.3 million under their respective notes. Additional compensation expense of \$0.3 million was recognized in general and administrative expenses for the nine months ended September 30, 2021 for the value of the loans forgiven. No obligations under the promissory notes for non-executive noteholders were outstanding as of September 30, 2022 and December 31, 2021.

Stock option activity for the nine months ended September 30, 2022 is as follows:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding—December 31, 2021	24,129,096	\$ 1.01	8.60	\$ 100,992
Options exercised	(1,753,708)	0.20		
Options cancelled	(857,212)	2.85		
Outstanding—September 30, 2022	21,518,176	\$ 1.01	7.92	\$ 9,866
Vested and expected to vest—September 30, 2022	21,518,176	\$ 1.01	7.92	\$ 9,866
Exercisable—September 30, 2022	11,545,615	\$ 0.89	7.86	\$ 5,669

The following table summarizes information about stock options outstanding and exercisable at September 30, 2022.

Exercise Price	Options Outstanding			Options Exercisable		
	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price	
\$ 0.18	4,088,911	7.73	\$ 0.18	3,027,603	\$ 0.18	
\$ 0.21	8,909,207	7.98	\$ 0.21	4,415,060	\$ 0.21	
\$ 1.42	7,524,114	8.00	\$ 1.42	3,605,304	\$ 1.42	
\$ 1.49	34,036	0.18	\$ 1.49	34,036	\$ 1.49	
\$ 5.24	316,111	6.25	\$ 5.24	234,893	\$ 5.24	
\$ 10.26	645,797	8.60	\$ 10.26	228,719	\$ 10.26	
	21,518,176			11,545,615		

As of September 30, 2022, there was approximately \$15.7 million of unamortized stock-based compensation expense related to unvested stock options that is expected to be recognized over a weighted average period of 1.9 years.

### Restricted Stock Units (“RSU”)

A summary of RSU activity is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (per share)
Unvested—December 31, 2021	9,326,572	\$ 7.82
Granted during the year	14,701,880	2.86
Canceled during the year	(2,887,605)	5.95
Vested during the year	(2,754,926)	7.22
Unvested—September 30, 2022	18,385,921	\$ 4.24

Stock compensation expense is recognized on a straight-line basis over the vesting period of each RSU. As of September 30, 2022, total compensation expense related to unvested RSUs granted to employees, but not yet recognized, was \$72.3 million, with a weighted-average remaining vesting period of 2.9 years.

RSUs settle into shares of common stock upon vesting.

### Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of product revenue	\$ 207	\$ 206	\$ 570	\$ 457
Research and development	3,681	2,063	11,248	4,305
Sales and marketing	1,913	1,717	5,276	2,702
General and administrative	2,654	3,161	8,230	11,093
Total stock-based compensation	\$ 8,455	\$ 7,147	\$ 25,324	\$ 18,557

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
RSUs	\$ 6,313	\$ 4,892	\$ 18,460	\$ 8,824
Stock Options	2,099	2,251	6,807	9,718
Employee stock purchase plan	43	—	43	—
RSAs	—	4	14	15
Total stock-based compensation	\$ 8,455	\$ 7,147	\$ 25,324	\$ 18,557

**Note 10. Net Loss Per Common Share**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Numerator:</b>				
Net loss	\$ (35,987)	\$ (12,669)	\$ (96,384)	\$ (65,637)
<b>Denominator:</b>				
Weighted average shares used to compute basic and diluted net loss per share	181,361,354	156,647,259	175,795,093	123,175,390
Net loss per common share—basic and diluted	\$ (0.20)	\$ (0.08)	\$ (0.55)	\$ (0.53)

The shares and net loss per common share, prior to the Colonnade Merger, have been retroactively restated as shares reflecting the exchange ratio of approximately 0.703 shares of the Company per one share of OTI as established in the Colonnade Merger Agreement.

The weighted average number of shares used to compute basic and diluted net loss per share excludes unvested early exercised common stock options subject to repurchase.

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

	September 30,	
	2022	2021
Options to purchase common stock	21,518,176	24,959,807
Public and private common stock warrants	15,999,900	15,999,996
Restricted Stock Units	18,385,921	4,304,588
Unvested early exercised common stock options	970,090	2,234,455
ESPP shares pending issuance	349,630	—
Unvested RSAs	—	23,288
Vested and early exercised options subject to nonrecourse notes	—	2,172,238
Total	57,223,717	49,694,372

**Note 11. Income Taxes**

The Company's income tax provision for interim periods is determined using an estimate of the Company's annual effective tax rate, adjusted for discrete items arising in the quarter. The Company's effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on the deferred tax assets as it is more likely than not that some, or all, of the Company's deferred tax assets will not be realized. The Company continues to maintain a full valuation allowance against its net deferred tax assets. Due to tax losses and the offsetting valuation allowance, the income tax provision for the three and nine months ended September 30, 2022 and 2021 was not material to the Company's condensed consolidated financial statements.

**Note 12. Revenue**

Revenue from the sale of lidar sensor kits, which is recognized at a point in time, was \$11.2 million and \$7.8 million in the three months ended September 30, 2022 and 2021, respectively, and \$30.1 million and \$21.7 million in the nine months ended September 30, 2022 and 2021, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
United States	\$ 4,010	\$ 4,037	\$ 9,850	\$ 8,463
North and South America, excluding United States	172	147	835	675
Asia and Pacific	2,072	1,957	7,004	4,904
Europe, Middle East and Africa	4,950	1,614	12,402	7,684
Total	\$ 11,204	\$ 7,755	\$ 30,091	\$ 21,726

**Note 13. Related Party Transactions**

See Note 5, Debt for details of promissory notes issued by the Company to certain investors of the Company (or an affiliate thereof).

See Note 9, Stock-based compensation for details of partial recourse promissory notes issued by the Company to certain executives and employees.

**Note 14. Subsequent events***Velodyne Merger*

On November 4, 2022, the Company, Velodyne Lidar, Inc., a Delaware corporation (“Velodyne”), Oban Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of the Company (“Merger Sub I”) and Oban Merger Sub II LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of the Company (“Merger Sub II”), entered into an Agreement and Plan of Merger (the “Velodyne Merger Agreement”). Pursuant to the Velodyne Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub I shall be merged with and into Velodyne (the “Velodyne First Merger”), with Velodyne surviving as a wholly owned subsidiary of the Company (the “Surviving Corporation”) and as soon as practicable following the First Merger, the Surviving Corporation will be merged with and into Merger Sub II with Merger Sub II surviving as a wholly owned subsidiary of the Company (the “Velodyne Second Merger”, and together with the First Merger, the “Velodyne Mergers”).

The board of directors of each of the Company and Velodyne has unanimously approved the Velodyne Merger Agreement and the transactions contemplated thereby. The Velodyne Mergers are subject to customary closing conditions including stockholder approval by both companies. Both companies will continue to operate their businesses independently until the close of the Velodyne Merger. The Velodyne Mergers are expected to be completed in the first half of 2023.

*Merger Consideration*

At the effective time of the Velodyne Mergers (the “Effective Time”), (i) each share of common stock, par value \$0.0001 per share, of Velodyne (“Velodyne Common Stock”) issued and outstanding immediately prior to the Effective Time (other than the shares that are owned by Velodyne, Ouster, Merger Sub I or Merger Sub II or any wholly owned subsidiary of Velodyne, Ouster, Merger Sub I or Merger Sub II) will be converted into the right to receive 0.8204 (the “Exchange Ratio”) validly issued, fully paid and non-assessable shares of common stock of the Company (such shares the “Velodyne Common Stock Merger Consideration”) and (ii) each share of preferred stock, par value \$0.0001 per share, of Velodyne (“Velodyne Preferred Stock”) issued and outstanding immediately prior to the Effective Time (other than the shares that are owned by Velodyne, Ouster, Merger Sub I or Merger Sub II or any wholly owned subsidiary of Velodyne, Ouster, Merger Sub I or Merger Sub II) will be cancelled for no consideration. No fractional shares of the Company’s common stock will be issued in the Velodyne Mergers, and Velodyne stockholders will receive cash in lieu of any fractional shares as part of the Velodyne Common Stock Merger Consideration, as specified in the Velodyne Merger Agreement.

The Exchange Ratio will result in Velodyne common stockholders and the Company's common stockholders owning approximately 50% and 50%, respectively, of the outstanding shares of Ouster Common Stock following the Effective Time, based on shares outstanding as of the date of the Velodyne Merger Agreement.

*Voting Agreements*

Simultaneously with the execution of the Velodyne Merger Agreement, Velodyne entered into Voting and Support Agreements (the "Velodyne Voting and Support Agreement") with its directors and officers, and Ouster entered into voting and support agreements with Banyan Venture Holdings and its directors and officers (the "Ouster Voting and Support Agreements").

Pursuant to the Ouster Voting and Support Agreements, Banyan Venture Holdings and Ouster's directors and officers have agreed, among other things, to vote their respective shares in favor of the adoption of the Velodyne Merger Agreement. Pursuant to the Velodyne Voting and Support Agreements, Velodyne's directors and officers have agreed, among other things, to vote their respective shares in favor of the adoption of the Velodyne Merger Agreement.

*Loan and Security Agreement*

On October 17, the Company drew down \$20.0 million available under the Loan and Security Agreement, dated April 29, 2022, by and between Ouster, Sense Photonics, Inc. and Hercules Capital, Inc. (as amended from time to time, the "Hercules Loan Agreement").

In contemplation of entry into the Velodyne Merger Agreement, on November 1, 2022, the Company entered into the Consent and Second Amendment to Loan and Security Agreement (the "Hercules Amendment"), amending the Hercules Loan Agreement. Pursuant to the terms of the Hercules Amendment, the financial covenant requiring Ouster to achieve certain trailing twelve month revenue thresholds commencing with the quarter ending June 30, 2023 will be eliminated and replaced, contingent upon and effective as of the closing of the Velodyne Mergers, with a minimum liquidity financial covenant whereby the Company must maintain at least \$60.0 million of cash in deposit accounts that are subject to an account control agreement in favor of Hercules.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion of the results of operations and financial condition of Ouster, Inc. (“we,” “us,” “our,” the “Company,” “Ouster”) should be read in conjunction with the information set forth in our condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q, as well as our audited consolidated financial statements and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Ouster’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 28, 2022. This discussion contains forward-looking statements based upon current expectations that involve 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” in Ouster’s Annual Report on Form 10-K dated and filed with the SEC on February 28, 2022, as may be updated from time to time in the Company’s other filings with the SEC.*

*On December 21, 2020, Ouster Technologies, Inc. (“OTI”, and prior to the Colonnade Merger defined below, named Ouster, Inc.) entered into an Agreement and Plan of Merger (the “Colonnade Merger Agreement”) with Colonnade Acquisition Corp., a Cayman Islands exempted company (“CLA” with CLA after the transactions pursuant to the Colonnade Merger Agreement being referred to as the “Company”), and Beam Merger Sub, Inc. (“Beam Merger Sub”), a Delaware corporation and subsidiary of CLA. OTI’s and CLA’s board of directors unanimously approved OTI’s entry into the Colonnade Merger Agreement, and on March 11, 2021, the transactions contemplated by the Colonnade Merger Agreement were consummated (all such transactions, the “Colonnade Merger”), as further described below.*

*Unless the context otherwise requires, references in this subsection to “we”, “our” and “the Company” refer to the business and operations of OTI (formerly known as Ouster, Inc.) and its consolidated subsidiaries prior to the Colonnade Merger and to Ouster, Inc. (formerly known as Colonnade Acquisition Corp.) and its consolidated subsidiaries following the consummation of the Colonnade Merger.*

### Overview

We are 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 autonomy. We design and manufacture digital lidar sensors that we believe are the highest-performing, lowest-cost lidar solutions available today across each of our four target markets: industrial automation; smart infrastructure; robotics; and automotive. We shipped sensors to approximately 680 customers in the twelve months ended September 30, 2022.

Our digital lidar sensors leverage a simplified architecture based on two semiconductor chips and are backed by a suite of patent-protected technology. We have heavily invested 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.

Our product offering today includes our OS scanning product line and our DF solid-state product line. With our unique digital lidar technology, we offer numerous customization options across our products, all enabled by flexible technology and embedded software. Today, we offer short, medium, and long-range lidar products at varying price points and with tailored capabilities to meet the different needs of our diverse customer base.

We believe the simplicity of our digital lidar design gives us a meaningful advantage in costs related to manufacturing, supply chain and production yields. The same digital lidar components underpin our entire product portfolio, which we believe drives economies of scale in our supply chains. With virtually unlimited software-defined products driving low-cost customization, we are able to increase stock keeping units (“SKUs”) for industry-specific applications, expanding our product offering with minimal manufacturing or inventory changes. We currently offer many different software-defined product SKUs, all based on this common architecture and shared core componentry. Additionally, by outsourcing to our manufacturing partner, Benchmark Electronics, Inc. (“Benchmark”), we are able to successfully expand our manufacturing capacity. Benchmark manufactures our products at its facility in Thailand, 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 believe our manufacturing costs to be lower than certain of our competitors, and we expect our manufacturing costs per unit to decrease further with higher volumes.

We have won and are actively negotiating several multi-year sales contracts, including certain Strategic Customer Agreements (“SCAs”), which establish a multi-year purchase and supply framework for Ouster and the customer, and include details about customer programs and applications where the customer intends to use Ouster products. SCAs also include multi-year non-binding customer forecasts (typically of three to five years in length) giving Ouster visibility to the customer's long-

term purchasing requirements, mutually agreed upon pricing over the duration of the agreement, and, in certain cases, include multi-year binding purchase commitments.

We founded Ouster in 2015 with the invention of our high-performance digital lidar. Since then, we have grown to approximately 290 employees serving approximately 680 customers globally in the twelve months ended September 30, 2022. To continue to grow our business in the coming years, we have expanded and plan to continue to expand our sales and marketing efforts and our software development capabilities, and to accelerate sensor development efforts. We are headquartered in San Francisco, CA.

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

On November 4, 2022, we, Velodyne Lidar, Inc. (“Velodyne”), Oban Merger Sub, Inc., and Oban Merger Sub II LLC entered into an Agreement and Plan of Merger (the “Velodyne Merger Agreement”). Pursuant to the Velodyne Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, the parties have agreed that we will merge with Velodyne in an all-stock transaction (the “Velodyne Merger”). Under the terms of the agreement, each Velodyne share of common stock will be exchanged for 0.8204 shares of Ouster common stock at closing. The transaction will result in existing Velodyne and Ouster stockholders each owning approximately 50% of the combined company.

Simultaneously with the execution of the Velodyne Merger Agreement, Velodyne entered into a Voting and Support Agreement (the “Velodyne Voting and Support Agreement”) with its directors and officers, and we entered into a voting and support agreement with Banyan Venture Holdings and our directors and officers (the “Ouster Voting and Support Agreement”).

Pursuant to the Ouster Voting and Support Agreement, Banyan Venture Holdings and our directors and officers have agreed, among other things, to vote their respective shares in favor of the adoption of the Velodyne Merger Agreement. Pursuant to the Velodyne Voting and Support Agreement, Velodyne’s directors and officers have agreed, among other things, to vote their respective shares in favor of the adoption of the Velodyne Merger Agreement.

The Velodyne Merger is subject to customary closing conditions including stockholder approval by both companies. Both companies will continue to operate their businesses independently until the close of the Velodyne Merger. The Velodyne Merger is expected to be completed in the first half of 2023.

For additional information regarding the terms of the Velodyne Merger, see Note 14, Subsequent Events to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

### **REV7 Product Launch**

On October 19, 2022, we announced the launch of our newest OS series scanning sensors, REV7, powered by our next-generation 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. The new REV7 sensors offer performance upgrades that we believe will enhance Ouster’s market opportunity, driven by new opportunities for longer-range and mapping applications.

### **Merger Agreement with Colonnade Acquisition Corp. and Beam Merger Sub, Inc.**

On December 21, 2020, OTI entered into the Colonnade Merger Agreement with CLA, and Beam Merger Sub, a subsidiary of CLA. OTI’s and CLA’s board of directors unanimously approved OTI’s entry into the Colonnade Merger Agreement, and on March 11, 2021, the transactions contemplated by the Colonnade Merger Agreement were consummated. Pursuant to the terms of the Colonnade Merger Agreement, (i) CLA domesticated as a corporation incorporated under the laws of the State of Delaware (the “Domestication”) and changed its name to “Ouster, Inc.” (with CLA after such domestication and the other transactions pursuant to the Colonnade Merger Agreement being referred to as the “Company”) and (ii) Beam Merger Sub merged with and into OTI (the “Colonnade Merger”), with OTI surviving the Colonnade Merger.

As a result of and upon the effective time of the Domestication, among other things, (1) each of the then issued and outstanding 5,000,000 CLA Class B ordinary shares, par value \$0.0001 per share, of CLA (the “CLA Class B ordinary shares”) converted automatically, on a one-for-one basis, into a CLA Class A ordinary share (as defined below), (2) immediately following the conversion described in clause (1), each of the then issued and outstanding 25,000,000 Class A ordinary shares, par value \$0.0001 per share, of CLA (the “CLA Class A ordinary shares”), converted automatically, on a one-for-one basis, into a share of common stock, par value \$0.0001 per share, of Ouster (the “Ouster common stock”), (3) 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 (4) each of the then issued and outstanding units of CLA that had not been previously separated into the underlying CLA Class A ordinary shares and underlying CLA warrants upon the request of the holder thereof (the “CLA units”), were cancelled and entitled the holder thereof to one share of Ouster common stock and one-half of one Public warrant, and (5) 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.

Immediately prior to the effective time of the Colonnade Merger, (1) each share of OTI’s Series B Preferred Stock, par value \$0.00001 per share (the “OTI Preferred Stock”), converted into one share of common stock, par value \$0.00001 per share, of OTI (the “OTI common stock” and, together with OTI Preferred Stock, the “OTI Capital Stock”) (such conversion, the “OTI Preferred Conversion”) and (2) all of the outstanding warrants to purchase shares of OTI Capital Stock were exercised in full or terminated in accordance with their respective terms (the “OTI Warrant Settlement”).

As a result of and upon the closing of the Colonnade Merger, among other things, all shares of OTI Capital Stock (after giving effect to the OTI Warrant Settlement) outstanding immediately prior to the closing of the Colonnade Merger together with shares of OTI common stock reserved in respect of options to purchase shares of OTI common stock and restricted shares of OTI common stock (together, the “OTI Awards”) outstanding immediately prior to the closing of the Colonnade Merger that were converted into awards based on Ouster common stock, were cancelled in exchange for the right to receive, or the reservation of, an aggregate of \$1.5 billion of shares of Ouster common stock (at a deemed value of \$10.00 per share), which, in the case of OTI Awards, were shares underlying awards based on Ouster common stock, representing a fully-diluted pre-transaction shares. Upon the closing of the Colonnade Merger, the Company received gross proceeds of \$299.9 million from the Colonnade Merger and private offering, offset by \$8.5 million of pre-merger costs relating to CLA and transaction costs of \$26.6 million.

### **Sense Acquisition**

On October 22, 2021, we completed the acquisition of Sense Photonics, Inc. (“Sense”). Under the terms of the merger agreement, we acquired 100% of Sense and all of its property for approximately 10 million shares of Ouster common stock or approximately \$63.0 million in equity value based on the closing price of \$6.55 per share as of the day the transaction closed on October 22, 2021, inclusive of 0.8 million shares underlying assumed options, after closing adjustments. This acquisition is expected to help Ouster expand its presence in the automotive vertical by executing on our hiring goals and product roadmap on a faster timeline.

### **COVID-19 Impact**

Our suppliers who are located worldwide, including some of our key suppliers, have been affected by the novel coronavirus (“COVID-19”) pandemic, resulting in persistent supply chain disruptions. We have been experiencing unfavorable purchase price variance and situational expedite fees in order to meet production and delivery timelines. While we may experience additional and new pressures on our supply chain that may or may not be related to the pandemic, we have been actively taking steps to mitigate the impact of the materials shortages on our business.

Some customers have delayed their orders and production schedules. In spite of what appears to be a “return-to-normal” in several regions, the pandemic continues to evolve, and the full extent to which it will directly or indirectly impact our business, results of operations and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs and personnel-related costs, will depend on future developments that are uncertain, including new information that may emerge concerning COVID-19, the impact of new variants and sub-variants and the actions taken to contain, prevent or treat COVID-19, rate and success of vaccination efforts, vaccination reticence, resurgence of the pandemic in areas where we, Benchmark or our suppliers operate, and the economic impact on local, regional, national and international customers and markets.

Because the situation remains uncertain and hard to predict, the COVID-19 pandemic may have a material negative impact on our future results.

## Factors Affecting Our Performance

*Supply Chain Continuity.* Beginning in 2021, a surge in demand for electronics containing semiconductor chips and stockpiling of chips by certain companies created disruptions in the supply chain, which continue to persist and have resulted in a global chip shortage impacting our industry. Some chip manufacturers continue to estimate that this supply shortage may continue through the end of 2023. These chip manufacturers are working to increase capacity in the future, and we are managing our inventory and working closely with our regular suppliers and customers to minimize the potential impacts of any supply shortages including by securing additional inventory. While we do not expect the shortage to have a material near-term impact on our ability to meet existing demand for our current products, the shortage adversely impacted our gross margins for the year ended December 31, 2021 and the nine months ended September 30, 2022 and may continue to do so. We anticipate fluctuation in our cost of goods sold over the next 12-15 months as a result of ongoing supply chain constraints. These constraints have caused and may in the future cause us to implement certain temporary price surcharges. Over time, we expect our overall average selling prices to decline as our volume increases. If our mitigating efforts are not successful or the shortage continues or worsens in ways we did not anticipate, our ability to supply or improve our current products as well as our development and rollout of future products could also be adversely affected.

*Commercialization of Lidar Applications.* We believe that lidar is approaching its 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 to commercialize semi-autonomous solutions 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 continue to 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. Nonetheless, our revenue may not grow as we expect unless and until more customers commercialize their products and lidar technology becomes more prevalent across our target end markets.

*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, validated, and 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 seven 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, including industrial automation, smart infrastructure and robotics. It is critical to our future success in each of our target end markets that our customers reach commercial production and sales and that they select our products in their commercial production applications. Because the timelines to reach production vary significantly and the revenue generated by each customer in connection with commercial production and sales is unpredictable, it is difficult for us to reliably predict our financial performance.

*Customers' Sales Volumes.* Our customer base is diversified and we intend 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, end market penetration of our customer's products that incorporate our digital lidar solutions, our end customers' ability to sell their products, and the financial stability and reputation of the customers. We believe our sales volume by customer depends on the end market demand for our customers' products that incorporate our digital lidar solutions as well as our ability to grow our sales force.

*Average Selling Prices ("ASPs"), Product Costs and Margins.* Our product costs and gross margins depend largely on the volumes of sensors 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 margins from signing anticipated large multi-year agreements (including our SCAs) in the near term with multi-year negotiated pricing, as well as the supply chain constraints discussed above. 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 products, we expect that over time our volume-driven product costs will lead to gross margin improvement as our sales volume increases.

*Competition.* Lidar is an emerging market, and there are competitors for the growing market. Competitors may offer lidar products at lower prices than ours, including pricing that may be 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 enter, and have entered, into commercial relationships with key customers and potential customers and have built relationships and dependencies between themselves and those key customers and potential customers. This has created downward pressure on our ASPs,

particularly in the Asia and Pacific region. We expect this pressure to continue to push our ASPs lower in the coming years. However, we believe that because of our complementary metal-oxide-semiconductor (“CMOS”), digital lidar technology, we are in the position to scale more rapidly than our analog competitors and leverage our scale to deliver positive gross margins.

*Continued Investment and Innovation.* We believe that we are a leading digital 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 realizing our product roadmap. 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.

*Market Trends and Uncertainties.* We anticipate robust demand for our digital lidar solution. We estimate a multibillion-dollar total addressable market (“TAM”) for our solutions in the near future. We define our TAM as automation applications in the industrial, smart infrastructure, robotics and automotive 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 digital lidar sensors.

Although increasing adoption of semi-autonomous solutions that rely on lidar technology may generate higher demand, 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 digital lidar sensors are used. Market acceptance of semi-autonomous solutions and active safety technology depend upon many factors, including cost, performance, safety, 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: North and South America; 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 and additional operational costs, risks and challenges that may impact our ability to meet our projected sales volumes, revenue and gross margins.

## **Components of Results of Operations**

### ***Revenue***

The majority of our revenue comes from the sale of our digital lidar sensors and accessories both directly to end users and through distributors 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, which is generally when the product is shipped. We also recognize revenue by performing services related to product development and validation, and shipping; however, we do not expect product development and validation and license and services to be material components of revenue, cost of revenue or gross margin in the foreseeable 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 product 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 currently in the evaluation or early research and development (“R&D”) stage with our products. 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 are still at the very beginning of the lidar adoption curve, and some customers are still learning their ramp rates which can impact the timing of purchase orders quarter to quarter. As we grow our business, we expect to improve predictability into our customers’ needs and timelines, and expect the timing of orders will have a less notable impact on our quarterly results. Over the coming years, as more of our customers move into their respective production phases, we expect the majority of our product revenue to shift to larger volume orders based on predictable production schedules.

### ***Cost of Revenue***

Cost of revenue consists of the manufacturing cost of our digital lidar sensors, which primarily consists of sensor components, personnel-related costs 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, an allocated portion of overhead, facility and IT costs, stock-based compensation for manufacturing personnel, reserves for estimated 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. Subject to quarterly fluctuations and volatility, we expect unit costs to improve as we manufacture higher unit volumes of sensors and a greater portion of our sensors are produced by our contract manufacturer in Thailand.

### ***Operating Expenses***

#### ***Research and Development Expenses***

R&D activities are primarily conducted at our San Francisco based headquarters and our additional R&D facility in Edinburgh, Scotland 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 industrial and autonomous vehicle safety certifications;
- Development of new products and enhancements to existing products in response to customer requirements including firmware development and software development of lidar integration products;
- Custom system-on-a-chip (“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, and prototype expenses.

R&D costs are expensed as they are incurred. We expect our investment in R&D will continue to grow as we invest in new lidar technology and related software; however, we expect R&D as a percentage of revenue to decrease annually 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. We expect that our investment in sales and marketing will continue to grow as we continue to expand our sales team globally, and our absolute amount of sales and marketing expenses will grow over time. We expect sales and marketing spend 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 resource, IT, and legal departments as well as fees related to legal fees, patent prosecution, accounting, finance and professional services, insurance, and bank fees. We expect our absolute amount of general and administrative expense will grow over time; however, we expect the general and administrative spend as a percentage of revenue to decrease annually as our business grows. Near term increases in general and administrative expenses are expected to be related to hiring more personnel and consultants to support our growing international expansion and compliance with the applicable provisions of U.S. generally accepted accounting principles and other SEC rules and regulations.

### Stock-Based Compensation

We measure stock options granted based on the fair value on the date of the grant and recognize compensation expense of those awards, over the requisite service period, which is the vesting period of the respective award. Forfeitures are accounted for as they occur. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The grant date fair value of restricted stock unit awards is based on the grant date share price.

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

Interest income consists primarily of income earned on our cash and cash equivalents. These amounts will vary based on our cash and cash equivalents balances and market rates. Interest expense consists primarily of interest on our debt and convertible notes and amortization of debt issuance costs and discount. Other income (expense), net consists primarily of realized and unrealized gains and losses on foreign currency transactions and balances, the change in fair value of financial instruments, including warrants issued in connection with a debt agreement, and private placement warrants acquired as part of the Colonnade Merger.

### 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 its 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 its net deferred tax assets. Income tax provision for the three and nine months ended September 30, 2022 and 2021, respectively, was not material to the Company's condensed consolidated financial statements.

### Results of Operations:

The following table sets forth our condensed consolidated results of operations data for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)		(dollars in thousands)	
Product revenue	\$ 11,204	\$ 7,755	\$ 30,091	\$ 21,726
Cost of product revenue <sup>(1)</sup>	7,488	5,879	21,002	16,212
Gross profit	3,716	1,876	9,089	5,514
Operating expenses <sup>(1)</sup> :				
Research and development	17,212	8,390	49,011	19,576
Sales and marketing	8,541	6,737	23,194	14,777
General and administrative	14,008	14,073	40,306	36,177
Total operating expenses	39,761	29,200	112,511	70,530
Loss from operations	(36,045)	(27,324)	(103,422)	(65,016)
Other (expense) income:				
Interest income	733	165	1,231	305
Interest expense	(699)	—	(1,143)	(504)
Other income (expense), net	61	14,490	7,071	(422)
Total other expense, net	95	14,655	7,159	(621)
Loss before income taxes	(35,950)	(12,669)	(96,263)	(65,637)
Provision for income tax expense	37	—	121	—
Net loss	\$ (35,987)	\$ (12,669)	\$ (96,384)	\$ (65,637)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(% of total revenue)		(% of total revenue)	
Product revenue	100 %	100 %	100 %	100 %
Cost of product revenue <sup>(1)</sup>	67	76	70	75
Gross profit	33	24	30	25
Operating expenses <sup>(1)</sup> :				
Research and development	154	108	163	90
Sales and marketing	76	87	77	68
General and administrative	125	181	134	167
Total operating expenses	355	377	374	325
Loss from operations	(322)	(352)	(344)	(299)
Other (expense) income:				
Interest income	7	2	4	1
Interest expense	(6)	0	(4)	(2)
Other income (expense), net	1	187	23	(2)
Total other expense, net	1	189	24	(3)
Loss before income taxes	(321)	(163)	(320)	(302)
Provision for income tax expense	—	—	—	—
Net loss	(321)%	(163)%	(320)%	(302)%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)		(dollars in thousands)	
Cost of product revenue	\$ 207	\$ 206	\$ 570	\$ 457
Research and development	3,681	2,063	11,248	4,305
Sales and marketing	1,913	1,717	5,276	2,702
General and administrative	2,654	3,161	8,230	11,093
Total stock-based compensation	\$ 8,455	\$ 7,147	\$ 25,324	\$ 18,557

## Comparison of the three months ended September 30, 2022 and 2021

### Revenue

	Three Months Ended September 30,		Change	Change
	2022	2021	\$	%
	(dollars in thousands)			
Product revenue	\$ 11,204	\$ 7,755	\$ 3,449	44 %
Revenue by geographic location:				
United States	\$ 4,010	\$ 4,037	\$ (27)	(1)%
North and South America, excluding United States	172	147	25	17
Asia and Pacific	2,072	1,957	115	6
Europe, Middle East and Africa	4,950	1,614	3,336	207
Total	\$ 11,204	\$ 7,755	\$ 3,449	44 %

### Product Revenue

Product revenue increased by \$3.4 million, or 44%, to \$11.2 million for the three months ended September 30, 2022 from \$7.8 million for the comparable period in the prior year. The increase in product revenue was driven by a 31% increase in volume which we attribute primarily to the global expansion of our sales team and the increase of high volume, long-term agreements as some of our customers begin to move into a production stage with their autonomous products. Our average selling price increased by 11% when compared to the comparable period in the prior year.

### Geographic Locations

Revenue increased across the geographic regions of North and South America, excluding the United States; 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 was primarily attributable to our continued focus and investment in our global sales team and an expansion in the demand of our existing customers as 13% of our revenue was from new customers during the three months ended September 30, 2022. We specifically saw large growth in the Europe, Middle East and Africa as several of our customers with whom we have strategic customer agreements (SCAs) made production buys in the three months ended September 30, 2022. The United States product revenue remained relatively flat period-over-period.

### Cost of Product Revenue and Gross Margin

	Three Months Ended September 30,		Change	Change
	2022	2021	\$	%
	(dollars in thousands)			
Cost of product revenue	\$ 7,488	\$ 5,879	\$ 1,609	27 %

Cost of product revenue increased by \$1.6 million, or 27%, to \$7.5 million for the three months ended September 30, 2022 from \$5.9 million for the comparable period in the prior year. The increase in cost of product revenue was primarily attributable to increases related to volume of \$1.1 million in material, manufacturing, and freight costs, \$1.7 million general increases per unit in material, manufacturing, and freight costs associated with rising prices from inflation and the ongoing global supply chain shortages. The increases were partially offset by a decrease of \$1.2 million in purchase price variance as we invested in securing material in response to the global supply chain shortages in the previous periods.

Product gross margin increased from 24% for the three months ended September 30, 2021 to 33% for the three months ended September 30, 2022. The increase in product gross margin was due to the 11% increase in average selling price and 3% favorable decrease in cost of product revenue per unit.

## Operating Expenses

	Three Months Ended September 30,		Change	Change
	2022	2021	\$	%
(dollars in thousands)				
Operating expenses:				
Research and development	\$ 17,212	\$ 8,390	\$ 8,822	105 %
Sales and marketing	8,541	6,737	1,804	27
General and administrative	14,008	14,073	(65)	—
Total operating expenses:	\$ 39,761	\$ 29,200	\$ 10,561	36 %

### Research and Development

Research and development expenses increased by \$8.8 million, or 105%, to \$17.2 million for the three months ended September 30, 2022 from \$8.4 million for the comparable period in the prior year. The increase was primarily attributable to an increase of \$1.4 million in stock-based compensation expense, \$3.4 million in payroll-related expenses, \$0.6 million in depreciation and amortization expense, \$2.7 million increase in contractor, prototype, and equipment costs related to product development, and \$0.7 million in other materials and supplies, facilities, professional fees and other miscellaneous costs attributable to research and development functions. The increase in employee-related costs was mainly due to the higher headcount associated with the Sense Photonics, Inc. acquisition.

### Sales and Marketing

Sales and marketing expenses increased by \$1.8 million, or 27%, to \$8.5 million for the three months ended September 30, 2022 from \$6.7 million for the comparable period in the prior year. The increase was primarily attributable to an increase of \$1.1 million in payroll and personnel-related costs, \$0.2 million in stock-based compensation expense driven by the addition of sales personnel in all our global regions and \$0.5 million in professional, travel and other costs related to sales and marketing activities.

### General and Administrative

General and administrative expenses decreased by \$0.1 million, or 0.5%, to \$14.0 million for the three months ended September 30, 2022 from \$14.1 million for the comparable period in the prior year. The change was primarily attributable to an increase of \$0.5 million in payroll and personnel-related costs, \$0.5 million in depreciation expenses and \$0.6 million in office, facility and other expenses, \$0.6 million in litigation costs, partially offset by a decrease of \$0.5 million in stock-based compensation expenses, and \$1.8 million in professional services fees.

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

	Three Months Ended September 30,		Change	Change
	2022	2021	\$	%
(dollars in thousands)				
Interest income	\$ 733	\$ 165	\$ 568	344 %
Interest expense	(699)	—	(699)	*
Other income (expense), net	61	14,490	(14,429)	(100)

\*Not meaningful

The increase in interest income was primarily attributable to improved cash management activities to earn a higher yield on excess cash and cash equivalent balances.

Interest expense was \$0.7 million for the three months ended September 30, 2022 relating to term loan borrowings and amortization of debt issuance costs and discount under our Loan Agreement (as defined below). There was no interest expense in the three months ended September 30, 2021 as we did not have outstanding debt in that period.

Other income (expense), net was \$0.1 million for the three months ended September 30, 2022 compared to \$14.5 million for the comparable period in the prior year. During the three months ended September 30, 2022, we recorded a gain of \$0.2 million for the fair value change of the private placement warrant liability. During the comparable period in the prior year, we recorded a loss of \$14.5 million for the fair value change of the private placement warrant liability.

### Income Taxes

We were subject to income taxes in the United States, California, and miscellaneous foreign jurisdictions for the three months ended September 30, 2022 and 2021. Our income tax expense for three months ended September 30, 2022 and 2021 was not material to our condensed consolidated financial statements.

### Comparison of the Nine Months Ended September 30, 2022 and 2021

#### Revenue

	Nine Months Ended September 30,		Change	Change
	2022	2021	\$	%
	(dollars in thousands)			
Product revenue	\$ 30,091	\$ 21,726	\$ 8,365	39 %
Revenue by geographic location:				
United States	\$ 9,850	\$ 8,463	\$ 1,387	16 %
North and South America, excluding United States	835	675	160	24
Asia and Pacific	7,004	4,904	2,100	43
Europe, Middle East and Africa	12,402	7,684	4,718	61
Total	\$ 30,091	\$ 21,726	\$ 8,365	39 %

#### Product Revenue

Product revenue increased by \$8.4 million, or 39%, to \$30.1 million for the nine months ended September 30, 2022 from \$21.7 million for the comparable period in the prior year. The increase in product revenue was driven by an increase in volume of 40%, which we attribute primarily to the global expansion of our sales team and the increase of high volume, long-term deals as some of our customers begin to move into a production stage with their autonomous products. Our average selling price declined by 1% when compared to the comparable period in the prior year.

#### Geographic Locations

Revenue increased across the geographic regions of the United States; North and South America, excluding the United States; Asia and Pacific; and Europe, Middle East and Africa by \$1.4 million, \$0.2 million, \$2.1 million, and \$4.7 million, respectively, as compared to the comparable period in the prior year. The revenue increases in those geographic regions were a result of our continued focus and investment in our global sales team and an expansion in the demand of our existing customers since only 22% of our revenue was from new customers during the nine months ended September 30, 2022.

#### Cost of Product Revenue and Gross Margin

	Nine Months Ended September 30,		Change	Change
	2022	2021	\$	%
	(dollars in thousands)			
Cost of product revenue	\$ 21,002	\$ 16,212	\$ 4,790	30 %

Cost of product revenue increased by \$4.8 million, or 30%, to \$21.0 million for the nine months ended September 30, 2022 from \$16.2 million for the comparable period in the prior year. The increase in cost of product revenue was primarily due to an increase of \$0.9 million in purchase price variance due to the supply chain shortage, increases related to volume of \$2.4 million in material costs, \$0.2 million in freight costs and \$1.8 million in manufacturing overhead costs. The increases were partially offset by a decrease of \$0.5 million in per unit costs of materials, labor and overhead and other costs related to product revenue.

Product gross margin increased from 25% for the nine months ended September 30, 2021 to 30% for the nine months ended September 30, 2022. The increase in product gross margin was primarily due to the 8% decrease in cost per unit partially offset by the 1% decrease in average selling price.

## Operating Expenses

	Nine Months Ended September 30,		Change	Change
	2022	2021	\$	%
(dollars in thousands)				
Operating expenses:				
Research and development	\$ 49,011	\$ 19,576	\$ 29,435	150 %
Sales and marketing	23,194	14,777	8,417	57
General and administrative	40,306	36,177	4,129	11
Total operating expenses:	\$ 112,511	\$ 70,530	\$ 41,981	60 %

### Research and Development

Research and development expenses increased by \$29.4 million, or 150%, to \$49.0 million for the nine months ended September 30, 2022 from \$19.6 million for the comparable period in the prior year. The increase was primarily attributable to an increase of \$12.3 million in payroll and benefits related costs, \$6.5 million in stock-based compensation expense, \$6.8 million in contractor, prototype, and equipment costs related to product development, \$1.9 million in depreciation and amortization expense, and \$1.9 million in other materials and supplies, facilities, professional fees and other miscellaneous costs attributable to research and development functions. The increase in employee-related costs was mainly due to the higher headcount associated with the Sense Photonics, Inc. acquisition.

### Sales and Marketing

Sales and marketing expenses increased by \$8.4 million, or 57%, to \$23.2 million for the nine months ended September 30, 2022 from \$14.8 million for the comparable period in the prior year. The increase was primarily attributable to an increase of \$5.1 million in payroll and personnel-related costs, \$2.6 million in stock-based compensation expense driven by the addition of sales personnel in all our global regions, as well as a \$0.7 million increase in other expenses associated with our marketing and business development programs.

### General and Administrative

General and administrative expenses increased by \$4.1 million, or 11%, to \$40.3 million for the nine months ended September 30, 2022 from \$36.2 million for the comparable period in the prior year. The increase was primarily due to an increase of \$3.1 million in payroll and personnel-related costs, \$1.2 million in insurance premiums, \$1.6 million in depreciation expenses, \$1.2 million in litigation costs and \$2.2 million in office, facility and other expenses, partially offset by a decrease of \$2.9 million in stock-based compensation expenses and \$2.3 million in professional services fees.

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

	Nine Months Ended September 30,		Change	Change
	2022	2021	\$	%
(dollars in thousands)				
Interest income	\$ 1,231	\$ 305	\$ 926	304 %
Interest expense	(1,143)	(504)	(639)	127
Other income (expense), net	7,071	(422)	7,493	(1,776)

Interest income was \$1.2 million for the nine months ended September 30, 2022 compared to \$0.3 million for the comparable period in the prior year. The increase in interest income was primarily attributable to improved cash management activities to earn a higher yield on excess cash and cash equivalent balances.

Interest expense was \$1.1 million for the nine months ended September 30, 2022 compared to \$0.5 million for the comparable period in the prior year. We recorded interest expense on our debt and amortization of debt issuance costs and discount in the nine months ended September 30, 2022 relating to term loan borrowings and amortization of debt issuance costs and discount under our Loan and Security Agreement. Interest expense recorded in the nine months ended September 30, 2021 primarily consisted of interest and amortization of debt issuance cost and discount on the loan and security agreement with Runway Growth Credit and Fund Inc., which was terminated on March 26, 2021.

Other income (expense), net was \$7.1 million of income for the nine months ended September 30, 2022 compared to \$(0.4) million in expense for the comparable period in the prior year. During the nine months ended September 30, 2022, we recorded a gain of \$7.4 million for the fair value change of private placement warrant liability. During the nine months ended September 30, 2021, we recorded a loss of \$8.8 million for the fair value change of redeemable convertible preferred stock warrant liability and a gain of \$8.4 million for the fair value change of private placement warrant liability.

### **Income Taxes**

We were subject to income taxes in the United States, California, and miscellaneous foreign jurisdictions for the nine months ended September 30, 2022 and 2021. Our income tax expense for nine months ended September 30, 2022 and 2021 was not material to the Company's condensed consolidated financial statements.

### **Liquidity and Capital Resources**

Our principal sources of liquidity are our cash and cash equivalents, cash generated from product revenues, sales of common stock under our at-the-market equity offering program and our Loan Agreement with Hercules Capital, Inc.

Our primary requirements for liquidity and capital are working capital, inventory management, capital expenditures, public company costs and general corporate needs. We expect these needs to continue as we develop and grow our business. Prior to the Colonnade Merger, we primarily funded our operations from the net proceeds from sales of our preferred convertible stock and convertible notes, borrowing under our loan and security agreement with Runway Growth Credit Fund, Inc. and product revenue. Upon closing of the Colonnade Merger, we received gross proceeds of \$299.9 million from the Colonnade Merger and private offering, offset by \$8.5 million of pre-merger costs relating to CLA and transactions cost of \$26.6 million.

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"), 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 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 its funding. During the nine months ended September 30, 2022, we sold 7,833,709 shares of common stock for net proceeds of \$15.8 million under the ATM Agreement. 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.

On April 29, 2022, we entered into a loan and security agreement (the "Loan Agreement") with Hercules Capital, Inc. ("Hercules"). The Loan Agreement provides us with a term loan of up to \$50.0 million, subject to terms and conditions. \$20.0 million was drawn under the Loan Agreement on April 29, 2022 and an additional \$20.0 million was drawn on October 17, 2022. For additional information, see "Debt Arrangements" below.

As of September 30, 2022, we had an accumulated deficit of \$399.7 million and cash and cash equivalents of \$133.2 million. 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 expand our sales and marketing teams worldwide. We are likely to 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 or enter into credit facilities for other reasons. 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, the widespread COVID-19 pandemic and 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.

## Debt Arrangements

As described above, on April 29, 2022, we entered into the Loan Agreement with Hercules, which provides us with a term loan facility of up to \$50.0 million, subject to terms and conditions (the “Term Loan Facility”). As of September 30, 2022, \$20.0 million has been drawn to date under the Loan Agreement, and can be used for general working capital purposes subject to certain terms and conditions. Subsequent to September 30, 2022 we borrowed an additional \$20.0 million. An additional \$10.0 million may be drawn on or before June 15, 2023, subject to satisfying certain conditions relating to the achievement of trailing twelve-month revenue and profit milestones.

In contemplation of entry into the Velodyne Merger Agreement, on November 1, 2022, we entered into a Consent and Second Amendment to Loan and Security Agreement (the “Hercules Amendment”), amending the Loan Agreement. Pursuant to the terms of the Hercules Amendment, the financial covenant requiring us to achieve certain trailing twelve month revenue thresholds commencing with the quarter ending June 30, 2023 will be eliminated and replaced, contingent upon and effective as of the closing of the Velodyne Mergers, with a minimum liquidity financial covenant whereby we must maintain at least \$60 million of cash in deposit accounts that are subject to an account control agreement in favor of Hercules.

For additional information regarding the terms of the Loan Agreement, see Note 5, Debt and Note 14, Subsequent Events.

## 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 condensed consolidated balance sheet as of September 30, 2022, 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, operating leases and obligations related to the Loan Agreement with Hercules. For information regarding our other contractual obligations, refer to Note 7, Commitments and Contingencies and our Annual Report on Form 10-K as filed with the SEC on February 28, 2022. If the Velodyne Merger is consummated, we will assume certain of Velodyne’s contractual obligations.

## Cash Flow Summary

	Nine months ended September 30,	
	2022	2021
	(dollars in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (83,290)	\$ (45,106)
Investing activities	(2,078)	(1,774)
Financing activities	35,414	257,826

## Operating Activities

During the nine months ended September 30, 2022, operating activities used \$83.3 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of \$96.4 million, impacted by our non-cash charges of \$28.3 million primarily consisting of stock-based compensation of \$25.3 million, a \$7.4 million change in fair value of warrant liabilities, depreciation and amortization of \$7.1 million, change in right-of-use asset of \$2.1 million, interest expense and amortization of debt issuance costs and debt discount of \$0.4 million. The changes in our operating assets and liabilities of \$15.2 million were primarily due to a decrease in operating lease liability of \$2.4 million, an increase in accounts payable of \$3.2 million, an increase in accounts receivable of \$0.1 million and an increase in accrued and other liabilities of \$0.2 million.

During the nine months ended September 30, 2021, operating activities used \$45.1 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of \$65.6 million, impacted by our non-cash charges of \$24.8 million primarily consisting of inventory write down of \$0.9 million, interest expense and amortization of debt issuance costs and debt discount of \$0.3 million, depreciation and amortization of \$3.4 million, change in right-of-use asset of \$1.3 million, stock-based compensation of \$18.6 million. The changes in our operating assets and liabilities of \$4.3 million were primarily due to an increase in accounts receivable of \$4.4 million, a decrease of accounts payable of \$2.7 million, and an increase in accrued and other current liabilities of \$7.1 million.

### ***Investing Activities***

During the nine months ended September 30, 2022, cash used in investing activities was \$2.1 million, which was related to purchases of property, plant and equipment, partially offset by sales of property and equipment.

During the nine months ended September 30, 2021, cash used in investing activities was \$1.8 million, which was related to purchases of property, plant and equipment.

### ***Financing Activities***

During the nine months ended September 30, 2022, cash provided by financing activities was \$35.4 million, consisting primarily of \$19.1 million of proceeds from borrowings, net of debt discount and issuance costs, \$16.3 million of proceeds from the issuance of common stock under the ATM Agreement, net of commissions and fees and proceeds from exercise of stock options of \$0.4 million.

During the nine months ended September 30, 2021, cash provided by financing activities was \$257.8 million, consisting primarily of \$291.5 million of proceeds (net of \$8.4 million of pre-Colonnade Merger costs relating to CLA) from the Colonnade Merger and PIPE Investment offset by offerings costs of \$27.1 million, and proceeds from exercise of stock options of \$0.5 million, partially offset by repayment of debt of \$7.0 million. There were promissory notes to related parties of \$5.0 million that were issued and repaid during the nine months ended September 30, 2021.

### **Critical Accounting Policies and Estimates**

Our critical accounting policies and estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no significant changes to our critical accounting policies since the filing of our Annual Report on Form 10-K for the year ended December 31, 2021 except for the addition of deferred debt financing costs as a significant accounting policy, which is described in Note 2 – Summary of Significant Accounting Policies to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions. Certain of these policies require the application of subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates and assumptions are based on historical experience, changes in the business environment and other factors that we believe to be reasonable under the circumstances. Different estimates that could have been applied in the current period or changes in the accounting estimates that are reasonably likely can result in a material impact on our financial condition and operating results in the current and future periods.

**Goodwill Impairment.** As of September 30, 2022, the Company with the assistance of third-party valuation specialist performed an impairment test of goodwill as a result of the decline in market conditions and updated outlook as a result of the impact of market uncertainties that prolonged the sales cycle. The Company's goodwill valuation was determined based on a discounted future cash flow model (income approach). The Company determined that goodwill was not impaired as of September 30, 2022, however the fair value was not substantially in excess of its carrying value. The estimated fair value of the reporting unit exceeded its carrying value by approximately 4% as of September 30, 2022.

Given this level of fair value, in the event the financial performance of the Company does not meet expectations in the future or the Company experiences future prolonged market downturns or continued declines in our stock price, worsening trends from the COVID-19 pandemic, or there are other negative revisions to key assumptions, the Company may be required to perform additional impairment analyses and could be required to recognize a non-cash goodwill impairment charge. As of September 30, 2022, goodwill was \$51.2 million.

### ***Recent Accounting Pronouncements***

Refer to Note 2 in our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Quarterly Report on Form 10-Q.

### **Item 3. 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 and foreign currency exchange rates.

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

#### ***Inflation Risk***

General inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. General inflation, including rising prices for inputs and rising wages, as well as rising interest rates negatively impact our business by increasing our operating costs. General inflation also negatively impacts our business by decreasing the capital for our customers to deploy to purchase our products. Inflation may cause our customers to reduce or delay orders for our products thereby causing a decrease in sales. Increased instability relating to this higher inflation as well as rising interest rates may enhance volatility in currency exchange rates, limit our suppliers' and customers' access to credit and limit our ability to access debt and equity financing. These uncertainties may make it difficult for us and our suppliers and customers to accurately plan future business activities and materially adversely impact our operating results and financial condition. While we adjust our prices to try to offset rising operating costs, we may not be able to fully offset such higher costs or demand may decline. Our inability to offset costs or consequential decline in demand could harm our business, results of operations or financial condition.

#### ***Interest Rate Risk***

As of September 30, 2022, we had cash and cash equivalents of approximately \$133.2 million, out of which \$129.9 million consisted of institutional money market funds, which carries a degree of interest rate risk. A hypothetical 10% 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.

In addition, our operating results are subject to risk from interest rate fluctuations on borrowings under our Loan Agreement, which carry variable interest rates. Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Because our borrowings under our Loan Agreement bear interest at variable rates, we are exposed to market risks relating to changes in interest rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. As of September 30, 2022, we had \$19.2 million of variable rate debt outstanding under our Loan Agreement. Based upon a sensitivity analysis of our debt levels on September 30, 2022, an increase or decrease of 1% point in the effective interest rate would cause an increase or decrease in interest expense of approximately \$0.2 million over the next 12 months. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

#### ***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.

#### **Item 4. Controls and Procedures**

##### ***Limitations on Effectiveness of Controls and Procedures***

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

##### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2022 due to the material weaknesses in our internal control over financial reporting described below.

### ***Material Weaknesses and Remediation Plan***

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

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

- We did not design and maintain effective controls over the period-end financial reporting process to achieve complete, accurate and timely financial accounting, reporting and disclosures, including segregation of duties and adequate controls related to journal entries and certain other business processes, and verifying transactions are properly classified in the financial statements. This material weakness resulted in adjustments to several account balances and disclosures in the consolidated financial statements for the years ended December 31, 2019 and 2018, and adjustments to the equity and warrant liabilities accounts and related disclosures in the condensed consolidated financial statements for the three months ended March 31, 2021.
- We did not design and maintain effective controls over certain information technology (“IT”) general controls for information systems that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain (i) program change management controls to ensure that information technology program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately and (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to our financial applications, programs and data to appropriate personnel. This material weakness did not result in a material misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected.

Additionally, each of these material weaknesses could result in a misstatement of account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

We have taken several measures to remediate the foregoing material weaknesses. To date, our efforts have included the following:

- Recruiting additional personnel with appropriate internal controls and accounting knowledge and experience commensurate with our accounting and reporting requirements, in addition to engaging and utilizing third party consultants and specialists.
- Enhancing entity level controls (ELCs) including increasing Board and Audit Committee oversight, expanding senior management review of financial and business performance, creating an internal audit function and charter, and providing code of conduct trainings.
- Strengthening IT governance and designing IT general controls including restricted user access to our internal systems for financial reporting, change management, program development and computer operations.
- Designing additional controls for financial close and reporting including review of accounting policies, journal entry review controls, review of significant or non-routine transactions, period end close procedures, financial statement preparation, review, and reporting.

While these actions and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period, we are committed to continuous improvement and will continue to diligently review our internal control over financial reporting.

### ***Changes in Internal Control over Financial Reporting***

Other than execution of the material weakness remediation plan activities described above, there has been no change in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

On June 10, 2021, the Company received a letter from the SEC notifying us of an investigation and document subpoena. The subpoena sought documents regarding projected financial information in CLA's Form S-4 registration statement filed on December 22, 2020. To date, the Company has complied with all SEC requests and produced all requested documents; however, the SEC may request additional documents or information.

On June 14, 2022, Velodyne Lidar USA, Inc. ("Velodyne") filed a lawsuit against the Company relating to two patents and requested an International Trade Commission proceeding with respect to the same two patents. On July 8, 2022, the Company filed a complaint against Velodyne, alleging multiple claims including intellectual property misappropriation and false advertising. While the cases remain pending, the Company and Velodyne have agreed that no later than seven days after the execution of the merger agreement with Velodyne (the "Velodyne Merger Agreement"), each will cooperate to take certain actions in connection with dismissing these pending litigation matters between the Company and Velodyne and moving to terminate United States International Trade Commission Investigation No. 337-TA-1332. There can be no assurances that such matters will ultimately be dismissed.

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business. There is no material litigation, arbitration or governmental proceeding currently pending or to Ouster's knowledge, threatened against us or any members of Ouster's management team in their capacity as such. See Part I, Item 1 "Financial Statements (Unaudited) - Note 7. Commitments and Contingencies".

### Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2022, as updated in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 5, 2022, other than the following:

#### ***We are subject to various risks related to the proposed merger with Velodyne.***

We have entered into the Velodyne Merger Agreement pursuant to which we have agreed to merge with Velodyne (the "Velodyne Merger"). The risks, contingencies and other uncertainties that could result in the failure of the proposed merger to be completed or, if completed, that could have a material adverse effect on our business, financial condition or results of operations following the proposed transaction, and any anticipated benefits of the proposed merger, include:

- the failure to obtain necessary stockholder approvals for the share issuance and the adoption of the Velodyne Merger Agreement;
- the failure to satisfy required closing conditions, including regulatory approvals, or complete the proposed merger in a timely manner or at all;
- the effect of the announcement of the proposed merger on each company's ability to retain and hire key personnel, maintain business relationships, and on operating results and the businesses generally;
- the diversion of our management's attention from our core business as we work to take all steps necessary to close the transaction and realize expected synergies and cost-savings from a combined company;
- any inability to achieve the anticipated synergies and our incurrence of significant transaction-related costs in connection with the proposed merger that are, and will be, incurred regardless of whether the proposed transaction is completed;
- the potential loss of customers, distributors, suppliers, vendors, landlords and other business partners or the termination of existing contracts in response to the proposed transaction; and
- the occurrence of any event giving rise to the right to terminate the Velodyne Merger Agreement.

Moreover, we have incurred and expect to incur a number of non-recurring costs associated with the proposed merger. These costs include financial advisory, legal, accounting, consulting and other advisory fees, severance/employee benefit-related costs, financing-related fees and costs, public company filing fees and other regulatory fees, printing costs and other related costs. Many of these costs are payable by us regardless of whether or not the proposed merger is completed.

***Failure to complete the proposed merger may negatively impact our share price, the future business and our financial results.***

If the proposed merger is not completed on a timely basis, our and Velodyne ongoing businesses may be adversely affected. If the proposed merger is not completed at all, we will be subject to a number of risks, including the following:

- being required to pay costs and expenses relating to the merger, such as legal, accounting, financial advisory and printing fees; and
- time and resources committed by our management to matters relating to the proposed merger could otherwise have been devoted to pursuing other beneficial opportunities.

If the proposed merger is not completed, the price of our common stock may decline to the extent that the current market price reflects a market assumption that the proposed merger will be completed and that the related benefits will be realized, or a market perception that the proposed merger was not completed due to an adverse change in our business.

***We may be targets of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Velodyne Merger from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting completion of the proposed merger, then that injunction may delay or prevent the proposed transaction from being completed, which may adversely affect our business, financial position and results of operation.

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

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

For example, general inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. General inflation, including rising prices for inputs and rising wages, as well as rising interest rates negatively impact our business by increasing our operating costs. General inflation also negatively impacts our business by decreasing the capital for our customers to deploy to purchase our products. Inflation may cause our customers to reduce or delay orders for our products thereby causing a decrease in sales. Increased instability relating to this higher inflation as well as rising interest rates may enhance volatility in currency exchange rates, limit our suppliers' and customers' access to credit and limit our ability to access debt and equity financing. These uncertainties may make it difficult for us and our suppliers and customers to accurately plan future business activities and materially adversely impact our operating results and financial condition.

***There can be no assurance that we will be able to comply with the continued listing standards of the New York Stock Exchange ("NYSE").***

If we fail to satisfy the continued listing requirements of NYSE, such as the corporate governance requirements or the minimum share price requirement, NYSE may take steps to delist our securities. Such a delisting would likely have a negative effect on the price of the securities and would impair stockholders' ability to sell or purchase the securities when they wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the NYSE minimum share price requirement or prevent future non-compliance with NYSE's listing requirements. Additionally, if our securities are not listed on, or become delisted from the NYSE, for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on the NYSE or another national securities exchange. Stockholders may be unable to sell their securities unless a market can be established or sustained.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Unregistered Sales of Equity Securities**

We did not sell any securities during the three months ended September 30, 2022 that were not registered under the Securities Act.

**Issuer Purchases of Equity Securities**

We did not purchase any of our equity securities that are registered under Section 12(b) of the Exchange Act during the three months ended September 30, 2022.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits.**

Exhibit Number	Description	Incorporated by Reference				Filed/ Furnished herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">2.1†</a>	<a href="#">Agreement and Plan of Merger, dated as of December 21, 2020, by and among the Company, Beam Merger Sub, Inc. and Ouster, Inc.</a>	S-4/A	333-251611	2.1	2/10/2021	
<a href="#">2.2†</a>	<a href="#">Agreement and Plan of Merger, dated November 4, 2022, by and among Velodyne Lidar, Inc., Ouster, Inc., Oban Merger Sub, Inc. and Oban Merger Sub II LLC.</a>	8-K	001-39463	2.1	11/7/2022	
<a href="#">3.1</a>	<a href="#">Certificate of Incorporation of Ouster, Inc.</a>	S-4 POS	333-251611	3.1	3/10/2021	
<a href="#">3.2</a>	<a href="#">Bylaws of Ouster, Inc.</a>	S-4 POS	333-251611	3.2	3/10/2021	
<a href="#">10.1+</a>	<a href="#">Offer Letter, by and between Ouster, Inc. and Anna Brunelle, dated August 27, 2020.</a>					*
<a href="#">10.1.1+</a>	<a href="#">Amendment to Offer Letter, by and between Ouster, Inc. and Anna Brunelle, dated September 16, 2020.</a>					*
<a href="#">10.2+</a>	<a href="#">Offer Letter, by and between Ouster, Inc. and Darien Spencer, dated July 25, 2017.</a>					*
<a href="#">10.3+</a>	<a href="#">Employment Agreement, by and between Ouster, Inc. and Adam Dolinko, dated November 16, 2021.</a>					*
<a href="#">10.4+</a>	<a href="#">Employment Agreement, by and between Ouster, Inc. and Nathan Dickerman, dated March 1, 2021.</a>					*
<a href="#">10.5</a>	<a href="#">First Amendment to Loan and Security Agreement, dated August 5, 2022, by and between Ouster, Inc., Sense Photonics, Inc. and Hercules Capital, Inc.</a>					*
<a href="#">10.6</a>	<a href="#">Consent and Second Amendment to Loan and Security Agreement, dated November 1, 2022, by and between Ouster, Sense Photonics, Inc. and Hercules Capital, Inc.</a>	8-K	001-39463	10.1	11/7/2022	
<a href="#">10.7</a>	<a href="#">Form of Voting and Support Agreement, dated November 4, 2022, by and among Ouster, Inc. and the Stockholders party thereto.</a>	8-K	001-39463	10.2	11/7/2022	

<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended</a>	*
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended</a>	*
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	**
<a href="#">32.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	*
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document	*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*

---

† The annexes, schedules, and certain exhibits to this Exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K.

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

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

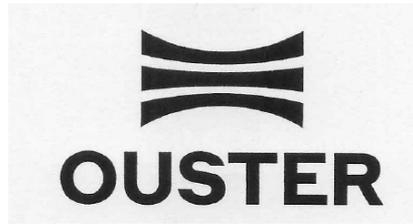
Date: November 8, 2022

Ouster, Inc.

By: /s/ Anna Brunelle

Name: Anna Brunelle

Title: Chief Financial Officer (*principal financial officer and principal accounting officer*)



August 27, 2020

**Anna Brunelle**

[\*\*\*]

Dear Anna:

We believe that your skills, experience and personal qualities could make a major contribution to our company's success. We would love to have you as a member of our team, and would like to make you the following offer of employment:

Position with Ouster

Ouster Inc., a Delaware corporation (the "Company"), is pleased to offer you employment in the position of Chief Financial Officer in which you will be responsible for duties as are normally associated with such position. You will be headquartered in our facility located in San Francisco, California and your anticipated start date will be August 31, 2020. You will report directly to the Chief Executive Officer (the "CEO").

Compensation

If you decide to join us, you will be an exempt, salaried employee with a base salary at the annual rate of \$320,000.00, less payroll deductions and all required withholdings. Your salary will be payable in accordance with the Company's standard payroll policies.

As an additional incentive to join the Company, subject to approval by the Board of Directors of the Company, you will be granted an early exercisable option to purchase 1,952,494 shares of common stock of the Company pursuant to the Company's 2015 Amended and Restated Stock Plan, as the same may be amended by the Company from time to time (the "Plan"), at a per share exercise price equal to the fair market value of the Company's common stock on the date of grant (the "Option"), as determined by the Company's Board of Directors. Subject to the terms and conditions of the Plan and a Stock Option Agreement entered into by and between you and the Company, twenty-five percent (25%) of the shares subject to the Option shall vest one year after May 18, 2020, which shall be the vesting commencement date (no shares shall vest before such date and no rights to any vesting shall be earned or accrued prior to such date), and 1/48<sup>th</sup> of the shares subject to the Option shall vest in equal monthly

installments for three years thereafter, with such vesting subject to your continuing employment and eligibility. In the event you exercise the Option prior to vesting, the unvested shares (after giving effect to any accelerated vesting) acquired will be subject to repurchase by the Company at the original exercise price thereof upon any termination of your employment.

#### Merit Bonus Program

In addition to the above compensation, you will also be eligible to participate in the Company's annual merit bonus program. As part of the program, you are eligible to receive an annual bonus targeted to 31.25% of your current annual base salary (each a "Merit Bonus"). Merit Bonuses are awarded based on the quality of your performance in the previous calendar year, in accordance with performance criteria approved by the Company's Board of Directors and are subject to adjustment by the Company's Board of Directors. Any Merit Bonus earned by you will be paid by March 15 of the calendar year following the year in which the Merit Bonus is earned.

#### Compensation Acknowledgment

All forms of compensation referred to in this letter are subject to the approval of the Company's Board of Directors as well as reduction to reflect applicable withholding and payroll taxes and all other deductions required by law.

#### Benefits

As an employee, you will be eligible to participate in certain incentive, savings and retirement plans, practices, policies and programs maintained or sponsored by the Company for the benefit of its employees, in accordance with the terms of those plans. You will also be eligible for standard benefits as provided by the Company in accordance with the applicable plans and policies, including, but not limited to, medical, dental and vision insurance, sick leave, vacations, and holidays. Details about these benefits will be provided in an Employee Handbook and in Summary Plan Descriptions, which will be made available to you for your review.

#### At-Will Employment

The Company is excited about your joining and looks forward to a mutually beneficial relationship. Nevertheless, your employment with the Company is "at will". This means you may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time and for any reason whatsoever, with or without cause or advance notice. The at-will nature of our employment relationship cannot be changed, except in a writing signed by the Company's CEO.

#### Change of Control and Severance

In the event you remain continuously employed by the Company through the closing of a Change of Control (as defined in the Plan) of the Company and you deliver to the Company a general release of claims against the Company and its affiliates in a form acceptable to the Company that becomes effective and irrevocable within sixty (60)

days following the closing of the Change of Control, then the vesting and exercisability of the Option shall accelerate in respect of 50% of the unvested shares subject thereto as of immediately prior to the closing of the Change of Control.

In the event your employment with the Company is terminated by the Company without Cause or you resign your employment with the Company for Good Reason (each, as defined below), in each case within the ninety (90) day period immediately before or twelve month period immediately following the closing of a Change of Control (as defined in the Plan) of the Company and you deliver to the Company a general release of claims against the Company and its affiliates in a form acceptable to the Company that becomes effective and irrevocable within sixty (60) days following such termination or resignation, then the vesting and exercisability of the Options shall accelerate in respect of 100% of the unvested shares subject thereto as of immediately prior to the closing of the Change of Control.

In the event your employment with the Company is terminated by the Company without Cause or you resign your employment with the Company for Good Reason (each, as defined below) prior to a Change of Control (as defined in the Plan), then, subject to you delivering to the Company a general release of claims against the Company and its affiliates in a form acceptable to the Company that becomes effective and irrevocable within sixty (60) days following such termination or resignation, the Company agrees to provide you a severance payment equal to the sum of: (i) six (6) months of your then current annual salary and (ii) any earned and accrued Merit Bonuses (or any portion thereof), such amount to be paid to you on the first payroll date following the date the release of claims becomes effective and irrevocable.

In the event your employment with the Company is terminated by the Company without Cause or you resign your employment with the Company for Good Reason (each, as defined below), in each case within the twelve month period immediately following the closing of a Change of Control (as defined in the Plan), then, subject to you delivering to the Company a general release of claims against the Company and its affiliates in a form acceptable to the Company that becomes effective and irrevocable within sixty (60) days following such termination or resignation, the Company agrees to provide you a severance payment equal to the sum of: (i) twelve (12) months of your then current annual salary; (ii) any earned and accrued Merit Bonuses (or any portion thereof); and (iii) an amount equal to twelve (12) months of COBRA health insurance premiums, such amount to be paid to you on the first payroll date following the date the release of claims becomes effective and irrevocable.

For purposes of this offer letter, "Cause" means: (i) your willful and continued failure to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the CEO or Board of Directors of the Company, (ii) your willful and continued failure to substantially follow

and comply with such specific and lawful directives of the CEO, after a written demand for substantial performance is delivered to you by the CEO, (iii) your commission of an act of fraud or material dishonesty, or (iv) your conviction of, or entry by you of a guilty or no contest plea to, the commission of a felony or any other crime involving moral turpitude.

For the purposes of this offer letter and the Amended and Restated 2015 Stock Plan, "Good Reason" means (i) a material reduction in your annual base salary, (ii) a material diminution in your duties or responsibilities, or level of authority, (including the person or persons to whom you report), (iii) a relocation of your principal place of employment that increases your one-way commute by at least thirty-five (35) miles, or (iv) material breach of this offer letter by the company, including any failure to pay you any compensation or benefits to which you are entitled within fifteen (15) days of the date due. Notwithstanding the foregoing, in no event shall you be deemed to have Good Reason unless (a) you provide written notice to the Company of the condition giving rise to Good Reason within thirty (60) days of its initial occurrence, (b) the Company fails to cure such condition within thirty (30) days after the Company receives your written notice of such condition and (c) your resignation is effective within thirty (60) days following the end of such cure period.

Eligibility for Employment; Exclusive Employment

For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated. The Company also reserves the right to conduct background investigations and/or reference checks on all of its potential employees. Your job offer is contingent upon clearance of such a background investigation and/or reference check, if any.

If you have not already done so, please disclose to the Company any and all agreements that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that you are not a party to any agreements (including, by way of example, any agreements with any prior employers) that will prevent you from performing the duties of your position with the Company and, by your signature below, you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company.

Enclosures; Governing Law; Entire Agreement

As a condition of employment, you will also be required to sign and comply with a Confidential Information and Invention Assignment Agreement, which is enclosed and

which, among other things, prohibits unauthorized use or disclosure of Company proprietary information. Similarly, you agree not to bring any third-party confidential information to the Company, including that of your former employers, and that in performing your duties for the Company you will not in any way utilize any such information.

The terms of this letter and the resolution of any dispute as to the meaning, effect, performance or validity of this letter or arising out of, related to, or in any way connected with, this letter, your employment with the Company (or termination thereof) or any other relationship between you and the Company (a "Dispute") will be governed by the laws of the State of California, without giving effect to the principles of conflict of laws, and any Dispute will be resolved in accordance with the Confidential Employment Arbitration Agreement, which is enclosed herein and must be signed by you as a condition of your employment. To the extent not subject to Confidential Employment Arbitration Agreement, you and the Company consent to the exclusive jurisdiction of, and venue in, the state courts in San Francisco in the State of California (or in the event of exclusive federal jurisdiction, the courts of the Northern District of California in connection with any Dispute or any claim related to any Dispute).

If any term of this letter is held to be invalid, void or unenforceable, the remainder of the terms herein will remain in full force and effect and will in no way be affected. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the Company's CEO and you. If you accept this offer, this letter and its enclosures (including, without limitation, the Confidential Information and Invention Assignment Agreement and the Confidential Employment Arbitration Agreement) shall constitute the complete agreement between you and the Company with respect to the terms and conditions of your employment. Any prior or contemporaneous representations (whether oral or written) that may have been made to you, including any representations made during your interviews, are expressly cancelled and superseded by this letter.

Please sign and date this letter and return it to the Company within five (5) calendar days after receiving this letter if you wish to accept employment at the Company under the terms contained in this offer of employment.

[Remainder of page intentionally left blank]

All of us at the Company look forward to your favorable reply, and to a productive and enjoyable work relationship.

Sincerely,

/s/ Angus Pacala

Angus Pacala  
Chief Executive Officer  
OUSTER, INC.

I accept this offer of employment with Ouster, Inc., and agree to the terms and conditions set forth in this letter.

/s/ Anna Brunelle

**NAME:** Anna Brunelle  
**DATE:** 08/27/2020



**Anna Brunelle**

[\*\*\*]

September 16, 2020

Re: Amendment of Offer Letter

Dear Anna,

As you know, you entered into an offer letter agreement with Ouster, Inc. (the "Company") dated as of August 26, 2020 (the "Offer Letter"). The purpose of this letter (the "Letter Amendment") is to amend the Offer Letter to modify your Merit Bonus Program and revise the definition of Good Reason.

Accordingly, upon the execution of this Letter Amendment by you and the Company, the Offer Letter will be amended as follows:

1. The "Merit Bonus Program" section of the Offer Letter is hereby deleted in its entirety and replaced with the following: "Merit Bonus Program. In addition to the above compensation, you will also be eligible to earn a merit bonus of \$150,000.00, in the event that, on or before June 31, 2021, the Company closes either: (a) an equity financing, or series of equity financings, that results in gross proceeds to the Company of not less than \$50,000,000.00; or (b) a Change of Control (as defined in the Plan) (the "Initial Merit Bonus"). For the avoidance of doubt, you will only be entitled to earn the Initial Merit Bonus once. Starting on January 1, 2021, you will also be eligible to receive annual merit bonuses targeted to 31.25% of your current annual base salary (each an "Annual Merit Bonus" and collectively with the Initial Merit Bonus, "Merit Bonuses"). Annual Merit Bonuses are awarded based on the quality of your performance in the previous calendar year, in accordance with performance criteria approved by the Company's Board of Directors and are subject to adjustment by the Company's Board of Directors. The Company will use reasonable efforts to pay any Merit Bonuses earned by you within thirty (30) days following the date on which the Merit Bonus is earned, but in no event will any Merit Bonus earned by you be paid later than March 15 of the calendar year following the year in which the Merit Bonus is earned."
2. The definition of "Good Reason" included in the Offer Letter is hereby amended as follows:
  - i. In romanette (ii) "(including the person or persons to whom you report)" is deleted in its entirety and replaced with "(including reporting to any Company official other than the Chief Executive Officer)"; and
  - ii. In clause (c), "(60)" will be deleted in its entirety and replaced with "(30)".

As of the date of the last signature below, the terms and conditions set forth in this Letter Amendment shall be deemed a part of, and to have amended, the Offer Letter for all purposes. This Letter Amendment may be executed in several counterparts, all of which taken together shall constitute one single agreement between the parties. In the event of a conflict or

inconsistency between the terms and conditions set forth in this Letter Amendment and those set forth in the Offer Letter, the terms and conditions of this Letter Amendment shall control. Except as amended and supplemented hereby, all of the terms and conditions of the Offer Letter shall remain and continue in full force and effect and apply hereto. The parties acknowledge that this Letter Amendment and all the terms and conditions contained herein have been fully reviewed and negotiated by the parties. Having acknowledged the foregoing, the parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Letter Amendment. This Letter Amendment, when read in conjunction with the Offer Letter (including, without limitation, all exhibits, attachments, and schedules thereto) constitutes the entire agreement between the parties with respect to the subject matter of this Letter Amendment and pursuant to the terms of this Letter Amendment supersedes all prior agreements, whether written or oral, with respect to the subject matter of this Letter Amendment.

[Signature Page to Follow]

Page 2 of #NUM\_PAGES#

IN WITNESS WHEREOF, this Letter Amendment is agreed to and accepted as of the date of the last signature below:

**Ouster, Inc.**

Signature: /s/ Angus Pacala  
Name: Angus Pacala  
Title: CEO

**Anna Brunelle**

Signature: /s/ Anna Brunelle  
Name: Anna Brunelle

Page 3 of #NUM\_PAGES#

|US-DOCS\137075626.1||

Ouster, Inc.

July 25, 2017

Darien Spencer  
[\*\*\*]

**By email**

Dear Darien Spencer:

Ouster, Inc., (the "Company"), is pleased to offer you employment with the Company on the terms described below.

1. **Position.** You will start in a full-time position as Vice President of Operations and you will initially report to the Company's Chief Executive Officer. By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company.

2. **Base Salary.** You will be paid a starting salary at the rate of \$120,000 per year, which will be paid in accordance with the Company's standard payroll policies and subject to applicable withholdings and other required deductions. The salary will increase to \$265,000 upon closing a Series A financing round of greater than or equal to \$10 million.

3. **Equity.** The Company's Board of Directors (the "Board") will grant you an early exercisable option to purchase 135,000 shares of the Company's Common Stock as of the date hereof (the "Equity"). 12/48<sup>ths</sup> of the Equity will vest on the 1 year anniversary of your start with the Company and 1/48<sup>th</sup> of the Equity will vest on each monthly anniversary thereafter, subject to your continuous service with the Company through each vesting date; upon a change of control or sale of the Company, in the event that you are terminated without cause in connection with such change of control or sale of the Company 100% of the then-unvested Equity will vest immediately. The purchase or exercise price per share of the Equity will be equal to the fair market value per share of the Company's Common Stock on the date the Equity is granted, as determined by the Board in good faith. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax consequences associated with accepting the Equity. The Equity will be subject to the terms and conditions set forth in the Company's equity incentive plan (the "Plan") and the Company's standard forms of agreements under the Plan. The Company reserves the right to award the Equity as a stock option or as a stock purchase right.

4. **Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in the employee benefit plans, if any, currently and hereafter maintained by the Company and generally available to similarly situated employees of the Company, subject in each case to the terms and conditions of the plan in question, including any eligibility requirements set forth therein, and the determination of any person or committee administering the plan. You should note that the Company may modify job titles and salaries and modify or terminate benefits from time to time as it deems necessary or appropriate.

5. **Confidential Information and Invention Assignment Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Confidential Information and Invention Assignment Agreement.

6. **Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause or notice. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and the Company’s Chief Executive Officer.

7. **Outside Activities.** While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

8. **Withholding and Required Deductions.** All forms of compensation referred to in this letter are subject to all withholding and any other deductions required by applicable law.

9. **Entire Agreement and Governing Law.** This letter supersedes and replaces any prior or contemporaneous understandings or agreements, whether oral, written or implied between you and the Company regarding the matters described in this letter. This letter will be interpreted in accordance with the laws of the State of California without giving effect to provisions governing the choice of law.

10. **Counterparts.** This letter may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution of a facsimile or scanned image will have the same force and effect as execution of an original, and a facsimile signature or scanned image will be deemed an original and valid signature.

*[Signature Page Follows]*

If you wish to accept this offer, please sign and date the enclosed duplicate original of this letter and the enclosed Confidential Information and Invention Assignment Agreement and return them to me. As required by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States. In addition, the Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees. Your job offer, therefore, is contingent upon a clearance of such a background investigation and/or reference check, if any. This offer, if not accepted, will expire at the close of business on July 27, 2017.

We look forward to your favorable reply and to working with you at Ouster.

Very truly yours,

OUSTER, INC.

/s/ Angus Pacala  
Angus Pacala, Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Darien Spencer  
(Signature)

07/26/17  
Date

## OUSTER, INC. EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”), entered into effective as of November 16, 2021 (the “**Effective Date**”), is between Ouster, Inc., a Delaware corporation (the “**Company**”) and Adam Dolinko (“**Executive**” and, together with the Company, the “**Parties**”). This Agreement shall constitute a valid and binding agreement between the Parties effective as of the Effective Date, but the operative provisions hereof shall not become effective until the date Executive commences employment with the Company, which is currently anticipated to be November 29, 2021 (the date Executive actually commences employment with the Company, the “**Commencement Date**”).

**WHEREAS**, the Company desires to assure itself of the services of Executive by engaging Executive to perform services as an employee of the Company under the terms hereof; and

**WHEREAS**, Executive desires to provide services to the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### 1. Employment.

(a) General. The Company shall employ Executive upon the terms and conditions provided herein effective as of the Commencement Date.

(b) Position and Duties. Effective as of the Commencement Date, Executive: (i) shall serve as the Company’s General Counsel and Secretary, with responsibilities, duties, and authority usual and customary for such position, subject to direction by the Chief Executive Officer of the Company (the “**CEO**”); (ii) shall report directly to the CEO; and (iii) agrees promptly and faithfully to comply with all present and future policies, requirements, rules and regulations, and directions and requests, of the Company in connection with the Company’s business. At the Company’s request, Executive shall serve the Company and/or its subsidiaries and affiliates in such other capacities in addition to the foregoing as the Company shall designate, provided that such additional capacities are consistent with Executive’s position as the Company’s General Counsel and Secretary. In the event that Executive serves in any one or more of such additional capacities, Executive’s compensation shall not automatically be increased on account of such additional service.

(c) Principal Office. Executive shall perform services for the Company at the Company’s offices located in San Francisco, California, or, with the Company’s consent, at any other place in connection with the fulfillment of Executive’s role with the Company; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company’s business.

(d) Exclusivity. Except with the prior written approval of the CEO (which the CEO may grant or withhold in the CEO’s sole and absolute discretion), Executive shall devote Executive’s best efforts and full working time, attention, and energies to the business of the Company, except during any paid vacation or other excused absence periods. Notwithstanding the foregoing, Executive may, without violating this Section 1(d): (i) as a passive investment, own publicly traded securities in such form or manner as will not require any services by Executive in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; or (iii) engage in other personal passive investment activities, in

each case, so long as such interests or activities do not materially interfere to the extent such activities do not, individually or in the aggregate, interfere with or otherwise prevent the performance of Executive's duties and responsibilities hereunder. Executive may also serve as a member of the board of directors or board of advisors of another organization provided: (i) such organization is not a competitor of the Company; (ii) Executive receives prior written approval from the CEO; and (iii) such activities do not individually or in the aggregate interfere with the performance of Executive's duties under this Agreement, violate the Company's standards of conduct then in effect, or raise a conflict under the Company's conflict of interest policies. For the avoidance of doubt, the CEO has approved Executive's continued service with those organizations set forth on Exhibit A, such approval to continue until the earlier to occur of: (a) the CEO's revocation of such approval in the CEO's sole and absolute discretion, or (b) such time as such service interferes with the performance of Executive's duties under this Agreement, violates the Company's standards of conflict or raises a conflict under the Company's conflict of interest policies.

(e) Indemnification. Executive will be entitled to enter into an indemnification agreement with the Company in substantially the same form entered into with other executive officers of the Company, the current version of which can be found at: <https://www.sec.gov/Archives/edgar/data/1816581/000119312521080038/d122652dex101.htm>

2. **Term**. The period of Executive's employment under this Agreement shall commence on the Commencement Date and shall continue until Executive's employment with the Company is terminated pursuant to Section 5. The phrase "**Term**" as used in this Agreement shall refer to the entire period of employment of Executive by the Company.

### 3. **Compensation and Related Matters.**

(f) Annual Base Salary. During the Term, Executive shall receive a base salary at the rate of \$325,000 per year (as may be increased from time to time, the "**Annual Base Salary**"). The Annual Base Salary shall be subject to withholdings and deductions and paid to Executive in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the CEO, and, as applicable, the Board of Directors of the Company (the "**Board**") and/or the Compensation Committee of the Board, not less than annually.

(g) Merit Bonus. Commencing in 2022, Executive shall be eligible to receive a discretionary annual merit bonus based on Executive's achievement of performance objectives established by the CEO, Board and/or its Compensation Committee, such bonus to be targeted at 30% of the Annual Base Salary (the "**Merit Bonus**"). Any Merit Bonus approved by the CEO, Board and/or the Compensation Committee of the Board and/or the CEO shall be paid at the same time annual merit bonuses are paid to other executives of the Company generally and, in any event, by March 15 of the year following the year to which such Merit Bonus relates.

(h) Benefits. Executive shall be entitled to participate in such employee and executive benefit plans and programs as the Company may from time to time offer to provide to its executives, subject to the terms and conditions of such plans. Notwithstanding the foregoing, nothing herein is intended, or shall be construed, to require the Company to institute or continue any particular plan or benefit.

(i) Business Expenses. The Company shall reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as are in effect from time to time.

(j) Vacation. Executive will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

#### 4. **Equity Awards.**

(k) Initial Equity Award. The Company shall recommend to the Board or Compensation Committee of the Board that the Company grant to Executive under the Company's 2021 Incentive Award Plan (the "**Plan**") an award of 608,696 restricted stock units ("**RSUs**"). Each RSU constitutes the right to receive one share of Company common stock upon vesting. The award of RSUs shall vest as to 25% of the total number of RSUs initially underlying the award as of the first anniversary of the standard quarterly vesting date nearest the Commencement Date (the "**Vesting Commencement Date**") and as to 1/16<sup>th</sup> of the total number of RSUs initially underlying the award as of each quarterly anniversary of the Vesting Commencement Date thereafter, subject to Executive's continued service to the Company through the applicable vesting date. The RSUs shall otherwise be subject to the provisions of the Plan and an RSU agreement approved for use under the Plan to be entered into between Executive and the Company. For the purposes hereof, standard quarterly dates are March 11, June 11, September 11, and December 11.

(l) Eligibility. During the term of Executive's employment with the Company, Executive shall be eligible for the discretionary grant of restricted stock units and other equity awards as may be determined by the Board or its Compensation Committee. Additionally, the CEO, in the CEO's sole discretion, may consider proposing other equity grants to the Board or its Compensation Committee as the CEO may determine reasonable and appropriate.

#### 5. **Termination.**

(m) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. This means that it is not for any specified period of time and, subject to any ramifications under Section 6 of this Agreement, can be terminated by Executive or by the Company at any time, with or without advance notice, and for any or no particular reason or cause. It also means that Executive's job duties, title, and responsibility and reporting level, work schedule, compensation, and benefits, as well as the Company's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of the Company (subject to any ramification such changes may have under Section 6 of this Agreement). This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly-authorized officer of the Company. If Executive's employment terminates for any lawful reason, Executive shall not be entitled to any payments, benefits, damages, award, or compensation other than as provided in this Agreement.

(n) Notice of Termination. During the Term, any termination of Executive's employment by the Company or by Executive (other than by reason of death) shall be communicated by written notice (a "**Notice of Termination**") from one Party hereto to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, if any, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifying the Date of Termination (as defined below). The failure by the Company to set forth in the Notice of Termination all of the facts and circumstances which contribute to a showing of Cause (as defined below) shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing its rights hereunder.

(o) Date of Termination. For purposes of this Agreement, “**Date of Termination**” shall mean the date of the termination of Executive’s employment with the Company specified in a Notice of Termination.

(p) Deemed Resignation. Upon termination of Executive’s employment for any reason, Executive shall be deemed to have resigned from all offices and board memberships, if any, then held with the Company or any of its affiliates, and, at the Company’s request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

## 6. **Consequences of Termination.**

(q) Payments of Accrued Obligations upon all Terminations of Employment. Upon a termination of Executive’s employment for any reason, Executive (or Executive’s estate or legal representative, as applicable) shall be entitled to receive, within thirty (30) days after Executive’s Date of Termination (or such earlier date as may be required by applicable law): (i) any portion of Executive’s Annual Base Salary earned through Executive’s Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3, (iii) any accrued but unused paid time-off owed to Executive, (iv) any Merit Bonus earned but unpaid as of the Date of Termination, and (v) any amount arising from Executive’s participation in, or benefits under, any employee benefit plans, programs, or arrangements under Section 3, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs, or arrangements. Except as otherwise set forth in Section 6(b), the payments and benefits described in this Section 6(a) shall be the only payments and benefits payable in the event of Executive’s termination of employment for any reason.

(r) Double Trigger Acceleration. If, during the Term, Executive experiences a Covered Termination during a Change of Control Period, then, subject to Executive’s delivery to the Company of a waiver and release of claims agreement substantially in the form of Exhibit B hereto (but updated to the extent deemed by the Company to be necessary to reflect any changes in applicable law) (the “**Release**”) that becomes effective and irrevocable in accordance with Section 10(d), the Company shall cause any unvested equity awards, including any stock options, restricted stock awards and any such awards subject to performance-based vesting, held by Executive as of the Date of Termination, to become fully vested and, if applicable, exercisable, and cause all restrictions and rights of repurchase on such awards to lapse with respect to all of the shares of the Company’s Common Stock subject thereto.

(s) No Other Severance. Except as otherwise approved by the Board, the provisions of this Section 6 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program, or other arrangement maintained by the Company.

(t) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any benefit provided for under this Agreement by seeking other employment or in any other manner. Notwithstanding anything to the contrary in this Agreement, the termination of Executive’s employment shall not impair the rights or obligations of any Party.

(u) Definition of Cause. For purposes hereof, “**Cause**” shall mean any one of the following: (i) Executive’s willful and continued failure to substantially perform Executive’s duties with the Company (other than any such failure resulting from Executive’s incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the CEO or Board, (ii) Executive’s willful and continued failure to substantially follow and comply with such specific and lawful directives of the CEO or Board, after a written demand for substantial performance is delivered to Executive by the Company, (iii) Executive’s

commission of an act of fraud or material dishonesty, or (iv) Executive's conviction of, or entry by Executive of a guilty or no contest plea to, the commission of a felony or any other crime involving moral turpitude.

(v) Definition of Change of Control Period. For purposes hereof, "**Change of Control Period**" shall mean the period commencing ninety days prior to a Change of Control and ending 12 months after such Change of Control.

(w) Definition of Covered Termination. For purposes hereof, "**Covered Termination**" shall mean the termination of Executive's employment by the Company without Cause or by Executive for Good Reason, and shall not include a termination due to Executive's death or disability.

(x) Definition of Good Reason. For purposes hereof, "**Good Reason**" means the occurrence of any of the following events or circumstances, without Executive's prior written consent: (i) a material reduction in Executive's Annual Base Salary, (ii) a material diminution in Executive's duties or responsibilities, or level of authority, (iii) a relocation of Executive's principal place of employment that increases Executive's one-way commute by at least thirty-five (35) miles, (iv) material breach of this Agreement by the Company, including any failure to pay Executive any compensation or benefits to which you are entitled within fifteen (15) days of the date due, or (v) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Notwithstanding the foregoing, in no event shall Executive be deemed to have Good Reason unless (A) Executive provides written notice to the Company of the condition giving rise to Good Reason within ninety (90) days of its initial occurrence, (B) the Company fails to cure such condition within thirty (30) days after the Company receives Executive's written notice of such condition and (C) Executive's resignation is effective within sixty (60) days following the end of such cure period.

**7. Assignment and Successors.** The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company, Executive, and their respective successors, assigns, personnel, and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will, operation of law, or as otherwise provided herein.

## **8. Miscellaneous Provisions.**

(y) Confidentiality Agreement. As a condition to employment hereunder, Executive shall enter into the Confidential Information and Invention Assignment Agreement with the Company attached hereto as Exhibit C (the "**Confidentiality Agreement**"). The Confidentiality Agreement shall survive the termination of this Agreement and Executive's employment with the Company for the applicable period(s) set forth therein.

(z) Non-Solicitation of Employees. For a period of one year following Executive's Date of Termination, Executive shall not, either directly or indirectly (i) solicit for employment by any individual, corporation, firm, or other business, any employees, consultants, independent contractors, or other service providers of the Company or any of its affiliates, or (ii) solicit any employee or consultant of the Company or any of its affiliates to leave the employment or consulting of or cease providing services to the Company or any of its affiliates; *provided, however*, that the foregoing clauses (i) and (ii) shall not apply to a general

advertisement or solicitation (or any hiring pursuant to such advertisement or solicitation) that is not specifically targeted to such employees or consultants.

(aa) Governing Law. This Agreement shall be governed, construed, interpreted, and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of California, without giving effect to any principles of conflicts of law, whether of the State of California or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(ab) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(ac) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(ad) Entire Agreement. The terms of this Agreement, together with the Confidentiality Agreement, are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and supersede all prior understandings and agreements, whether written or oral, regarding Executive's service to the Company. The Parties further intend that this Agreement, together with the Confidentiality Agreement, shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement or the Confidentiality Agreement.

(ae) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing signed by Executive and a duly authorized representative of the Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided, however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(af) Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that, except as excluded herein, any and all controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms or otherwise arising out of the Parties' relationship, shall be resolved solely and exclusively by final and binding arbitration held in Santa Clara County, California through JAMS in conformity with California law and the then-existing JAMS employment arbitration rules, which can be found at <https://www.jamsadr.com/rules-employment-arbitration/>. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. shall govern the interpretation and enforcement of this arbitration clause. All remedies available from a court of competent jurisdiction shall be available in the arbitration; provided, however, in the event of a breach of Section 8(a) or 8(b), the Company may request relief from a court of competent jurisdiction if such relief is not available or not available in a timely fashion through arbitration as determined by the Company. The arbitrator shall: (i) provide adequate discovery for the resolution of the dispute; and (ii) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall award the prevailing Party attorneys' fees and expert fees, if any.

Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the Parties fail to comply with any of the obligations imposed on them under Sections 8(a) and 8(b), and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to seek injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 8(a) and 8(b), none of the Parties shall raise the defense, without a good faith basis for raising such defense, that there is an adequate remedy at law. Executive and the Company understand that by agreement to arbitrate any claim pursuant to this Section 8(h), they will not have the right to have any claim decided by a jury or a court, but shall instead have any claim decided through arbitration. Executive and the Company waive any constitutional or other right to bring claims covered by this Agreement other than in their individual capacities. Except as may be prohibited by applicable law, the foregoing waiver includes the ability to assert claims as a plaintiff or class member in any purported class or collective action or representative proceeding. Nothing herein shall limit Executive's ability to pursue claims for workers compensation or unemployment benefits or pursue other claims which by law cannot be subject to mandatory arbitration.

(ag) Enforcement. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

(ah) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(ai) Whistleblower Protections and Trade Secrets. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

## 9. Golden Parachute Excise Tax.

(aj) Best Pay. Any provision of this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company pursuant to this Agreement or otherwise (“**Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then such Payment will be equal to the Reduced Amount (as defined below). The “**Reduced Amount**” will be either (A) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (B) the entire Payment, whichever amount after taking into account all applicable federal, state, and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive’s receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (A) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A (as defined below) that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (1) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (2) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (3) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(ak) Accounting Firm. The accounting firm engaged by the Company for general tax purposes as of the day prior to the Change of Control will perform the calculations set forth in Section 9(a). If the firm so engaged by the Company is serving as the accountant or auditor for the acquiring company, the Company will appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company will bear all expenses with respect to the determinations by such firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder will provide its calculations, together with detailed supporting documentation, to the Company within thirty (30) days before the consummation of a Change of Control (if requested at that time by the Company) or such other time as requested by the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it will furnish the Company with documentation reasonably acceptable to the Company that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder will be final, binding and conclusive upon the Company and Executive.

## 10. Section 409A.

(al) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date,

(“**Section 409A**”) and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including, without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; however, this Section 9(a) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company (A) have any liability for failing to do so, or (B) incur or indemnify Executive for any taxes, interest or other liabilities arising under or by operation of Section 409A.

(am) Separation from Service, Installments and Reimbursements. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes “deferred compensation” under Section 409A shall be payable pursuant to Section 6 unless the termination of Executive’s employment constitutes a “separation from service” within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations (“**Separation from Service**”); (ii) for purposes of Section 409A, Executive’s right to receive installment payments shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes “deferred compensation” under Section 409A, such reimbursement or benefit shall be provided no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

(an) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive’s Separation from Service to be a “specified employee” for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive’s benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive’s Separation from Service with the Company or (ii) the date of Executive’s death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive’s estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(ao) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Executive’s termination of employment are subject to Executive’s execution and delivery of the Release, (i) if Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes Executive’s acceptance of the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where Executive’s Date of Termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 10(d), “**Release Expiration Date**” shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Executive, or, in the event that Executive’s termination of employment is “in

connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Executive’s termination of employment are delayed pursuant to this Section 10(d), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 9(d)(ii), on the first payroll period to occur in the subsequent taxable year, if later.

**11. Employee Acknowledgement.** Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive’s own judgment.

*[Signature Page Follows]*

The Parties have executed this Agreement as of the date first set forth above.

**OUSTER, INC.**

By: /s/ Angus Pacala

Name: Angus Pacala

Title: CEO

**EXECUTIVE**

/s/ Adam Dolinko

Adam Dolinko

Address:

[\*\*\*]



## OUSTER, INC. EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”), entered into effective as of March 1, 2021 (the “**Effective Date**”), is between Ouster, Inc., a Delaware corporation (the “**Company**”) and Nathan Dickerman (“**Executive**” and, together with the Company, the “**Parties**”). This Agreement shall constitute a valid and binding agreement between the Parties effective as of the Effective Date, but the operative provisions hereof shall not become effective until the date Executive commences employment with the Company, which is currently anticipated to be April 12, 2021 (the date Executive actually commences employment with the Company, the “**Commencement Date**”).

**WHEREAS**, the Company desires to assure itself of the services of Executive by engaging Executive to perform services as an employee of the Company under the terms hereof; and

**WHEREAS**, Executive desires to provide services to the Company on the terms herein provided.

**NOW, THEREFORE**, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### 1. **Employment.**

(a) General. The Company shall employ Executive upon the terms and conditions provided herein effective as of the Commencement Date.

(b) Position and Duties. Effective as of the Commencement Date, Executive: (i) shall serve as the Company’s President of Field Operations, with responsibilities, duties, and authority usual and customary for such position, subject to direction by the Chief Executive Officer of the Company (the “**CEO**”); (ii) shall report directly to the CEO; and (iii) agrees promptly and faithfully to comply with all present and future policies, requirements, rules and regulations, and directions and requests, of the Company in connection with the Company’s business. At the Company’s request, Executive shall serve the Company and/or its subsidiaries and affiliates in such other capacities in addition to the foregoing as the Company shall designate, provided that such additional capacities are consistent with Executive’s position as the Company’s President of Field Operations. In the event that Executive serves in any one or more of such additional capacities, Executive’s compensation shall not automatically be increased on account of such additional service.

(c) Principal Office. Executive shall perform services for the Company at the Company’s offices located in San Francisco, California, or, with the Company’s consent, at any other place in connection with the fulfillment of Executive’s role with the Company; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company’s business.

(d) Exclusivity. Except with the prior written approval of the CEO (which the CEO may grant or withhold in the CEO’s sole and absolute discretion), Executive shall devote Executive’s best efforts and full working time, attention, and energies to the business of the Company, except during any paid vacation or other excused absence periods. Notwithstanding the foregoing, Executive may, without violating this Section 1(d), (i) as a passive investment, own publicly traded securities in such form or manner as will not require any services by Executive in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; or (iii) engage in other personal passive investment activities, in

each case, so long as such interests or activities do not materially interfere to the extent such activities do not, individually or in the aggregate, interfere with or otherwise prevent the performance of Executive's duties and responsibilities hereunder. Executive may also serve as a member of the board of directors or board of advisors of another organization provided (i) such organization is not a competitor of the Company; (ii) Executive receives prior written approval from the CEO; and (iii) such activities do not individually or in the aggregate interfere with the performance of Executive's duties under this Agreement, violate the Company's standards of conduct then in effect, or raise a conflict under the Company's conflict of interest policies. For the avoidance of doubt, the CEO has approved Executive's continued service with those organizations set forth on Exhibit A, such approval to continue until the earlier to occur of (a) the CEO's revocation of such approval in the CEO's sole and absolute discretion, or (b) such time as such service interferes with the performance of Executive's duties under this Agreement, violates the Company's standards of conflict or raises a conflict under the Company's conflict of interest policies.

2. **Term.** The period of Executive's employment under this Agreement shall commence on the Commencement Date and shall continue until Executive's employment with the Company is terminated pursuant to Section 5. The phrase "**Term**" as used in this Agreement shall refer to the entire period of employment of Executive by the Company.

### 3. **Compensation and Related Matters.**

(e) **Annual Base Salary.** During the Term, Executive shall receive a base salary at the rate of \$325,000 per year (as may be increased from time to time, the "**Annual Base Salary**"). The Annual Base Salary shall be subject to withholdings and deductions and paid to Executive in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the CEO, and, as applicable, the Board of Directors of the Company (the "**Board**") and/or the Compensation Committee of the Board, not less than annually.

(f) **Variable Compensation.** Executive shall be eligible to receive variable compensation of up to \$325,000 per year (together with Executive's Annual Base Salary, "**On Target Earnings**") under the Company's Sales Compensation Incentive Plan (the "**Sales Incentive Plan**") based on Executive's achievement of objectives set forth in Schedule A – President of Field Operations (the "**Sales Incentive Schedule**"). The initial Sales Incentive Schedule shall cover April 1, 2021 through December 31, 2021. Notwithstanding anything in the Sales Incentive Plan and on the Sales Incentive Schedule to the contrary, for the period between April 1, 2021 through June 30, 2021 (the "**Second Quarter**") the minimum payable to Executive under the Sales Incentive Plan shall be \$81,250 (the "**Second Quarter Guarantee**"), such minimum to be applied and paid in three equal monthly installments, subject to continued employment through the applicable payment date and less withholdings and deductions. Executive's variable compensation otherwise shall be paid in accordance with the Sales Incentive Schedule. For the avoidance of doubt, in the event the amount earned under the Sales Incentive Schedule for the Second Quarter is in excess of the Second Quarter Guarantee, the Second Quarter Guarantee shall not apply and Executive shall be paid in accordance with the Sales Incentive Schedule.

(g) **Benefits.** Executive shall be entitled to participate in such employee and executive benefit plans and programs as the Company may from time to time offer to provide to its executives, subject to the terms and conditions of such plans. Notwithstanding the foregoing, nothing herein is intended, or shall be construed, to require the Company to institute or continue any particular plan or benefit.

(h) Business Expenses. The Company shall reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as are in effect from time to time.

(i) Vacation. Executive will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

**4. Equity Awards.** Following the closing (the "**Closing**") of the Company's business combination with Colonnade Acquisition Corp. ("**Ouster PubCo**"), subject to approval by the Compensation Committee of the Board of Directors of Ouster PubCo, you will be granted equity awards covering an aggregate number of shares of PubCo common stock equal to eight tenths of one percent (0.8%) of the common stock of Ouster PubCo outstanding as of immediately following the Closing (the "**Post Close Capitalization**"), comprised of an option to purchase Ouster PubCo common stock and an award of restricted stock units.

(j) Option. The Company shall recommend to the Ouster PubCo Board or Compensation Committee of the Board that on, as soon as administratively practicable after the later of the Closing or the Commencement Date, Ouster PubCo grant to Executive an option to purchase a number of shares of Ouster PubCo common stock equal to four tenths of one percent (0.4%) of the common stock of Ouster PubCo outstanding as of immediately following the Closing (the "**Option**") pursuant to the Ouster PubCo's 2021 Incentive Award Plan (the "**Plan**") having an exercise price per share equal to the closing trading price of a share of Ouster PubCo common stock as of the date of grant (or the immediately preceding trading day if the date of grant is not a trading day). The Option shall vest and become exercisable as to 25% of the total number of shares of Ouster PubCo common stock initially underlying the Option as of the first anniversary of the Commencement Date and as to 1/48<sup>th</sup> of the total number of shares of Ouster PubCo common stock initially underlying the Option as of each monthly anniversary of the Commencement Date, subject to Executive's continued service to the Company through the applicable vesting date. The Option shall otherwise be subject to the provisions of the Plan and an option agreement approved for use under the Plan to be entered into between Executive and the Ouster PubCo.

(k) RSU Award. The Company shall recommend to the Ouster PubCo Board or Compensation Committee of the Board that, on the sixtieth (60<sup>th</sup>) day after the Closing, Ouster PubCo grant to Executive an award of that number of restricted stock units equal to four tenths of one percent (0.4%) of the common stock of Ouster PubCo outstanding as of immediately following the Closing (the "**RSUs**") pursuant to the Plan. Each RSU shall represent the right to be issued one share of Ouster PubCo common stock upon the vesting of the RSU. The award of RSUs shall vest as to 25% of the total number of RSUs initially underlying the award as of the first anniversary of Ouster PubCo's standard quarterly vesting date first following the Commencement Date (the "**Vesting Commencement Date**") and as to 1/16<sup>th</sup> of the total number of RSUs initially underlying the award as of each quarterly anniversary of the Vesting Commencement Date, subject to Executive's continued service to the Company through the applicable vesting date. The RSUs shall otherwise be subject to the provisions of the Plan and an RSU agreement approved for use under the Plan to be entered into between Executive and the Ouster PubCo.

(l) Eligibility. Commencing in 2023, Executive shall be eligible for the discretionary grant of stock options and other equity awards as may be determined by the Board or its Compensation Committee.

#### 4. Termination.

(m) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. This means that it is not for any specified period of time and, subject to any ramifications under Section 6 of this Agreement, can be terminated by Executive or by the Company at any time, with or without advance notice, and for any or no particular reason or cause. It also means that Executive's job duties, title, and responsibility and reporting level, work schedule, compensation, and benefits, as well as the Company's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of the Company (subject to any ramification such changes may have under Section 6 of this Agreement). This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly-authorized officer of the Company. If Executive's employment terminates for any lawful reason, Executive shall not be entitled to any payments, benefits, damages, award, or compensation other than as provided in this Agreement.

(n) Notice of Termination. During the Term, any termination of Executive's employment by the Company or by Executive (other than by reason of death) shall be communicated by written notice (a "**Notice of Termination**") from one Party hereto to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, if any, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifying the Date of Termination (as defined below). The failure by the Company to set forth in the Notice of Termination all of the facts and circumstances which contribute to a showing of Cause (as defined below) shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing its rights hereunder.

(o) Date of Termination. For purposes of this Agreement, "**Date of Termination**" shall mean the date of the termination of Executive's employment with the Company specified in a Notice of Termination.

(p) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and board memberships, if any, then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

#### 5. Consequences of Termination.

(q) Payments of Accrued Obligations upon all Terminations of Employment. Upon a termination of Executive's employment for any reason, Executive (or Executive's estate or legal representative, as applicable) shall be entitled to receive, within thirty (30) days after Executive's Date of Termination (or such earlier date as may be required by applicable law): (i) any portion of Executive's Annual Base Salary earned through Executive's Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3, (iii) any accrued but unused paid time-off owed to Executive, (iv) any Merit Bonus earned but unpaid as of the Date of Termination, and (v) any amount arising from Executive's participation in, or benefits under, any employee benefit plans, programs, or arrangements under Section 3, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs, or arrangements. Except as otherwise set forth in Sections 5(b) and (c), the payments and benefits described in this Section 5(a) shall be the only payments and benefits payable in the event of Executive's termination of employment for any reason.

(r) Severance Payments upon Covered Termination Outside a Change of Control Period. If, during the Term, Executive experiences a Covered Termination outside of a Change of Control Period (each as defined below), then in addition to the payments and benefits described in Section 5(a), the Company shall, subject to Executive's delivery to the Company of a waiver and release of claims agreement substantially in the form of Exhibit B hereto (but updated to the extent deemed by the Company to be necessary to reflect any changes in applicable law) (the "**Release**") that becomes effective and irrevocable in accordance with Section 9(d), provide Executive with the following:

(i) The Company shall pay to Executive an amount equal to 0.5 multiplied by Executive's Annual Base Salary. Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the date the Release becomes effective and irrevocable in accordance with Section 9(d).

(ii) During the period commencing on the Date of Termination and ending on the six-month anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "**Non-CIC COBRA Period**"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the Non-CIC COBRA Period (or remaining portion thereof).

(s) Severance Payments upon Covered Termination During a Change of Control Period. If, during the Term, Executive experiences a Covered Termination during a Change of Control Period, then, in addition to the payments and benefits described in Section 5(a), the Company shall, subject to Executive's delivery to the Company of the Release that becomes effective and irrevocable in accordance with Section 9(d), provide Executive with the following:

(i) The Company shall pay to Executive an amount equal to Executive's Annual Base Salary. Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the date the Release becomes effective and irrevocable in accordance with Section 9(d).

(ii) During the period commencing on the Date of Termination and ending on the twelve-month anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "**CIC COBRA Period**"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole

expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the CIC COBRA Period (or remaining portion thereof).

(iii) Cause any unvested equity awards, including any stock options, restricted stock awards and any such awards subject to performance-based vesting, held by Executive as of the Date of Termination, to become fully vested and, if applicable, exercisable, and cause all restrictions and rights of repurchase on such awards to lapse with respect to all of the shares of the Company's Common Stock subject thereto.

(t) No Other Severance. Except as otherwise approved by the Board, the provisions of this Section 5 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program, or other arrangement maintained by the Company.

(u) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner. Notwithstanding anything to the contrary in this Agreement, the termination of Executive's employment shall not impair the rights or obligations of any Party.

(v) Definition of Cause. For purposes hereof, "**Cause**" shall mean any one of the following: (i) Executive's willful and continued failure to substantially perform Executive's duties with the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the CEO or Board, (ii) Executive's willful and continued failure to substantially follow and comply with such specific and lawful directives of the CEO or Board, after a written demand for substantial performance is delivered to Executive by the Company, (iii) Executive's commission of an act of fraud or material dishonesty, or (iv) Executive's conviction of, or entry by Executive of a guilty or no contest plea to, the commission of a felony or any other crime involving moral turpitude.

(w) Definition of Change of Control Period. For purposes hereof, "**Change of Control Period**" shall mean the period commencing ninety days prior to a Change of Control and ending 12 months after such Change of Control.

(x) Definition of Covered Termination. For purposes hereof, "**Covered Termination**" shall mean the termination of Executive's employment by the Company without Cause or by Executive for Good Reason, and shall not include a termination due to Executive's death or disability.

(y) Definition of Good Reason. For purposes hereof, "**Good Reason**" means the occurrence of any of the following events or circumstances, without Executive's prior written consent: (i) a material reduction in Executive's On Target Earnings, (ii) a material diminution in Executive's duties or responsibilities, or level of authority, (iii) a relocation of Executive's principal place of employment that increases Executive's one-way commute by at least thirty-five (35) miles, (iv) material breach of this Agreement by the Company, including any failure to

pay Executive any compensation or benefits to which you are entitled within fifteen (15) days of the date due, or (v) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Notwithstanding the foregoing, in no event shall Executive be deemed to have Good Reason unless (a) Executive provides written notice to the Company of the condition giving rise to Good Reason within ninety (90) days of its initial occurrence, (b) the Company fails to cure such condition within thirty (30) days after the Company receives Executive's written notice of such condition and (c) Executive's resignation is effective within sixty (60) days following the end of such cure period.

**6. Assignment and Successors.** The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company, Executive, and their respective successors, assigns, personnel, and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will, operation of law, or as otherwise provided herein.

## **7. Miscellaneous Provisions.**

(z) **Confidentiality Agreement.** As a condition to employment hereunder, Executive shall enter into the Confidential Information and Invention Assignment Agreement with the Company attached hereto as Exhibit C (the "**Confidentiality Agreement**"). The Confidentiality Agreement shall survive the termination of this Agreement and Executive's employment with the Company for the applicable period(s) set forth therein.

(aa) **Non-Solicitation of Employees.** For a period of one year following Executive's Date of Termination, Executive shall not, either directly or indirectly (i) solicit for employment by any individual, corporation, firm, or other business, any employees, consultants, independent contractors, or other service providers of the Company or any of its affiliates, or (ii) solicit any employee or consultant of the Company or any of its affiliates to leave the employment or consulting of or cease providing services to the Company or any of its affiliates; *provided, however*, that the foregoing clauses (i) and (ii) shall not apply to a general advertisement or solicitation (or any hiring pursuant to such advertisement or solicitation) that is not specifically targeted to such employees or consultants.

(ab) **Governing Law.** This Agreement shall be governed, construed, interpreted, and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of California, without giving effect to any principles of conflicts of law, whether of the State of California or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(ac) **Validity.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(ad) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(ae) Entire Agreement. The terms of this Agreement, together with the Confidentiality Agreement, are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and supersede all prior understandings and agreements, whether written or oral, regarding Executive's service to the Company. The Parties further intend that this Agreement, together with the Confidentiality Agreement, shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement or the Confidentiality Agreement.

(af) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing signed by Executive and a duly authorized representative of the Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided, however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(ag) Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that, except as excluded herein, any and all controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms or otherwise arising out of the Parties' relationship, shall be resolved solely and exclusively by final and binding arbitration held in Santa Clara County, California through JAMS in conformity with California law and the then-existing JAMS employment arbitration rules, which can be found at <https://www.jamsadr.com/rules-employment-arbitration/>. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. shall govern the interpretation and enforcement of this arbitration clause. All remedies available from a court of competent jurisdiction shall be available in the arbitration; provided, however, in the event of a breach of Sections 7(a) or 7(b), the Company may request relief from a court of competent jurisdiction if such relief is not available or not available in a timely fashion through arbitration as determined by the Company. The arbitrator shall: (a) provide adequate discovery for the resolution of the dispute; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall award the prevailing Party attorneys' fees and expert fees, if any. Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the Parties fail to comply with any of the obligations imposed on them under Sections 8(a) and 8(b), and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to seek injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 8(a) and 8(b), none of the Parties shall raise the defense, without a good faith basis for raising such defense, that there is an adequate remedy at law. Executive and the Company understand that by agreement to arbitrate any claim pursuant to this Section 8(h), they will not have the right to have any claim decided by a jury or a court, but shall instead have any claim decided through arbitration. Executive and the Company waive any constitutional or other right to bring claims covered by this Agreement other than in their individual capacities. Except as may be prohibited by applicable law, the foregoing waiver includes the ability to assert claims as a plaintiff or class member in any purported class or collective action or representative proceeding. Nothing herein shall limit Executive's ability to pursue claims for workers compensation or unemployment benefits or pursue other claims which by law cannot be subject to mandatory arbitration.

(ah) Enforcement. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

(ai) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(aj) Whistleblower Protections and Trade Secrets. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

## 8. Golden Parachute Excise Tax.

(ak) Best Pay. Any provision of this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company pursuant to this Agreement or otherwise ("**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then such Payment will be equal to the Reduced Amount (as defined below). The "**Reduced Amount**" will be either (A) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (B) the entire Payment, whichever amount after taking into account all applicable federal, state, and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (A) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata

(the “**Pro Rata Reduction Method**”). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A (as defined below) that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (1) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (2) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (3) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(al) Accounting Firm. The accounting firm engaged by the Company for general tax purposes as of the day prior to the Change of Control will perform the calculations set forth in Section 9(a). If the firm so engaged by the Company is serving as the accountant or auditor for the acquiring company, the Company will appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company will bear all expenses with respect to the determinations by such firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder will provide its calculations, together with detailed supporting documentation, to the Company within thirty (30) days before the consummation of a Change of Control (if requested at that time by the Company) or such other time as requested by the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it will furnish the Company with documentation reasonably acceptable to the Company that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder will be final, binding and conclusive upon the Company and Executive.

## 9. Section 409A.

(am) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date, (“**Section 409A**”) and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including, without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; however, this Section 9(a) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company (A) have any liability for failing to do so, or (B) incur or indemnify Executive for any taxes, interest or other liabilities arising under or by operation of Section 409A.

(an) Separation from Service, Installments and Reimbursements. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes “deferred compensation” under Section 409A shall be payable pursuant to Section 6 unless the termination of Executive’s employment constitutes a “separation from service” within the

meaning of Section 1.409A-1(h) of the Department of Treasury Regulations (“**Separation from Service**”); (ii) for purposes of Section 409A, Executive’s right to receive installment payments shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes “deferred compensation” under Section 409A, such reimbursement or benefit shall be provided no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

(ao) **Specified Employee.** Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive’s Separation from Service to be a “specified employee” for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive’s benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive’s Separation from Service with the Company or (ii) the date of Executive’s death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive’s estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(ap) **Release.** Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Executive’s termination of employment are subject to Executive’s execution and delivery of the Release, (i) if Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes Executive’s acceptance of the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where Executive’s Date of Termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 9(d), “**Release Expiration Date**” shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Executive, or, in the event that Executive’s termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Executive’s termination of employment are delayed pursuant to this Section 9(d), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 9(d)(ii), on the first payroll period to occur in the subsequent taxable year, if later.

**10. Employee Acknowledgement.** Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive’s own judgment.

*[Signature Page Follows]*

The Parties have executed this Agreement as of the date first set forth above.

**OUSTER, INC.**

By: /s/ Angus Pacala

Name: Angus Pacala

Title: CEO

**EXECUTIVE**

By: /s/ Nathan Dickerman

Name: Nathan Dickerman

## FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of August 5, 2022, is entered into by and among OUSTER, INC., a Delaware corporation (the "Borrower"), SENSE PHOTONICS, INC., a Delaware corporation ("Sense Photonics"), and together with each of Borrower's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Loan Agreement (collectively, "Guarantors" and individually, a "Guarantor"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (as defined below) (each a "Lender", and collectively, "Lenders") and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, the "Agent").

Borrower, Lenders and Agent are parties to that certain Loan and Security Agreement, dated as of April 29, 2022 (the "Existing Loan Agreement"); and the Existing Loan Agreement, as amended by this Amendment and as further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"). Borrower has requested that the Agent and Lenders agree to certain amendments to the Loan Agreement. The Agent and Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

### SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

(b) **Rules of Construction.** The rules of construction that appear in Section 1.1 of the Loan Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

### SECTION 2 Amendment to the Loan Agreement.

(c) Upon satisfaction of the conditions set forth in Section 3 hereof, the Existing Loan Agreement is hereby amended as follows:

(i) Section 7.11. Section 7.11 is hereby amended and restated as follows:

"7.11 Corporate Changes; Location of Collateral. No Loan Party nor any Subsidiary shall change its legal name, legal form or jurisdiction of organization or formation, as applicable, without twenty (20) days' prior written notice to Agent. No Loan Party shall suffer a Change in Control. No Loan Party nor any Subsidiary shall relocate its chief executive office or its principal place of business unless it has provided prior written notice to Agent. No Loan Party nor any Subsidiary shall relocate any item of Collateral (other than (x) sales of Inventory in the ordinary course of business, (y) relocations of Equipment having an aggregate value of up to Three Million Dollars (\$3,000,000) in any fiscal year, and (z) relocations of Collateral from a location described on Exhibit B to another location described on Exhibit B) unless (i) it has provided prompt written notice to Agent, (ii) such relocation is within the continental United States of America and, (iii) if such relocation is to a third party bailee, it has used commercially reasonable efforts to deliver a bailee agreement in form and substance reasonably acceptable to Agent."

(d) **References Within Existing Loan Agreement.** Each reference in the Existing Loan Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Existing Loan Agreement as amended by this Amendment.

**SECTION 3 Conditions of Effectiveness.** The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(e) Borrower shall have paid (i) all invoiced costs and expenses then due in accordance with Section 5(e) of this Amendment, and (ii) all other fees, costs and expenses, if any, due and payable as of the date hereof under the Loan Agreement.

(f) Agent shall have received:

- (ii) this Amendment, executed by Agent, Lenders and Borrower; and
- (iii) such other documents as Agent may reasonably request.

(g) On the date hereof, after giving effect to the amendment of the Existing Loan Agreement contemplated hereby, there exist no Events of Default or events that with the passage of time would result in an Event of Default.

**SECTION 4 Representations and Warranties.** To induce the Agent and Lenders to enter into this Amendment, each Borrower hereby confirms, as of the date hereof, that (a) the representations and warranties made by it in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof provided, further, that to the extent such representations and warranties by their terms expressly relate only to a prior date such representations and warranties shall be true and correct as of such prior date; (b) there has not been and there does not exist a Material Adverse Effect; (c) other than as updated on Exhibit A attached hereto that the information included in the Perfection Certificate delivered to Agent on the Closing Date remains true and correct; (d) Agent has and shall continue to have valid, enforceable and perfected first-priority liens, subject only to Permitted Liens, on and security interests in the Collateral and all other collateral heretofore granted by Borrower to Agent, pursuant to the Loan Documents or otherwise granted to or held by Agent; (e) the agreements and obligations of Borrower contained in the Loan Documents and in this Amendment constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by the application of general principles of equity; (f) the execution, delivery and performance of this Amendment by Borrower will not violate any law, rule, regulation, order, contractual obligation or organizational document of Borrower and will not result in, or require, the creation or imposition of any lien, claim or encumbrance of any kind on any of its properties or revenues; and (g) no Event of Default has occurred and is continuing.

**SECTION 5 Miscellaneous.**

**(h) Loan Documents Otherwise Not Affected; Reaffirmation; No Novation.**

(iv) Except as expressly amended pursuant hereto or referenced herein, the Existing Loan Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. Lenders' and Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(v) Each Borrower hereby expressly (1) reaffirms, ratifies and confirms its Secured Obligations under the Existing Loan Agreement and the other Loan Documents, (2) reaffirms, ratifies and confirms the grant of security under Section 3.1 of the Existing Loan Agreement, (3) reaffirms that such grant of security in the Collateral secures all Secured Obligations under the Existing Loan Agreement, including without limitation any Term Loans funded on or after the date hereof, as of the date hereof, and with effect from (and including) the date hereof, such grant of security in the Collateral: (x) remains in full force and effect notwithstanding the amendments expressly referenced herein; and (y) secures all Secured Obligations under the Existing Loan Agreement, as amended by this Amendment, and the other Loan Documents, and (4) agrees that the Existing Loan Agreement and each other Loan Document shall remain in full force and effect following any action contemplated in connection herewith.

(vi) This Amendment is not a novation and the terms and conditions of this Amendment shall be in addition to and supplemental to all terms and conditions set forth in the Loan Documents. Nothing in this Amendment is intended, or shall be construed, to constitute an accord and satisfaction of Borrower's Secured Obligations under or in connection with the Existing Loan Agreement and any other Loan Document or to modify, affect or impair the perfection or continuity of Agent's security interest in, (on behalf of itself and the Lenders) security titles to or other liens on any Collateral for the Secured Obligations.

(i) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to such Lender unless Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

(j) **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and each of their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, Lenders and all such other persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment for or on account of, or in relation to, or in any way in connection with the Loan Agreement, or any of the other Loan Documents or the transactions thereunder or related thereto. Each Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Each Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above. The provisions of this section shall survive payment in full of the Secured Obligations, full performance of all the terms of this Amendment and the other Loan Documents.

(k) **No Reliance.** Borrower hereby acknowledges and confirms to Agent and Lenders that each such Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(l) **Costs and Expenses.** Borrower agrees to pay to Agent on the date hereof the reasonable and documented out-of-pocket costs and expenses of Agent and Lenders party hereto, and the reasonable and documented fees and disbursements of counsel to Agent and Lenders party hereto in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the date hereof.

(m) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(n) **Governing Law.** This Amendment and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(o) **Complete Agreement; Amendments.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(p) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(q) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(r) **Loan Documents.** This Amendment and the documents related thereto shall constitute Loan Documents.

(s) **Electronic Execution of Certain Other Documents.** The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed

signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act or any other similar state laws based on the Uniform Electronic Transactions Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

OUSTER, INC.

Signature:  /s/ Charles Angus Pacala \_\_\_\_\_

Print Name: Charles Angus Pacala

Title: CEO

GUARANTOR:

SENSE PHOTONICS, INC.

Signature:  /s/ Charles Angus Pacala \_\_\_\_\_

Print Name: Charles Angus Pacala

Title: CEO

[SIGNATURES CONTINUE ON THE NEXT PAGE]

[First Amendment to Loan and Security Agreement (Ouster)]

AGENT:

HERCULES CAPITAL, INC.

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: CFO

LENDERS:

HERCULES CAPITAL FUNDING TRUST 2022-1

By: Hercules Capital, Inc., its Administrator

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: CFO

HERCULES PRIVATE CREDIT FUND 1 L.P.

By: Hercules Adviser LLC, its Investment Adviser

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.

By: Hercules Adviser LLC, its Investment Adviser

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Authorized Signatory

## CERTIFICATION

I, Angus Pacala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ouster, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

By: /s/ Angus Pacala

Angus Pacala

Co-Founder and Chief Executive Officer  
*(principal executive officer)*

## CERTIFICATION

I, Anna Brunelle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ouster, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

By: /s/ Anna Brunelle  
Anna Brunelle  
Chief Financial Officer  
(*principal financial officer*)



