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

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**FORM 10-K**

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(Mark One)

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

For the fiscal year ended December 31, 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

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**Ouster, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**350 Treat Avenue**

**San Francisco, California**

(Address of principal executive offices)

**86-2528989**

(I.R.S. Employer Identification No.)

**94110**

(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value per share	OUST	New York Stock Exchange
Warrants to purchase common stock	OUST WS	New York Stock Exchange
Warrants to purchase common stock expiring 2025	OUST WTA	NYSE American

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

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

Yes  No

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, as of June 30, 2022, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately \$252.5 million.

The registrant had outstanding 386,269,049 shares of common stock as of March 23, 2023.

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**Table of Contents**

	<u>Page</u>
<b>PART I</b>	
Item 1. Business	3
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	44
Item 2. Properties	44
Item 3. Legal Proceedings	45
Item 4. Mine Safety Disclosures	46
<b>PART II</b>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47
Item 6. [Reserved]	47
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	47
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	59
Item 8. Financial Statements and Supplementary Data	61
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures	105
Item 9A. Controls and Procedures	105
Item 9B. Other Information	106
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	106
<b>PART III</b>	
Item 10. Directors, Executive Officers and Corporate Governance	107
Item 11. Executive Compensation	107
Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters	108
Item 13. Certain Relationships and Related Transactions, and Director Independence	108
Item 14. Principal Accountant Fees and Services	108
<b>PART IV</b>	
Item 15. Exhibits and Financial Statement Schedules	110
Item 16. Form 10-K Summary	114

## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact contained in this Annual Report on Form 10-K may be forward-looking statements. The words “anticipates,” “believe(s),” “could,” “contemplates,” “continue,” “expects,” “estimates,” “forecasts,” “intends,” “may,” “plans,” “projects,” “predicts,” “potential” “should,” “targets,” or “will” and similar expressions or the negative of these terms or expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to statements regarding the anticipated benefits of and costs associated with the Velodyne Merger (as defined herein) and related restructuring initiatives; our expectations surrounding the Velodyne Merger; our ability to grow our sales and marketing organization; our expected contractual obligations and capital expenditures; the capabilities of our products; our anticipated new product launches; our future results of operations and financial position; industry and business trends; the remediation of material weaknesses; the impact of market conditions and other macroeconomic factors on our business, financial condition and results of operation; our future business strategy, plans, distribution partnerships, market growth and our objectives for future operations.

The forward-looking statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change.

## GENERAL

Unless the context otherwise requires, references in this Annual Report on Form 10-K to “we”, “our” and “the Company” refer to the business and operations of Ouster Technologies, Inc. (“OTI”) (formerly known as Ouster, Inc.) and its consolidated subsidiaries prior to the Colonnade Merger (as defined herein) and to Ouster, Inc. (formerly known as Colonnade Acquisition Corp.) and its consolidated subsidiaries following the consummation of the Colonnade Merger.

On December 21, 2020, OTI entered into an Agreement and Plan of Merger (the “Colonnade Merger Agreement”) with Colonnade Acquisition Corp., a Cayman Islands exempted company (“CLA”), and Beam Merger Sub, Inc. (“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 “Business Combination”), as further described herein. 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) Merger Sub merged with and into OTI (the “Colonnade Merger”), with OTI surviving the Colonnade Merger.

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

## SUMMARY RISK FACTORS

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

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

## Part I

### Item 1. Business.

#### Overview

Ouster, Inc. (“Ouster” or the “Company”) is building the eyes of autonomy. We are a leading global provider of lidar sensors for the automotive, industrial, robotics, and smart infrastructure industries. Ouster’s products include high-resolution scanning and solid-state digital lidar sensors, Velodyne Lidar sensors, and software solutions.

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

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

- Our industrial customers use our lidar sensor to increase safety and automate operations across the global supply chain, in material handling vehicles at ports and warehouses, in off-highway vehicles in mines and on farms, and in manufacturing equipment in factories.
- Our smart infrastructure customers are in both the public and private sector. Cities value increasing safety and efficiency through the use lidar technology on traffic lights and warning systems. In this sense, we believe our products can enhance public welfare through security and smart city applications. Security companies are also looking to improve intrusion detection and tracking by augmenting existing CCTV systems with the spatial tracking capabilities of lidar. We believe these markets present a significant growth opportunity for us, as they touch many aspects of our daily lives.
- The automotive industry is continuing its rapid shift towards advanced/enhanced safety and autonomy features, powered by lidar, and we believe we are uniquely positioned, with our solid-state digital lidar product lines, to enable this transformation. We work with companies across the entire automotive ecosystem, from technology providers to direct automotive parts suppliers and original equipment manufacturers (“OEMs”), to design and manufacture lidar sensors for these advanced vehicle systems.
- Our robotics customers are pioneering an automated future that can affect many aspects of our daily lives as they take on tasks that are redundant, cumbersome, expensive or dangerous for humans.

We envision a future where lidar-powered solutions are widespread, with useful and affordable 3D perception capabilities embedded within robots, cars, trucks and drones, as well as factories, buildings, stoplights, retail stores, stadiums, docks, and airport terminals.

We believe the simplicity of our digital lidar design gives us meaningful cost advantages in manufacturing, supply chain, and production yields. With broad software-defined customization, we are able to deliver new stock keeping units (“SKUs”) for industry-specific applications, expanding our product offerings with minimal manufacturing or inventory changes. Our main manufacturing partners are Benchmark Electronics, Inc. (“Benchmark”) and Fabrinet USA Inc. (“Fabrinet”). Benchmark and Fabrinet manufacture the majority of our products, which we expect will reduce our product costs and allow us to rapidly scale production to meet our anticipated product demand. Based on cost quotes for our products in mass production, we anticipate our manufacturing costs per unit will decrease as production volumes increase.

Our mission to make the physical world safer and more efficient is aligned with our commitment to sustainability now and into the future. We believe that our lidar technology is a key enabler of sustainable solutions for our customers, enhancing the efficient use of vehicles, industrial machinery, and robotics across our end markets. Greater levels of industrial and vehicular automation have been shown to have the potential to significantly reduce global carbon dioxide emissions, helping to curb the effects of climate change. Likewise, smart city initiatives powered by lidar can better manage traffic, reduce commute times, and further reduce emissions. In smart city use cases, our lidar sensors also can be customized with a “privacy-safe” mode, protecting citizens from facial recognition technology.

We see a future where our digital technology enables lidar to become universal, playing a key role in the autonomy revolution that will change many aspects of our economy and daily lives. We believe our patented digital approach to lidar

positions us well to be at the epicenter of this societal shift, and we anticipate that our software-defined product architecture can accelerate adoption and unlock more applications for lidar in our focus markets.

On February 10, 2023, Ouster completed the merger (the “Velodyne Merger”) with Velodyne Lidar, Inc. (“Velodyne”) pursuant to the terms of the Agreement and Plan of Merger, dated as of November 4, 2022 (the “Velodyne Merger Agreement”). We expect that the combined company will result in an enhanced suite of product offerings, grow our diverse customer base, increase operational efficiencies, reduce our production costs, improve our path to profitability, and strengthen our future financial position.

### ***Intellectual Property***

We believe our success, competitive advantages, and growth prospects depend in part upon our ability to develop and protect our core technology and intellectual property. We also rely on trade secrets, design and manufacturing know-how, and continuing technological innovations to maintain and improve our competitive position. As a result, we have built a portfolio of intellectual property, including issued patents and registered trademarks, copyrights, confidential technical information, and expertise in the development of lidar technology and software.

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

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

#### ***Patented digital lidar architecture***

Our patents contain a broad range of claims related to devices and methods for implementing digital lidar, among other things. Our patents cover our micro-optic technology that enables improved digital lidar performance; our digital lidar architecture combining VCSELs and SPADs; our data processing circuits for in-silicon digital signal processing; and our lidar-camera convergence, combining active and passive sensing technologies. We believe these technology breakthroughs are central to our competitive advantage and dramatically improve sensor performance.

Our digital lidar systems are based on a simplified architecture that achieves high resolution and reliability. Our digital lidar sensors have three main technologies that, combined with embedded software, power our high-performance Ouster Sensor (“OS”) and Digital Flash (“DF”) product lines. We also plan to continue to manufacture certain analog sensors of the Puck family and the Alpha Prime that we inherited from the Velodyne Merger.

#### ***Patented micro-optical system***

In addition to our detector SoC and VCSEL array, our sensors feature patented micro-optical systems that enhance the performance of both our emitters and detectors. The combined effect of these micro-optical systems on sensor performance is equivalent to an increase in detector efficiency of multiple orders of magnitude. We believe this breakthrough intellectual property gives us significant competitive advantages over other companies.

#### ***Custom system-on-a-chip (“SoC”) with single photon avalanche diode (“SPAD”) detectors***

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

In our “OS” product line, we are currently on our fifth-generation SoC, “L3”, which combines significant processing power with a 128-channel SPAD array onto a single piece of silicon and powers all of our REV7 products. Our SoC is capable of counting individual photons in order to detect very weak laser light pulses from long range targets. This digital SPAD-

based approach enables our “OS” sensors to be compact, high-performance, and low-cost in order to provide advanced autonomy functionality to our industrial, robotics, smart infrastructure, and automotive customers.

Our “DF” product line currently features our first generation CMOS SoC for solid-state sensors. In 2021, we announced our second generation DF SoC, “Chronos”. Powered by this chip, the solid-state “DF” product line features short, medium, and long-range sensing options that we believe has the potential to meet the performance, reliability, design, and cost requirements of global automotive OEMs.

#### ***Vertical cavity surface emitting laser (“VCSEL”) array***

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

#### ***Embedded software***

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

#### **Our Product Portfolio**

Using an array of eye-safe lasers, our lidar solutions measure distances in the environment at the speed of light. Unlike camera-based solutions, lidar solutions allow machines to see in 3D by providing precise distance measurements of surrounding objects. Lidar also performs better than cameras in low light conditions and produces fewer errors. Compared to radar, lidar provides better resolution, perceiving objects’ shapes for superior object detection and classification. Lidar systems currently being tested are designed to detect pedestrians equally well during daytime and nighttime conditions because the systems provide self-illumination by means of laser beams.

In October of 2021, Ouster acquired Sense Photonics, Inc. (“Sense”) a developer of solid-state flash lidar based on VCSEL and SPAD technology. This acquisition enables the development of our DF sensor line which leverages technology and engineering expertise from both companies. In February 2023, Ouster merged with Velodyne, a global player in lidar sensors solutions. As a result, we currently offer two digital lidar product lines, the “OS” scanning sensors, the “DF” solid-state flash sensors, and certain analog sensors of the Puck family and the Alpha Prime.

#### **OS Product line**

Introduced in 2018, our OS product line today features four different sensor models available in numerous configurations. The OS product line, based on our fifth-generation L3 SoC, is available in four different models to meet the needs of our end customers. The model options include the hemispheric field of view OSDome, the ultra-wide view “OS0,” the mid-range “OS1,” and the long-range “OS2.” Within each of these models we offer numerous configuration options, including but not limited to different resolutions, connection standards, and data output structures. As we continue to release new generations of the silicon CMOS SoCs that power the OS product line, we expect the performance of the sensors to improve.

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 our market opportunity, driven by new opportunities for longer-range and mapping applications.



### OSDome



Hemispherical View  
Digital Lidar

- **Resolution options (channels):** 64 and 128
- **Range (@ 80% reflectivity):** 45 meters
- **Field of View (FoV):** 90° vertical FoV & 360° horizontal FoV
- **Horizontal resolution (@ 10 Hz):** 2048
- **Precision:** up to ±1.0
- **Points per second (@128 channels):** 5.2 million
- **Power consumption:** 14 – 20 W
- **Environmental protection:** IP68, IP69K
- **Customization options:** 30+
- **Illustrative use cases:** Factory AGVs, Automated forklifts, Building security, Crowd analytics, Retail analytics



### OS0



Ultra-Wide Angle  
Digital Lidar

- **Resolution options (channels):** 32, 64 and 128
- **Range (@ 80% reflectivity):** 75 meters
- **Field of View (FoV):** 90° vertical FoV & 360° horizontal FoV
- **Horizontal resolution (@ 10 Hz):** 2048
- **Precision:** up to ±1.0 cm
- **Points per second (@128 channels):** 5.2 million
- **Power consumption:** 14 – 20 W
- **Environmental protection:** IP68, IP69K
- **Customization options:** 30+
- **Illustrative use cases:** Factory AGVs, Automated forklifts, Robo-taxis, Building security, Autonomous shuttles, Anonymous People counting



### OS1



Mid-Range  
Digital Lidar

- **Resolution options (channels):** 32, 64 and 128
- **Range (@80% reflectivity):** 170 meters
- **FoV:** 45° vertical FoV & 360° horizontal FoV
- **Horizontal resolution (@ 10 Hz):** 2048
- **Precision:** up to ±0.5 cm
- **Points per second:** 5.2 million
- **Power consumption:** 14 – 20 W
- **Customization options:** 30+
- **Environmental protection:** IP68, IP69K
- **Illustrative use cases:** Last-mile delivery robots, Autonomous trucking, Autonomous mining vehicles, Autonomous agricultural vehicles, Mapping, Autonomous buses, Autonomous drones, Traffic safety



OS2

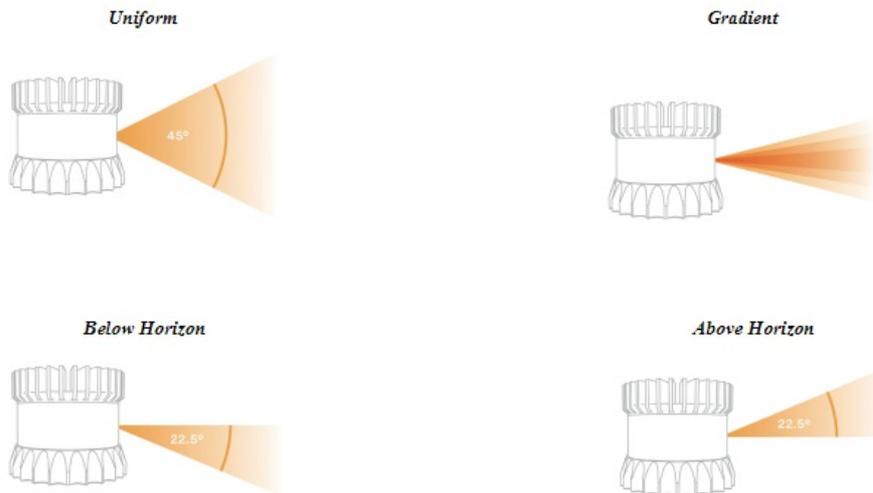


Long-Range  
Digital Lidar

- **Resolution options (channels):** 32, 64 and 128
- **Range (@ 80% reflectivity):** 350 meters
- **FoV:** 22.5° vertical FoV & 360° horizontal FoV
- **Horizontal resolution (@ 10 Hz):** 2048
- **Precision:** up to  $\pm 2.5$  cm
- **Points per second (@128 channels):** 2.6 million
- **Power consumption:** 18 – 24 W
- **Customization options:** 15+
- **Environmental protection:** IP68, IP69K
- **Illustrative use cases:** Autonomous trucking, Robo-taxis, Autonomous shuttles, Mapping, Traffic analytics, Autonomous mining, Building security

### Product customization

Within our OS sensor models, we offer numerous customization options, all enabled by embedded software. The OSDome offers resolution options of 64 and 128 lines vertically, each in a uniform beam spacing configuration. For each of our other three OS models, we offer resolution options of 128 lines vertically (“channels”), 64 channels, or 32 channels. Additionally, within the 64 and 32 channel options, we offer further customization to determine the channels are distributed throughout the vertical field-of-view. These options for beam spacing are: uniform (evenly distributed channels), gradient (denser channels around the center of the vertical field-of-view and sparser by the top and bottom edges), below horizon (evenly spaced on the bottom half of the field of view), and above horizon (evenly spaced in the top half of the field-of-view). Illustrative beam spacing options for the OS1 model are found below:



In addition to beam spacing options, we also offer a “Privacy Mode” configuration on all four OS sensor models which removes data that could potentially be used for facial recognition purposes. Through our existing and future embedded software, and as a result of our enhanced operational capacity stemming from the Velodyne Merger we anticipate offering additional customizable options to our customers as demand increases. Because these configurations are offered through software, the incremental cost of additional options is lower than the cost of designing new hardware, giving us the operational flexibility to respond to evolving market demands.

## DF product line

The DF series is a suite of short, mid, and long-range solid-state digital lidar sensors. The solid-state DF series is a leader in the market with superior reliability, durability, and affordability. The DF series is designed to meet automaker requirements for advanced driver assistance systems (“ADAS”) and automated driving, while seamlessly integrating into the vehicle architecture and design.

The DF product line was specifically engineered to meet consumer ADAS performance requirements and certifications related to automotive functional safety and reliability. Its key features include high resolution sensors, adaptability, and scalability.

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

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

*Scalability.* The solid-state DF product line is highly manufacturable and offers the durability, reliability, and affordability needed for automotive series production. We are offering individual solid-state sensors as well as a multi-sensor lidar suite at a price point that we believe could enable broad adoption in consumer vehicles. We believe that we are well-positioned to deliver on OEM requirements with a single supplier offering, reducing overall costs and making us a preferred potential partner for both automotive OEMs and Tier 1s.

## Velodyne Lidar Sensors

We also offer certain surround-view lidar sensors that Velodyne previously marketed. These products are listed below and support numerous end applications, including autonomous vehicles, drones, security, mobile robots and mapping.

**Alpha Prime (VLS-128)** is capable of 300-meter range. It is specifically designed for autonomous driving and advanced vehicle safety at highway speeds. This lidar sensor incorporates 128 lasers and provides real-time 3D data up to 0.1-degree vertical and horizontal resolution. The Alpha Prime provides a superior combination of range, resolution and precision to enable Level 4 and Level 5 autonomous vehicles to function both at highway speeds as well as in low-speed urban environments. This product was recognized at the Pace Automotive Award in 2019.

**Ultra Puck (VLP-32)** is the third generation of the Puck family. The high-density, long-range image generated by the Ultra Puck makes it a desirable solution for robotics, mapping, security, driver assistance and autonomous navigation. The Ultra Puck also enables our Intelligent Infrastructure Solutions (“IIS”) (discussed below under the Software section). Ultra Puck uses 32 lasers to double the range and resolution of its predecessor at a range of up to 200 meters. Ultra Puck also introduces firing exclusion and advanced features designed to minimize false positives.

**Puck (VLP-16)** offers 16 lasers and a 100-meter range. Developed with mass production and affordability in mind, the Puck retains the multi-laser design while offering lower power consumption, a lighter weight and a more compact footprint at an attractive price point, making it suitable for low-speed autonomy and driver assistance applications.

**Puck Hi-Res (VLP-16 Hi-Res)** is a further iteration of the original Puck and is designed for applications requiring high image resolution. While also retaining surround view and 100-meter range, this sensor compresses the vertical field-of-view from 30 degrees to 20 degrees for a tighter laser distribution spaced at 1.33 degrees instead of 2.00 degrees. This design delivers more details in the 3D image at longer ranges and enables the host system to not only detect, but also better identify objects at these greater distances.

## Ouster Software

Ouster Gemini is a perception platform designed for deployments in crowd analytics, security, retail analytics, and intelligent transportation systems (ITS), and is optimized exclusively for Ouster’s digital lidar sensors. The Gemini platform consists of OS series lidar sensors, edge processor hardware, and perception software.

The Ouster Gemini platform works by detecting and classifying humans in an indoor space such as a retail store or an outdoor space such as a high-security perimeter. Gemini enables our customers to track people through a covered area which can be expanded by meshing lidar sensors together to form a single, cohesive 3D view. This approach has several advantages compared to other people tracking and security solutions, and can be used to replace or enhance existing camera, radar, or RF beacon-based systems:

*Detection accuracy.* Gemini perception software is specifically optimized to take advantage of the rich and robust data provided by Ouster’s digital lidar sensors. The high resolution and improved range of our digital lidar sensors enhance the detection, classification, and tracking accuracy of the perception software. Ouster’s newest digital lidar

sensors also enable significantly improved detection performance in low-light and adverse weather conditions as compared to earlier models.

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

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

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

## **BlueCity**

BlueCity AI software enables users to monitor traffic networks and public spaces and generates real-time data analytics and predictions, which we believe can be used to improve traffic and crowd flow efficiency, advance sustainability and protect vulnerable road users in a wide range of weather and lighting conditions.

## **Product Roadmap And Development**

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

We expect to maintain our OS product line with our four current sensor models. Our product roadmap primarily consists of designing, building, and integrating improved semiconductors into the OS product line, which we anticipate will improve the range and resolution of our sensors, among other features, without substantial changes to the form factor of our sensors.

We have already shipped functional forward-facing prototypes for the automotive ADAS market. After the initial release, we anticipate our DF product line will improve in performance over time as we improve our core SoC and laser components.

## **Our Customers**

We target four markets globally: industrial; smart infrastructure; robotics; and automotive. In total, we shipped sensors to over 690 customers in 2022 across these diversified use cases. For the year ended December 31, 2022, no single customer accounted for more than 10% of our revenue from product sales. Following the Velodyne Merger, the combined company now supports over 850 customers in approximately 50 countries.

### ***Industrial Automation***

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

### ***Smart Infrastructure***

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

### ***Robotics***

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

### ***Automotive***

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

## **Our Competitive Strengths**

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

### ***Patented digital lidar technology***

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

### ***High performance at an affordable price***

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

### ***Flexible and scalable product architecture***

Our products employ a software-defined architecture, enabling rapid customization in the software layer, and a simple shared hardware architecture for scalable manufacturing. With software-defined products continuing to drive low-cost customization, we expect to develop new SKUs for industry-specific applications, expanding our product offering without requiring significant manufacturing or inventory changes.

### ***Large and diversified customer base***

As our integration with Velodyne's operations progresses, we continue to diversify our customer base by solidifying our presence in all four of our targeted markets, which we believe gives us several advantages. First, our customer and market diversity add stability to our business. By diversifying our customer base, we are able to reduce our exposure to the risk of customer development delays or regulatory changes that may affect our sales to a single customer or in a particular market rather than all four of the targeted markets. Second, we believe that a large, diverse customer base will ultimately result in more engaged customers purchasing our products and help us to achieve higher sales more quickly than other companies that depend on a smaller set of customers in fewer markets. As we increase our sales volume, we expect our cost per sensor to decrease, allowing us to compete more effectively in each of the targeted markets.

### ***Volume manufacturing today***

To achieve our vision of making lidar technology widely adopted, we designed our technology for high-volume manufacturing. We are expanding our manufacturing capacity by outsourcing manufacturing to the Thailand facility of our manufacturing partners Benchmark, Fabrinet and other third-party suppliers. We believe these relationships provide multiple benefits, including the ability to leverage our partners' manufacturing capacity to help us scale our production.

### ***Digital solid-state technology positioned to capture automotive scale***

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

### ***Highly reliable and rugged technology***

In addition to high performance, comparatively low cost, and high customization flexibility, our sensors are designed to be highly reliable. Our OS product line of sensors have achieved the highest ingress ratings in the industry—IP68 and IP69K—meaning they can survive submersion in up to 1 meter of water for 30 minutes and withstand high-temperature power washing. We believe Ouster has one of the lowest field failure rates in the industry, which reduces the total cost of ownership of our sensors.

### ***Visionary management team***

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

### **Our Growth Strategies**

Our growth strategy is based upon three components: the attractive performance and cost economics of our digital lidar technology, the introduction of value-added software, and focused commercial execution.

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

We believe the introduction of value-added software that aids in the processing of lidar data presents a significant growth opportunity. For existing lidar users, software has the potential to decrease development time and improve system performance. For customers who historically rely on other sensor modalities or lack technical expertise, the introduction of software such as Ouster Gemini can catalize the adoption of lidar by processing the raw lidar data and outputting abstracted data in a user-friendly interface.

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

Key elements of our growth strategy include:

### ***Pursue strategic transactions***

We have explored and may continue to explore strategic acquisitions, mergers or other transactions as a means to complement our technology and digital lidar architecture. For example, in February 2023, we completed our merger of equals with Velodyne which we expect will help us to strengthen our financial position, technology portfolio and software offering. While we see significant and growing demand for our products today, we believe such transactions can create

more expansive use cases for our products, provide greater access to our current target markets, or enable us to access additional markets.

***Expand our distribution network***

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

***Execute on our product roadmap***

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

***Commercialize digital lidar for emerging automotive opportunity***

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

***Expand our worldwide sales and marketing presence***

To further grow our market share in our target markets, we intend to continue to strategically hire globally, scaling our commercial team to serve the needs of each end market. As our market presence grows through targeted sales and marketing activity, we believe our customer base will grow. For example, following our recent merger with Velodyne, we now support over 850 customers in approximately 50 countries. In addition, we are increasingly cross-selling within accounts, accessing new projects and opportunities within accounts where we have a beachhead position and increasing the number of addressable opportunities.

***Grow sales volumes from existing accounts***

We aim to create an established customer base in each of our four target markets that can be further strengthened as our relationships with customers mature. As our customers move through our pipeline from benchtop evaluation to pilot evaluation, to pre-production, and finally to production—we believe our order volumes will increase at each stage in the sales process. We expect that moving to series production can provide a material increase of up to several orders of magnitude in annual sales volume for each given customer program. Sales for these programs are often, but not always, memorialized in multi-year contracts that provide a closer relationship to the customer and increased growth opportunities for us.

***Expand our partner ecosystem***

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

***Manufacturing***

We have invested a significant amount of time and resources in streamlining our production process and additional efforts will be required as we continue to integrate our operations with those of Velodyne. Our current key manufacturing partners include Benchmark and Fabrinet. Our optical alignment processes are partially or completely automated, which reduces manufacturing time and increases our production output. Our sensors also undergo application-focused final testing, which allows us to understand the real-world performance of our sensors before they are shipped to customers, reducing returned merchandise costs. We have also invested in building manufacturing process control systems, which provide real-time production information on the sensors produced in Thailand through integrated data stores and dashboards. This streamlined production process aims at lowering manufacturing, labor and overhead cost per unit.

### ***Competition***

There is an increasing demand for lidar to help advance automated systems with the intended goal of increasing safety, improving efficiency and enhancing productivity. Lidar's status as a critical sensor in many applications gives us the opportunity to add enhanced value to customers by providing comprehensive solutions. There is increasing adoption of lidar across a wide variety of industries. We believe there is a continual need to increase accuracy for 3D mapping information to understand the surrounding environment and movement patterns to improve transportation logistics and enhance traffic efficiency. As a result, we compete against several companies developing lidar solutions for incorporation into these developing applications, some of which may be similar to ours. Our competitors may include and are not limited to: AEye, Aeva Inc., Cepton Technologies, Innoviz Technologies, Hesai Technology, Luminar Technologies, MicroVision, RoboSense, and SICK.

Additionally, some of our targeted customers may have their own internal lidar development programs. Although we believe our line of products and innovation support position us as a leader in the lidar market, we will continue to face competition from existing, established market competitors with greater resources and new companies developing lidar solutions for the industrial, smart infrastructure, robotics and automotive industries.

### ***Sales And Marketing***

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

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

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

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

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

### ***Government Regulation***

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

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

written attestation by international third-party certification agencies, manufacturers are required to create Self Declarations of Compliance (“SDOC”) of their products to such regulations, and label their products accordingly.

Our products and solutions are also subject to U.S. and foreign trade and customs product classifications, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls. U.S. export control laws and regulations and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions.

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

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

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

Finally, as companies operating in similar industries, we are subject to environmental regulation, including water use, air emissions, use of recycled materials, energy sources, the storage, handling, treatment, transportation and disposal of hazardous materials and the remediation of environmental contamination. Compliance with these laws, rules and regulations may include permits, licenses and inspections of our facilities and products.

## **Human Capital**

As of December 31, 2022, we employed approximately 200 people on a full-time basis in the United States and 70 people on a full-time basis internationally, either directly through our international subsidiaries or through a professional employer organization. We also engaged a certain number of consultants and independent contractors to supplement our permanent workforce. None of our employees are currently represented by a labor union or covered by collective bargaining agreements. We believe we have strong and positive relations with our employees.

*Diversity and Inclusion.* To attract, motivate and retain a highly-skilled workforce throughout our organization, we are focused on facilitating a safe and inclusive work environment that leverages the capabilities of our employees and encourages diversity of thought. In furtherance of these objectives, we provide Diversity, Inclusion, and Belonging training for our employees to promote a healthy and inclusive organizational culture.

*Employee engagement.* We prioritize employee engagement and value employee feedback, which we gauge through an annual employee engagement survey that allows us to monitor both engagement and satisfaction and provides an additional reference point for evaluating initiatives aimed at enhancing our employees’ experience.

*Compensation and Benefits.* We offer attractive compensation and benefit packages, which may include depending on location and eligibility, annual bonuses, paid time-off, 401(k) and Company match up to 4% (subject to the IRS annual limit), stock awards, employee stock purchase plans, health and wellness programs and other benefits. Our long-term equity compensation is intended to align management interests with those of our stockholders and to encourage the creation of long-term value.

## **Additional Information**

CLA, our 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. In March, 2021, CLA reincorporated in

## [Table of Contents](#)

Delaware and consummated a merger with OTI pursuant to an Agreement and Plan of Merger, dated as of December 21, 2020. OTI was incorporated in the state of Delaware on June 30, 2015.

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

## Item 1A. Risk Factors

*Our business involves significant risks and uncertainties, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.*

### Risks Related to Our Business and Industry

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

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

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

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

***Our future results will suffer if we do not recognize anticipated synergies, effectively manage the expanded operations or successfully integrate the businesses of Velodyne.***

Our future success will depend, in part, upon our ability to manage the expanded business, including challenges related to the management and monitoring of new operations and associated increased costs and complexity associated with the

Velodyne Merger and other mergers. If we are not able to successfully complete integrations in an efficient and cost-effective manner, the anticipated benefits of this merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of our common stock may be affected adversely. An inability to realize the full extent of the anticipated benefits of the Velodyne Merger, as well as any delays encountered in the integration processes, could have an adverse effect upon our business, financial condition or results of operations. In addition, the actual integrations may result in additional and unforeseen expenses, including increased legal, accounting and compliance costs.

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

We have experienced net losses in each year since our inception. In the years ended December 31, 2022 and 2021, we incurred net losses of \$138.6 million and \$94.0 million, respectively. We expect these losses to continue for at least the next several years as we expand our product offering and continue to scale our commercial operations and research and development program. As of December 31, 2022, we had an accumulated deficit of \$441.9 million. Even if we are able to increase the sales of our products, there can be no assurance that we will be commercially successful or profitable.

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

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

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

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

Our future growth depends on penetrating new markets, adapting existing products to new applications and customer requirements, and introducing new and effective products at an opportune time that may then achieve market acceptance. To remain competitive, we continue to develop new products. For instance, last October, we announced our newest OS series scanning sensor, REV7, powered by its 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. introduced the market. In January 2023, we announced the release of our software, Ouster Gemini, a cloud-backed digital lidar perception platform for crowd analytics, security, and intelligent transportation systems. Ouster Gemini offers the ability to detect, classify, and track moving objects in real-time using the 3D data from a single or multiple fused Ouster lidar sensors. In connection with REV7, Ouster Gemini, and future releases, we expect to incur substantial, and potentially increasing, R&D costs. Our R&D expenses were \$64.3 million and \$34.6 million during the years ended December 31, 2022 and 2021, respectively, and are likely to grow in the future, particularly as a result of the Velodyne Merger. Because we account for R&D as an operating expense, these expenditures will adversely affect our results of operations in the future.

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

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

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

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

Our relationships with many of our existing customers are limited as they may not be prepared to select Ouster as a long-term supplier given our limited operating and sales history. To establish preliminary relationships with certain customers and to build their confidence, we have entered, and may continue to enter, into evaluation agreements, spot buy purchase orders, non-binding letters of intent, and strategic customer agreements. These agreements are largely non-binding, do not include any minimum obligation to purchase any quantities of any products at this time, and do not require that the parties enter into a subsequent definitive, long-term, binding agreements; however, these preliminary agreements assist the Company in building confidence with customers if we are able to effectively perform and otherwise maintain positive relationships with them. If we are unable to build confidence with our existing customers, either through these preliminary agreements (due to any failure to enter into or perform under the agreements) or otherwise, or if we are unable secure opportunity from these non-binding agreements, involving strategic customer agreements, we may be unable to produce accurate forecasts and become profitable.

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

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

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

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

- the timing of ultimate end market and customer adoption of our products and particular versions of our products;
- the varying length of production cycles for our customers to integrate our products into their broader platforms;
- supply chain constraints and considerations and impacts on our costs of goods sold, such as shortages of semiconductor chips;
- our product mix and average selling prices, including negotiated selling prices and long-term customer agreements;
- the cost of raw materials or supplied components critical for the manufacture of our products;
- the timing and cost of, and level of investment in, research and development relating to our digital lidar technology and related software;
- developments involving our competitors;
- changes in governmental regulations affecting us or applications in which our customers use our products or software;
- future accounting pronouncements or changes in our accounting policies;
- the impact of epidemics or pandemics, including current business disruption and related financial impact resulting from the global COVID-19 health crisis;
- adverse litigation, judgments, settlements or other litigation-related costs, or claims that may give rise to such costs; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

Many of these factors are outside of our control and may not accurately reflect the underlying performance of our business. The individual or cumulative effects of factors discussed above could result in large fluctuations and unpredictability in our

quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful.

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

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

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

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

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

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

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

Many of our current and potential customers are large corporations that often possess significant leverage over their suppliers, and can successfully demand contract terms favorable to themselves, such as reserving the right to terminate their supply contracts for convenience. The disparities in negotiating power between us and larger corporations have required, and may require in the future, that we accept less favorable contract terms. These large corporations also have exacting technical specifications and requirements that we have been unable to, and may continue to be unable to, meet, thereby precluding our ability to secure sales. Meeting the technical requirements to secure and maintain significant

contracts with any of these companies will require a substantial investment of our time and resources, and if we fail to comply with our customers' technical specifications and standards, we may lose existing and future business. Even when we succeed in securing contracts, these large companies have required, and may require in the future, evolving technical specifications for our products and may terminate our agreement or make a later determination that our products are not satisfactory, and even set a standard for the industry that we may not be able to meet. We therefore have no assurance that we can establish relationships with these companies, that our products will meet the needs of these or other companies, or that a contract with these companies will culminate in significant or any product sales.

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

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

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

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

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

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

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

***The complexity of our products could result in unforeseen delays or expenses from undetected defects, errors or reliability issues in hardware or software which could reduce the market adoption of our new products, damage our***

***reputation with current or prospective customers, expose us to product liability and other claims and adversely affect our operating costs.***

Our products are highly technical and very complex and require high standards to manufacture and have in the past and will likely in the future experience defects, errors or reliability issues at various stages of development. We may be unable to timely release new products, manufacture existing products, correct problems that have arisen or correct such problems to our customers' satisfaction. Additionally, undetected errors, defects or reliability issues, especially as new products are introduced or as new versions are released, could result in serious injury to the end users of technology incorporating our products, or those in the surrounding area, our customers never being able to commercialize technology incorporating our products, litigation against us, negative publicity and other consequences. These risks are particularly prevalent in the autonomous driving and ADAS markets. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by customers. If that is the case, we may incur significant additional development costs and product recall expenses, repair and/or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our financial results.

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

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

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

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

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

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

In the future we may require additional capital to fund our R&D efforts and to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances and we may determine to engage in equity or debt financings or enter into credit facilities for other reasons. In order to stay on our growth trajectory and further business relationships with current or potential customers or partners, or for other reasons, we may issue equity or equity-linked securities to such current or potential customers or partners. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all, particularly in an

uncertain economic environment. The Company maintains the majority of its cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

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

***We face risks related to our indebtedness.***

As of December 31, 2022, we had total outstanding debt of \$40.0 million under our Loan and Security Agreement with Hercules Capital, Inc. (“Hercules”), as amended. We may incur additional indebtedness in the future. Our leverage could have important consequences to us, including:

- exposing us to the risk of increased interest rates as our borrowings under our current debt facilities are at variable rates;
- making it more difficult for us to make payments on our debt;
- limiting our ability to pay future dividends;
- increasing our vulnerability to downturns in our business, the storage and organization retail industry or the general economy and limiting our flexibility in planning for, or reacting to, changes in our business;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our debt, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, and future business opportunities;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- requiring us to comply with financial and operational covenants as well as leverage covenants, restricting us, among other things, from placing liens on our assets, making investments, incurring debt, making payments to our equity or debt holders and engaging in transactions with affiliates;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes;
- preventing us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our store base and product offerings; and
- placing us at a competitive disadvantage compared to our competitors who may be less leveraged.

Consequences of this indebtedness may require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our debt, thereby reducing our ability to use our cash flow to fund operations, capital expenditures, and future business opportunities. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all. A failure by us or our subsidiaries to comply with the agreements governing our indebtedness could result in an event of default under such indebtedness, which could adversely affect our ability to respond to changes in our business and manage our operations. Upon the occurrence of an event of default under any of the agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the agreements. If any of our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern.

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

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

in general or specifically our products. Any negative publicity, regardless of its accuracy, could materially and adversely affect our business.

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

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

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

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

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

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

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

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

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

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

***Our forecasts of market growth may not be accurate.***

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

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

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

- import and export laws and the impact of tariffs;
- exchange rate fluctuations;
- political and economic instability, war, international terrorism and anti-American sentiment, particularly in emerging markets and the war between Russia and Ukraine;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally branded products, and laws and business practices favoring local competition;
- potential consequences of, and uncertainty related to, the "Brexit" process in the United Kingdom, which could lead to additional expense and complexity in doing business there;
- increased difficulty in managing inventory;
- increased risk in collecting trade receivables;
- delayed revenue recognition;
- less effective protection and/or lack of enforceability of intellectual property;
- stringent regulation of the autonomous or other systems or products using our products and stringent consumer protection and product compliance regulations, including but not limited to General Data Protection Regulation in the European Union, European competition law, the Restriction of Hazardous Substances Directive, the Waste

Electrical and Electronic Equipment Directive and the European Ecodesign Directive that are costly to comply with and may vary from country to country;

- difficulties and costs of staffing and managing foreign operations;
- changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws; and
- U.S. government's restrictions on certain technology transfer to certain countries of concern.

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

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

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

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

To ensure adequate inventory supply, we forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Fluctuations in the adoption of lidar products may affect our ability to forecast our future operating results, including revenue, gross margins, cash flows and profitability. Our ability to accurately forecast demand for our products could be affected by many factors, including the rapidly changing nature of our current target markets, the uncertainty surrounding the market acceptance and commercialization of lidar technology, the emergence of new markets, an increase or decrease in customer demand for our products or for products and services of our competitors, product introductions by competitors, the COVID-19 pandemic, other epidemics and public health crises, and any associated work stoppages or interruptions, unanticipated changes in general market conditions and the weakening of economic conditions or consumer confidence in future economic conditions. We may face challenges acquiring adequate supplies to manufacture our products and we, Benchmark and Fabrinet may not be able to manufacture our sensors at a rate necessary to satisfy the levels of demand, which would negatively affect our short-term and long-term growth. This risk may be exacerbated by the fact that we may not carry or be able to obtain from our suppliers a significant amount of inventory to satisfy short-term demand increases. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale.

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

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

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

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

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

If one or more of our major customers is unable to pay our invoices as they become due or a customer simply refuses to make such payments if it experiences financial difficulties, our business would be adversely affected. If a major customer were to enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to stay of execution and the possibility of legal or other modification, we could be forced to record a substantial loss. Additionally, a number of our customers are startup companies, small and mid-sized business, that are privately funded, have limited resources, and do not have a history of creditworthiness that we can audit to determine reliability and increase the potential risk to record potential losses. These companies could fail to raise enough capital and have to shut down operations. Even if they are financially solvent and stable and we are successful in securing a commercial relationship with them, their business plans for future programs may be inherently uncertain and unpredictable, and less structured than established companies.

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

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

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

As of December 31, 2022, we had \$246.2 million of U.S. federal and \$124.9 million of state net operating loss carryforwards available to reduce future taxable income. Of the \$246.2 million in U.S. federal net operating loss carryforwards, \$237.7 million will be carried forward indefinitely. Of our U.S. state net operating loss carryforwards, \$124.9 million less than \$0.1 million will begin to expire in 2031. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration (if we generate taxable income at all).

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

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

We rely on third party manufacturers, including Benchmark Electronics, Inc. (“Benchmark”) and Fabrinet USA Inc. (“Fabrinet”), to supply our products. These arrangements are intended to lower our operating costs, but they also reduce our direct control over production and distribution. This diminished control may have an adverse effect on the quality or quantity of products or services, or our flexibility to respond to changing conditions. If Benchmark or any of our third-party component suppliers or logistics and transportation partners experience interruptions, delays or disruptions in supplying their products or services, including by natural disasters, trade restrictions, the global COVID-19 pandemic, other epidemics and public health crises, or work stoppages or capacity constraints, our ability to ship products to distributors and customers may be delayed. In addition, unfavorable economic conditions could result in financial distress among third-party suppliers or manufacturers upon which we rely, thereby increasing the risk of disruption of supplies necessary to fulfill our production requirements and meet customer demands. Additionally, if any of these third parties on whom we rely were to experience quality control problems in their operations and our products do not meet customer or regulatory requirements, we could be required to cover the cost of repair or replacement of any defective products. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and could have a negative effect on our operating results. In addition, such delays or issues with product quality could adversely affect our reputation and our relationship with our customers, distributors, value added software resellers, and integrators.

If these third parties experience financial, operational, manufacturing capacity or other difficulties, or experience shortages in required components, or if they are otherwise unable or unwilling to continue to manufacture our products in required volumes or at all, our supply may be disrupted, we may be required to seek alternate manufacturers and we may be required to re-design our products. It would be time-consuming, and could be costly and impracticable, to begin to use new manufacturers, components or designs, and such changes could cause significant interruptions in supply and could have an adverse effect on our ability to meet our scheduled product deliveries and may subsequently lead to the loss of sales. While we take measures to protect our trade secrets, the use of third-party suppliers and manufacturers may also risk disclosure of our innovative and proprietary manufacturing methodologies, which could adversely affect our business.

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

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

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

Historically, we manufactured all of our digital sensors at our facility in San Francisco, California. We intend to maintain a portion of our manufacturing at this facility; however, in 2019, we began moving a portion of our manufacturing operations to a manufacturing facility in Thailand in connection with our relationship with Benchmark, which for the year ended December 31, 2022, accounted for a majority of our manufacturing output. Any substantial delay in bringing this facility up to full production on our current schedule may hinder our ability to produce all of the products needed to meet orders and/or achieve our expected financial performance. Opening this facility has required, and will continue to require, additional capital expenditures and the efforts and attention of our management and other personnel, which has and will continue to divert resources from our existing business or operations. If and when this manufacturing facility is brought up to full production according to our current schedule, it may not provide us with all of the operational and financial benefits we expect to receive.

We have invested in manufacturing process equipment which is held at Benchmark's facility, and we may make prepayments to some of our suppliers associated with long-term supply agreements. While these arrangements help ensure the supply of components and finished goods, if our co-manufacturer or suppliers experience severe financial problems or other disruptions in their business, such continued supply would be reduced or terminated, and the recoverability of manufacturing process equipment or prepayments would be negatively impacted.

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

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

We plan to continue working with Fabrinet, which was historically Velodyne's primary manufacturing partner, for the manufacturing output of our Velodyne sensors. Integration with Fabrinet may require additional capital expenditures, efforts and attention from our management and personnel, is subject to similar risks as those enumerated with respect to Benchmark, and potentially higher risks inherent to building a new relationship.

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

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

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

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

For example, general inflation in the United States, Europe and other geographies has risen 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.

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

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

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

In addition, in connection with the closing of the Velodyne Merger, in February 2023, we implemented a reduction in force affecting approximately 180-200 employees in order to reduce redundancies with the acquired business. The reduction in force may result in unintended consequences and costs, such as the loss of institutional knowledge and expertise, attrition beyond the intended number of employees, decreased morale among our remaining employees, and the risk that we may not achieve the anticipated benefits of the reduction in force. In addition, while positions have been eliminated, certain functions necessary to our operations remain, and we may be unsuccessful in distributing the duties and obligations of departed employees among our remaining employees. The reduction in workforce could also make it difficult for us to pursue, or prevent us from pursuing, new opportunities and initiatives due to insufficient personnel, or require us to incur additional and unanticipated costs to hire new personnel to pursue such opportunities or initiatives. If we are unable to realize the anticipated benefits from the reduction in force, or if we experience significant adverse consequences from the reduction in force, our business, financial condition, and results of operations may be materially adversely affected.

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

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

***We may be unable to successfully integrate our business with Velodyne or realize the expected benefits of the Velodyne Merger on our expected timeframe or at all. In addition, if we choose to acquire or invest in other new businesses, products or technologies, we may be unable to complete these acquisitions or to successfully integrate them in a cost-effective and/or non-disruptive manner.***

Our success depends on our ability to enhance and broaden our product offerings in response to changing customer demands, competitive pressures and advances in technologies. Failure to successfully identify, complete, manage and integrate acquisitions could materially and adversely affect our business, financial condition and results of operations and could cause our stock price to decline. We continue to search for viable acquisition candidates or strategic transactions that would expand our market sector and/or global presence, as well as additional products appropriate for current distribution channels. Accordingly, we have previously and may in the future pursue the acquisition of new businesses, products or technologies instead of developing them internally. Our future success will depend, in part, upon our ability to manage the expanded business following these acquisitions, including challenges related to the management and monitoring of new operations and associated increased costs and complexity associated with such acquisitions. For example, in February 2023, we completed the Velodyne Merger to help us enhance our robust suite of product offerings and software; grow our diverse customer base; increase operational efficiencies; further develop our innovative product roadmap in anticipation for the future needs of the market; reduce our production costs; improve our path to profitability; and strengthen our future financial position. In connection with any acquisitions, we could issue additional equity securities, which would dilute our stockholders, incur substantial debt to fund the acquisitions or assume significant liabilities.

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

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

#### **Legal and Regulatory Risks Related to Our Business**

***Our products are frequently used in applications that are subject to evolving regulations and standards.***

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

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

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

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

***Changes to trade policy, tariffs and import/export regulations may have a material adverse effect on our business, financial condition and results of operations.***

Any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or changes in global, political, regulatory and economic conditions affecting U.S. trade, manufacturing, development or investment, could result in additional restrictions on our ability to conduct business. In recent years, the U.S. has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U.S., economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U.S. and other countries where we conduct our business. A number of other nations have proposed or instituted similar measures directed at trade with the United States in response. As a result of these developments, there may be greater restrictions and economic disincentives on international trade that could adversely affect our business. As additional trade-related policies are instituted, we may need to modify our business operations to comply and adapt to such developments, which may be time-consuming and expensive.

Moreover, China and the U.S. have each imposed tariffs, indicating the potential for further trade barriers which may escalate a nascent trade war between China and the U.S. The resulting environment of retaliatory trade or other practices or additional trade restrictions or barriers, if implemented on a broader range of products or raw materials, could harm our ability to obtain necessary materials. For example, tariffs on certain Chinese origin goods impact the cost of material and machines we import directly from our manufacturing operations in China, as well as the cost of material and components imported on our behalf by suppliers. The indirect impact of inflationary pressure on costs throughout the supply chain and the direct impact, for example, on costs for machines we import from our manufacturing operations in China, may result in higher input costs and lower margins on certain products we sell, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

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

We have been and may in the future be, from time to time, involved in litigation, regulatory proceedings and commercial or contractual disputes and these matters may be significant. These matters may include, without limitation, disputes with our distributors, suppliers and customers, intellectual property claims, stockholder litigation, government investigations, class action lawsuits, personal injury claims, environmental issues, customs and value-added tax disputes and employment and tax issues. In addition, we have in the past and could face in the future a variety of labor and employment claims against us, which could include but is not limited to general discrimination, wage and hour, privacy, ERISA or disability claims. In such matters, government agencies or private parties may seek to recover from us large, indeterminate amounts in penalties or monetary damages (including, in some cases, treble or punitive damages) or seek to limit our operations in some way. These types of lawsuits could require significant management time and attention or could involve substantial legal liability, adverse regulatory outcomes, or substantial expenses to defend. Often these cases raise complex factual and legal issues and create risks and uncertainties.

In addition, on June 10, 2021, we 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. 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 December 1, 2022, December 20, 2022, December 29, 2022, and January 9, 2023, purported stockholders of Velodyne filed the following lawsuits against Velodyne and certain of its directors and officers in the Southern District of New York for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9: O’Dell v. Velodyne, et. al., Carlisle v. Velodyne, et. al., Wheeler v. Velodyne et. al., and Cristino v. Velodyne, et. al. The complaints allege that Velodyne’s disclosures in connection with the merger with Ouster were materially incomplete and misleading. The plaintiff in O’Dell v. Velodyne et. al. voluntarily dismissed his complaint on January 17, 2023 and the plaintiff in Carlisle v. Velodyne, et. al. voluntarily dismissed his complaint on February 21, 2023. Velodyne also received eleven demand letters from stockholders making similar allegations regarding Velodyne’s disclosures relating to the Velodyne Merger. The Company does not believe the allegations in the complaints and demand letters are meritorious, and intends to defend against them vigorously.

For descriptions of additional legal proceedings to which we are party, including proceedings assumed in connection with the Velodyne Merger, see Part I, Item 3, “Legal Proceedings” elsewhere in this Annual Report on Form 10-K.

We could be forced to expend significant resources in the defense of these lawsuits or future ones, and we may not prevail. No assurances can be given that any proceedings and claims will not have a material adverse impact on our operating results and consolidated financial position or that our available insurance will mitigate this impact.

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

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

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

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

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

If contamination is found at properties we operate or formerly operated, this may result in liability for us under environmental laws and regulations, including the Comprehensive Environmental Response, Compensation and Liability

Act, which can impose liability for the full amount of remediation-related costs without regard to fault. Costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or operating results.

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

We experience pressure to make commitments or set goals or targets relating to environmental, social and governance (ESG) matters that affect companies in our industry, including the design and implementation of specific risk mitigation strategic initiatives relating to environmental sustainability. If we are not effective in addressing ESG matters affecting our industry, such as greenhouse gas emissions and climate-related risks, renewable energy, water stewardship, waste management, diversity, equality and inclusion, responsible sourcing and supply chain, human rights, and social responsibility, among other issues, or setting and meeting relevant sustainability commitments, goals, or targets, our reputation may suffer. As we continue to develop our voluntary ESG program and disclosures, there can be no assurance that regulators, customers, investors, and employees will determine that these programs and disclosures are sufficiently robust. In addition, there can be no assurance that we will be able to attain any announced goals related to our sustainability program, as statements regarding our sustainability goals reflect our current plans and aspirations and are not guarantees that we will be able to achieve them within the timelines we announce or at all. Changing stakeholder expectations, evolving voluntary and regulatory disclosure standards, and our efforts to manage and report on ESG issues present operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material adverse impact on our business, including on our reputation and stock price.

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

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

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

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

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

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

products. Failure to comply with these requirements could result in enforcement action by the FDA, which could require us to cease distribution of our products, recall or remediate products already distributed to customers, or subject us to FDA enforcement.

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

Our current and potential future operations and sales subject us to laws and regulations addressing privacy and the collection, use, storage, disclosure, transfer and protection of a variety of types of data. For example, the European Commission has adopted the General Data Protection Regulation and California recently enacted the California Consumer Privacy Act of 2018, both of which provide for potentially material penalties for non-compliance. These regimes, among other things, impose data security requirements, disclosure requirements, and restrictions on data collection, uses, and sharing that may impact our operations and the development of our business. While, generally, we do not have access to, collect, store, process, or share information collected by our customers using our products unless our customers choose to proactively provide such information to us. Our products may evolve to address potential customer requirements or to add new features and functionality. Therefore, the full impact of these privacy regimes on our business is rapidly evolving across jurisdictions and remains uncertain at this time.

We and our third party vendors and suppliers have been and may in the future be affected by cyber-attacks and other means of gaining unauthorized access to our products, systems, and data. For instance, cyber criminals or insiders may target us or third parties with which we have business relationships to obtain data, or in a manner that disrupts our operations or compromises our products or the systems into which our products are integrated.

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

#### **Risks Related to Our Intellectual Property**

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

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

We can make no assurances whether any of our pending patent applications will mature into issued patents, or that any of our pending trademark applications will be registered, in a manner that gives us any or adequate defensive protection or competitive advantages. We also do not know whether any patents issued to us or any trademarks registered by us will not be challenged, invalidated or circumvented. Our portfolio of currently-issued patents and registered trademarks, and any patents that may be issued, any copyrights and trademarks that may be registered in the future, may not provide sufficiently broad protections to us, or may not prove to be enforceable in actions against alleged infringers. We cannot be certain that the actions we have undertaken to protect our technology and products will prevent unauthorized use of our technology or the reverse engineering of our products. Moreover, others may independently develop technologies and products that compete with ours, or infringe our intellectual property.

We have filed for patents and trademarks in the United States and in certain international jurisdictions, but such protections may not be available, and we may not have applied for protections in all countries in which we operate or sell our products. Though we may have obtained intellectual property and related proprietary rights in various jurisdictions, it may prove difficult to enforce our intellectual property rights in practice. Discovering and protecting against unauthorized use of our

intellectual property, products and other proprietary rights is expensive and difficult, particularly internationally. We believe that our patents are foundational in the area of lidar products, and intend to enforce our intellectual property rights. Competitors and other unauthorized parties may attempt to copy or reverse engineer our lidar technology and other aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our products, to determine the validity and scope of the proprietary rights of others or to block the importation of infringing products into the United States or other markets. Failure to adequately protect our intellectual property rights could result in our competitors offering infringing products, potentially resulting in the loss of some of our competitive advantage, market share and a decrease in our revenue, which would adversely affect our business, operating results, financial condition and prospects.

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

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

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

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

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

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

or may have incurred costs that threaten our financial stability. Assertions of our rights against third parties could also lead third parties to assert their own intellectual property or other rights against us or seek invalidation or a narrowed scope of our rights, in whole or in part. Any of these events could adversely affect our business, operating results, financial condition and prospects.

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

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

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

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

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

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

We may be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of one or more of an employee's former employers. Litigation may be necessary to defend us against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products, which could severely harm our business. Even if we are successful in defending against any such claims, litigation could result in substantial costs and demand on management resources.

## Risks Related to Being a Public Company

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

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

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

We 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 design and implement control to improve our internal controls over financial reporting and continue to make progress towards establishing an effective Internal controls framework to remediate the foregoing material weaknesses. Our efforts included the following:

- Recruiting additional personnel with appropriate internal controls, accounting knowledge and experience commensurate with our accounting and reporting requirements, in addition to engaging and utilizing third party consultants and specialists.

- 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 and compliance training to company employees.
- Strengthening IT governance and designing IT general controls including restricted user access to our internal systems for financial reporting, and IT change management
- Designing and implementing 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, and controls within various business processes as they relate to financial reporting. This included design and implementation of controls around classification of balances in our financial statements and strengthening processes for management oversight over financial reporting and disclosure controls.
- Conducting Internal control training for personnel responsible for implementing internal controls for the Company.

While we continue to undertake efforts to remediate these material weaknesses, the material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. At this time, we cannot predict the success of such efforts or the outcome of our assessment of the remediation efforts. We can give no assurance that our efforts will remediate these material weaknesses in our internal control over financial reporting, or that additional material weaknesses will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our financial statements, and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. Additionally, ineffective internal control could expose us to an increased risk of financial reporting fraud and the misappropriation of assets and subject us to potential delisting from the stock exchange on which we list or to other regulatory investigations and civil or criminal sanctions.

As a public company, we are required pursuant to Section 404(a) of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for each future annual report on Form 10-K to be filed with the SEC. This assessment includes disclosure of any material weaknesses identified by our management in internal control over financial reporting. In the future, to the extent we're considered an accelerated or large accelerated filer, our independent registered public accounting firm will also be required to attest to the effectiveness of our internal control over financial reporting in each annual report on Form 10-K to be filed with the SEC pursuant to Section 404(b) of the Sarbanes-Oxley Act. We are also required to disclose material changes made in our internal control over financial reporting on a quarterly basis. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the stock exchange on which our securities are listed or other regulatory authorities, which would require additional financial and management resources. Compliance with Section 404 requires that we incur substantial costs and expend significant management efforts.

***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 trade in the Company's securities. 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. If our securities become illiquid, stockholders may be unable to trade their securities unless a market can be established or sustained, and similarly if investors are precluded from trading their securities, it could have adverse consequences on our ability to raise more capital.

By resolution approved by our stockholders at the special meeting of stockholders held on January 26, 2023, our Board of Directors has the authority, in its sole discretion, to effect a reverse stock split of our common stock at a non-decimal ratio between one-for-five and one-for-ten as selected by the Board of Directors. The Board of Directors may decide, in its sole discretion, whether to effect such a reverse stock split without further approval or action by stockholders. Further, there can be no assurance that after a reverse stock split, we would continue to meet the minimum listing requirements of NYSE.

## General Risk Factors

***Our business, results of operations and financial condition have been and could continue to be adversely affected by the COVID-19 pandemic. Other pandemics or public health crises may have similar impacts in the future.***

The COVID-19 pandemic continues to evolve, with pockets of resurgence and the emergence of variant strains contributing to continued uncertainty about its scope, duration, severity, trajectory, and lasting impact. The effects of the COVID-19 pandemic on our business and our financial condition have included and may in the future include, among others: the reduced pace of manufacturing ramp up due to employees' inability to travel to our manufacturing facility in Thailand; disruptions to the operations of certain of our suppliers; supply chain disruptions; and increased compensation related costs resulting from overtime pay and additional personnel in San Francisco to create separate manufacturing teams that rotate every other week in our facility to avoid any possible transmission of COVID-19 between teams. The duration of the ongoing COVID-19 pandemic and the associated business interruptions may affect our sales, supply chain or the manufacture and/or distribution of products, which could result in a material adverse effect on our financial condition. The COVID-19 pandemic may also intensify or exacerbate other risks described in this section. Other pandemics or public health crises may have similar impacts in the future.

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

Important documents and records for our products and manufacturing operations are located in our various facilities in San Francisco, California near active earthquake zones. In the event of a natural disaster such as an earthquake, drought, flood or fire or localized extended outages of critical utilities or transportation we do not have a formal business continuity or disaster recovery plan, and therefore could experience a significant business interruption. In addition, California has from time to time experienced shortages of water, natural gas, and electric power. Future shortages and conservation measures could impact our operations and result in increased expense. In addition, we rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' ability to timely deliver product components, our business, operating results and financial condition would be adversely affected.

***We are subject to cybersecurity risks to operational systems, security systems, infrastructure, firmware in our lidar and customer data processed by us or third-party vendors or suppliers and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.***

We and our third-party vendors and suppliers have experienced and expect to continue to experience actual and attempted cyber-attacks of our IT networks, such as through security incidents, attacks by hackers, acts of vandalism, malware, social engineering, denial or degradation of service attacks, computer viruses, software bugs or vulnerabilities, supply chain attacks, phishing attacks, ransomware attacks, misplaced or lost data, human errors, malicious insiders or other similar events. Although none of these actual or attempted cyber-attacks has had a material adverse impact on our operations or financial condition, we cannot guarantee that any such incidents will not have such an impact in the future. For example, we are at risk for interruptions, outages and breaches of: operational systems, including business, financial, accounting, product development, data processing or production processes, owned by us or our third-party vendors or suppliers; facility security systems, owned by us or our third-party vendors or suppliers; in-product technology owned by us or our third-party vendors or suppliers; the integrated software in our lidar solutions; or customer or driver data that we process or our third-party vendors or suppliers process on our behalf. Such cyber incidents could materially disrupt operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, drivers or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software in our lidar solutions. A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation-states or nation-state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Although we maintain information technology measures designed to protect us against intellectual property theft, data breaches and other cyber incidents, such measures will require updates and improvements, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. The implementation, maintenance, segregation and improvement of these systems requires significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and

contracts. We cannot be sure that the systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially affect our business, prospects, financial condition and operating results. In addition, our insurance coverage for cyber-attacks may not be sufficient to cover all the losses we may experience as a result of a cyber incident. Any problems with our third-party cloud hosting providers, whether due to cyber security failures or other causes, could result in lengthy interruptions in our business.

#### **Risks Related to Ownership of Our Common Stock and Our Warrants**

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

Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon.com, Inc. ("Amazon"), holds a warrant ("Amazon Warrant") to acquire, following customary antidilution adjustments, up to an aggregate of 32,638,980 (18,486,938 of which are currently vested) shares of our common stock at an exercise price of \$5.07 per share, representing 8.4% of our outstanding common stock as of March 23, 2023. We assumed the Amazon Warrant as part of the Velodyne Merger. The exercise price and the warrant shares issuable upon exercise of the Amazon Warrant are subject to further antidilution adjustments, including in the event we make certain sales of common stock (or securities exercisable or convertible into or exchangeable for shares of our common stock) at a price less than the exercise price of the Amazon Warrant. If Amazon were to exercise the Amazon Warrant to purchase significant amounts of our common stock, it may be able to exert significant control over us. It also may have interests that differ from other stockholders and may vote or otherwise act in ways with which we or other stockholders disagree or that may be adverse to the interests of our stockholders.

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

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

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale by significant stockholders of any of their shares of our common stock;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our Company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions, such as the effects of the COVID-19 outbreak, recessions, interest rates, local and national elections, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism.

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

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

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

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

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

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

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Additionally, securities class action lawsuits and derivative lawsuits are often brought against public companies 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 from other business concerns, which could seriously harm our business. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. For example, on December 1, 2022, December 20, 2022, December 29, 2022, and January 9, 2023, purported stockholders of Velodyne filed the following lawsuits against Velodyne and certain of its directors and officers in the Southern District of New York for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9: O’Dell v. Velodyne, et. al., Carlisle v. Velodyne, et. al., Wheeler v. Velodyne et. al., and Cristino v. Velodyne, et. al. The complaints allege that Velodyne’s disclosures in connection with the merger with Ouster were materially incomplete and misleading. The plaintiff in O’Dell v. Velodyne et. al. voluntarily dismissed his complaint on January 17, 2023 and the plaintiff in Carlisle v. Velodyne, et. al. voluntarily dismissed his complaint on February 21, 2023. Velodyne also received eleven demand letters from stockholders making similar allegations regarding Velodyne’s disclosures relating to the Velodyne Merger. The Company does not believe the allegations in the complaints and demand letters are meritorious, and intends to defend against them vigorously.

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

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

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

- providing for a classified board of directors with staggered, three-year terms;
- the ability of our board of directors to issue shares of preferred stock, including “blank check” preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the Certificate of Incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the limitation of the liability of, and the indemnification of, our directors and officers;

- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

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

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

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

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

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

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

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

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

In no event will warrants be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified

under the securities laws of the state of the exercising holder, or an exemption from registration or qualification is available.

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

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

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

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

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

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

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

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

Notwithstanding the foregoing, these provisions of the warrant agreements will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreement. If any action, the subject matter of which is within the scope of the forum provisions of the warrant agreements, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “foreign action”) in the name of any holder of our warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an “enforcement action”), and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder’s counsel in the foreign action as agent for such warrant holder.

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

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

We have the ability to redeem the outstanding publicly traded warrants at any time prior to their expiration. For the publicly traded warrants traded under the symbol “OUST.WS”, we may redeem such warrants at a price of \$0.01 per warrant, provided that the closing price of our common stock equals or exceeds \$18.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. For the publicly traded warrants traded under the symbol “OUST.WTA”, we may redeem such warrants at a price of \$0.01 per warrant, provided that the closing price of our common stock equals or exceeds \$21.94 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you to (i) exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the private placement warrants initially issued by CLA will be redeemable by us so long as they are held by Colonnade Sponsor LLC or its permitted transferees.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

Our corporate headquarters are located in San Francisco, California where we lease properties as follows: (i) 26,125 square feet of office space pursuant to a lease that is scheduled to expire in August 2027 and (ii) 20,032 square feet of office space in a building adjacent to our corporate headquarters, which term is scheduled to expire in August 2027. Other functions of the Company are also performed in San Francisco, California, such as engineering, manufacturing, research and development and administrative functions. We also assumed leases stemming from the Velodyne Merger: (i) approximately 205,000 square feet of office and manufacturing space in San Jose, California and (ii) additional space pursuant to the assumed leases for offices located in Alameda, California; Riisselsheim, Germany; Beijing, China; and Bengaluru, India.

### **Item 3. Legal Proceedings**

On June 10, 2021, we 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 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. These matters were dismissed during the three months ended December 31, 2022.

#### ***Velodyne Legacy Proceedings***

Following the Velodyne Merger, the Company is now indirectly a party to certain legal proceedings to which Velodyne had previously been named as a party.

On December 1, 2022, December 20, 2022, December 29, 2022, and January 9, 2023, purported stockholders of Velodyne filed the following lawsuits against Velodyne and certain of its directors and officers in the Southern District of New York for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission ("SEC") Rule 14a-9: O'Dell v. Velodyne, et. al., Carlisle v. Velodyne, et. al., Wheeler v. Velodyne et. al., and Cristino v. Velodyne, et. al. The complaints allege that Velodyne's disclosures in connection with the merger with Ouster were materially incomplete and misleading. The plaintiff in O'Dell v. Velodyne et. al. voluntarily dismissed his complaint on January 17, 2023 and the plaintiff in Carlisle v. Velodyne, et. al. voluntarily dismissed his complaint on February 21, 2023. Velodyne also received eleven demand letters from stockholders making similar allegations regarding Velodyne's disclosures relating to the Velodyne Merger. The Company does not believe the allegations in the complaints and demand letters are meritorious, and intends to defend against them vigorously.

In September 2016, Quanergy Systems, Inc. ("Quanergy") pre-emptively filed a complaint against Velodyne seeking a declaratory judgment of non-infringement on one of Velodyne's patents. Velodyne filed a counterclaim alleging patent infringement against Quanergy. On February 4, 2022, Velodyne received a ruling in its favor against Quanergy. On November 23, 2022, Quanergy and Velodyne entered into a settlement agreement (the "Settlement Agreement") whereby Quanergy agreed to: (i) pay Velodyne \$2.75 million pursuant to a two (2) payment schedule; (ii) assign five patents to Velodyne; and (iii) grant Velodyne a non-exclusive, irrevocable, worldwide, royalty-free license under certain licensed patents. Quanergy satisfied the first payment of \$0.5 million due and owing to Velodyne under the Settlement Agreement on December 1, 2022. However, on December 13, 2022, Quanergy filed for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. As a result of the bankruptcy, Quanergy stopped making any further payments under the Settlement Agreement to Velodyne and, as of the date of the bankruptcy, filing Quanergy owe, and continues to owe, \$2.25 million to Velodyne under the Settlement Agreement.

On March 1, 2023, Velodyne filed a proof of claim in the Quanergy bankruptcy case. The proof of claim asserts a claim against Quanergy in the minimum amount of \$2.25 million, plus costs, interest and any calculable royalty payments. The proof of claim also reserves all of Velodyne's rights and claims against Quanergy, including all of Velodyne's rights as a licensee of certain of Quanergy's licensed patents. On March 6, 2023 Quanergy rejected the Settlement Agreement with Velodyne pursuant to Section 365 of the United States Bankruptcy Code. While Quanergy rejected the Settlement Agreement, the Order Authorizing the Rejection of Executory Contracts entered by the Delaware Bankruptcy Court reserves all rights, claims, causes of action, or rights of election Velodyne has or holds, as a licensee of Quanergy's licensed patents pursuant to Sections 365(n)(1)(A)-(B), 365(n)(2)(A)-(B), 365(n)(3)(A)-(B), and 365(n)(4)(A)-(B) of the United States Bankruptcy Code. Velodyne intends to continue to utilize and maintain its license rights to the Quanergy licensed patents.

The allowance and ultimate payment of Velodyne's proof of claim against Quanergy remains uncertain, as the Quanergy bankruptcy is ongoing and it is not known what assets, if any, Quanergy will have to pay allowed claims in the bankruptcy case.

On January 18, 2022, David and Marta Hall filed a lawsuit in the Superior Court of California, County of Alameda, against current and former officers and directors of Velodyne, as well as Jeff Vetter, Velodyne's outside counsel. The Halls are seeking to recover damages for financial and other injuries they allegedly sustained as a result of the merger between Graf Industrial Corp. ("Graf") and Velodyne. On May 3, 2022, certain defendants filed motions to compel arbitration and other defendants filed motions to quash service of process for lack of personal jurisdiction. The court conducted a hearing on the motions on July 20, 2022. On August 30, 2022, the court granted the motion to quash service with respect the out of state defendants. On October 3, 2022, the court granted the motion to compel Mr. Hall to arbitrate his claims, and stayed proceedings on Ms. Hall's claims pending arbitration of Mr. Hall's claims. On October 20, 2022, David and Marta

voluntarily dismissed the action without prejudice. On January 3, 2023, the Halls filed an arbitration demand with the same allegations as the prior lawsuit.

On March 3, 2021, a purported shareholder of Velodyne filed a complaint for a putative class action against Velodyne, Anand Gopalan and Andrew Hamer in the United States District Court, Northern District of California, entitled *Moradpour v. Velodyne Lidar, Inc., et al.*, No. 3:21-cv-01486-SI. The complaint alleged purported violations of the federal securities laws and that, among other things, the defendants made materially false and/or misleading statements and failed to disclose material facts about Velodyne's business, operations and prospects, including with respect to David Hall's role with Velodyne and removal as Chairman of Velodyne's Board of Directors. The complaint alleged that purported class members have suffered losses and sought, among other things, an award of compensatory damages on behalf of a putative class of persons who purchased or otherwise acquired Velodyne's securities between November 9, 2020 and February 19, 2021. On March 12, 2021, a putative class action entitled *Reese v. Velodyne Lidar, Inc., et al.*, No. 3:21-cv-01736-VC, was filed against Velodyne, Mr. Gopalan and Mr. Hamer in the United States District Court for the Northern District of California, based on allegations similar to those in the earlier class action and seeking recovery on behalf of the same putative class. On March 19, 2021, another putative class action entitled *Nick v. Velodyne Lidar, Inc., et al.*, No. 4:21-cv-01950-JST, was filed in the United States District Court for the Northern District of California, against Velodyne, Mr. Gopalan, Mr. Hamer, two current or former directors, and three other entities. The complaint was based on allegations similar to those in the earlier class actions and sought, among other things, an award of compensatory damages on behalf of a putative class of persons who purchased or otherwise acquired Velodyne's securities between July 2, 2020 and March 17, 2021. The class actions have been consolidated, lead plaintiffs have been appointed and an amended consolidated complaint was filed on September 1, 2021, based on allegations similar to those in the earlier class actions. Velodyne filed a motion to dismiss the amended and consolidated complaint on November 1, 2021. The plaintiffs filed a first amended complaint on February 11, 2022. Velodyne filed a motion to dismiss on March 4, 2022. On July 1, 2022, the court denied the motion to dismiss as it relates to the claims related to David Hall's role with Velodyne, but granted the motion to dismiss as to all other claims. The Company intends to defend the actions vigorously.

On March 12, 2021, a putative shareholder derivative lawsuit entitled *D'Arcy v. Gopalan, et al.*, No. 1:21-cv-00369-MN, was filed in the United States District Court for the District of Delaware against current and former directors and/or officers Anand Gopalan, Andrew Hamer, David S. Hall, Marta Thoma Hall, Joseph B. Culkin, Michael E. Dee, James A. Graf, Barbara Samardzich, and Christopher A. Thomas, and names Velodyne as a nominal defendant. The complaint asserted claims for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets against all of the individual defendants, and asserted a contribution claim under the federal securities laws against Mr. Gopalan and Mr. Hamer. On March 16, 2021, a second shareholder derivative lawsuit entitled *Kondner, et al. v. Culkin, et al.*, No. 1:21-cv-00391-MN, was filed in the United States District Court for the District of Delaware against most of the same defendants named in the earlier derivative complaint, and asserted claims against the individual defendants for alleged breaches of fiduciary duty and waste of corporate assets. Both derivative actions are based on allegations similar to those in the class actions discussed above, and have now been consolidated. On January 3, 2022, the plaintiffs filed an amended complaint. The litigation is still ongoing.

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business. Other than the foregoing, we are not presently a party to any litigation or legal proceedings that we believe to be material and we are not aware of any pending or threatened litigation against us that we believe could have a material adverse effect on our business, operating results, financial condition or cash flows. See Note 10. Commitments and Contingencies included in the notes to our audited financial statements included elsewhere in the Annual Report on Form 10-K.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

## Part II

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

#### Market Information

Our common stock and warrants are traded on the NYSE under the symbols “OUST” and “OUST-WS”, and on the NYSE American under the symbol “OUST WTA”.

#### Holder

As of March 23, 2023, there were 418 registered holders of record of our common stock. The actual number of stockholders of our common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares of common stock are held in street name by banks, brokers and other nominees.

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

None.

#### Dividend Policy

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

### Item 6. [Reserved]

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

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

*On December 21, 2020, Ouster Technologies, Inc. (“OTI,”) entered into an Agreement and Plan of Merger (the “Colonnade Merger Agreement”) with Colonnade Acquisition Corp., a Cayman Islands exempted company (“CLA”), and Beam Merger Sub, Inc. (“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 “Business Combination”), as further described below. 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) Merger Sub merged with and into OTI (the “Colonnade Merger”), with OTI surviving the Colonnade Merger.*

*Unless the context otherwise requires, references in this subsection to “we,” “our,” “Ouster” 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 founded Ouster in 2015 with the invention of our high-performance digital lidar. 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.

We are a leading global provider of high-resolution digital lidar sensors that offer advanced 3D vision to machinery, vehicles, robots, and fixed infrastructure assets, which allows each to understand and visualize the surrounding world and ultimately enabling safe operation and autonomy. We design and manufacture digital lidar sensors that we believe are one of the highest-performing, lowest-cost lidar solutions available today across each of our four target markets: industrial automation; smart infrastructure; robotics; and automotive.

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

Our product offering today includes three models of sensors in our OS product line: the ultra-wide field of view OS0, the mid-range OS1, and the long-range OS2. In January 2020 we released new models in our OS product line, increasing the resolution of our OS1 model and introducing the OS0 and OS2 models. Within our OS sensor models, we offer numerous customization options, all enabled by embedded software. For each of our three models in the OS product line, we offer resolution options of 128 lines vertically (“channels”), 64 channels, or 32 channels, as well as many beam spacing options. We are currently developing our solid-state DF product line, which is a suite of short, mid, and long-range solid-state digital lidar sensors that provide uniform precision imaging without motion blur across an entire field of view. 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.

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 architecture underpins our entire product portfolio which we believe drives economies of scale in our supply chains and speeds time to market. We are successfully expanding our manufacturing capacity by outsourcing to our manufacturing partner, Benchmark Electronics, Inc. (“Benchmark”). 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. We expect our manufacturing costs per unit to decrease further with higher volumes.

### Merger with Velodyne Lidar, Inc.

On November 4, 2022, we entered into an Agreement and Plan of Merger (the “Velodyne Merger Agreement”) with Velodyne Lidar, Inc., a Delaware corporation (“Velodyne”), Oban Merger Sub, Inc., a Delaware corporation and one of our direct, wholly owned subsidiaries (“Velodyne Merger Sub I”) and Oban Merger Sub II LLC, a Delaware limited liability company and one of our direct, wholly owned subsidiaries (“Velodyne Merger Sub II”).

On February 10, 2023, we completed our merger of equals with Velodyne pursuant to the terms of the Agreement and Plan of Merger with Velodyne, Merger Sub I and Merger Sub II (the “Velodyne Merger”). In connection with the closing of the Velodyne Merger, we and Velodyne now operate as a single combined company. We believe the Velodyne Mergers will enhance our robust suite of product offerings; grow our diverse customer base; increase operational efficiencies; further develop our innovative product roadmap in anticipation for the future needs of the market; reduce our production costs; improve our path to profitability; and strengthen our future financial position.

### Amazon Warrant

Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon.com, Inc. (“Amazon”), holds a warrant (“Amazon Warrant”) to acquire, following customary antidilution adjustments, up to an aggregate of 32,638,980 shares of our common stock at an exercise price of \$5.07 per share. We assumed the Amazon Warrant as part of the Velodyne Merger. The exercise price and the warrant shares issuable upon exercise of the Amazon Warrant are subject to further antidilution adjustments, including in the event we make certain sales of common stock (or securities exercisable or convertible into or exchangeable for shares of our common stock) at a price less than the exercise price of the Amazon Warrant. The Amazon Warrant is subject to vesting; 50% of the unvested Amazon Warrant vested as a result of the Velodyne Merger and the remainder will vest over time based on payments by Amazon or its affiliates to us in connection with Amazon’s purchase of goods and services from us.

## 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 years ended December 31, 2022 and 2021. 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. 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 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 will continue to penetrate into diverse end markets to increase our sales volumes. Ultimately widespread adoption of our customers’ products that incorporate our lidar solutions will depend on many factors, including the size of our customers’ end markets, 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 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 many competitors for the growing market. 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 well-positioned to scale more rapidly than our 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 performance, regulatory requirements and international taxes or tariffs related to such technologies. These factors may impact the ultimate market acceptance of our lidar technology.

*International Expansion.* We view international expansion as an important element of our strategy to increase revenue and achieve profitability. We continue to position ourselves in geographic markets that we expect to serve as important sources of future growth. We have an existing presence in three regions: 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 both domestically and internationally. We recognize revenue from product sales when the performance obligation of transferring control of the product to the customer has been met, generally when the product is shipped. We also recognize revenue by performing services related to product development 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 revenue, and we have elected to recognize the cost of shipping activities that occur after control has transferred to the customer as a fulfillment cost rather than a separate performance obligation. All related costs are accrued and recognized within cost of revenue when the related revenue is recognized.

Most of our customers are innovators and early technology adopters incorporating our products into their solutions. Currently, our product revenue consists of both customers ordering small volumes of our products that are in an evaluation

phase and customers that order larger volumes of our products and have more predictable long-term production schedules. However, we 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. We also expect a significant amount of our revenue to come from international customers, and anticipate that our sales from regions outside of the Americas will continue to grow over the long-term.

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

Cost of revenue consists of the manufacturing cost of our digital lidar sensors, which primarily consists of sensor components, personnel-related expenses, including salaries, benefits, and stock-based compensation directly associated with our manufacturing organization, and amounts paid to our third-party contract manufacturer and vendors. Our cost of revenue also includes depreciation of manufacturing equipment, an allocated portion of overhead, facility and IT costs, 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. We experienced negative gross margins from the fourth quarter of 2018 until we turned gross margin positive during 2020 primarily due to increased unit volumes which improved our ability to absorb fixed costs and lowered material costs by increasing our buying power and a shift to outsourced mass production of our sensors to Benchmark, who has leverage for greater volume discounts and lower overhead costs. Subject to quarterly fluctuations and volatility, we expect unit costs to decline 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***

Research and development ("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. Our investment in R&D will continue to grow as we invest in new lidar technology and related software. Our absolute amount of R&D expenses will grow over time; however, we expect R&D as a percentage of revenue to decrease over time 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 have experienced additional sales and marketing expenses as a result of our global expansion, and 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 as well as insurance and bank fees. Our absolute amount of general and administrative expenses will grow over time; however, we expect the general and administrative spend as a percentage of revenue to decrease over time as our business grows. We have experienced and may in the near term experience additional increases in general and administrative expenses related to legal, accounting, finance and professional services costs associated with the Velodyne Merger, hiring more personnel and consultants to support our growing international expansion and compliance with the applicable provisions of the Sarbanes-Oxley Act (“SOX”) and other SEC rules and regulations as a result of being a public company.

*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 discounts. 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 warrants initially issued by CLA in a private placement.

*Income Taxes*

Our income tax provision consists of federal, state and foreign current and deferred income taxes. Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items arising in the quarter. Our effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on deferred tax assets as it is more likely than not that some, or all, of our deferred tax assets will not be realized. We continue to maintain a full valuation allowance against our net deferred tax assets.

**Results of Operations:**

For a discussion of the Company’s results of operations and liquidity and capital resources for the year ended December 31, 2020, including a year-to-year comparison between the year ended December 31, 2021 to the year ended December 31, 2020, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in Part II of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022.

## [Table of Contents](#)

The following table summarizes key components of our results of operations for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	(dollars in thousands)	
Revenue	\$ 41,029	\$ 33,578
Cost of revenue <sup>(1)</sup>	30,099	24,492
Gross profit	10,930	9,086
Operating expenses <sup>(1)</sup> :		
Research and development	64,317	34,579
Sales and marketing	30,833	22,258
General and administrative	61,203	51,959
Total operating expenses	156,353	108,796
Loss from operations	(145,423)	(99,710)
Other (expense) income:		
Interest income	2,208	471
Interest expense	(2,694)	(504)
Other income, net	7,654	2,968
Total other income, net	7,168	2,935
Loss before income taxes	(138,255)	(96,775)
Provision (benefit from) for income tax expense	305	(2,794)
Net loss	\$ (138,560)	\$ (93,981)

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

	Year Ended December 31,	
	2022	2021
	(% of total revenue)	
Revenue	100 %	100 %
Cost of revenue <sup>(1)</sup>	73	73
Gross profit	27	27
Operating expenses <sup>(1)</sup> :		
Research and development	157	103
Sales and marketing	75	66
General and administrative	149	155
Total operating expenses	381	324
Loss from operations	(354)	(297)
Other (expense) income:		
Interest income	5	1
Interest expense	(7)	(2)
Other income, net	19	9
Total other income, net	17	8
Loss before income taxes	(337)	(289)
Provision (benefit from) for income tax expense	1	(8)
Net loss	(338)%	(281)%

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

	Year Ended December 31,	
	2022	2021
	(dollars in thousands)	
Cost of revenue	\$ 783	\$ 637
Research and development	14,611	7,240
Sales and marketing	7,065	3,823
General and administrative	10,862	13,663
Total stock-based compensation	<u>\$ 33,321</u>	<u>\$ 25,363</u>

**Comparison of the years ended December 31, 2022 and 2021**

*Revenue*

	Year Ended December 31,		2022 - 2021 Change	
	2022	2021	\$	%
	(dollars in thousands)			
Revenue by geographic location:				
Americas	\$ 15,977	\$ 15,656	\$ 321	2 %
Asia and Pacific	9,510	7,334	2,176	30
Europe, Middle East and Africa	15,542	10,588	4,954	47
Total	<u>\$ 41,029</u>	<u>\$ 33,578</u>	<u>\$ 7,451</u>	<u>22 %</u>

*Revenue*

Revenue increased by \$7.5 million, or 22%, to \$41.0 million for the year ended December 31, 2022 from \$33.6 million for the prior year. The increase in product revenue was driven by an increase in volume of 34%, which we attribute primarily to the expansion of our sales team and the increase of high volume, long-term deals as some of our customers begin to move into the production stage. Our average selling price declined by 9%.

*Geographic Locations*

The Americas revenue remained relatively flat compared to prior year. Revenue increase in Asia and Pacific, Europe, Middle East and Africa regions was primarily attributable to our continued focus and investment in our global sales team and an increase in the demand of our products in the year ended December 31, 2022.

*Cost of Revenue and Gross Margin*

	Year Ended December 31,		2022 - 2021 Change	
	2022	2021	\$	%
	(dollars in thousands)			
Cost of revenue	\$ 30,099	\$ 24,492	\$ 5,607	23 %

*Cost of revenue and Gross Margin*

Cost of revenue increased by \$5.6 million, or 23%, to \$30.1 million for the year ended December 31, 2022 from \$24.5 million for the prior year. The increase in cost of revenue was primarily attributable to increase related to volume of units shipped.

Gross margin was flat at 27% for the year ended December 31, 2022 as the result of 8% decrease in cost per unit offset by the 9% decrease in average selling prices.

**Operating Expenses**

	Year Ended December 31,		2022 - 2021 Change	
	2022	2021	\$	%
	(dollars in thousands)			
Operating expenses:				
Research and development	\$ 64,317	\$ 34,579	\$ 29,738	86 %
Sales and marketing	30,833	22,258	8,575	39
General and administrative	61,203	51,959	9,244	18
Total operating expenses:	<u>\$ 156,353</u>	<u>\$ 108,796</u>	<u>\$ 47,557</u>	<u>44 %</u>

*Research and Development*

Research and development expenses increased by \$29.7 million, or 86%, to \$64.3 million for the year ended December 31, 2022 from \$34.6 million in the prior year. The increase was primarily attributable to the \$11.6 million increase in payroll-related expenses, \$6.7 million increase in stock-based compensation expense, \$6.5 million increase in contractor, prototype, and equipment costs related to product development, \$2.6 million increase in depreciation and amortization expense mainly due to acquired developed technology amortization, and \$2.3 million in other materials and supplies, facilities, professional fees and other miscellaneous costs attributable to research and development functions. The increase in employee-related expenses was mainly due to the higher headcount associated with the Sense Photonics, Inc. acquisition.

*Sales and Marketing*

Sales and marketing expenses increased by \$8.6 million, or 39%, to \$30.8 million for the year ended December 31, 2022 from \$22.3 million in the prior year. The increase was primarily attributable to the \$5.3 million increase in payroll and personnel-related costs and the \$3.2 million increase in stock-based compensation expense driven by the addition of sales personnel globally.

*General and Administrative*

General and administrative expenses increased by \$9.2 million, or 18%, to \$61.2 million for the year ended December 31, 2022 from \$52.0 million in the prior year. The change was primarily attributable to the \$2.6 million increase in litigation costs, \$2.5 million increase in payroll and personnel-related costs, \$2.3 million increase in professional services fees primarily related to Velodyne Merger, \$2.2 million increase in office, facility and other expenses, \$1.3 million increase in depreciation and amortization expenses and \$1.1 million increase in insurance premiums, partially offset by a decrease of \$2.8 million in stock-based compensation expenses.

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

	Year Ended December 31,		2022 - 2021 Change	
	2022	2021	\$	%
	(dollars in thousands)			
Interest income	\$ 2,208	\$ 471	\$ 1,737	369 %
Interest expense	(2,694)	(504)	(2,190)	435
Other income, net	7,654	2,968	4,686	158

Interest income was \$2.2 million for the year ended December 31, 2022 compared to \$0.5 million for the prior year. The increase in interest income was primarily attributable to higher interest rates on excess cash and cash equivalent balances.

Interest expense was \$2.7 million for the year ended December 31, 2022 compared to \$0.5 million for the prior year. We recorded interest expense on our debt and amortization of debt issuance costs and discount in the year ended December 31, 2022 relating to multiple term loan borrowings and amortization of debt issuance costs and discount under our Loan and Security Agreement with Hercules Capital, Inc., dated April 29, 2022 (as amended, the "Term Loan Facility"). Interest expense recorded in the year ended December 31, 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 \$7.7 million for the year ended December 31, 2022 compared to \$3.0 million for the prior year. During the year ended December 31, 2022, we recorded a gain of \$7.4 million for the fair value change of private placement warrant liability. During the year ended December 31, 2021, we recorded a gain of \$11.8 million for the fair value change of warrant liability and a loss of \$8.8 million for the fair value change of redeemable convertible preferred stock warrant liability.

### Income Taxes

	Year Ended December 31,		2022 - 2021 Change	
	2022	2021	\$	%
	(dollars in thousands)			
Loss before income taxes	\$ (138,255)	\$ (96,775)	\$ (41,480)	43 %
Provision (benefit from) for income tax expense	305	(2,794)	3,099	(111)
Effective tax rate	(0.22)%	2.89 %		

Our effective tax rate was (0.22)% for the year ended December 31, 2022 compared to our effective tax benefit of 2.89% for the prior year. Our tax expense changed by \$3.1 million during the year ended December 31, 2022, compared to prior year, primarily due to the release of the valuation allowance as a result of recording a deferred tax liability from an acquisition during the year ended December 31, 2021.

### 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 funding. During the year ended December 31, 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"). For additional information, see "Debt Arrangements" below.

As of December 31, 2022 we had an accumulated deficit of \$441.9 million and cash and cash equivalents of \$122.9 million. We manage our cash and cash equivalents with financial institutions that we believe have high credit quality and, at times, such amounts exceed federally insured limits. The failure of any bank with which we maintain a commercial relationship could cause us to lose our deposits in excess of the federally insured or protected amounts. We have experienced recurring losses from operations, and negative cash flows from operations, and we expect to continue operating at a loss and to have negative cash flows from operations for the foreseeable future. Because we are in the growth stage of our business and operate in an emerging field of technology, we expect to continue to invest in research and development and expand our sales and marketing teams worldwide. We may require additional capital to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances and in either the short-term or long-term may determine to engage in equity or debt financings 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 provided us with a term loan facility of up to \$50.0 million, subject to terms and conditions (the “Term Loan Facility”). As of December 31, 2022, \$40.0 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. As of December 31, 2022, we did not achieve certain conditions relating to the achievement of trailing twelve month revenue and profit milestones therefore an additional \$10.0 million under the Term Loan Facility is no longer available to us.

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 “Second Amendment”), amending the Loan Agreement. Pursuant to the terms of the Second Amendment, the financial covenant requiring us to achieve certain trailing twelve month revenue thresholds commencing with the quarter ending June 30, 2023 was eliminated and replaced, contingent upon and effective as of the closing of the Velodyne Merger, 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.

On February 10, 2023, we entered into the Third Amendment to Loan and Security Agreement (the “Third Amendment”), which amends certain provisions of the Loan Agreement, to (i) increase the existing debt baskets for (a) purchase money debt and capital leases, and (b) letter of credit obligations; (ii) provide for increased flexibility to maintain cash in non-US accounts; and (iii) provide for increased flexibility to relocate certain equipment.

For additional information regarding the terms of the Loan Agreement, see Note 7. Debt and Note 18. Subsequent Events to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

### **Material Cash Requirements**

We are a party to many contractual obligations involving commitments to make payments to third parties. These obligations impact our short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the consolidated balance sheet as of December 31, 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 and operating leases. For information regarding our other contractual obligations, refer to Note 9. Leases and Note 10. Commitments and Contingencies.

### **Cash Flow Summary**

	For the Years ended December 31,	
	2022	2021
	(dollars in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (110,690)	\$ (71,061)
Investing activities	(5,147)	(15,229)
Financing activities	55,602	258,304

### **Operating Activities**

During the year ended December 31, 2022, operating activities used \$110.7 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of \$138.6 million, impacted by our non-cash charges of \$41.4 million primarily consisting of depreciation and amortization of \$9.5 million, stock-based compensation of \$33.3 million, change in right-of-use asset of \$2.7 million, interest expense and amortization of debt issuance costs and debt discount of \$1.0 million, a \$7.4 million change in fair value of warrant liabilities, inventory write down of \$1.6 million allowance for expected credit losses of \$0.3 million and loss from disposal of property and equipment of \$0.4 million. The cash used in changes in our operating assets and liabilities of \$13.5 million was primarily due to an increase in accounts receivable of

\$0.9 million, an increase in inventories of \$13.7 million, an increase in prepaid expenses and other assets of \$3.1 million, an increase in accounts payable of \$4.2 million, an increase in accrued and other liabilities of \$3.2 million and a decrease in operating lease liability of \$3.2 million.

During the year ended December 31, 2021, operating activities used \$71.1 million in cash. The primary factors affecting our operating cash flows during this period were our net loss of \$94.0 million, impacted by our non-cash charges of \$29.1 million primarily consisting of depreciation and amortization of \$5.5 million, stock-based compensation of \$25.4 million, change in deferred income taxes of \$2.5 million, change in right-of-use asset of \$2.2 million, amortization of debt issuance costs and debt discount of \$0.3 million, \$2.9 million change in fair value of warrant liabilities, inventory write down of \$0.8 million and allowance for expected credit losses of \$0.4 million. The cash used in changes in our operating assets and liabilities of \$6.1 million was primarily due to an increase in accounts receivable of \$8.0 million, an increase in inventories of \$3.4 million, a decrease in prepaid expenses and other assets of \$0.4 million, a decrease in accounts payable of \$2.4 million, an increase in accrued and other liabilities of \$9.1 million and a decrease of operating lease liability of \$1.7 million.

### ***Investing Activities***

During the year ended December 31, 2022, cash used in investing activities was \$5.1 million, which was primarily related to purchases of property, plant and equipment of \$5.4 million, partially offset by sales of property and equipment of \$0.3 million.

During the year ended December 31, 2021, cash used in investing activities was \$15.2 million, which was primarily related to cash used for our acquisition of Sense, net of cash acquired, of \$10.9 million and purchases of property, plant and equipment of \$4.3 million.

### ***Financing Activities***

During the year ended December 31, 2022, cash provided by financing activities was \$55.6 million, consisting primarily of \$39.1 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, proceeds from exercise of stock options of \$0.5 million and proceeds from ESPP purchase of \$0.4 million.

During the year ended December 31, 2021, cash provided by financing activities was \$258.3 million, consisting primarily of net proceeds from the Colonnade Merger and PIPE Investment of \$264.8 million, and proceeds from exercise of stock options of \$0.5 million, partially offset by repayment of debt of \$7.0 million.

### **Critical Accounting Estimates**

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

### ***Business Combinations***

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

During the measurement period, which extends no later than one year from the acquisition date, we may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill.

After the measurement period, all adjustments are recorded in the consolidated statements of operations within other income (expense), net.

### ***Goodwill***

The recoverability of goodwill is evaluated annually or whenever events or changes in circumstances indicate that the fair value of the reporting unit is less than its carrying amount. The Company's impairment evaluation of goodwill consists of a qualitative assessment to determine if it is more likely than not that the fair value of its single reporting unit is less than its carrying amount. The Company's qualitative assessment considers factors including changes in the macroeconomic, industry and market conditions, a sustained share price or market capitalization decrease, and if there is any other specific event. If this qualitative assessment indicates it is more likely than not that the estimated fair value of a reporting unit exceeds its carrying value, no further analysis is required and goodwill is not impaired. Otherwise, we compare the estimated fair value of the asset to its carrying amount with an impairment loss recognized for the amount, if any, by which carrying value exceeds estimated fair value.

When the Company performs the quantitative test for goodwill, fair values are determined using a combination of the discounted cash flow approach ("income approach") and the guideline public company method ("market approach"). This approach requires the use of significant estimates and assumption including forecasted future cash flows, long-term future growth rates and discount rates. Estimating the fair value of reporting unit requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods.

### ***Inventory Valuation***

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

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates, foreign currency exchange rates and to a lesser extent, inflation risk. The following analysis provides quantitative information regarding these risks.

### ***Inflation Risk***

General inflation in the U.S., 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. We do not believe that inflation has had a material effect on our business, financial condition, or results of operations, other than its impact on the general economy. We cannot assure you, however, that our results of operations and financial condition will not be materially impacted by inflation in the future.

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

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. Our exposures to market risk for changes in interest rates relate

primarily to our cash and cash equivalents balances and our debt arrangements which bear floating interest rates. A rising interest rate environment will increase the amount of interest paid on our loans. Based upon a sensitivity analysis, a hypothetical 100 basis point increase in interest rates would have increased our interest expense by \$0.4 million for the year ended December 31, 2022.

As of December 31, 2022, we had cash and cash equivalents of approximately \$122.9 million, out of which \$121.1 million consisted of money market funds, which carries a degree of interest rate risk. Based upon a sensitivity analysis, 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.

*Foreign Currency Exchange Risk*

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

**Item 8. Financial Statements and Supplementary Data**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**OUSTER, INC.**

**Consolidated Financial Statements**

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 238)</a>	62
<a href="#">Consolidated Balance Sheets as of December 31, 2022 and 2021</a>	64
<a href="#">Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2022, 2021, and 2020</a>	65
<a href="#">Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) for the Years Ended December 31, 2022, 2021, and 2020</a>	66
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021, and 2020</a>	68
<a href="#">Notes to Consolidated Financial Statements</a>	69

## Report of Independent Registered Public Accounting Firm

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

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of Ouster, Inc. and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive loss, of changes in redeemable convertible preferred stock and stockholders’ equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

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

### *Critical Audit Matters*

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

### *Interim Goodwill Impairment Assessments*

As described in Notes 2 and 5 to the consolidated financial statements, the Company has a single reporting unit and the goodwill balance was \$51.2 million as of December 31, 2022. Goodwill is tested by management for impairment at the reporting unit level annually in the fourth quarter, or more frequently when events or changes in circumstances indicate that the asset might be impaired. The quantitative impairment test involves comparing the fair value of the reporting unit to the carrying value. In addition to its annual test, management performed an interim goodwill impairment test as of September 30, 2022, as a result of the decline in market conditions and the impact of market uncertainties that prolonged the sales cycle, and an interim goodwill impairment test as of December 31, 2022 as a result of the continuing market volatility resulting in a decline in the Company’s stock price. Management determined the estimated fair value of the reporting unit exceeded its carrying value and that goodwill was not impaired as of September 30, 2022 and December 31, 2022. The Company’s reporting unit estimated fair value was determined by management based on a discounted future cash flow model (income approach) and a market approach. Management’s estimate of fair value included significant judgments and assumptions relating to an implied control premium and comparable company market transactions.

The principal considerations for our determination that performing procedures relating to the interim goodwill impairment assessments is a critical audit matter are (i) the significant judgment by management when developing the fair value

estimates of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the implied control premiums and comparable company market transactions; and (iii) the audit effort involved in the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for developing the fair value estimates of the reporting unit; (ii) evaluating the appropriateness of the market approach; (iii) testing the completeness and accuracy of underlying data used in the market approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the implied control premiums and comparable company market transactions. Evaluating management's significant assumption related to the implied control premiums involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the reporting unit; (ii) the synergies which a market participant could achieve; (iii) the consistency with external market and industry data; and (iv) whether this assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skills and knowledge were used to assist in evaluating (i) the appropriateness of the market approach and (ii) the reasonableness of the implied control premiums and comparable company market transactions significant assumptions.

/s/ PricewaterhouseCoopers LLP

San Jose, California  
March 24, 2023

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

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

	December 31,	
	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 122,932	\$ 182,644
Restricted cash, current	257	977
Accounts receivable, net	11,233	10,723
Inventory	19,533	7,448
Prepaid expenses and other current assets	8,543	5,566
Total current assets	162,498	207,358
Property and equipment, net	9,695	10,054
Operating lease, right-of-use assets	12,997	15,156
Goodwill	51,152	51,076
Intangible assets, net	18,165	22,652
Restricted cash, non-current	1,089	1,035
Other non-current assets	541	371
Total assets	<u>\$ 256,137</u>	<u>\$ 307,702</u>
<b>Liabilities, redeemable convertible preferred stock and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 8,798	\$ 4,863
Accrued and other current liabilities	17,473	14,173
Operating lease liability, current portion	3,221	3,067
Total current liabilities	29,492	22,103
Operating lease liability, long-term portion	13,400	16,208
Warrant liabilities (At December 31, 2022 and 2021 related party \$63 and \$2,669, respectively)	180	7,626
Debt	39,574	—
Other non-current liabilities	1,872	1,065
Total liabilities	84,518	47,002
Commitments and contingencies (Note 10)		
Redeemable convertible preferred stock, \$0.0001 par value per share; 100,000,000 shares authorized at December 31, 2022 and 2021; Nil shares issued and outstanding at December 31, 2022 and 2021, respectively (aggregate liquidation preference of nil at December 31, 2022 and 2021, respectively)	—	—
Stockholders' equity:		
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized at December 31, 2022 and 2021; 186,587,986 and 172,200,417 issued and outstanding at December 31, 2022 and 2021, respectively	19	17
Additional paid-in capital	613,665	564,045
Accumulated deficit	(441,916)	(303,356)
Accumulated other comprehensive loss	(149)	(6)
Total stockholders' equity	171,619	260,700
Total liabilities, redeemable convertible preferred stock, and stockholders' equity	<u>\$ 256,137</u>	<u>\$ 307,702</u>

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

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

	Year Ended December 31,		
	2022	2021	2020
Revenue			
Product revenue	\$ 41,029	\$ 33,578	\$ 16,886
Service revenue	—	—	2,018
Total revenue	41,029	33,578	18,904
Cost of revenue			
Cost of product	30,099	24,492	17,365
Cost of services	—	—	26
Total cost of revenue	30,099	24,492	17,391
Gross profit	10,930	9,086	1,513
Operating expenses:			
Research and development	64,317	34,579	23,317
Sales and marketing	30,833	22,258	8,998
General and administrative	61,203	51,959	20,960
Total operating expenses	156,353	108,796	53,275
Loss from operations	(145,423)	(99,710)	(51,762)
Other (expense) income:			
Interest income	2,208	471	24
Interest expense	(2,694)	(504)	(2,517)
Other income (expense), net	7,654	2,968	(52,150)
Total other income (expense), net	7,168	2,935	(54,643)
Loss before income taxes	(138,255)	(96,775)	(106,405)
Provision (benefit from) for income tax expense	305	(2,794)	375
Net loss	\$ (138,560)	\$ (93,981)	\$ (106,780)
Other comprehensive loss			
Foreign currency translation adjustments	(143)	(6)	—
Total comprehensive loss	\$ (138,703)	\$ (93,987)	\$ (106,780)
Net loss per common share, basic and diluted	\$ (0.78)	\$ (0.70)	\$ (5.98)
Weighted-average shares used to compute basic and diluted net loss per share	177,923,156	133,917,571	17,858,976

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

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

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Notes receivable from stockholders	Accumulated Deficit	Accumulated other comprehensive loss	Total Stockholders’ Equity (Deficit)
	Shares	Amount	Shares	Amount					
Balance — January 1, 2020	4,384,348	\$ 40,016	7,902,407	\$ —	\$ 2,320	\$ (44)	\$ (102,595)	\$ —	\$ (100,319)
Issuance of common stock upon exercise of stock options	—	—	12,221,363	—	379	—	—	—	379
Issuance of common stock upon exercise of restricted stock awards	—	—	1,617,264	—	6	—	—	—	6
Issuance of redeemable convertible preferred stock	88,434,754	39,225	—	—	—	—	—	—	—
Conversion of redeemable convertible preferred stock to common stock	(4,384,348)	(40,016)	4,384,348	—	40,016	—	—	—	40,016
Conversion of convertible notes to common stock	—	—	7,201,912	—	78,311	—	—	—	78,311
Stock-based compensation expense	—	—	—	—	12,057	—	—	—	12,057
Reclassification of a note receivable from a stockholder	—	—	—	—	—	44	—	—	44
Vesting of early exercised stock options	—	—	—	—	379	—	—	—	379
Net loss	—	—	—	—	—	—	(106,780)	—	(106,780)
<b>Balance — December 31, 2020</b>	<b>88,434,754</b>	<b>39,225</b>	<b>33,327,294</b>	<b>—</b>	<b>133,468</b>	<b>—</b>	<b>(209,375)</b>	<b>—</b>	<b>(75,907)</b>
Issuance of common stock upon exercise of stock options	—	—	2,148,437	—	526	—	—	—	526
Issuance of common stock upon exercise of warrants	—	—	100	—	1	—	—	—	1
Repurchase of common stock	—	—	(406,845)	—	(45)	—	—	—	(45)
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	97,310	—	—	—	97,322
Issuance of common stock upon merger and private offering, net of acquired private placement warrants of \$19,377	—	—	34,947,657	4	272,061	—	—	—	272,065
Offering costs in connection with the merger	—	—	—	—	(26,620)	—	—	—	(26,620)
Issuance of common stock in connection with acquisition	—	—	9,163,982	1	60,023	—	—	—	60,024

[Table of Contents](#)

Issuance of replacement equity awards in connection with acquisition	—	—	—	—	1,081	—	—	—	1,081				
Stock-based compensation expense, including vesting of restricted stock units	—	—	458,012	—	25,363	—	—	—	25,363				
Cancellation of previously issued awards	—	—	(105,921)	—	—	—	—	—	—				
Vesting of early exercised stock options	—	—	—	—	877	—	—	—	877				
Net loss	—	—	—	—	—	—	(93,981)	—	(93,981)				
Other comprehensive loss	—	—	—	—	—	—	—	(6)	(6)				
Balance — December 31, 2021	—	—	172,200,417	17	564,045	—	(303,356)	(6)	260,700				
Proceeds from at-the-market offering, net of commissions and fees of \$505 and issuance costs of \$546	—	—	7,833,709	1	15,775	—	—	—	15,776				
Issuance of common stock upon exercise of stock options	—	—	2,158,503	—	470	—	—	—	470				
Issuance of common stock upon exercise of restricted stock units - net of tax withholding	—	—	4,439,713	1	(59)	—	—	—	(58)				
Issuance of common stock to employees under employee stock purchase plan	—	—	322,010	—	378	—	—	—	378				
Repurchase of common stock	—	—	(311,236)	—	(45)	—	—	—	(45)				
Cancellation of Sense acquisition shares	—	—	(55,130)	—	(358)	—	—	—	(358)				
Vesting of early exercised stock options	—	—	—	—	138	—	—	—	138				
Stock-based compensation expense	—	—	—	—	33,321	—	—	—	33,321				
Net loss	—	—	—	—	—	—	(138,560)	—	(138,560)				
Other Comprehensive loss	—	—	—	—	—	—	—	(143)	(143)				
Balance — December 31, 2022	—	\$	186,587,986	\$	19	\$	613,665	\$	(441,916)	\$	(149)	\$	171,619

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

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

	For the Years ended December 31,		
	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (138,560)	\$ (93,981)	\$ (106,780)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	9,456	5,477	3,718
Stock-based compensation	33,321	25,363	12,057
Deferred income taxes	—	(2,477)	—
Change in right-of-use asset	2,730	2,180	1,887
Interest expense	799	36	1,030
Amortization of debt issuance costs and debt discount	160	250	258
Change in fair value of warrant liabilities	(7,446)	(2,947)	48,440
Change in fair value of derivative liability	—	—	5,308
Gain on extinguishment of tranche right liability	—	—	(1,610)
Inventory write down	1,600	808	797
Provision for doubtful accounts	346	379	67
Loss from disposal of property and equipment	430	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(856)	(8,007)	(1,457)
Inventory	(13,684)	(3,440)	(3,146)
Prepaid expenses and other assets	(3,148)	350	(1,442)
Accounts payable	4,191	(2,442)	144
Accrued and other liabilities	3,196	9,060	(417)
Operating lease liability	(3,225)	(1,670)	(971)
Net cash used in operating activities	(110,690)	(71,061)	(42,117)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property & equipment	275	—	—
Purchases of property and equipment	(5,422)	(4,283)	(3,509)
Acquisition, net of cash acquired	—	(10,946)	—
Net cash used in investing activities	(5,147)	(15,229)	(3,509)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the merger and private offering	—	291,442	—
Payment of offering costs	—	(26,620)	—
Repayment of debt	—	(7,000)	(3,000)
Proceeds from issuance of promissory notes to related parties	—	5,000	—
Repayment of promissory notes to related parties	—	(5,000)	—
Repurchase of common stock	(45)	(45)	—
Proceeds from exercise of stock options	470	526	1,337
Proceeds from ESPP purchase	378	—	—
Proceeds from exercise of warrants	—	1	—
Proceeds from issuance of redeemable convertible preferred stock, net off issuance cost of 265	—	—	41,526
Proceeds from borrowings, net of debt discount and issuance costs	39,077	—	—
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	(541)	—	—
Taxes paid related to net share settlement of restricted stock units	(59)	—	—
Net cash provided by financing activities	55,602	258,304	39,863
Effect of exchange rates on cash and cash equivalents	(143)	—	—
Net increase (decrease) in cash, cash equivalents and restricted cash	(60,378)	172,014	(5,763)
Cash, cash equivalents and restricted cash at beginning of year	184,656	12,642	18,405
Cash, cash equivalents and restricted cash at end of year	\$ 124,278	\$ 184,656	\$ 12,642
<b>SUPPLEMENTAL DISCLOSURES OF OPERATING ACTIVITIES:</b>			
Cash paid for interest	\$ 1,735	\$ 635	\$ 1,228
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:</b>			
Property and equipment purchases included in accounts payable and accrued liabilities	\$ 269	\$ 377	\$ 232
Equity issued in connection with acquisition	\$ —	\$ 61,105	\$ —
Issuance of redeemable convertible preferred stock upon exercise of warrants	\$ —	\$ 58,097	\$ —
Conversion of redeemable convertible preferred stock to common stock	\$ —	\$ 97,322	\$ 40,016
Right-of-use assets obtained in exchange for operating lease liability	\$ 571	\$ 6,265	\$ 6,409
Unpaid at-the-market offering costs	\$ 5	\$ —	\$ —

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

**OUSTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Description of Business and Basis of Presentation**

***Description of Business***

Ouster, Inc. was incorporated in the Cayman Islands on June 4, 2020 as “Colonnade Acquisition Corp”. 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”), 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 Colonnade Merger (as defined below) and to Ouster, Inc. (formerly known as Colonnade Acquisition Corp.) and its consolidated subsidiaries following the consummation of the Colonnade 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 (the “Colonnade Merger”) pursuant to an Agreement and Plan of Merger (the “Colonnade Merger Agreement”) dated as of December 21, 2020, details of which are included below.

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

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

***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.

***Liquidity***

The accompanying consolidated financial statements have been prepared on a going concern basis. The Company has experienced recurring losses from operations, and negative cash flows from operations. As of December 31, 2022, the Company had an accumulated deficit of approximately \$441.9 million.

The Company has historically financed its operations primarily through the Colonnade Merger and related transactions, the sale of convertible notes, 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. In the event that the Company does not generate sufficient cash flows from operations and is unable to obtain funding, 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 Company has concluded that it has sufficient capital to fund its obligations after closing the Velodyne Merger (as defined below, for additional information, Note 18), as they become due, in the ordinary course of business for at least one year from the date these consolidated financial statements are available for issuance.

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

On November 4, 2022, the Company entered into an Agreement and Plan of Merger (the "Velodyne Merger Agreement") with Velodyne Lidar, Inc., a Delaware corporation ("Velodyne"), Oban Merger Sub, Inc., a Delaware corporation and one of the Company's direct, wholly owned subsidiaries ("Velodyne Merger Sub I") and Oban Merger Sub II LLC, a Delaware limited liability company and one of the Company's direct, wholly owned subsidiaries ("Velodyne Merger Sub II").

On February 10, 2023, the Company completed the merger of equals with Velodyne pursuant to the terms of the Agreement and Plan of Merger with Velodyne, Merger Sub I and Merger Sub II (the "Velodyne Merger"). In connection with the closing of the Velodyne Merger, the Company and Velodyne now operate as a single combined company.

***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, Inc. ("Merger Sub"), a Delaware corporation and subsidiary of CLA. OTI'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 and changed its name to "Ouster, Inc." and (ii) Merger Sub merged with and into OTI (such transactions contemplated by the Colonnade Merger Agreement, the "Colonnade Merger"), with OTI surviving the Colonnade Merger.

As a result of the Colonnade 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 \$150.0 million under the Company’s Form S-3 registration statement. From the date of the ATM Agreement through December 31, 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 the Loan and Security Agreement (as amended by the First Amendment to Loan and Security Agreement, dated as of August 5, 2022, the Consent and Second Amendment to Loan and Security Agreement, dated as of November 1, 2022 (the “Second Amendment”), and the Third Amendment to Loan and Security Agreement, dated as of February 10, 2023 (the “Third Amendment”), the “Loan Agreement”) with Hercules Capital, Inc. as administrative agent and collateral agent (“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. On October 17, 2022, the Company borrowed an additional \$20.0 million.

For additional information, see Note 7. Debt.

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

#### ***Use of Estimates***

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

### ***Business Combinations***

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

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

### ***Foreign Currencies***

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

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

### ***Segment Information***

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

### ***Revenue Recognition***

In accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a customer obtains control of promised products or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these products or services. To achieve the core principle of this standard, the Company performs the following five steps:

#### ***1) Identify the contract with a customer***

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

#### ***2) Identify the performance obligations in the contract***

Performance obligations promised in a contract are identified based on the product or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service

either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the product or services is separately identifiable from other promises in the contract. The Company's performance obligations consist of (i) sale of lidar sensor kits and (ii) product development and validation services. Amounts billed to customers related to shipping and handling are classified as revenue, and the Company has elected to recognize the cost of shipping activities that occur after control has transferred to the customer as a fulfillment cost rather than a separate performance obligation. All related shipping costs are accrued and recognized within cost of revenue when the related revenue is recognized.

*3) Determine the transaction price*

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring product or services to the customer. Variable consideration is included in the transaction price if the Company judges that it is probable that a significant future reversal of cumulative revenue under the contract will not occur. The Company does not have a material amount of variable consideration in its agreements with customers. None of the Company's contracts contain a significant financing component. All taxes assessed by a governmental authority on a specific revenue-producing transaction collected by the Company from a customer are excluded from the transaction price. The Company's general terms and conditions for its contracts do not contain a right of return that allows the customer to return products and receive a credit.

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

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). In 2022, 2021 and 2020 the Company did not have a material volume of contracts that required the allocation of transaction price to multiple performance obligations.

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

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to a customer. Revenue is recognized when control of products or services is transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. The Company generates all of its revenue from contracts with customers and applies judgment in identifying and evaluating any terms and conditions in contracts which may impact revenue recognition. Revenue is recognized at a point in time when control of the goods is transferred to the customer, generally occurring upon shipment. Product sales to certain customers may require customer acceptance due to performance acceptance criteria that is considered more than a formality. For these product sales, revenue is recognized upon the expiration of the customer acceptance period. The obligation to provide services is generally satisfied over time, with the customer simultaneously receiving and consuming the benefits as the Company satisfies its performance obligations. For these service projects, the Company bills and recognizes revenue as the services are performed. For these arrangements, control is transferred to the customer as the Company's inputs incurred to complete the project; therefore, revenue is recognized over the service period with the measure of progress using the input method based on labor costs incurred to total labor cost (cost-to-cost) as the services are provided. Revenue from services that were recognized over time were not material to date.

*Costs to obtain a contract*

The Company expenses the incremental costs of obtaining a contract when incurred because the amortization period for these costs would be less than one year. These costs primarily relate to sales commissions and are expensed as incurred in sales and marketing expense in the Company's consolidated statements of operations and comprehensive loss. The incremental cost of obtaining a contract for the years ended December 31, 2022 and 2021 was \$2.9 million, \$2.2 million and \$0.3 million, respectively.

*Right of return*

The Company's general terms and conditions for its contracts do not contain a right of return that allows the customer to return products and receive a credit, however it has in practice permitted returns of its sensor kits in limited circumstances. Allowances for sales returns, which reduce revenue, are estimated using historical experience and were immaterial as of December 31, 2022 and 2021. Actual returns in subsequent periods have been consistent with estimated amounts.

### *Remaining performance obligations*

Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied at the reporting date. The composition of unsatisfied performance obligations consists mainly of the Company's deferred extended warranty services, and to a lesser extent, deferred product revenue and development and validation services for which the Company has an obligation to perform, and has not yet recognized as revenue in the consolidated financial statements.

The following table presents the breakdown of remaining performance obligations (in thousands):

	December 31,	
	2022	2021
Current	\$ 224	\$ 172
Noncurrent	342	47
Total	\$ 566	\$ 219

### *Net loss per common share*

The Company follows the two-class method when computing net loss per common share. The two-class method determines net loss per common share for common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

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

The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss, such losses are not allocated to such participating securities. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The Company reported a net loss attributable to common stockholders for the years ended December 31, 2022, 2021 and 2020.

### *Comprehensive Loss*

Comprehensive loss is comprised of net loss and other comprehensive income (loss). The Company's foreign currency translation adjustment is the only component of other comprehensive loss that is excluded from the reported net loss for all periods presented.

### *Cash and Cash Equivalents*

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

### *Restricted Cash*

Restricted cash consists of certificates of deposit held by banks as security for outstanding letters of credit.

### ***Accounts Receivable***

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

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

	Year Ended December 31,		
	2022	2021	2020
Beginning balance	\$ 507	\$ 128	\$ 117
Provisions	346	379	67
Uncollectible accounts written off, net of recoveries	—	—	(56)
Ending balance	<u>\$ 853</u>	<u>\$ 507</u>	<u>\$ 128</u>

### ***Inventory***

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

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and resulting gain or loss is reflected in the consolidated statement of income. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (see Note 5).

### ***Impairment of Long-Lived Assets***

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

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net tangible and identified intangible assets acquired in a business combination. Goodwill is not amortized but is evaluated at least annually for impairment or when a change in facts and circumstances indicate that the fair value of the goodwill may be below the carrying value.

Goodwill is tested for impairment at the reporting unit level annually in the fourth quarter, or more frequently when events or changes in circumstances indicate that the asset might be impaired. Examples of such events or circumstances include, but are not limited to, a significant adverse change in legal or business climate, an adverse regulatory action or unanticipated competition. The Company has determined that it operates in a single operating segment and has a single reporting unit.

Prior to performing the impairment test, the Company assesses qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of the reporting unit was less than the carrying amount. If after assessing the totality of events or circumstances, the Company were to determine that it is

more likely than not that the fair value of the reporting unit is less than the carrying amount, then the Company would perform a quantitative impairment test.

The quantitative impairment test involves comparing the fair value of the reporting unit to the carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets, goodwill is not impaired, and no further testing is required. If the fair value of the reporting unit is less than the carrying value, the Company measures the amount of impairment loss, if any, as the excess of the carrying value over the fair value of the reporting unit.

### ***Intangible Assets***

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

### ***Fair Value of Financial Instruments***

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

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

### ***Warrant Liabilities***

Warrant liabilities consist of Private Placement warrants. The Private Placement warrants are not redeemable for cash so long as they are held by the initial purchasers or their permitted transferees but may be redeemable for common stock if certain other conditions are met. If the Private Placement warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement warrants are redeemable by the Company and exercisable by such holders subject to certain conditions, such as the reported closing price of our common stock equaling or exceeding \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending three business days before the Company sends the notice of redemption to the holders of Private Placement warrants. The Company evaluated the Private Placement warrants and concluded that they do not meet the criteria to be classified within stockholders' equity. The agreement governing the Private Placement warrants includes a provision, the application of which could result in a different settlement value for the Private Placement warrants depending on their holder. Because the holder of an instrument is not an input into the pricing of a fixed-for-fixed option on the Company's ordinary shares, the Private Placement warrants are not considered to be "indexed to the Company's own stock." This provision precludes the Company from classifying the Private Placement warrants in stockholders' equity.

As the Private Placement warrants meet the definition of a derivative, the Company recorded these warrants as liabilities on the consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the consolidated statements of operations and comprehensive loss at each reporting date.

**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 U.S. and UK, Hong Kong, China and European Union. At times, cash balances in the U.S. may be in excess of federal insurance limits. As of December 31, 2022 and 2021, the Company had cash, cash equivalents and restricted cash with financial institutions in US of \$123.5 million and \$184.2 million, respectively. As of December 31, 2022 and 2021, the Company also had cash on deposit with financial institutions in countries other than the US of approximately \$0.8 million and \$0.5 million, respectively, that was not federally insured.

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

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

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

	December 31,	
	2022	2021
Customer A	*	11 %

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

There were no customers that accounted for more than 10% of revenue during the years ended December 31, 2022 and 2021. Revenue from customer D accounted for approximately 11% of total revenue during the year ended December 31, 2020.

**Concentrations of supplier risk**

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

	Year Ended December 31,		
	2022	2021	2020
Supplier B	28 %	20 %	15 %

Supplier B accounted for 39% and 55% of total accounts payable balance as of December 31, 2022 and 2021.

One professional services vendor accounted for approximately 14% of total accounts payable balance as of December 31, 2022. There were no other vendors that accounted for more than 10% of total accounts payable balance as of December 31, 2021.

### ***Stock-based compensation***

The Company measures and recognizes stock-based compensation expense for stock-based awards granted to employees, directors, and consultants over the requisite service periods based on the estimated grant date fair value, which for options is using the Black-Scholes-Merton option pricing model using the following variables:

- *Common Stock Valuation* – The fair value of the shares of common stock underlying the Company’s stock-based awards issued after the Colonnade Merger is based on the grant date closing fair market value of the Company’s common stock. Before closing of the Colonnade Merger, the fair value of the shares of common stock underlying the Company’s stock-based awards was historically determined by management and approved by the board of directors. Because there was no public market for the Company’s common stock, the board of directors determined the fair value of the common stock at the time of grant of the option by considering a number of objective and subjective factors, including contemporaneous valuations performed by an unrelated third-party specialist, valuations of comparable public companies, operating and financial performance, the lack of liquidity of capital stock, and general and industry-specific economic outlook. Valuations performed by the third-party valuation specialist used methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation (“AICPA” Accounting and Valuation Guide). In relation to options, the Board intends all options granted to be exercisable at a price per share not less than the per share fair value of the common stock underlying those options on the date of grant.
- *Expected Term* – The expected term represents the period that the Company’s stock-based awards are expected to be outstanding and is determined using the simplified method, which deems the term to be the average of the time to vesting and the contractual life of the options.
- *Expected Volatility* – The expected volatility is based on the historical volatility for the period commensurate with the expected term of the awards for a peer group of comparable companies with publicly traded shares.
- *Expected Dividends* – The Company does not currently pay cash dividends on its common stock and does not anticipate doing so in the foreseeable future. Accordingly, the expected dividend yield is 0%.
- *Risk-Free Interest Rate* – The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the awards in effect at the time of grant.

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

### ***Income taxes***

Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss (NOL) and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Due to its history of operating losses, the Company has recorded a full valuation allowance against its deferred tax assets as of December 31, 2022 and 2021.

The Company accounts for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of the related appeals or litigation processes, if any. An uncertain tax position that meets a more likely than not standard based on its technical merit would then be evaluated under the measurement step to determine the largest tax benefit that the taxpayer more likely than not will realize. The Company classifies any liabilities for unrecognized tax benefits as current to the extent that the Company anticipates payment of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

***Recently Issued and Adopted Accounting Pronouncements***

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted this ASU as of January 1, 2021, which did not have a material impact on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and by improving consistent application of other areas of Topic 740. The Company adopted this ASU as of January 1, 2021, which did not have a material impact on its consolidated financial statements and related disclosures.

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. In the fourth quarter of 2022, Ouster adopted the amendments and recognized contract assets acquired and contract liabilities assumed in the mergers in accordance with ASC 606. Ouster has elected to apply the practical expedient under paragraph ASC 805-20-30-29(b) of the adopted amendments and allocated the transaction price based on the standalone selling price of each performance obligation in the contract with a customer for all contracts acquired in the mergers. As of December 31, 2022, the adoption of this new standard had no impact on the Company’s consolidated financial statements and related footnote 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.

**Note 3. Business Combination and Related Transactions**

*Sense Acquisition*

On October 22, 2021, the Company acquired 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 comprised of 9,163,982 shares of the Company’s common stock having a fair value of \$60.0 million, fully vested replacement equity awards having a fair value of \$1.1 million, and a cash payment of \$11.7 million to settle Sense pre-existing debt and transaction costs incurred by Sense in connection with the acquisition. The Company retained 1,573,427 shares of common stock with the aggregate fair value of \$10.3 million to satisfy any necessary adjustments, including without limitation certain indemnification claims and net working capital shortfall (“Holdback Shares”). The Holdback Shares will be released, net of any shares necessary to satisfy all unsatisfied or disputed claims for indemnification and net working capital shortfall, and distributed to the Sense stockholders in 18 months from the acquisition date. The Holdback Shares are considered issued and outstanding from legal perspective and have the same economic and voting rights as other issued and outstanding shares of the Company’s common stock.

Transaction costs incurred by the Company in connection with the acquisition, including professional fees, were \$1.5 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 final consideration as of December 31, 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	<u>\$ 72,808</u>	<u>\$ (358)</u>	<u>\$ 72,450</u>
	As Reported	Measurement Period Adjustment	As Adjusted Value
Assets acquired:			
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
Total assets acquired	<u>\$ 77,091</u>	<u>\$ 76</u>	<u>\$ 77,167</u>
Liabilities assumed:			
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)
Total liabilities assumed	<u>\$ (4,283)</u>	<u>\$ (434)</u>	<u>\$ (4,717)</u>
Net Assets acquired	<u>\$ 72,808</u>	<u>\$ (358)</u>	<u>\$ 72,450</u>

The fair value assigned to developed technology was determined as of the acquisition date under the relief-from-royalty rate method using Level 3 inputs. Management applied significant judgment in estimating the fair value of the developed technology, which involved significant assumptions related to the revenue growth rates, the relief-from-royalty rate, the discount rate, and the economic life. The fair values assigned to the vendor relationship and customer relationships were determined using Level 3 inputs under the with-and-without method. These Level 3 inputs include revenue growth rates, discount rate and period to recreate the relationship.

Goodwill represents the excess of the purchase price over the fair value 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 operating results of Sense are included in our consolidated statements of income from the respective dates of acquisition. Sense's revenue and pretax loss for the period from the acquisition date of October 22, 2021 to December 31, 2021 was not material.

The following unaudited supplemental pro forma information presents the combined historical results of operations of the Company and Sense as if the business combination had been completed on January 1, 2020. The pro forma financial information includes amortization of fair value adjustments in the appropriate pro forma periods as though the companies were combined as of the beginning of 2020. These adjustments include:

- An increase in amortization expense of \$4.5 million and \$3.7 million related to the fair value of acquired identifiable intangible assets in 2021 and 2020, respectively;
- A decrease in expenses of \$1.5 million related to acquisition transaction expenses in 2021;
- An increase in stock based compensation expense of \$10.8 million and \$8.7 million in 2021 and 2020, respectively, related to the stock options and restricted stock units issued to Sense employees.

[Table of Contents](#)

The following table includes unaudited pro forma results (in thousands, except per share data):

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenue	33,578	21,930
Net (loss)	(107,352)	(139,850)

**Note 4. Fair Value of Financial Instruments**

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

	<b>December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Money market funds	\$ 121,100	\$ —	\$ —	\$ 121,100
Total financial assets	\$ 121,100	\$ —	\$ —	\$ 121,100
<b>Liabilities</b>				
Warrant liabilities	\$ —	\$ —	\$ 180	\$ 180
Total financial liabilities	\$ —	\$ —	\$ 180	\$ 180

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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 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 8).

## [Table of Contents](#)

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	Redeemable Convertible Preferred Stock Tranche Liability	Private Placement Warrant Liability	Derivative liability
Fair value as of January 1, 2020	\$ (162)	\$ —	\$ —	\$ —
Initial recognition of preferred stock warrant liability upon subsequent issuance of warrants	(691)	(1,610)	—	—
Change in the fair value included in other income (expense), net	(48,440)	—	—	(5,308)
Extinguishment of derivative liability upon conversion of convertible notes	—	—	—	5,308
Settlement of redeemable convertible preferred stock tranche liability due to the issuance of Series B redeemable convertible preferred stock, included in other income (expense), net	—	1,610	—	—
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)	—	11,751	—
Issuance of preferred stock upon exercise of warrants	58,097	—	—	—
Fair value as of December 31, 2021	—	—	(7,626)	—
Change in the fair value included in other income (expense), net	—	—	7,446	—
Fair value as of December 31, 2022	\$ —	\$ —	\$ (180)	\$ —

### *Non-Recurring Fair Value Measurements*

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

### *Disclosure of Fair Values*

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

## **Note 5. Balance Sheet Components**

### ***Cash and Cash Equivalents***

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

	December 31,	
	2022	2021
Cash	\$ 1,832	\$ 5,131
Cash equivalents:		
Money market funds <sup>(1)</sup>	121,100	177,513
Total cash and cash equivalents	\$ 122,932	\$ 182,644

<sup>(1)</sup>The Company maintains a cash sweep account, which is included in money market funds as of December 31, 2022 and 2021, respectively. Cash is invested in short-term money market funds that earn interest.

## [Table of Contents](#)

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

	December 31,		
	2022	2021	2020
Cash and cash equivalents	\$ 122,932	\$ 182,644	\$ 11,362
Restricted cash, current	257	977	276
Restricted cash, non-current	1,089	1,035	1,004
Total cash, cash equivalents and restricted cash	<u>\$ 124,278</u>	<u>\$ 184,656</u>	<u>\$ 12,642</u>

### ***Inventory***

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

	December 31,	
	2022	2021
Raw materials	\$ 6,971	\$ 2,401
Work in process	3,857	1,951
Finished goods	8,705	3,096
Total inventory	<u>\$ 19,533</u>	<u>\$ 7,448</u>

During the years ended December 31, 2022, 2021 and 2020, \$1.3 million, \$0.8 million and \$0.8 million of inventory write downs were charged to cost of revenue.

### ***Prepaid expenses and other current assets***

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

	December 31,	
	2022	2021
Prepaid expenses	\$ 2,502	\$ 1,970
Prepaid insurance	1,442	1,355
Receivable from contract manufacturer	2,526	1,344
Other current assets	2,073	897
Total prepaid and other current assets	<u>\$ 8,543</u>	<u>\$ 5,566</u>

**Property and Equipment, net**

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

	Estimated Useful Life (in years)	December 31,	
		2022	2021
Machinery and equipment	3	\$ 8,716	\$ 8,404
Computer equipment	3	340	498
Automotive and vehicle hardware	5	93	93
Software	3	85	104
Furniture and fixtures	7	848	730
Construction in progress		3,448	1,700
Leasehold improvements	Shorter of useful life or lease term	9,319	9,265
		22,849	20,794
Less: Accumulated depreciation		(13,154)	(10,740)
Property and equipment, net		\$ 9,695	\$ 10,054

Depreciation expense associated with property and equipment was \$5.0 million, \$4.7 million and \$3.7 million in the years ended December 31, 2022, 2021 and 2020, respectively.

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

	December 31,	
	2022	2021
United States	\$ 5,295	\$ 8,254
Thailand	2,481	1,800
France	1,750	—
Others	169	—
Total	\$ 9,695	\$ 10,054

**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 following table presents goodwill activity (in thousands):

December 31, 2020	\$ —
Goodwill acquired	51,076
December 31, 2021	51,076
Measurement period adjustment	76
December 31, 2022	\$ 51,152

Goodwill and purchased intangible assets are reviewed for impairment annually during the fourth quarter of each fiscal year and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The process of evaluating the potential impairment of goodwill and intangible assets requires significant judgment. The Company regularly monitors current business conditions and other factors including, but not limited to, adverse industry or economic trends and lower projections of profitability that may impact future operating results.

## [Table of Contents](#)

The Company with the assistance of third-party valuation specialist performed an interim and annual impairment test of its goodwill, as of September 30, 2022 and October 1, 2022, respectively, 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) and a market approach. The Company's estimate of fair value included significant judgments and assumptions relating to an implied control premium and comparable company market transactions. The estimated fair value of the reporting unit exceeded its carrying value by approximately 4%. Accordingly, the Company determined that goodwill was not impaired as of September 30, 2022 and October 1, 2022.

The Company with the assistance of third-party valuation specialist performed an interim impairment test of its goodwill in the fourth quarter of 2022 as a result of the continuing market volatility resulting in a decline in the Company's stock price. The Company's reporting unit fair value was determined based on a discounted future cash flow model (income approach) and a market approach. The Company's estimate of fair value included significant judgments and assumptions relating to an implied control premium and comparable company market transactions. The estimated fair value of the reporting unit exceeded its carrying value by approximately 5% as of December 31, 2022. Accordingly, the Company determined that goodwill was not impaired as of December 31, 2022.

Given this level headroom, 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, 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.

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

	Estimated Useful Life (in years)	December 31, 2022		
		Gross Carrying amount	Accumulated Amortization	Net Book Value
Developed technology	8	\$ 15,900	\$ (2,318)	\$ 13,582
Vendor relationship	3	6,600	(2,567)	4,033
Customer relationships	3	900	(350)	550
Intangible assets, net		\$ 23,400	\$ (5,235)	\$ 18,165

	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
Intangible assets, net		\$ 23,400	\$ (748)	\$ 22,652

Amortization expense was \$4.5 million and \$0.7 million in the years ended December 31, 2022 and 2021, respectively. The Company did not have any intangible assets and amortization expense associated as of December 31, 2020.

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

Years:	Amount
2023	\$ 4,486
2024	4,071
2025	1,988
2026	1,988
2027	1,988
Thereafter	3,644
Total	\$ 18,165

**Accrued and Other Current Liabilities**

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

	December 31,	
	2022	2021
Accrued compensation	\$ 3,758	\$ 3,229
Uninvoiced receipts	10,727	9,835
Other	2,987	1,109
Total accrued and other current liabilities	<u>\$ 17,473</u>	<u>\$ 14,173</u>

**Note 6. Convertible Notes Payable***2018 Convertible Notes*

During the period from August 2018 through April 2019, the Company issued convertible promissory notes to certain Investors (“2018 Investors”), with an aggregate principal amount of \$40.3 million (“2018 Convertible Notes”). The Company received consideration of \$40.0 million, net of debt issuance costs of \$0.3 million. The 2018 Convertible Notes were payable anytime on or after two years from the respective issuance dates upon demand of the 2018 Investors holding at least 60% of the outstanding principal of the 2018 Convertible Notes or at the Company’s option with 10 days’ notice to the 2018 Investors, and carried paid in-kind interest of 5%. The notes and all accrued but unpaid interest were automatically convertible into shares of the Company’s common stock in the event of qualified financing (defined with respect to the 2018 Convertible Notes as a sale by the Company of shares of its capital stock for aggregate gross proceeds of at least \$5 million) and convertible in the event of non-qualified financing (defined with respect to the 2018 Convertible Notes as a sale by the Company of shares of its capital stock for aggregate gross proceeds of less than \$5 million) or change of control at the option of the majority of 2018 Investors at a conversion price equal to the lesser of (i) \$400 million divided by the number of shares of the Company’s common stock outstanding immediately prior to the respective events, assuming conversion or exercise of all securities convertible into common stock and (ii) the price per share of its capital stock paid in the applicable transaction (qualified financing, non-qualified financing, or change of control).

All of the 2018 Convertible Notes were converted to common stock in April 2020 as part of Series B redeemable convertible preferred stock financing.

For the year ended December 31, 2020, the Company recognized interest expense of \$0.6 million and amortization of debt discount issuance costs, included in interest expense of \$0.1 million related to the 2018 Convertible Notes.

On April 3, 2020, \$40.2 million of principal and \$2.8 million of accrued interest of the 2018 Convertible Notes were converted to 3,005,762 shares of common stock at a conversion price of \$14.33 per share. The Notes were converted to common stock outside of the original contract terms. The holders of 2018 Convertible Notes issued consents to amend the terms of the notes to provide for conversion to common stock before maturity, including a newly negotiated issuance price to affect the conversion in order to raise additional financing. The Company accounted for the transaction as a troubled debt restructuring as a result of satisfying the below criteria:

- The Company’s challenges associated with the financing efforts of its operations at the time of the convertible notes exchange.
- The holders of the convertible notes completed the exchange for a value lower than the face amount of the notes. As a result, the Company concluded a concession was granted to the Company.

The convertible notes exchange resulted in a gain of approximately \$42.5 million, which resulted in a credit to additional paid-in capital as this transaction was with related parties.

*2019 Convertible Notes*

During the period from September through November, 2019, the Company issued convertible promissory notes to certain Investors (“2019 Investors”), with an aggregate principal amount of \$29.3 million (“2019 Convertible Notes”).

The Company received consideration of \$29.2 million, net of debt issuance costs of \$0.1 million. The 2019 Convertible Notes were to be payable anytime on or after September 18, 2021 upon demand by consent of the 2019 Investors holding at least 60% of the outstanding principal of the 2019 Convertible Notes or at the Company’s option with 10 days’ notice to the 2020 Investors, and carried interest at 5% per annum which in addition to the notes was payable at maturity. The 2019

Convertible Notes and all accrued but unpaid interest were automatically convertible into shares of the Company's common stock in the event of qualified financing and convertible in the event of non-qualified financing (defined with respect to the 2019 Convertible Notes as a sale by the Company of shares of its capital stock for aggregate gross proceeds of less than \$20 million) or change of control at the option of the majority of 2020 investors at a conversion price determined as the lesser of (i) a ratio of \$300 million and the number of shares of the Company's common stock outstanding immediately prior to the respective events, assuming conversion or exercise of all securities convertible into common stock and (ii) 85% of the price per share of its capital stock paid in the applicable transaction (qualified financing, non-qualified financing, or change of control).

2019 Convertible Notes contain embedded features that provide the lenders with multiple settlement alternatives. Certain of these settlement features provided the lenders a right to a fixed number of the Company's shares upon conversion of the notes (the "conversion option"). Other settlement features provided the lenders the right or the obligation to receive cash or a variable number of shares upon the completion of a capital raising transaction, change of control or default of the Company (the "redemption features").

The conversion options of the convertible notes did not meet the requirements to be separately accounted for as a derivative liability. However, certain redemption features of the 2019 Convertible Notes met the requirements for separate accounting and were accounted for as a single, compound derivative instrument. The derivative instrument was recorded at fair value at inception and was subject to remeasurement to fair value at each balance sheet date, with any changes in fair value recognized in the statements of operations and comprehensive loss (see Note 4).

On April 3, 2020, \$29.3 million of principal and \$0.7 million of accrued interest of the 2019 Convertible Notes were converted to 4,196,178 shares of common stock at a conversion price of \$7.17 per share. All of the 2019 Convertible Notes were converted to common stock in April 2020 as part of Series B redeemable convertible preferred stock financing. The Notes were converted to common stock outside of the original contract terms. The holders of 2019 Convertible Notes issued consents to amend the terms of the notes to provide for conversion to common stock before maturity, including a newly negotiated issuance price to affect the conversion in order to raise additional financing. The Company accounted for the transaction as a troubled debt restructuring as a result of satisfying the below criteria:

- The Company's challenges associated with the financing efforts of its operations at the time of the convertible notes exchange.
- The holders of the convertible notes completed the exchange for a value lower than the face amount of the notes. As a result, the Company concluded a concession was granted to the Company.

The convertible notes exchange resulted in a gain of approximately \$29.3 million, which resulted in a credit to additional paid-in capital as this transaction was with related parties. The outstanding derivative liability in the amount of \$5.3 million as of the conversion date of 2019 Notes was extinguished and accounted for as a capital contribution to equity.

For the year ended December 31, 2020, the Company recognized interest expense of \$0.4 million and amortization of debt discount issuance costs, included in interest expense of \$0.1 million in relation with the 2019 Convertible Notes.

## **Note 7. 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 December 31, 2022 and 2021, the outstanding principal balance of the loan was nil, respectively.

#### ***Promissory notes***

The Company issued a \$5.0 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 "Closing Date"), the Company entered into the Loan Agreement with Hercules. The Loan Agreement provides the Company with a term loan facility of up to \$50.0 million, subject to certain terms and conditions (the "Term Loan Facility"). The Company borrowed the initial tranche of \$20.0 million on April 29, 2022. On October 17, 2022, the Company borrowed an additional \$20.0 million. As of December 31, 2022, we did not achieve certain conditions relating to the achievement of trailing twelve month revenue and profit milestones under the Loan Agreement therefore an additional \$10.0 million is no longer available to the Company.

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 (the "Maturity Date").

Interest on amounts borrowed under the Loan Agreement is payable on a monthly basis until June 1, 2025 (the "Amortization Date"). On and as of the Amortization Date, 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 Amortization Date will be extended to the Maturity Date. The entire principal balance and all accrued but unpaid interest shall be due and payable on the Maturity Date. 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 fee in an amount equal to 7.45% of the aggregated amount of all Advances made under the Loan Agreement.

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 17.90% after giving effect to the debt discount, debt issuance costs and the end of term charge.

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. In contemplation of entry into the Velodyne Merger Agreement, on November 1, 2022, the Company entered into the Second Amendment. Pursuant to the terms of the Second Amendment, the financial covenant requiring the Company 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 transaction under the Velodyne Merger Agreements, 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. On February 10, 2023, the Company, entered into Third Amendment, which amends the Loan Agreement to (i) increase the existing debt baskets for (a) purchase money debt and capital leases,

and (b) letter of credit obligations, (ii) provide for increased flexibility to maintain cash in non-US accounts, and (iii) provide for increased flexibility to relocate certain equipment.

As of December 31, 2022, we were in compliance with all financial covenants.

All obligations under the Loan Agreement are unconditionally guaranteed by certain of the Company's subsidiaries, including Sense Photonics, Inc., a Delaware corporation. 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):

	December 31, 2022
Long-term debt	\$ 40,000
End of term fee	337
Less: unamortized debt discount	(496)
Less: debt issuance costs	(267)
Total debt	<u>\$ 39,574</u>

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. Amortization expense included in the interest expense related to debt discount and debt issuance costs of the Loan Agreement was not material for the year ended December 31, 2022.

#### **Note 8. Warrants and Tranche Liabilities**

On November 27, 2018, in connection with the execution of the Runway Loan and Security Agreement, the Company issued a warrant to purchase 35,348 shares of Series A Preferred Stock of the Company 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, the Company 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 the Company at an exercise price of \$11.3518 per share.

The Runway warrant had a term expiring upon the earlier of 10-year anniversary from the issuance date and liquidation of the Company. The Runway warrant had 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 Runway warrant contained provisions for adjustment of the exercise price and number of shares issuable upon the exercise of warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications, and consolidations.

The fair value of the Runway warrant 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. The Runway warrant was exercised on March 11, 2021.

On April 3, 2020, in connection with the closing of the Series B redeemable convertible preferred stock, the Company 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. These Series B warrants included a cashless exercise provision under which their holders could, 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 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 year ended December 31, 2021, classified within other income (expense), net in the consolidated statements of operations and comprehensive loss.

Historically, value was assigned to each class of equity securities using an option pricing model method (“OPM”). In September 2020, the Company 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 the Company, 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
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 %

#### *Series B Redeemable Convertible Preferred Stock Tranche*

In April 2020 and May 2020, the Company issued 62,505,102 shares of Series B redeemable convertible preferred stock at \$0.3323 per share. For each share purchased, the purchaser had an option to purchase an additional share of Series B redeemable convertible preferred stock at \$0.3323 per share, exercisable at any time prior to August 13, 2020 (the “Tranche Right”). The Company determined that the Tranche Right represented a freestanding obligation of the Company to issue additional shares of contingently redeemable shares if exercised by the holder. The freestanding redeemable convertible preferred stock tranche liability was initially recorded at fair value, with fair value changes recorded within other income (expense), net in the consolidated statements of operations and comprehensive loss.

In July 2020, the Company issued 37,970,846 shares of Series B redeemable convertible preferred stock at \$0.3323 per share for net proceeds of \$12.5 million, less \$0.1 million of stock issuance costs.

In August, 2020, upon the expiration of the Tranche Right, 25,286,587 shares of Series B redeemable convertible preferred stock were issued in accordance with the Tranche Right. The remaining Tranche Right expired, unexercised, resulting in a \$1.6 million gain recorded within other income (expense), net in the consolidated statements of operations and comprehensive loss.

#### *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 5 years from the completion of the Colonnade Merger, or earlier upon redemption or liquidation. Each Private Placement warrant is exercisable for one Class A ordinary share at a price of \$11.50 per share. 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.

The Private Placement warrants were initially recognized as a liability at a fair value of \$19.4 million and the Private Placement warrant liability was remeasured to fair value as of December 31, 2022 and 2021, resulting in a gain of \$7.4 million and \$11.8 million in the years ended December 31, 2022 and 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:

	March 11, 2021	December 31, 2021	December 31, 2022
Stock price	\$ 12.00	\$ 5.20	\$ 0.86
Exercise price of warrant	\$ 11.50	\$ 11.50	\$ 11.50
Term (years)	5.00	4.19	3.19
Expected volatility	27.00 %	57.00 %	70.01 %
Risk-free interest rate	0.78 %	1.14 %	4.39 %

### **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 9. Leases**

#### *350 Treat Building Lease*

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

In November 2021, the Company entered into an amendment to the 350 Treat Building Lease agreement, whereby the parties agreed to extend the term of the lease for an additional four years and seven months and provided for an additional tenant improvement allowance. The total base lease payments for the extended period of 4.6 years equals \$7.6 million. The amendment resulted in an adjustment of \$5.5 million to the right-of-use asset and right-of-use operating lease liability which was recorded in November 2021. As of December 31, 2022 the remaining lease term is 4.7 years that expires on August 31, 2027. In addition to minimum lease payments, the lease requires the Company to pay associated taxes and operating costs.

The 350 Treat Building Lease is considered to be an operating lease as it does not meet the criteria of a finance lease. As of December 31, 2022, the operating lease right-of-use asset and operating lease liability were \$5.6 million and \$7.1 million, respectively. As of December 31, 2021, the operating lease right-of-use asset and operating lease liability were \$6.6 million and \$8.3 million, respectively. The discount rate used to determine the lease liability was 3.7%.

#### *2741 16<sup>th</sup> Street Lease*

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

## [Table of Contents](#)

In May 2020, the Company entered into an amendment to the 2741 16<sup>th</sup> Street Lease agreement, whereby the parties agreed to extend the term of the lease for an additional four years, restructure the monthly rent payable under the lease and provide for an additional tenant improvement allowance. The total base lease payments for the extended period of 4.0 years equals \$8.5 million and the increase in total base lease payments for the lease term provided for by the original agreement is \$0.7 million. The amendment resulted in an adjustment of \$6.2 million to the right-of-use asset and right-of-use operating lease liability which was recorded in May 2020. As of December 31, 2022 the remaining lease term is 4.7 years that expires on August 31, 2027. In addition to minimum lease payments, the lease requires the Company to pay associated taxes and operating costs.

The 2741 16<sup>th</sup> Street Lease is considered to be an operating lease as it does not meet the criteria of a finance lease. As of December 31, 2022, the operating lease right-of-use asset and lease liability were \$6.5 million and \$8.7 million, respectively. As of December 31, 2021, the operating lease right-of-use asset and operating lease liability were \$7.7 million and \$10.1 million, respectively. The discount rate used to determine the operating lease liability was 5.25%.

### *Other operating real estate leases*

The Company has executed or assumed as lessee other five operating leases for rental of office space. The terms of those leases range from 1 to 3 years. The Company is obligated to make lease payments totaling approximately \$0.9 million for those leases over the respective lease terms.

Total operating lease cost for the years ended December 31, 2022, 2021 and 2020 was \$3.9 million, \$3.6 million and \$2.9 million, which consisted of \$3.8 million, \$3.0 million and \$2.6 million of fixed lease expense and \$0.1 million, \$0.6 million and \$0.3 million of variable lease expense, respectively. Cash paid for amounts included in the measurement of lease liabilities was \$4.0 million, \$4.2 million and \$3.5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The following table presents the weighted average remaining lease term and discount rate for leases:

	December 31,	
	2022	2021
Weighted-average remaining lease term	4.52	5.53
Weighted-average discount rate	4.66 %	4.55 %

The maturities of the operating lease liabilities as of December 31, 2022 were as follows (in thousands):

Year ending December 31,	
2023	\$ 3,981
2024	4,072
2025	3,967
2026	4,019
2027 and thereafter	2,733
Total undiscounted lease payments	18,772
Less: imputed interest	(2,151)
Total operating lease liabilities	\$ 16,621

## **Note 10. 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 consolidated balance sheets as of December 31, 2022 and 2021. The outstanding amount of the letters of credit was \$1.3 million and \$2.0 million as of December 31, 2022 and 2021, respectively.

### ***Non-cancelable purchase commitments***

As of December 31, 2022, the Company had non-cancelable purchase commitments to a third-party contract manufacturer for approximately \$22.3 million and other vendors for approximately \$6.3 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 December 1, 2022, December 20, 2022, December 29, 2022, and January 9, 2023, purported stockholders of Velodyne filed the following lawsuits against Velodyne and certain of its directors and officers in the Southern District of New York for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9: O’Dell v. Velodyne, et. al., Carlisle v. Velodyne, et. al., Wheeler v. Velodyne et. al., and Cristino v. Velodyne, et. al. The complaints allege that Velodyne’s disclosures in connection with the Merger with Ouster were materially incomplete and misleading. The plaintiff in O’Dell v. Velodyne et. al. voluntarily dismissed his complaint on January 17, 2023. Velodyne also received eleven demand letters from stockholders making similar allegations regarding Velodyne’s disclosures relating to the Merger. The Company does not believe the allegations in the complaints and demand letters are meritorious, and intends to defend against them vigorously.

On June 14, 2022, 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. In connection with the Velodyne Merger, the matters were dismissed.

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.

### ***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 consolidated financial statements do not include a liability for any potential obligations under the indemnification agreements at December 31, 2022 and 2021.

### **Note 11. Redeemable Convertible Preferred and Common Stock**

The Company’s common stock trades on the New York Stock Exchange under the symbol “OUST” and the Company’s warrants trade on the New York Stock Exchange and NYSE American under the symbols “OUST WS” and “OUST WTA,” 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 Colonnade Merger Agreement (Note 1), all of OTI's outstanding redeemable convertible preferred stock was converted to the Company's common stock pursuant to the conversion rate effective immediately prior to the Colonnade Merger and the remaining amount was reclassified to additional paid-in capital. As of December 31, 2022 and 2021, the Company does not have any redeemable convertible preferred stock outstanding.

#### ***ATM Agreement***

On April 29, 2022, the Company entered into 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 December 31, 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 December 31, 2022 is approximately \$133.2 million.

#### ***Series Seed Financing and conversion***

In April 2016, the Company issued 1,887,253 shares of Series Seed redeemable convertible preferred stock at \$1.02 per share for net proceeds of \$1.8 million, net of \$0.1 million stock issuance costs. In April 2016, the Company issued 44,256 shares to an investor upon conversion of a note having a balance of principal and interest of \$45,000. In May 2016, the Company issued 563,725 shares of Series Seed redeemable convertible preferred stock at \$1.02 per share for net proceeds of \$0.6 million. In July 2016, the Company issued 445,942 shares of Series Seed redeemable convertible preferred stock at \$1.02 per share for net proceeds of \$0.5 million.

In April 2020, in order to induce the closing of the Series B Financing, the holders exercised the embedded conversion feature and all the outstanding Series Seed redeemable convertible preferred stock shares were converted to 2,941,176 shares of the Company's common stock.

#### ***Series A Financing and conversion***

In October 2017, the Company issued 1,324,511 shares of Series A Preferred Stock at \$11.3158 per share for net proceeds of \$14.8 million, net of \$0.2 million of stock issuance costs. In October 2017, the Company issued 1,253,556 shares of Series A Preferred Stock upon conversion of multiple notes having a principal and interest balance of \$4.6 million. In December, 2018, the Company issued 715,712 shares of Series A Preferred Stock at \$11.3158 per share for net proceeds of \$8.1 million.

In April 2020, in order to induce the closing of the Series B Financing, the holders exercised the embedded conversion feature and all of the outstanding Series A redeemable convertible preferred stock shares were converted to 3,293,779 shares of the Company's common stock.

**Series B Financing**

In April 2020, the Company issued 45,185,071 shares of Series B redeemable convertible preferred stock at \$0.3323 per share for gross proceeds of \$15.1 million, less \$0.1 million of stock issuance costs. In May 2020, the Company issued 17,320,031 shares of Series B redeemable convertible preferred stock at \$0.3323 per share for gross proceeds of \$5.8 million, less \$0.1 million of stock issuance costs. In July 2020, the Company issued 37,970,846 shares of Series B redeemable convertible preferred stock at \$0.3323 per share for gross proceeds of \$12.5 million, less \$0.1 million of stock issuance costs. In August 2020, the Company issued 25,286,587 shares of Series B redeemable convertible preferred stock at \$0.3323 per share for gross proceeds of \$8.4 million, less \$0.1 million of stock issuance costs.

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.

Redeemable convertible preferred stock as of December 31, 2020, consisted of the following (in thousands, except share and per share data):

Series	December 31, 2020				
	Issue Price per share	Shares Authorized	Shares Issued and Outstanding	Liquidation Amount	Carrying Amount
Series B	\$ 0.33	131,411,372	88,434,754	\$ 41,791	\$ 39,225

The significant features of the Company's redeemable convertible preferred stock were as follows:

**Dividend provisions**

The Series Seed, Series A and Series B preferred stockholders were entitled to receive dividends prior and in preference to any dividends on the common stock, at a rate of \$0.0612, \$0.6789 and \$0.019938 per share, respectively, per annum on a non-cumulative basis, when and if declared by the board of directors, subject to the prior rights of the preferred stockholders. After payment of such dividend, any additional dividends were to be distributed among the holders of the preferred stock and common stock pro rata based on the number of shares of common stock then held by each holder (assuming conversion of all shares of preferred stock into common stock).

**Liquidation preference**

In the event of liquidation, dissolution or winding up of the Company, merger or a reduction of capital through the sale or lease of all or substantial part of the business of the Company, before any distribution or payment could be made to the holders of common stock, the holders of Series Seed, Series A and Series B redeemable convertible preferred stock were entitled to receive \$1.02, \$11.3518 and \$0.3323 per share (subject to adjustment in the event of any share dividend, share split, combination, or other recapitalization), respectively, plus any declared but unpaid dividends on such shares. If the assets and funds were insufficient for such distribution, they were to receive a pro rata distribution, based on the relative preferred stock ownership and in proportion to the preferential amount each such holder is otherwise entitled. If the assets and funds were in excess of amounts distributed to the preferred stockholders, the remaining assets and funds were to be distributed pro rata to the holders of the common stock. If the holders of the redeemable convertible preferred stock would receive a greater distribution if they converted to common stock, then such conversion would have been assumed prior to distribution.

**Conversion rights**

The holders of Series Seed, Series A and Series B redeemable convertible preferred stock had a right to convert their stock into not assessable shares of common stock at a conversion rate equal to their respective liquidation preferences divided by a conversion price of \$1.02, \$11.3518 and \$0.3323, respectively, which would be adjusted for any stock splits, stock dividends, combination, subdivisions, recapitalization or similar transactions.

Shares of Series B redeemable convertible preferred stock were automatically be converted into shares of common stock upon the earlier of (a) the closing of the sale of shares of common stock to the public at a minimum price of \$1.41 per share, subject to appropriate adjustment in the event of any stock splits, stock dividends, combinations, subdivisions, recapitalization or similar transactions with respect to common stock, in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least

\$75.0 million of gross cash proceeds to the Company or (b)(i) upon vote or written consent of a majority of the then outstanding shares of the Series Seed redeemable convertible preferred stock, voting as a separate series on an as-converted basis or (ii) upon vote or written consent of the majority of the then outstanding shares of the Series B redeemable convertible preferred stock, voting as a separate series on an as-converted basis, respectively.

### ***Redemption rights***

The redeemable convertible preferred stock is recorded in mezzanine equity because while it is not currently redeemable, it may become redeemable at the option of the preferred stockholders upon the occurrence of certain deemed liquidation events that are considered not solely within the Company's control for an amount equal to the shares respective liquidation preference plus declared and unpaid dividends.

### ***Voting rights***

Each holder of redeemable convertible preferred stock shall be entitled to the number of votes equal to the number of shares of common stock into which such redeemable convertible preferred stock could then be converted and, with respect to such vote, holders of redeemable convertible preferred stock are entitled to vote together with the holders of common stock as a single class on all matters.

### **Note 12. Stock-based compensation**

As of December 31, 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.

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

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

The exercise price of stock options granted before the Colonnade Merger were determined based on the fair value of stock at the date of grant obtained by the Company on a contemporaneous basis from an independent valuation firm. The valuation firm used a PWERM to estimate the aggregate enterprise value of the Company at each valuation date. The PWERM involves applying appropriate risk adjusted discount rates to future values for the enterprise assuming various possible scenarios. The projections used in connection with these valuations were based on the Company's expected operating performance over the forecast period. Share value is based on the probability-weighted present value of expected future returns to the equity investor considering each of the likely future scenarios available to the enterprise, and the rights and preferences of each share class.

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

### *2021 Incentive Award Plan*

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

In March 2021, the Company granted an option to purchase 1,614,492 shares of Company common stock, 807,246 restricted stock units and 807,246 performance stock units to a senior advisor serving on the Company's board of directors as chair. The option would vest over five years starting from the first anniversary from the senior advisor's employment start date and at a rate of 20% per annum, subject to his continued employment with the Company and provided that option grant will only be exercisable in the event that the closing trading price per share of the Company stock equals or exceeds 130% of the exercise price per share of the option for 30 consecutive trading days. The restricted stock units would vest over five years starting from the first anniversary from the senior advisor's employment start date and at a rate of 20% per annum, subject to his continued employment with the Company. The performance stock units would vest over four years based on achieving increases in the Company's stock price from the date of grant ranging from 150%, to earn 25% of the performance stock units, to 300% to earn the entire award of performance stock units. Each performance stock unit constituted the right to receive one share of Company common stock upon vesting. The senior advisor resigned in June 2021 and the option to purchase 1,614,492 shares of Company common stock, all restricted stock unit awards granted and all performance stock unit awards granted were forfeited.

In March 2021, the Company also granted 152,628 restricted stock units to several members of the board of directors subject to standard terms of these awards.

### *2015 Stock Plan*

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

### *2022 Employee Stock Purchase Plan*

The Company's 2022 ESPP has been offered to all eligible employees since August 2022 and generally permits certain employees to purchase shares of our common stock through payroll deductions of up to 15% of their compensation of each offering period, subject to certain limitations. The 2022 ESPP has overlapping offering periods, with each offering period lasting 24 months. 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 December 31, 2022, 6.6 million shares of our common stock were available for issuance under the 2022 ESPP. The maximum amount that an employee can contribute during a purchase right period is \$7,500. 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. During fiscal 2022 employees purchased approximately 0.3 million shares of common stock under the 2022 ESPP at a purchase price of \$1.1730, with proceeds of \$0.4 million.

### *Stock Options Assumed from Acquisition*

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

In connection with the closing of the acquisition, 823,114 stock options and 4,490,980 RSUs were assumed.

*Promissory Notes*

On October 12, 2020, the Company issued \$1.1 million partial recourse promissory notes to certain executives and employees. The promissory notes carried 0.38% annual cash interest and were due on earliest of 9th anniversary of the date of issuance of the notes, or termination of employment of the executive/employee, or filing by the Company of a registration statement under the Securities Act of 1933, or promissory notes being prohibited under Section 13(k) of the Securities Exchange Act of 1934 or closing of change a in control of the Company. At issuance, the promissory notes were used to settle certain executives' and employees' obligations for 2,883,672 vested and 4,603,833 unvested ISOs that were exercised and no cash was exchanged. 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 \$0.5 million under each of their respective notes. Additional compensation expense of \$0.5 million was recognized in general and administrative expenses in the year ended December 31, 2021.

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

	Year Ended December 31,		
	2022	2021	2020
Cost of revenue	\$ 783	\$ 637	\$ 657
Research and development	14,611	7,240	6,059
Sales and marketing	7,065	3,823	640
General and administrative	10,862	13,663	4,701
Total stock-based compensation	<u>\$ 33,321</u>	<u>\$ 25,363</u>	<u>\$ 12,057</u>

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

	Year Ended December 31,		
	2022	2021	2020
RSUs	\$ 24,236	\$ 13,306	\$ —
Stock Options	8,851	12,035	11,064
Employee stock purchase plan	220	—	—
RSAs	14	22	993
Total stock-based compensation	<u>\$ 33,321</u>	<u>\$ 25,363</u>	<u>\$ 12,057</u>

Stock option activity for the years ended December 31, 2022, 2021 and 2020 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—January 1, 2020	1,599,645	\$ 6.58	8.8	\$ 3,020
Options granted	37,663,242	0.45	9.4	363,941
Options exercised	(12,221,364)	0.20		121,106
Options cancelled	(1,309,020)	1.58		—
Outstanding—December 31, 2020	25,732,503	\$ 0.56	9.5	\$ 245,746
Options assumed through acquisition	823,114	5.05	8.3	125
Options granted	645,796	10.26	9.3	—
Options exercised	(2,155,348)	0.22		10,742
Options cancelled	(916,969)	0.30		4,492
Outstanding—December 31, 2021	24,129,096	\$ 1.01	8.6	\$ 100,992
Options exercised	(2,133,181)	0.20		4,639
Options cancelled	(978,753)	2.86		1,015
Outstanding—December 31, 2022	21,017,162	\$ 1.01	7.7	\$ 8,285
Vested and expected to vest—December 31, 2022	21,017,162	\$ 1.01	7.7	\$ 8,285
Exercisable—December 31, 2022	12,398,966	\$ 0.91	7.7	\$ 5,178

The following table summarizes information about stock options outstanding and exercisable at December 31, 2022.

Exercise Price	Options Outstanding		Weighted Average Remaining Contractual Life (Years)	Options Exercisable
	Options Outstanding			
\$ 0.18	3,773,175		7.5	2,933,506
\$ 0.21	8,814,619		7.8	4,908,617
\$ 1.42	7,524,114		7.8	4,075,561
\$ 5.24	259,457		5.8	212,201
\$ 10.26	645,797		8.4	269,081
	<u>21,017,162</u>			<u>12,398,966</u>

No options were granted during the year ended December 31, 2022. The weighted average grant date fair value of options granted during the years ended December 31, 2021 and 2020 was \$5.90 and \$1.10, respectively. The weighted average grant date fair value of options assumed during the year ended December 31, 2021 was \$3.11.

As of December 31, 2022, there was approximately \$13.6 million of unamortized stock-based compensation expense related to unvested stock options that is expected to be recognized over a weighted average period of 1.7 years.

Cash received from option exercises and purchases of shares was \$0.8 million, \$0.5 million and \$1.3 million for years ended December 31, 2022, 2021 and 2020, respectively.

The weighted-average assumptions in the Black-Scholes option-pricing models used to determine the fair value of stock options granted during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Expected term (in years)	6.0	5.0 - 6.1
Risk-free interest rate	1.0%	0.3% - 1.5%
Expected volatility	63.2%	57.4% - 63.3%
Expected dividend rate	0%	0%

The weighted-average assumptions in the Black-Scholes option-pricing models used to determine the fair value of stock options assumed during the year ended December 31, 2021 were as follows:

	Year Ended December 31,
	2021
Expected term (in years)	3.1 - 5.6
Risk-free interest rate	0.8% - 1.3%
Expected volatility	44.1% - 48.6%
Expected dividend rate	0%

*Restricted Stock Units (“RSU”)*

A summary of RSUs activity under the Plan is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (per share)
Unvested—January 1, 2021	—	\$ —
Assumed through acquisition	4,490,980	6.55
Granted during the year	5,899,954	9.39
Canceled during the year	(552,072)	8.89
Vested during the year	(512,290)	10.30
Unvested—December 31, 2021	9,326,572	\$ 7.82
Granted during the year	15,710,791	\$ 2.74
Canceled during the year	(4,071,027)	\$ 5.60
Vested during the year	(4,456,143)	\$ 6.16
Unvested—December 31, 2022	16,510,193	\$ 3.98

As of December 31, 2022, total compensation expense related to unvested RSUs granted to employees, but not yet recognized, was \$61.9 million, with a weighted-average remaining vesting period of 2.7 years.

**Note 13. Employee benefit plan**

In 2018, the Company adopted a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company at its discretion offers matching contributions of up to 4% of each employee’s annual compensation. The Company provided matching contributions of \$1.5 million, \$1.0 million and \$0.7 million to the plan during the years ended December 31, 2022, 2021 and 2020, respectively.

**Note 14. Net Loss Per Common Share**

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

	Year Ended December 31,		
	2022	2021	2020
Numerator:			
Net loss	\$ (138,560)	\$ (93,981)	\$ (106,780)
Denominator:			
Weighted average shares used to compute basic and diluted net loss per share	177,923,156	133,917,571	17,858,976
Net loss per common share-basic and diluted	\$ (0.78)	\$ (0.70)	\$ (5.98)

[Table of Contents](#)

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

	December 31,		
	2022	2021	2020
Redeemable convertible preferred stock	—	—	88,434,754
Options to purchase common stock	21,017,162	22,675,729	25,732,503
Public and private common stock warrants	15,999,900	15,999,900	4,443,862
Restricted Stock Units	16,510,193	10,106,993	—
Unvested early exercised common stock options	750,276	2,043,288	6,212,254
ESPP shares pending issuance	2,511,432	—	—
Unvested RSAs	—	17,466	146,675
Vested and early exercised options subject to nonrecourse notes	—	—	2,151,100
Total	<u>56,788,963</u>	<u>50,843,376</u>	<u>127,121,148</u>

**Note 15. Income taxes**

Income (loss) before income taxes for the years ended December 31, 2022, 2021 and 2020 are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Domestic	\$ (139,295)	\$ (96,956)	\$ (106,508)
Foreign	1,040	181	103
Total	<u>\$ (138,255)</u>	<u>\$ (96,775)</u>	<u>\$ (106,405)</u>

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

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ —	\$ —	\$ —
State	62	1	1
Foreign	243	36	23
Total current expense	<u>305</u>	<u>37</u>	<u>24</u>
Deferred:			
Federal	—	(2,185)	—
State	—	(646)	351
Foreign	—	—	—
Total deferred (benefit) expense	<u>—</u>	<u>(2,831)</u>	<u>351</u>
Total income tax expense (benefit)	<u>\$ 305</u>	<u>\$ (2,794)</u>	<u>\$ 375</u>

[Table of Contents](#)

A reconciliation between the statutory U.S. federal rate and the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
Tax at federal statutory rate	\$ (29,034)	\$ (20,323)	\$ (22,344)
State income taxes, net of federal benefit	57	(644)	1,330
Stock compensation	5,587	1,271	2,786
Foreign rate differential	25	(2)	—
Tax credits	(539)	(539)	(539)
Fair value changes - warrants	(1,564)	(619)	11,192
Valuation allowance	25,666	20,058	(6,812)
Non-deductible expenses	78	(2,031)	(485)
Convertible debt cancellation of indebtedness income	—	—	15,079
Other	29	35	168
Total tax provision (benefit)	\$ 305	\$ (2,794)	\$ 375

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

	Year Ended December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss carryforwards	\$ 43,990	\$ 42,721
Credits	4,828	3,955
Stock based compensation	3,653	2,826
Accruals and reserves	1,748	1,248
Fixed assets	2,771	991
Operating lease liability	3,631	4,360
Capitalized research and development expenditures	15,875	—
Gross deferred tax assets	76,496	56,101
Valuation allowance	(69,608)	(47,420)
Net deferred tax assets	6,888	8,681
Deferred tax liabilities:		
Intangible property	(4,077)	(5,287)
Operating lease, right of use assets	(2,811)	(3,394)
Gross deferred tax liabilities	(6,888)	(8,681)
Net deferred tax assets	\$ —	\$ —

The Company has established a full valuation allowance of \$69.6 million and \$47.4 million for the years ended December 31, 2022 and 2021, respectively, against its net deferred tax assets. The Company determines its valuation allowance on deferred tax assets by considering both positive and negative evidence in order to ascertain whether it is more likely than not that deferred tax assets will be realized. Realization of deferred tax assets is dependent upon the generation of future taxable income, if any, the timing and amount of which are uncertain. Due to the history of losses the Company has generated in the past, the Company believes that it is not more likely than not that all of the deferred tax assets can be realized as of December 31, 2022. Accordingly, the Company has recorded a full valuation allowance on its deferred tax assets.

The valuation allowance on the Company's net deferred taxes increased by \$22.2 million and \$28.1 million during the years ended December 31, 2022 and 2021, respectively. The increase in valuation allowance is primarily attributable to the generation of net operating losses and capitalization of research and development expenditures, which became enacted for tax year beginning after December 31, 2021, during 2022.

As of December 31, 2022, the Company had federal net operating loss carryforwards and state net operating loss carryforwards of approximately \$246.2 million and \$124.9 million, respectively. As of December 31, 2022, federal net operating loss carryforwards generated after December 31, 2017 will be carried forward indefinitely and the state net operating loss carryforward begins expiring in 2031 through 2042. As of December 31, 2022, the amount of federal net operating loss that does not expire is \$237.7 million.

As of December 31, 2021, the Company had federal net operating loss carryforwards and state net operating loss carryforwards of approximately \$224.4 million and \$146.8 million, respectively. As of December 31, 2021, federal net operating loss carryforwards generated after December 31, 2017 will be carried forward indefinitely and the state net operating loss carryforward begins expiring in 2035. As of December 31, 2021, the amount of federal net operating loss that does not expire is \$215.9 million.

As of December 31, 2022, the Company had federal and state research and development credit carryforwards of approximately \$4.7 million and \$2.9 million, respectively. As of December 31, 2021, the Company had federal and state research and development credit carryforwards of approximately \$4.0 million and \$2.3 million, respectively. As of December 31, 2022 the federal credits will expire starting in 2035, if not utilized and state credits carryforward indefinitely.

The Tax Reform Act of 1986 and similar state legislation impose substantial restrictions on the utilization of the net operating losses and tax credit carryforwards in the event there is a change in ownership as provided by Section 382 and Section 383 of the Internal Revenue Code and similar state provisions. Such ownership change could result in the limitation and /or expiration of the net operating loss and tax credit carryforwards before utilization, which could result in increased future tax liabilities. While the Company has experienced ownership shifts, there has been no limitation or loss of tax attributes as of December 31, 2022.

Beginning January 1, 2022, the Tax Cuts and Jobs Act (the "Tax Act") eliminated the option to deduct research and development expenditures in the current year and requires taxpayers to capitalize such expenditures pursuant to Internal Revenue Code ("IRC") Section 174. The capitalized research and development expenditures are amortized over a 5-year period for domestic expenses and a 15-year period for foreign expenses. As a result of this provision of the Tax Act, deferred tax assets related to capitalized research expenditures increased by \$15.9 million.

ASC 740, Income Taxes ("ASC 740"), requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. As of December 31, 2022 and 2021 the Company has reviewed the positive and negative evidence relating to the realizability of the deferred tax assets and has concluded that the deferred tax assets are more likely than not to not be realized.

The balance of gross unrecognized tax benefits as of December 31, 2022, and 2021 was \$18.8 million and \$18.5 million, respectively. Out of the total unrecognized tax benefits, \$0.1 million at December 31, 2022, if recognized, would impact our effective tax rate in the period of recognition. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2022 and 2021, the Company has not accrued interest and penalties related to uncertain tax positions. The following table sets forth the change in the uncertain tax positions for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Balance at the beginning of the year	\$ 18,534	\$ 971	\$ 651
Decreases:			
For current year's tax positions	—	—	—
For prior years' tax positions	(64)	—	—
Increases:			
For current year's tax positions	320	551	320
For prior years' tax positions	22	17,012	—
Balance at the end of the year	<u>\$ 18,812</u>	<u>\$ 18,534</u>	<u>\$ 971</u>

The Company files income tax returns in the U.S. for Federal, California, and other US states, as well as miscellaneous foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The Company has not been audited by the Internal Revenue Service or any state income or franchise tax agency. As of December 31, 2022, its federal returns for the years ended December 31, 2016 through the current period and the state

returns for the years ended December 31, 2016 through the current period are still open to examination. In addition, all of the net operating losses and research and development credit carry-forwards that may be used in future years are still subject to inquiry given that the statute of limitation for these items would begin in the year of the utilization.

#### Note 16. Related Party Transactions

See Note 7. Debt for details of promissory notes issued by the Company to certain investors of the Company (or an affiliate thereof).

See Note 12. Stock-based compensation for details of partial recourse promissory notes issued by the Company to certain executives and employees.

#### Note 17. Revenue

Revenue from the sale of lidar sensor kits, which is recognized at a point in time, was \$41.0 million, \$33.6 million and \$16.9 million for the years ended December 31, 2022, 2021 and 2020, respectively. Service revenue from non-recurring engineering work in relation to the Company's new product release in early 2020 for the year ended December 31, 2020 was \$2.0 million.

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

	Year Ended December 31,		
	2022	2021	2020
Americas	\$ 15,977	\$ 15,656	\$ 8,764
Asia and Pacific	9,510	7,334	4,270
Europe, Middle East and Africa	15,542	10,588	5,870
Total	\$ 41,029	\$ 33,578	\$ 18,904

#### Note 18. Subsequent Events

As noted above, on February 10, 2023, the Company completed the Velodyne Merger with Velodyne pursuant to the terms of the Velodyne Agreement with Velodyne, Velodyne Merger Sub I and Velodyne Merger Sub II. In connection with the closing of the Velodyne Merger, the Company and Velodyne now operate as a single combined company. Velodyne shares ceased trading on the Nasdaq after market close on February 10, 2023, and each Velodyne share was exchanged for 0.8204 shares of Ouster common stock. The combined company will keep the name Ouster and continue to trade on New York Stock Exchange under the ticker "OUST."

In connection with the closing of the Velodyne Merger the Company undertook actions to reduce operating expenses by initiating a reduction in force that is expected to impact approximately 180-200 employees and consolidating some of its facilities, including Velodyne's facility in India (collectively, the "Restructuring Initiatives"). The Restructuring Initiatives are expected to result in a range of approximately \$27.0 million - \$30.0 million of aggregate charges, which we anticipate to include \$12.0 million - \$13.0 million of one-time cash termination benefits, \$0.5 million of termination costs related to the facility in India, and approximately \$14.5 million - \$16.5 million of non-cash stock-based compensation charge related to the vesting of share-based awards for employees who are terminated. These actions are consistent with the Company's previously stated intention to derive operational synergies from the combined enterprise resulting from the Mergers. Through these initiatives, the Company seeks to streamline the organization and re-balance resources to better align with the Company's priorities following the Mergers. The Company anticipates that most of these charges will be recognized in the Company's first fiscal quarter of 2023.

On January 20, 2023, Oban Merger Sub, Inc. ("Merger Sub") and Oban Merger Sub II LLC ("Merger Sub II", together with Merger Sub, collectively, the "Subsidiary Guarantors") entered into the Joinder Agreement by and between the Subsidiary Guarantors and Hercules, pursuant to which the Subsidiary Guarantors became guarantors under the Loan Agreement.

On February 10, 2023, the Company entered into the Third Amendment to Loan and Security Agreement (the "Third Amendment"), which amends certain provisions of the Loan Agreement to (i) increase the existing debt baskets for (a) purchase money debt and capital leases, and (b) letter of credit obligations; (ii) provide for increased flexibility to maintain cash in non-US accounts; and (iii) provide for increased flexibility to relocate certain equipment.

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

The information required by this Item 9 was previously reported in the Company's Current Report on Form 8-K/A that was filed with the SEC March 15, 2021.

### **Item 9A. Controls and Procedures**

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

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 the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2022. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of December 31, 2022 due to the material weaknesses in our internal control over financial reporting described below.

#### ***Management's Annual Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Our management, including our principal executive officer and principal financial officer, conducted an assessment as of December 31, 2022 of the effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of December 31, 2022, our internal control over financial reporting was not effective due to the material weaknesses described below.

We 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.

***Remediation Measures Taken***

We have taken several measures to design and implement controls to improve our internal control over financial reporting and continue to make progress towards establishing an effective internal control framework to remediate the foregoing material weaknesses. Our efforts included the following:

- Recruiting additional personnel with appropriate internal controls, accounting knowledge and experience commensurate with our accounting and reporting requirements, in addition to engaging and utilizing third party consultants and specialists.
- 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 and compliance training to company employees.
- Strengthening IT governance and designing IT general controls including restricted user access to our internal systems for financial reporting, and IT change management
- Designing and implementing 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, and controls within various business processes as they relate to financial reporting. This included design and implementation of controls around classification of balances in our financial statements and strengthening processes for management oversight over financial reporting and disclosure controls.
- Conducting internal control trainings for personnel responsible for implementing internal controls for the Company.

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.

***Attestation Report of Registered Public Accounting Firm***

The effectiveness of our internal control over financial reporting as of December 31, 2022 was not required to be audited by our auditors under Section 404(b) of the Sarbanes Oxley Act, 2002 due to Ouster being deemed a Non-accelerated filer and smaller reporting company (SRC) within the definition of Rule 12b-2 as the company's public float was below the specified thresholds as of June 30, 2022. Accordingly, this Annual Report on Form 10-K does not include an attestation report of our independent registered accounting firm.

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

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Part III****Item 10. Directors, Executive Officers and Corporate Governance*****Code of Conduct***

We have adopted a Code of Business Conduct and Ethics (the “Code of Conduct”) that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and/or controller, and persons performing similar functions. A copy of the Code of Conduct is available on our Investors website at [investors.ouster.com](http://investors.ouster.com) in the “Governance” section. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, that are required to be disclosed by SEC or NYSE rules will be disclosed on our website. We did not grant any waivers to the Code of Conduct in fiscal 2022.

The remaining information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be included under the headings “Election of Directors,” “Executive Officers” “Corporate Governance,” and “Delinquent Section 16(a) Reports” (if applicable) in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

***Information About Our Executive Officers & Directors***

The following table provides information regarding our executive officers and members of our board of directors (ages are calculated of the date of this Annual Report on Form 10-K):

<b>Name</b>	<b>Age</b>	<b>Position at Ouster</b>	<b>Principal Employment</b>
Angus Pacala	34	Director, Co-Founder and Chief Executive Officer	Same
Mark Frichtl	34	Co-Founder and Chief Technology Officer	Same
Mark Weinswig	50	Chief Financial Officer	Same
Darien Spencer	59	Chief Operating Officer	Same
Megan Chung	49	General Counsel and Secretary	Same
Nathan Dickerman	46	President of Field Operations	Same
Theodore L. Tewksbury, Ph.D.	66	Executive Chairman of the Board	Former Chief Executive Officer of Velodyne Lidar, Inc.
Virginia Boulet	69	Director	Former Managing Director of Legacy Capital, LLC
Susan Heystee	61	Director	Former Senior Vice President of Global Automotive Business at Verizon Connect
Ernest Maddock	64	Director	Former Chief Financial Officer of Micron Technology, Inc.
Karin Rådström	44	Director	Chief Executive Officer of Mercedes-Benz Trucks
Kristin Slanina	53	Director	Chief Innovation Officer at ParkMyFleet
Riaz Valani	46	Director	General Partner and Founder of Global Asset Capital

**Item 11. Executive Compensation**

The information required by Items 402, 407(e)(4), and (e)(5) of Regulation S-K will be included under the headings “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” (if applicable) in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

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

Securities Authorized For Issuance under Equity Compensation Plans (As of December 31, 2022):

Plan category:	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities Reflected in first column)
Equity compensation plans approved by security holders <sup>(1)</sup>	37,527,355 <sup>(2)</sup>	\$ 1.01	15,051,217
Restricted Stock Units	16,510,193 <sup>(3)</sup>	\$ —	
Options to Purchase Common Stock	21,017,162 <sup>(4)</sup>	\$ 1.01	
Employee Stock Purchase Plan <sup>(6)</sup>	—	\$ —	6,627,990
Equity compensation plans not approved by security holders	—	\$ —	—

- (1) Consists of the Ouster, Inc. 2021 Incentive Award Plan (“2021 Plan”), Ouster Inc. Amended and Restated 2015 Stock Plan (“2015 Plan”) and Sense Photonics, Inc. 2017 Equity Incentive Plan and (“Sense Plan”).
- (2) The number of shares authorized under our 2021 Plan will increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (A) 5% of the shares of Common Stock outstanding as of the last day of the immediately preceding fiscal year and (B) such lesser number of shares as determined by our board of directors. No additional awards will be granted under the 2015 Plan or the Sense Plan and, as a result, no shares remain available for issuance for new awards under the 2015 Plan or the Sense Plan.
- (3) Consists of 15,065,926 outstanding restricted stock units under the 2021 Plan and 1,444,267 outstanding restricted stock units under the Sense Plan.
- (4) Consists of 20,111,908 outstanding options to purchase stock under the 2015 Plan, 645,797 outstanding options to purchase stock under the 2021 Plan and 259,457 outstanding options to purchase stock under the Sense Plan.
- (5) As of December 31, 2022, the weighted-average exercise price of outstanding options under the 2015 Plan was \$0.66, the weighted-average exercise price of outstanding options under the 2021 Plan was \$10.26 and the weighted-average exercise price of outstanding options under the Sense Plan was \$5.24.
- (6) Represents Ouster, Inc. 2022 Employee Stock Purchase Plan and total number of shares remaining available under the plan.

The remaining information required by Item 403 of Regulation S-K will be included under the heading “Security Ownership of Certain Beneficial Owners and Management” in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

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

The information required by Items 404 and 407(a) of Regulation S-K will be included under the headings “Certain Relationships and Related Person Transactions,” “Corporate Governance” and “Director Independence” in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

The information required by Item 9(e) of Schedule 14A of the Exchange Act will be included under the heading “Independent Registered Public Accounting Firm Fees and Other Matters” in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**Part IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a)(1) Financial Statements.

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

(a)(2) Financial Statement Schedules.

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

(a)(3) Exhibits.

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

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished herewith
<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="#">4.1</a>	<a href="#">Warrant Agreement, dated August 20, 2020, between Colonnade Acquisition Corp. and Continental Stock Transfer &amp; Trust Company, as warrant agent</a>	8-K	001-39463	4.1	8/25/2020	
<a href="#">4.2</a>	<a href="#">Specimen Warrant Certificate of the Registrant</a>	S-1	333-240378	4.2	8/4/2020	
<a href="#">4.3</a>	<a href="#">Description of Our Securities</a>					*
<a href="#">4.4</a>	<a href="#">Warrant to Purchase Common Stock of Velodyne Lidar, Inc., by and between Velodyne Lidar, Inc. and Amazon.com NV Investment Holdings LLC, dated as of February 4, 2022</a>	8-K	001-38703	4.1	2/7/2022	
<a href="#">4.5</a>	<a href="#">Warrant Agreement, dated October 14, 2018, by and between Continental Stock Transfer &amp; Trust Company and Velodyne Lidar, Inc.</a>	8-K	001-38703	4.1	10/18/2018	
<a href="#">10.1+</a>	<a href="#">Form of Indemnification Agreement</a>	10-K	001-39463	10.1	2/28/2022	
<a href="#">10.2</a>	<a href="#">Amended and Restated Registration Rights Agreement, by and among Ouster, Inc. and the holders party thereto</a>	8-K	001-39463	10.2	3/15/2021	
<a href="#">10.3+</a>	<a href="#">2021 Incentive Award Plan</a>	8-K	001-39463	10.3	3/15/2021	
<a href="#">10.3(a)±</a>	<a href="#">Form of Stock Option Agreement under the 2021 Incentive Award Plan</a>	8-K	001-39463	10.5(a)	3/15/2021	
<a href="#">10.3(b)±</a>	<a href="#">Form of Restricted Stock Unit Agreement under the 2021 Incentive Award Plan</a>	8-K	001-39463	10.3(b)	3/15/2021	
<a href="#">10.4#</a>	<a href="#">Manufacturing Services Agreement, dated as of March 5, 2018, by and between Ouster, Inc. and Benchmark Electronics, Inc.</a>	S-4	333-251611	10.6	12/22/2020	
<a href="#">10.5</a>	<a href="#">Lease, dated September 5, 2017, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</a>	S-4/A	333-251611	10.13	1/28/2021	
<a href="#">10.5(a)</a>	<a href="#">First Amendment to Lease, dated January 21, 2018, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</a>	S-4/A	333-251611	10.13(a)	1/28/2021	
<a href="#">10.5(b)</a>	<a href="#">Second Amendment to Lease, dated March 27, 2018, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</a>	S-4/A	333-251611	10.13(b)	1/28/2021	

## Table of Contents

<a href="#"><u>10.5(c)</u></a>	<a href="#"><u>Third Amendment to Lease, dated August 14, 2018, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</u></a>	S-4/A	333-251611	10.13(c)	1/28/2021
<a href="#"><u>10.5(d)</u></a>	<a href="#"><u>Fourth Amendment to Lease, dated April 4, 2019, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</u></a>	S-4/A	333-251611	10.13(d)	1/28/2021
<a href="#"><u>10.5(e)</u></a>	<a href="#"><u>Fifth Amendment to Lease, dated July 21, 2019, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</u></a>	S-4/A	333-251611	10.13(e)	1/28/2021
<a href="#"><u>10.5(f)</u></a>	<a href="#"><u>Sixth Amendment to Lease, dated December 20, 2019, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</u></a>	S-4/A	333-251611	10.13(f)	1/28/2021
<a href="#"><u>10.5(g)</u></a>	<a href="#"><u>Seventh Amendment to Lease, dated May 18, 2020, by and between Ouster, Inc. and Mission Creative Ownership, LLC.</u></a>	S-4/A	333-251611	10.13(g)	1/28/2021
<a href="#"><u>10.6</u></a>	<a href="#"><u>NNN Lease, dated September 1, 2017, by and between Ouster, Inc. and SIC-350 Treat, LLC</u></a>	S-4/A	333-251611	10.14	1/28/2021
<a href="#"><u>10.6(a)</u></a>	<a href="#"><u>First Amendment to NNN Lease, dated January 1, 2018, by and between Ouster, Inc. and SIC-350 Treat, LLC</u></a>	S-4/A	333-251611	10.14(a)	1/28/2021
<a href="#"><u>10.6(b)</u></a>	<a href="#"><u>Second Amendment to NNN Lease, dated March 27, 2018, by and between Ouster, Inc. and SIC-350 Treat, LLC</u></a>	S-4/A	333-251611	10.14(b)	1/28/2021
<a href="#"><u>10.6(c)</u></a>	<a href="#"><u>Third Amendment to NNN Lease, dated November 15, 2021, by and between Ouster, Inc. and SIC-350 Treat, LLC</u></a>	10-K	001-39463	10.6(c)	2/28/2022
<a href="#"><u>10.7</u></a>	<a href="#"><u>Second Amended and Restated Non-Employee Director Compensation Program</u></a>				*
<a href="#"><u>10.8</u></a>	<a href="#"><u>Agreement and Plan of Merger and Plan of Reorganization, dated as of October 5, 2021, by and among Ouster, Inc., Sparrow Acquisition Sub., Inc., Sense Photonics, Inc., and Fortis Advisors LLC, solely in its capacity as Holders' Agent</u></a>	8-K	001-39463	2.1	10/5/2021
<a href="#"><u>10.9+</u></a>	<a href="#"><u>Sense Photonics, Inc. 2017 Equity Incentive Plan, as amended</u></a>	S-8	333-260576	99.1	10/29/2021
<a href="#"><u>10.9(a)+</u></a>	<a href="#"><u>Form of Stock Option Agreement under the Sense Photonics, Inc. 2017 Equity Incentive Plan, as amended.</u></a>	10-K	001-39463	10.9(a)	2/28/2022
<a href="#"><u>10.10+</u></a>	<a href="#"><u>Ouster, Inc. Amended and Restated 2015 Stock Plan</u></a>	S-1	333-254987	10.9	4/2/2021
<a href="#"><u>10.10(a)</u></a>	<a href="#"><u>Form of Stock Option Agreement under the Amended and Restated 2015 Stock Plan.</u></a>	S-1	333-254987	10.9(a)	4/2/2021
<a href="#"><u>10.10(b)</u></a>	<a href="#"><u>Form of Early Exercise Stock Option Agreement under the Amended and Restated 2015 Stock Plan.</u></a>	S-1	333-254987	10.9(b)	4/2/2021
<a href="#"><u>10.10(c)</u></a>	<a href="#"><u>Form of Restricted Stock Unit Agreement under the Amended and Restated 2015 Stock Plan</u></a>	S-1	333-254987	10.9(c)	4/2/2021
<a href="#"><u>10.11+</u></a>	<a href="#"><u>Ouster, Inc. 2022 Employee Stock Purchase Plan</u></a>	8-K	001-39463	10.1	6/14/2022
<a href="#"><u>10.12#</u></a>	<a href="#"><u>Loan and Security Agreement, dated April 29, 2022, by and between the Company, Sense Photonics, Inc. and Hercules Capital, Inc.</u></a>	10-Q	001-39463	10.1	5/6/2022
<a href="#"><u>10.12(a)</u></a>	<a href="#"><u>First Amendment to Loan and Security Agreement, dated as of August 5, 2022, by and between the Company, Sense Photonics, Inc. and Hercules Capital, Inc.</u></a>	10-Q	001-39463	10.5	44873

## Table of Contents

<a href="#">10.12(b)</a>	<a href="#">Consent and Second Amendment to Loan and Security Agreement, dated November 1, 2022, by and among Ouster, Inc., Sense Photonics, Inc. and Hercules Capital, Inc.*</a>	8-K	001-39463	10.1	11/7/2022	
<a href="#">10.12(c)</a>	<a href="#">Third Amendment to Loan and Security Agreement, dated February 10, 2023, by and among Ouster, Inc., Hercules Capital, Inc., and the lenders and guarantors party thereto.</a>					*
<a href="#">10.13</a>	<a href="#">Form of Voting and Support Agreement, dated November 4, 2022, by and among Ouster, Inc. and each Velodyne stockholder party thereto</a>	8-K	001-39463	10.2	11/7/2022	
<a href="#">10.14+</a>	<a href="#">Form of Severance and Change in Control Agreement of Velodyne Lidar, Inc.</a>	8-K	001-38703	10.1	6/14/2021	
<a href="#">10.15+</a>	<a href="#">Offer Letter, by and between Ouster, Inc. and Darien Spencer, dated July 25, 2017</a>	10-Q	001-39463	10.2	11/8/2022	
<a href="#">10.16+</a>	<a href="#">Employment Agreement, by and between Ouster, Inc. and Nathan Dickerman, dated March 1, 2021</a>	10-Q	001-39463	10.4	11/8/2022	
<a href="#">10.17+</a>	<a href="#">Executive Employment Agreement by and between Velodyne Lidar, Inc. and Mark Weinswig, dated May 3, 2022</a>	10-Q	001-38703	10.1	11/9/2022	
<a href="#">10.18</a>	<a href="#">Velodyne Lidar, Inc. 2020 Equity Incentive Plan</a>	8-K	001-38703	10.2	10/5/2020	
<a href="#">10.19</a>	<a href="#">Form of Stock Option Agreement under the Velodyne Lidar, Inc. 2020 Equity Incentive Plan</a>	8-K	001-38703	10.5	10/5/2020	
<a href="#">10.20</a>	<a href="#">Form of Restricted Stock Unit Agreement under the Velodyne Lidar, Inc. 2020 Equity Incentive Plan.</a>	S-8	333-269748	99.1(b)	2/14/2023	
<a href="#">10.21</a>	<a href="#">Transaction Agreement, by and between Velodyne Lidar, Inc. and Amazon.com, Inc., dated as of February 4, 2022.</a>	8-K	001-38703	10.1	2/7/2022	
<a href="#">21.1</a>	<a href="#">List of Subsidiaries</a>					*
<a href="#">23.1</a>	<a href="#">Consent of PricewaterhouseCoopers LLP</a>					*
<a href="#">24.1</a>	<a href="#">Power of Attorney</a>					*
<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					*

Table of Contents

101.LAB	Inline XBRL Taxonomy Label Linkbase Document	*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*
	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*

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

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

\* Filed herewith.

\*\* Furnished herewith.

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

**Item 16. Form 10-K Summary**

None.

**SIGNATURE**

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

Date: March 24, 2023

Ouster, Inc.  
By: /s/ Mark Weinswig  
Name: Mark Weinswig  
Title: Chief Financial Officer (principal financial officer and principal accounting officer)

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

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Angus Pacala</u> Angus Pacala	Director, Co-Founder and Chief Executive Officer (Principal Executive Officer)	March 24, 2023
<u>/s/ Mark Weinswig</u> Mark Weinswig	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2023
<u>*</u> Theodore L. Tewksbury, Ph.D.	Executive Chairman of the Board of Directors	March 24, 2023
<u>*</u> Virginia Boulet	Director	March 24, 2023
<u>*</u> Susan Heystee	Director	March 24, 2023
<u>*</u> Ernest Maddock	Director	March 24, 2023
<u>*</u> Karin Rådström	Director	March 24, 2023
<u>*</u> Kristin Slanina	Director	March 24, 2023
<u>Riaz Valani</u>		
<u>*By:</u> /s/ Mark Weinswig, As Attorney in Fact		March 24, 2023
Mark Weinswig, As Attorney in Fact		

## DESCRIPTION OF OUR SECURITIES

The following description of the terms of our capital stock and warrants is not complete and is qualified in its entirety by reference to our Restated Certificate of Incorporation, as amended (the “Certificate of Incorporation”), our Amended and Restated Bylaws (the “Bylaws”) and the warrant agreement, all of which are attached as exhibits to our Annual Report on Form 10-K.

### Capital Stock

#### *Authorized Capitalization*

##### *General*

The total amount of our authorized capital stock consists of 1,000,000,000 shares of common stock, par value \$0.0001 per share, and 100,000,000 shares of preferred stock, par value \$0.0001 per share.

##### *Preferred Stock*

Our board of directors (the “Board”) has authority to issue shares of preferred stock in one or more series, to fix for each such series such voting powers, designations, preferences, qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences for the issue of such series all to the fullest extent permitted by the Delaware General Corporation Law (“DGCL”). The issuance of preferred stock could have the effect of decreasing the trading price of our common stock, restricting dividends on our capital stock, diluting the voting power of our common stock, impairing the liquidation rights of our capital stock, or delaying or preventing a change in control of our company.

##### *Common Stock*

Our common stock does not entitle its holders to preemptive or other similar subscription rights to purchase any of our securities. Our common stock is neither convertible nor redeemable. Unless our Board determines otherwise, we will issue all of our capital stock in uncertificated form.

##### *Voting Rights*

Each holder of our common stock is entitled to one vote per share on each matter submitted to a vote of stockholders, as provided by the Certificate of Incorporation. The Bylaws provide that the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person, or by remote communication, if applicable, or represented by proxy, will constitute a quorum at all meetings of the stockholders for the transaction of business. When a quorum is present, the affirmative vote of a majority of the votes cast is required to take action, unless otherwise specified by law, the Bylaws or the Certificate of Incorporation, and except for the election of directors, which is determined by a plurality vote. There are no cumulative voting rights.

##### *Dividend Rights*

Each holder of shares of our capital stock is entitled to the payment of dividends and other distributions as may be declared by Board from time to time out of our assets or funds legally available for dividends or other distributions. These rights are subject to the preferential rights of the holders of our preferred stock, if any, and any contractual limitations on our ability to declare and pay dividends.

### *Other Rights*

The rights of each holder of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of our preferred stock that we may designate and issue in the future.

### *Liquidation Rights*

If we are involved in voluntary or involuntary liquidation, dissolution or winding up of our affairs, or a similar event, each holder of our common stock will participate pro rata in all assets remaining after payment of liabilities, subject to prior distribution rights of our preferred stock, if any, then outstanding.

### *Anti-takeover Effects of the Certificate of Incorporation and the Bylaws*

The Certificate of Incorporation and the Bylaws contain provisions that may delay, defer or discourage another party from acquiring control of our company. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of our company to first negotiate with the Board, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the Board the power to discourage mergers that some stockholders may favor.

### *Special Meetings of Stockholders*

The Certificate of Incorporation provides that a special meeting of stockholders may be called by (a) the Chairperson of the Board, (b) the Board, (c) our Chief Executive Officer or (d) our President, provided that such special meeting may be postponed, rescheduled or cancelled by the Board or other person calling the special meeting.

### *Action by Written Consent*

The Certificate of Incorporation provides that any action required or permitted to be taken by our stockholders must be effected at an annual or special meeting of the stockholders, and may not be taken by written consent in lieu of a meeting.

### *Classified Board of Directors*

Our Certificate of Incorporation provides that our Board is divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The Board or any individual director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of all of the then outstanding shares of our voting stock entitled to vote at an election of directors.

### *Election of Directors and Vacancies*

Subject to the rights of the holders of any series of preferred stock to elect additional directors under specified circumstances, the number of directors of our Board is fixed exclusively by the Board. Our Board is divided into three classes, designated Class I, II and III, with each class to be elected by our stockholders every three years.

### *Amendment of the Certificate of Incorporation and Bylaws*

Our Board is expressly authorized to adopt, amend or repeal the Bylaws, subject to the power of our stockholders entitled to vote with respect thereto to adopt, amend or repeal the Bylaws. Our stockholders have the power to adopt, amend or repeal the Bylaws; provided, that in addition to any vote of the holders of any class or series of our stock required by applicable law or by our Certificate of Incorporation or Bylaws, the adoption, amendment or repeal of our Bylaws by our stockholders shall require the affirmative vote of the holders of at least two-thirds of the voting power of all of the then outstanding shares of our voting stock entitled to vote generally in an election of directors.

Additionally, the vote of at least 66 2/3% of the total voting power of our outstanding shares entitled to vote thereon, voting together as a single class, is required to amend certain provisions of our Certificate of Incorporation, including those relating to the terms of our authorized preferred stock (Article V(B)), the authority and composition of our Board (Article VII), special meetings of our stockholders and the ability of our stockholders to act by written consent (Article VIII), limitation of liability of our directors (Article IX), restrictions similar to Section 203 of the DGCL (Article X), our obligation to indemnify our directors and officers to the fullest extent permitted by law (Article XI), exclusive jurisdiction of certain legal proceedings involving our stockholders (Article XII).

#### ***Delaware Anti-Takeover Statute***

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an “interested stockholder” and may not engage in certain “business combinations” with such corporation for a period of three years from the time such person acquired 15% or more of such corporation’s voting stock, unless: (a) the board of directors of such corporation approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder, (b) the interested stockholder owns at least 85% of the outstanding voting stock of such corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans), or (c) the merger transaction is approved by the board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law. Under the Certificate of Incorporation, we have opted out of Section 203 of the DGCL, but the Certificate of Incorporation provides other similar restrictions regarding takeovers by interested stockholders.

#### ***Limitations on Liability and Indemnification of Officers and Directors***

The Certificate of Incorporation provides that we are to indemnify our directors to the fullest extent authorized or permitted by applicable law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the Board. Under the Bylaws, we are required to indemnify each of our directors and officers if the basis of the indemnitee’s involvement was by reason of the fact that the indemnitee is or was our director or officer or was serving at our request as a director, officer, employee or agent for another entity. We must indemnify our officers and directors against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the indemnitee in connection with such action, suit or proceeding if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the indemnitee’s conduct was unlawful. The Bylaws also require us to advance expenses (including attorneys’ fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding, provided that such person will repay any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

### ***Exclusive Jurisdiction of Certain Actions***

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

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

### ***Transfer Agent***

The transfer agent for our common stock is Continental Stock Transfer & Trust Company.

### **Warrants**

#### ***Public Warrants***

Public warrants refers to the Company's warrants that were offered and sold in the Company's initial public offering pursuant to a registration statement. As of December 31, 2021, there were 15,999,990, public warrants outstanding. Each whole public warrant entitles the registered holder to purchase one share of our common stock at a price of \$11.50 per share, subject to adjustment as discussed below, provided that there is an effective registration statement under the Securities Act covering the shares of our common stock issuable upon exercise of the warrants and a current prospectus relating to them available (or we permit holders to exercise their warrants on a cashless basis

under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of our common stock. This means only a whole warrant may be exercised at a given time by a warrant holder. The warrants will expire on March 11, 2026 at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We are not obligated to deliver any shares of common stock pursuant to the exercise of a warrant and have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of our common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to us satisfying our obligations described below with respect to registration. No warrant will be exercisable and we will not be obligated to issue a share of common stock upon exercise of a warrant unless the shares of common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant.

We have agreed to maintain the effectiveness of a registration statement covering the issuance, under the Securities Act, of the shares of common stock issuable upon exercise of the warrants, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. Notwithstanding the above, if the shares of common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to maintain in effect a registration statement, and in the event we do not so elect, we will be obligated to use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

We may call the warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption (the “30-day redemption period”) to each warrant holder; and
- if, and only if, the reported closing price of our common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending three business days before we send the notice of redemption to the warrant holders.

If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her or its warrant prior to the scheduled redemption date. However, the price of our common stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 warrant exercise price after the redemption notice is issued.

If we call the warrants for redemption as described above, our Board will have the option to require any holder that wishes to exercise his, her or its warrant to do so on a “cashless basis.” In determining whether to require all holders to exercise their warrants on a “cashless basis,” our management may consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our stockholders of issuing the maximum number of shares of common stock issuable upon the exercise of the warrants. If we take advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of common stock equal to the quotient obtained by dividing (a) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the “fair market value” (defined below) over the exercise price of the warrants by (b) the fair market value. The “fair market value” will mean the average reported closing price of the shares of common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. If we take advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of common stock to be received upon exercise of the warrants, including the “fair market value” in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption. We believe this feature is an attractive option to us if we do not need the cash from the exercise of the warrants. If we call the warrants for redemption and do not take advantage of this option, the holders of the private placement warrants and their permitted transferees would still be entitled to exercise their private placement warrants for cash or on a cashless basis using the same formula described above that other warrant holders would have been required to use had all warrant holders been required to exercise their warrants on a cashless basis, as described in more detail below. A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the warrant agent’s actual knowledge, would beneficially own in excess of 4.9% or 9.8% (or such other amount as specified by the holder) of the shares of our common stock outstanding immediately after giving effect to such exercise.

If the number of outstanding shares of our common stock is increased by a stock dividend payable in shares of our common stock, or by a split-up or other similar event, then, on the effective date of stock dividend, split-up or similar event, the number of shares of common stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of our common stock. A rights offering to holders of our common stock entitling holders to purchase shares of our common stock at a price less than the fair market value will be deemed a stock dividend of a number of shares of our common stock equal to the product of (a) the number of shares of common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of our common stock) and (b) the quotient of (i) the price per share of our common stock paid in such rights offering and (ii) the fair market value. For these purposes (a) if the rights offering is for securities convertible into or exercisable for shares of our common stock, in determining the price payable for shares of our common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (b) fair market value means the volume weighted average price of shares of our common stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of shares of our common stock on account of such shares of common stock (or other securities into which the warrants are convertible), other than as described above or certain ordinary cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of our common stock in respect of such event.

If the number of outstanding shares of our common stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of our common stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of common stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of our common stock.

Whenever the number of shares of our common stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (a) the numerator of which will be the number of shares of common stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (b) the denominator of which will be the number of shares of common stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of our common stock (other than those described above or that solely affects the par value of such shares of our common stock), or in the case of any merger or consolidation of our company with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of the issued and outstanding shares of our common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of our as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of our common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of our common stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of shares of our common stock in such a transaction is payable in the form of shares of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within 30 days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes Warrant Value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

The warrants are issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of (a) curing any ambiguity or to correct any defective provision, (b) adjusting the provisions relating to cash dividends on shares of our common stock as contemplated by and in accordance with the warrant agreement or (c) adding or changing any other provisions with respect to matters or questions arising under the warrant agreement as the parties to the warrant agreement may deem necessary or desirable and that the parties deem to not adversely affect the interests of the registered holders of the warrants. All other modifications or amendments will require the approval by the holders of at least 50% of the then-outstanding public warrants and, solely with respect to any amendment to the terms of the private placement warrants, 50% of the then outstanding private placement warrants. You should review a copy of the warrant agreement, which is filed as an exhibit to our Annual Report on Form 10-K, for a complete description of the terms and conditions applicable to the warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and

executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of shares of our common stock and any voting rights until they exercise their warrants and receive shares of our common stock. After the issuance of shares of our common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number of shares of our common stock to be issued to the warrant holder.

#### ***Private Placement Warrants***

Private placement warrants refers to the warrants issued in a private placement to Colonnade Sponsor LLC (the “Sponsor”). As of December 31, 2021, there were 6,000,000 private placement warrants outstanding. The private placement warrants (including the shares of our common stock issuable upon exercise of such warrants) will not be redeemable by us so long as they are held by the Sponsor, members of the Sponsor or their permitted transferees. The Sponsor or its permitted transferees have the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants, including as to exercise price, exercisability and exercise period. If the private placement warrants are held by holders other than the Sponsor or its permitted transferees, the private placement warrants will be redeemable by us and exercisable by the holders on the same basis as the public warrants.

If holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of our common stock equal to the quotient obtained by dividing (a) the product of the number of shares of our common stock underlying the warrants, multiplied by the excess of the “fair market value” (defined below) over the exercise price of the warrants by (b) the fair market value. The “fair market value” will mean the average reported closing price of the shares of our common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

**OUSTER, INC.**  
**SECOND AMENDED AND RESTATED**  
**NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM**

This Ouster, Inc. (the “*Company*”) Second Amended and Restated Non-Employee Director Compensation Program (this “*Program*”) has been adopted under the Company’s 2021 Incentive Award Plan (the “*Plan*”) and amends and restates in its entirety the Amended and Restated Non-Employee Director Compensation Program. This Program shall be effective as of February 9, 2023 (the “*Effective Date*”). Capitalized terms not otherwise defined herein shall have the meaning ascribed in the Plan.

***Cash Compensation***

Effective upon the Effective Date, annual retainers will be paid in the following amounts to Non-Employee Directors:

*Board Service*

Non-Employee Director	\$40,000
Chair of the Board	\$60,000
Lead Director	\$60,000

*Committee Service*

	Chair	Non-Chair
Audit Committee Member	\$20,000	\$10,000
Compensation Committee Member	\$15,000	\$6,000
Nominating and Corporate Governance Committee Member	\$10,000	\$5,000

All annual retainers are additive and will be paid in cash quarterly in arrears promptly following the end of the applicable calendar quarter, but in no event more than 30 days after the end of such quarter. If a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described above, for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

***Election to Receive Restricted Stock Units (“RSUs”) In Lieu of Annual Retainers***

General:

The Board or the Compensation Committee may, in its discretion, provide Non-Employee Directors with the opportunity to elect to convert all or a portion of their annual retainers into awards of RSUs (“**Retainer RSU Awards**”) granted under the Plan or any other applicable Company equity incentive plan then-maintained by the Company, with each such Retainer RSU Award covering a number of shares of Common Stock calculated by dividing (i) the amount of the annual retainer that would have otherwise been paid to such Non-Employee Director on the applicable grant date by (ii) the average per share closing trading price of the Common Stock over the most recent 30 trading days as of the grant date (such election, a “**Retainer RSU Election**”).

Each Retainer RSU Award automatically will be granted on the fifth day of the month immediately following the end of the quarter for which the corresponding portion of the annual retainer was earned. Each Retainer RSU Award will be fully vested on the grant date.

Election Method:

Each Retainer RSU Election must be submitted to the Company in the form and manner specified by the Board or its Compensation Committee (the “**Compensation Committee**”). An individual who fails to make a timely Retainer RSU Election shall not receive a Retainer RSU Award and instead shall receive the applicable annual retainer in cash. Retainer RSU Elections must comply with the following timing requirements:

- Initial Election. Each individual who first becomes a Non-Employee Director may make a Retainer RSU Election with respect to annual retainer payments scheduled to be paid in the same calendar year as such individual first becomes a Non-Employee Director (the “**Initial Retainer RSU Election**”). The Initial Retainer RSU Election must be submitted to the Company on or before the date that the individual first becomes a Non-Employee Director or, if later, within thirty (30) days following the date this Program is adopted (the “**Initial Election Deadline**”), and the Initial Retainer RSU Election shall become final and irrevocable as of the Initial Election Deadline.
- Annual Election. No later than December 31 of each calendar year, or such earlier deadline as may be established by the Board or the Compensation Committee, in its discretion (the “**Annual Election Deadline**”), each individual who is a Non-Employee Director as of immediately before the Annual Election Deadline may make a Retainer RSU Election with respect to the annual retainer relating to services to be performed in the following calendar year (the “**Annual Retainer RSU Election**”). The Annual Retainer RSU Election must be submitted to the Company on or before the applicable Annual Election Deadline and shall become effective and irrevocable as of the Annual Election Deadline.

### ***Equity Compensation***

Initial RSU Award:

Each Non-Employee Director who is initially elected or appointed to serve on the Board after the Effective Date shall be granted an award of RSUs under the Plan or any other applicable Company equity incentive plan then-maintained by the Company to purchase that number of shares of Common Stock calculated by dividing (i) \$300,000 by (ii) the average per share closing trading price of the Common Stock over the most recent 30 trading days as of the grant date (the “**Initial Long-Term RSU Award**”).

The Initial Long-Term RSU Award will be automatically granted on the date on which such Non-Employee Director commences service on the Board, and will vest as 1/12th of the shares subject thereto on each quarterly anniversary of the applicable date of grant such that the shares subject to the Initial Long-Term RSU Grant are fully vested on the third anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through each such vesting date.

Each Non-Employee Director who is initially elected or appointed to serve on the Board on or after the Effective Date shall be granted an award of RSUs under the Plan or any other applicable Company equity incentive plan then-maintained by the Company to purchase that number of shares of Common Stock calculated by dividing (i) the product of \$175,000 multiplied times a fraction, the numerator of which is the number of full months between the date the Non-Employee Director is appointed to serve on the Board and the next scheduled annual meeting of the Company’s stockholders (an “**Annual Meeting**”) and the denominator of which is 12, by (ii) the average per share closing trading price of the Common Stock over the most recent 30 trading days as of the grant date (the “**Initial Short-Term RSU Award**” and, together with the Initial Long-Term RSU Award, the “**Initial RSU Awards**”).

The Initial Short-Term RSU Award will vest in substantially equal quarterly installments through, and with the last installment vesting on, the date of the Annual Meeting, subject to the Non-Employee Director continuing in service on the Board through the date of the applicable Annual Meeting.

Annual RSU Award:

Each Non-Employee Director who is serving on the Board as of the date of an Annual Meeting and will continue to serve as a Non-Employee Director immediately following such Annual Meeting, shall be granted an award of RSUs under the Plan or any other applicable Company equity incentive plan then-maintained by the Company covering a number of shares of Common Stock calculated by dividing (i) \$175,000 by (ii) the average per share closing trading price of the Common Stock over the most recent 30 trading days as of the grant date (the “*Annual RSU Award*”).

The Annual RSU Award will be automatically granted on the date of the applicable Annual Meeting, and will vest as to 1/4th of the shares subject thereto on each quarterly anniversary of the applicable date of grant such that the shares subject to the Annual RSU Grant are fully vested on the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through such vesting date. Notwithstanding the foregoing, in the event the next Annual Meeting occurs prior to the first anniversary of the date of grant, the Annual RSU Grant shall fully vest on the date of such Annual Meeting, subject to the Non-Employee Director continuing in service on the Board through the date of such Annual Meeting.

Unless otherwise determined by the Board, members of the Board who are Employees who subsequently terminate their employment with the Company and any Subsidiary and remain a member of the Board will not receive the Initial RSU Awards, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any Subsidiary, Annual RSU Awards as described above.

***Election to Defer Issuances***

General: Each Non-Employee Director shall have the opportunity to defer the issuance of the shares underlying RSUs granted under this Program, including Retainer RSU Awards, Initial RSU Awards and Annual RSU Awards, that would otherwise be issued to the Non-Employee Director in connection with the vesting or grant of the RSUs until the earliest of a fixed date properly elected by the Non-Employee Director, the Non-Employee Director's Termination of Service or a Change in Control. Any such deferral election ("***Deferral Election***") shall be subject to such rules, conditions and procedures as shall be determined by the Board or the Compensation Committee, in its sole discretion, which rules, conditions and procedures shall at all times comply with the requirements of Section 409A of the Code, unless otherwise specifically determined by the Board or the Compensation Committee. If an individual elects to defer the delivery of the shares underlying RSUs granted under this Program, settlement of the deferred RSUs shall be made in accordance with the terms of the Deferral Election.

Election Method: Each Deferral Election must be submitted to the Company in the form and manner specified by the Board or its Compensation Committee. Deferral Elections must comply with the following timing requirements:

- Initial Deferral Election. Each individual who first becomes a Non-Employee Director may make a Deferral Election with respect to the Non-Employee Director's Initial RSU Awards and Retainer RSU Awards to be paid in the same calendar year as such individual first becomes a Non-Employee Director (the "***Initial Deferral Election***"). The Initial Deferral Election must be submitted to the Company on or before Initial Election Deadline, and the Initial Deferral Election shall become final and irrevocable as of the Initial Election Deadline.
- Annual Deferral Election. No later than the Annual Election Deadline, each individual who is a Non-Employee Director as of immediately before the Annual Election Deadline may make a Deferral Election with respect to the Annual RSU Award and Retainer RSU Awards to be granted in the following calendar year (the "***Annual Deferral Election***"). The Annual Deferral Election must be submitted to the Company on or before the applicable Annual Election Deadline and shall become effective and irrevocable for the subsequent calendar year as of the Annual Election Deadline.

### ***Change in Control***

Upon a Change in Control of the Company, all outstanding equity awards granted under the Plan and any other equity incentive plan maintained by the Company that are held by a Non-

Employee Director shall become fully vested and/or exercisable, irrespective of any other provisions of the Non-Employee Director's Award Agreement.

***Reimbursements***

The Company shall reimburse each Non-Employee Director for all reasonable, documented, out-of-pocket travel and other business expenses incurred by such Non-Employee Director in the performance of his or her duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as in effect from time to time.

***Miscellaneous***

The other provisions of the Plan shall apply to the RSUs granted automatically under this Program, except to the extent such other provisions are inconsistent with this Program. All applicable terms of the Plan apply to this Program as if fully set forth herein, and all grants of RSUs hereby are subject in all respects to the terms of the Plan. The grant of RSUs under this Program shall be made solely by and subject to the terms set forth in an Award Agreement in a form to be approved by the Board and duly executed by an executive officer of the Company.

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### THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “Agreement”), dated as of February 10, 2023, is entered into by and among OUSTER, INC., a Delaware corporation (“Borrower”), the guarantors party hereto (the “Guarantors”), the several banks and other financial institutions or entities party hereto (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 (together with its successors and assigns, in such capacity, the “Agent”).

A. Borrower, Guarantors, Lenders and Agent are parties to that certain Loan and Security Agreement, dated as of April 29, 2022, as amended by that certain First Amendment to Loan and Security Agreement dated as of August 5, 2022, and as amended by that certain Consent and Second Amendment to Loan and Security Agreement dated as of November 1, 2022 (the “Existing Loan Agreement”, and as the same may be further amended, restated, supplemented or otherwise modified from time to time prior to the date of this Agreement, the “Loan Agreement”).

B. Borrower has requested that Agent and the Lenders make certain revisions to the Existing Loan Agreement.

#### SECTION 1 Definitions; Interpretation.

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

(b) **Rules of Construction.** The rules of construction in Section 1.3 of the Loan Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

#### SECTION 2 Amendments to the Existing Loan Agreement.

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

(i) Exhibit A attached hereto sets forth a clean copy of the Loan Agreement as amended hereby;

(ii) In Exhibit B hereto, deletions of the text in the Existing Loan Agreement (including, to the extent included in such Exhibit B, each Schedule or Exhibit to the Existing Loan Agreement) are indicated by ~~struck-through text~~, and insertions of text are indicated by **bold, double-underlined text**.

(b) **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 Agreement. This Agreement shall be a Loan Document.

**SECTION 3 Conditions of Effectiveness.** The effectiveness of this Agreement (the “Third Amendment Effective Date”) shall be subject to Agent’s receipt of the following documents, in form and substance satisfactory to Agent, or, as applicable, the following conditions being met:

(a) this Agreement, executed by Agent, each Lender, Borrower and Guarantors;

(b) Borrower shall have paid (i) all invoiced costs and expenses then due in accordance with Section 6(d) of this Agreement, and (ii) all other fees, costs and expenses, if any, due and payable as of the date hereof under the Loan Agreement; and

(c) on the Third Amendment Effective Date, immediately after giving effect to the amendment of the Loan Agreement contemplated hereby:

(i) The representations and warranties contained in Section 4 of this Agreement shall be true and correct on and as of the Third Amendment Effective Date as though made on and as of such date; and

(ii) 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 Agent and Lenders to enter into this Agreement, Borrower hereby confirms, as of the date hereof, (a) that 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, and (a) that no Event of Default has occurred and is continuing; (b) that there has not been and there does not exist a Material Adverse Effect; (c) Lenders have 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 Lenders, pursuant to the Loan Documents or otherwise granted to or held by Lenders; (d) the agreements and obligations of Borrower contained in the Loan Documents and in this Agreement 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; and (e) the execution, delivery and performance of this Agreement 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. For the purposes of this Section 4, each reference in Section 5 of the Loan Agreement to "this Agreement," and the words "hereof", "herein", "hereunder", or words of like import in such Section, shall mean and be a reference to the Loan Agreement as amended by this Agreement.

**SECTION 5 Release.** In consideration of the agreements of Agent and each Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby to the extent possible under applicable law fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and each Lender, and its successors and assigns, and its 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 Agreement, 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 transactions thereunder or related thereto. 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. 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.

**SECTION 6 Miscellaneous.**

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

(i) Except as expressly amended pursuant hereto or referenced herein, the 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. The Lenders' and Agent's execution and delivery of, or acceptance of, this Agreement 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.

(ii) Borrower hereby expressly (1) reaffirms, ratifies and confirms its Secured Obligations under the Loan Agreement and the other Loan Documents, (2) reaffirms, ratifies and confirms the grant of security under Section 3 of the Loan Agreement, (3) reaffirms that such grant of security in the Collateral secures all Secured Obligations under the Loan Agreement, including without limitation any Term Loan Advances funded on or after the Third Amendment Effective Date, as of the date hereof, and with effect from (and including) the Third Amendment Effective Date, 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 Loan Agreement, as amended by this Agreement, and the other Loan Documents, (4) agrees that this Agreement shall be a "Loan Document" under the Loan Agreement, and (5) agrees that the Loan Agreement and each other Loan Document shall remain in full force and effect following any action contemplated in connection herewith.

(iii) This Agreement is not a novation and the terms and conditions of this Agreement shall be in addition to and supplemental to all terms and conditions set forth in the Loan Documents. Nothing in this Agreement is intended, or shall be construed, to constitute an accord and satisfaction of Borrower's Secured Obligations under or in connection with the 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.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3 of this Agreement, each Lender that has signed this Agreement 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 the Lenders unless Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

(c) **No Reliance.** Borrower hereby acknowledges and confirms to Agent and Lenders that Borrower is executing this Agreement 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.

(d) **Costs and Expenses.** Borrower agrees to pay to Agent on the date hereof the out-of-pocket costs and expenses of Agent and each Lender party hereto, and the fees and disbursements of counsel to Agent and each Lender party hereto (including allocated costs of internal counsel) in connection with the negotiation, preparation, execution and delivery of this Agreement and any other documents to be delivered in connection herewith on the date hereof.

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

(f) **Governing Law.** THIS AGREEMENT 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.

(g) **Complete Agreement; Amendments.** This Agreement 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 Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

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

(i) **Counterparts.** This Agreement 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 Agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(j) **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 Agreement 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 the 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, the California Uniform Electronic Transactions 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 Agreement, as of the date first above written.

BORROWER:

**OUSTER, INC.**

Signature: /s/ Charles Angus Pacala

Print Name: Charles Angus Pacala

Title: Chief Executive Officer

GUARANTORS:

**SENSE PHOTONICS, INC.**

Signature: /s/ Charles Angus Pacala

Print Name: Charles Angus Pacala

Title: Chief Executive Officer

**OBAN MERGER SUB, INC.**

Signature: /s/ Mark Frichtl

Print Name: Mark Frichtl

Title: Vice President

**OBAN MERGER SUB II LLC**

Signature: /s/ Mark Frichtl

Print Name: Mark Frichtl

Title: Vice President

[SIGNATURES CONTINUE ON THE NEXT PAGE]

[Third Amendment to Loan and Security Agreement]

AGENT:

**HERCULES CAPITAL, INC.**

By: /s/ Seth Meyer

Name: Seth Meyer

Title: Chief Financial Officer

[Third Amendment to Loan and Security Agreement]

LENDERS:

**HERCULES CAPITAL, INC.**

By: /s/ Seth Meyer

Name: Seth Meyer

Title: Chief Financial Officer

**HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.**

By: Hercules Adviser LLC, its Investment Adviser

By: /s/ Seth Meyer

Name: Seth Meyer

Title: Authorized Signatory

[Third Amendment to Loan and Security Agreement]

**EXHIBIT A**

[Attached]

**EXHIBIT B**

[Attached]

## THE LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of April 29, 2022 and is entered into by and among OUSTER, INC., a Delaware corporation (the “Borrower”), SENSE PHOTONICS, INC., a Delaware corporation (“Sense Photonics”, together with each of Borrower’s Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement (each a “Guarantor” and, collectively, “Guarantors”), the several banks and other financial institutions or entities from time to time parties to this Agreement (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”).

### RECITALS

- A. The Borrower has requested the Lenders to make available to the Borrower one or more Advances in an aggregate principal amount of up to Fifty Million Dollars (\$50,000,000); and
- B. The Lenders are willing to make such Advances on the terms and conditions set forth in this Agreement.

### AGREEMENT

NOW, THEREFORE, each Loan Party, Agent and the Lenders agree as follows:

#### SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Account Control Agreement(s)” means any agreement entered into by and among the Agent, any Loan Party and a third-party bank or other institution (including a Securities Intermediary) in which any Loan Party maintains a Deposit Account or an account holding Investment Property and which perfects Agent’s first priority security interest in the subject account or accounts.

“ACH Authorization” means the ACH Debit Authorization Agreement in substantially the form of Exhibit H, provided that account numbers shall be redacted for security purposes if and when filed publicly.

“Acquisition” means, with respect to any Person, the acquisition by such Person, in a single transaction or in a series of related transactions, of (a) all or substantially all of the assets of, or a business line, unit or a division of, any Person or (b) any voting securities of another Person, in each case whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

“Advance(s)” means a Term Loan Advance.

“Advance Date” means the funding date of any Advance.

“Advance Request” means a request for an Advance submitted by Borrower to Agent in substantially the form of Exhibit A, which account numbers shall be redacted for security purposes if and when filed publicly by the Borrower.

“Affiliate” means (a) any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question, (b) any Person directly or indirectly owning, controlling or holding with power to vote twenty percent (20%) or more of the outstanding voting securities of another Person, or (c) any Person twenty percent (20%) or more of whose outstanding voting

securities are directly or indirectly owned, controlled or held by another Person with power to vote such securities. As used in the definition of “Affiliate,” the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” means this Loan and Security Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Amortization Date” means June 1, 2025; provided however, if the Interest Only Milestone is achieved, then the Amortization Date shall be extended to May, 1, 2026.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its controlled Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

“Anti-Terrorism Laws” means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

“Blocked Person” means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) a Person that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

“Board” means, with respect to any Person that is a corporation, its board of directors, with respect to any Person that is a limited liability company, its board of managers, board of members or similar governing body, and with respect to any other Person that is a legal entity, such Person’s governing body in accordance with its organizational documents.

“Borrower Products” means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by any Loan Party or which any Loan Party intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by any Loan Party since its incorporation.

“Borrower’s Books” means Borrower’s or any of its Subsidiaries’ books and records including ledgers, federal, state, local and foreign tax returns, records regarding Borrower’s or its Subsidiaries’ assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“Business Day” means any day other than Saturday, Sunday and any other day on which banking institutions in the State of California or the State of New York are closed for business.

“Capital Lease” means, as applied to any Person, any lease of any property by that Person as lessee which, in accordance with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

“Cash” means all unrestricted cash, cash equivalents and liquid funds.

“Cash Equivalent Investment” means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States) maturing not more than one year after such time;

(b) commercial paper maturing no more than one year from the date of creation thereof and currently having the top rating from either Standard & Poor’s Corporation or Moody’s Investors Service;

(c) any certificate of deposit, time deposit or bankers’ acceptance, maturing not more than one year after its date of issuance, which is issued by any bank organized under the laws of the United States (or any State thereof) and which has (x) a credit rating of A2 or higher from Moody’s or A or higher from S&P and (y) a combined capital and surplus greater than One Billion Dollars (\$1,000,000,000);

(d) any repurchase agreement having a term of thirty (30) days or less entered into with any commercial banking institution satisfying the criteria set forth in clause (c)(i) above which:

(i) is secured by a fully perfected security interest in any obligation of the type described in clause (a) above, and

(ii) has a market value at the time such repurchase agreement is entered into of not less than one hundred percent (100%) of the repurchase obligation of such commercial banking institution thereunder;

(e) any investments permitted by any Loan Party’s investment policy, which investment policy (and any amendments thereto) has been approved by Agent, such approval not to be unreasonably withhold or delayed; and

(f) instruments and investments of the type and maturity described in clauses (a) through (d) above denominated in any foreign currency or of foreign obligors, which investments or obligors are, in the reasonable judgment of the Borrower, comparable in investment quality to those referred to above.

**“Caterpillar License” means license pursuant to that certain Intellectual Property License Agreement, dated April 13, 2012, by and between Velodyne Lidar, Inc. and Caterpillar Inc., as supplemented by that certain Supplement, dated March 3, 2017.**

“CFC” means a “controlled foreign corporation” as defined in Section 957 of the Code.

“Change in Control” means (a) any reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower in which the holders of Borrower’s outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower is the surviving entity, (b) any Loan Party ceases to own one-hundred percent (100%) of the Equity Interests of any other Loan Party that it directly owns after the Closing Date or (c) any “Change of Control” (or any comparable term) shall occur under any other document or agreement evidencing any Indebtedness with an aggregate principal amount in excess of Five Million Dollars (\$5,000,000); provided, that with respect

to clause (b) of this definition, any transaction otherwise permitted under this Agreement shall not be considered a Change in Control.

“Closing Date” means the date of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consolidated Revenues” means revenue determined in accordance with GAAP (as GAAP is substantially in effect on the Closing Date).

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any Indebtedness, lease, dividend, letter of credit or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed, without duplication of the primary obligations, to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement. For the avoidance of doubt, no Permitted Bond Hedge Transaction or Permitted Warrant Transaction will be considered a Contingent Obligation of the Loan Parties.

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by any Loan Party or in which any Loan Party now holds or hereafter acquires any interest.

“Copyrights” means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States of America, any State thereof, or of any other country.

“Deposit Accounts” means any “deposit accounts,” as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

“Domestic Subsidiary” means any Subsidiary organized under the laws of the United States of America, any State thereof, the District of Columbia, or any other jurisdiction within the United States of America.

“Due Diligence Fee” means Twenty-Five Thousand Dollars (\$25,000), which fee has been paid to the Lenders prior to the Closing Date, and shall be deemed fully earned on such date regardless of the early termination of this Agreement.

“Equity Interests” means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person; *provided* that “Equity Interests” shall not include at any time (i) Permitted Convertible Debt until such Permitted Convertible Debt has been converted pursuant to the terms thereof, (ii) other debt securities that are or by their terms may be convertible or exchangeable into such equity until such debt securities have been converted pursuant to the terms thereof or (iii) Permitted Convertible Debt Call Transactions until any equity interests have been issued pursuant to any Permitted Warrant Transaction.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Excluded Accounts” means (a) Deposit Accounts that are used exclusively for payroll, payroll taxes and other employee wages and benefit payments to or for the benefit of the employees of the Borrower and its Subsidiaries, (b) zero balance accounts, (c) domestic Deposit Accounts and securities accounts of the Borrower or any Subsidiary (whether or not a Loan Party), so long as at any time the aggregate balance in all such accounts does not exceed One Million Dollars (\$1,000,000), (d) accounts used exclusively to maintain cash collateral subject to a Permitted Lien, and (e) Deposit Accounts and securities accounts of the Borrower or any Subsidiary (whether or not a Loan Party), located outside the United States, so long as at any time the aggregate balance in all such accounts does not exceed the lesser of (i) on or before December 31, 2023, (A) Ten Million Dollars (\$10,000,000) and (B) an amount equal to ten percent (10.00%) of the consolidated cash of Borrower and its Subsidiaries, and (ii) from and after January 1, 2024, (A) Five Million Dollars (\$5,000,000) and (B) an amount equal to five percent (5.00%) of the consolidated cash of Borrower and its Subsidiaries.

“Excluded Property” means, with respect to any Loan Party, including any Person that becomes a Loan Party after the Closing Date as contemplated by Section 7.13, (a) any “intent-to-use” application for registration of a Trademark filed pursuant to Section 1(b) of the Lanham Act or an “Amendment to Allege Use” pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law; provided, that, a security interest in such trademark application (and the resulting registration) is promptly granted to the Agent upon the filing and acceptance of a Statement of Use or an Amendment to Allege Use, as the case may be; (b) solely with respect to any Loan Party that is organized under the laws of any political subdivision of the United States, any personal property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (i) governed by the UCC or (ii) effected by appropriate evidence of the Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, unless reasonably requested by the Agent; (c) any Excluded Accounts; (d) any asset which, subject to the terms of Section 7.19, is subject to a Lien of the type described in clause (vii) of the defined term “Permitted Liens” (i) pursuant to documents which prevent such Loan Party from granting any other Liens in such asset; (e) any margin stock; (f) any leasehold or subleasehold interest of such Loan Party in real property; (g) any General Intangible, permit, lease, license, contract or other Instrument of such Loan Party to the extent the grant of a security interest in such General Intangible, permit, lease, license, contract or other Instrument in the manner contemplated by the Loan Documents, under the terms thereof or under applicable law, is prohibited and would result in the termination thereof or would require the consent of a third party (other than any Loan Party or any Affiliate of any Loan Party) or otherwise give the other parties thereto the right to terminate, accelerate or otherwise alter such Loan Party’s rights, titles and interests thereunder (including upon the giving of notice or the lapse of time or both); provided, that, (i) any such limitation described in this clause (g) on the security interests granted under the Loan Documents shall only apply to the extent that any such prohibition could not be rendered ineffective pursuant to the UCC or any other applicable law or principles of equity, and (ii) in the event of the termination or elimination of any such prohibition or the requirement for any consent contained in any applicable law, General Intangible, permit, lease, license, contract or other Instrument, to the extent sufficient to permit any such item to become Collateral, or upon the granting of any such consent, or waiving or terminating any requirement for such consent, a security interest in such General Intangible, permit, lease, license, contract or other Instrument shall be automatically and simultaneously granted under the applicable Loan Documents and such item shall be included as Collateral, (h) more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities entitled to vote owned or held of record by the Borrower in any Subsidiary that is a controlled foreign corporation (as defined in the Internal Revenue Code) and (i) any real or personal property as to which the Agent and the Borrower agree in writing that the costs or other consequences of obtaining a security interest or perfection thereof (including any adverse tax consequences to the Borrower and/or any of its Subsidiaries) are excessive in view of the benefits to be obtained by the Agent in connection therewith.

“Excluded Subsidiary” means (a) any Foreign Subsidiary that is prohibited by applicable law from providing a guaranty of the Obligations or granting Liens on its property in accordance with the terms of the Loan Documents, (b) any Foreign Subsidiary or Foreign Subsidiary Holding Company with respect to which, in the reasonable judgment of the Agent (confirmed in writing by notice to the Borrower) the cost or other consequences of such Foreign Subsidiary or Foreign Subsidiary Holding Company providing a guaranty (including any adverse tax consequences to the Borrower and/or any of its Subsidiaries) of the Obligations are excessive in view of the benefits to be obtained by the Agent therefrom (as reasonably determined by the Agent in consultation with Borrower), (c) any Immaterial Foreign Subsidiary, (d) any Subsidiary that is a CFC, and (e) any Subsidiary of a CFC.

“Foreign Subsidiary” means any Subsidiary other than a Domestic Subsidiary.

“Foreign Subsidiary Holding Company” means any Domestic Subsidiary that owns (directly or indirectly) no material assets other than Equity Interests (or Equity Interests and debt interests) of one or more (a) Foreign Subsidiaries or (b) other Foreign Subsidiary Holding Companies.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Gross Profit” means (a) Consolidated Revenue minus (b) cost of revenue (determined in accordance with GAAP).

“Hedging Agreements” means all currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect against fluctuations in interest rates or currency exchange rates.

“Hedging Obligations” means, with respect to any Person, all liabilities of such Person under Hedging Agreements. For the avoidance of doubt, any Permitted Convertible Debt Call Transaction will not constitute Hedging Obligations.

“Immaterial Foreign Subsidiary” means any Foreign Subsidiary that, as of any date of determination (a) for the four consecutive Fiscal Quarter period most recently ended prior to such date for which financial statements have been delivered to the Agent pursuant to Sections 7.1(a) or (b), did not (together with its Subsidiaries) (i) generate in excess of ~~two~~**Two** and ~~one-half~~**one half** percent (2.50%) of Consolidated Revenues for such four consecutive Fiscal Quarter period or (ii) together with all other Immaterial Foreign Subsidiaries at such time (together with their respective Subsidiaries), generate in excess of five percent (5.00%) of Consolidated Revenues for such four consecutive Fiscal Quarter period and (b) did not have (together with its Subsidiaries) (i) net tangible assets in excess of two and ~~one-half~~**one half** percent (2.50%) of consolidated net tangible assets of the Borrower and its Subsidiaries at such date or (ii) together with all other Immaterial Foreign Subsidiaries at such time (together with their respective Subsidiaries), net tangible assets in excess of five percent (5.00%) of consolidated net tangible assets of the Borrower and its Subsidiaries at such date; provided, that, notwithstanding anything herein to the contrary, in no event shall any Subsidiary that has become a Guarantor in accordance with the terms of this Agreement be deemed to be an Immaterial Foreign Subsidiary; provided, further, that, notwithstanding anything herein to the contrary, in no event shall any Immaterial Foreign Subsidiary own any material Intellectual Property.

“Indebtedness” means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade credit entered into in the ordinary course of business), including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all Capital Lease obligations, (d) equity securities of any Person subject to repurchase or redemption other than at the sole option of such Person, (e) “earnouts” (to the extent treated as liabilities on the balance sheet in accordance with GAAP), purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any

nature arising out of purchase and sale contracts, (f) [reserved], (g) non-contingent obligations to reimburse any bank or Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, and (h) all Contingent Obligations. For the avoidance of doubt, no Warrant, Permitted Bond Hedge Transaction or Permitted Warrant Transaction will be considered Indebtedness of the Loan Parties.

"Initial Facility Charge" means Five Hundred Thousand Dollars (\$500,000), which is payable to the Lenders in accordance with Section 4.1(f).

"Insolvency Proceeding" means any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intellectual Property" means all of each Loan Party's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; each Loan Party's applications therefor and reissues, extensions, or renewals thereof; and each Loan Party's goodwill associated with any of the foregoing, together with each Loan Party's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Intellectual Property Security Agreement" means each Intellectual Property Security Agreement executed and delivered by each Loan Party to Agent and dated as of the Closing Date as the same may from time to time be amended, restated, modified or otherwise supplemented.

"Interest Only Milestone" means Borrower has provided evidence satisfactory to the Agent in its reasonable discretion that Borrower has, for the measurement period ending on or before December 31, 2023, achieved each of the following: (a) received at least One Hundred Fifty Million Dollars (\$150,000,000) in new net cash proceeds from the sale of Borrower's equity securities to investors, (b) T12M Revenue of at least One Hundred Twenty Million Dollars (\$120,000,000), (c) trailing twelve (12) month Gross Profit of at least Forty Million Dollars (\$40,000,000) for the corresponding period, in each case subject to reasonable verification by Borrower, and (d) no Event of Default shall have occurred or be continuing at such time.

"Investment" means (a) any beneficial ownership (including stock, partnership, limited liability company interests, or other securities) of or in any Person, (b) any loan, advance or capital contribution to any Person or (c) any Acquisition.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreements" means for each Subsidiary (other than Excluded Subsidiaries), a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit F.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

"Loan" means the Advances made under this Agreement.

"Loan Party" means Borrower and any Guarantor.

“Loan Documents” means this Agreement, the promissory notes (if any), the ACH Authorization, the Account Control Agreements, the Joinder Agreements, all UCC Financing Statements, the Pledge Agreement, the Intellectual Property Security Agreement, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

“Material Adverse Effect” means a material adverse effect upon: (i) the business, operations, properties, assets or financial condition of Borrower and its Subsidiaries taken as a whole; or (ii) the ability of the Loan Parties, taken as a whole, to perform or pay the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Agent or the Lenders to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Agent’s Liens on the Collateral or the priority of such Liens.

“Maximum Term Loan Amount” means Fifty Million Dollars (\$50,000,000).

“Merger Effective Date” means the Effective Time, as such term is defined in that certain Agreement and Plan of Merger dated on or about the Second Amendment Effective Date, by and among, Borrower, Oban Merger Sub, Inc., a Delaware corporation and wholly owned Subsidiary of Borrower, Oban Merger Sub II LLC, a Delaware limited liability company and wholly owned Subsidiary of Borrower, and Velodyne Lidar, Inc., a Delaware corporation.

“Monthly Financials Trigger Period” is the period commencing on the last day of a month where, Borrower’s average market capitalization for the trailing ten (10) day period then ending is less than Five Hundred Million Dollars (\$500,000,000) and ending on the day when Borrower’s average market capitalization for twenty (20) consecutive days is equal to or above Five Hundred Million Dollars (\$500,000,000).

“Non-Disclosure Agreement” means that certain Non-Disclosure Agreement by and between Borrower and Agent dated as of August 28, 2019.

“Not Otherwise Applied” means, with reference to any amount of proceeds of any issuance of Equity Interests, that such amount was not previously applied in determining the permissibility of any transaction under the Loan Documents where such permissibility was (or may have been) contingent on the receipt of such amount or the availability of such amount for such purpose.

“OFAC” is the U.S. Department of Treasury Office of Foreign Assets Control.

“OFAC Lists” are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

“Participant Register” has the meaning specified in Section 11.8.

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement any Loan Party now holds or hereafter acquires any interest.

“Patents” means all letters patent of, or rights corresponding thereto, in the United States of America or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States of America or any other country.

“Performance Milestone” means Borrower has provided evidence satisfactory to the Agent in its reasonable discretion that Borrower has, for the twelve (12) month measurement period

ending on December 31, 2022, achieved each of the following: (a) T12M Revenue of at least Sixty Million Dollars (\$60,000,000), and (b) trailing twelve (12) month Gross Profit of at least Fifteen Million Dollars (\$15,000,000) for the corresponding period, in each case subject to reasonable verification by Borrower.

“Permitted Acquisition” means an Investment consisting of an Acquisition by any Loan Party; provided, that:

(a) the property acquired (or the property of the Person acquired) in such Acquisition is used or useful in the same or a related line of business as the Borrower and its Subsidiaries (or any reasonable extensions or expansions thereof),

(b) no Event of Default shall have occurred and be continuing or would immediately result from such Acquisition,

(c) the Agent shall have received (or shall receive in connection with the closing of such Acquisition) all items in respect of the Equity Interests or property acquired in such Acquisition required to be delivered by the terms of this Agreement (when and as required thereby),

(d) such Acquisition shall not be a “hostile” acquisition and shall have been approved by the board of directors (or equivalent governing body) and/or the shareholders (or equivalent) of the applicable Loan Party and the target of such Acquisition,

(e) the Borrower shall have delivered to the Agent *pro forma* financial statements for the Borrower and its Subsidiaries after giving effect to such Acquisition for the twelve-month period ending as of the most recent Fiscal Quarter end in a form reasonably satisfactory to the Agent,

(f) the sum of the purchase price of such proposed new acquisition, computed on the basis of total cash acquisition consideration paid or incurred, or to be paid or incurred, by the applicable Loan Party with respect thereto, including any deferred acquisition consideration which is non contingency or milestone based (but specifically excluding any deferred acquisition consideration which is contingency or milestone based) shall not exceed Ten Million Dollars (\$10,000,000) per fiscal year, provided that after giving effect to such acquisition on a pro forma basis, Borrower’s unrestricted Cash (other than (a) Liens granted to Agent under the Loan Document) shall not be less than One Hundred Million Dollars (\$100,000,000); and

(g) Borrower has and maintains, and delivers to Agent no less than ten (10) days (or such shorter period agreed to by Agent) prior to any such Acquisition, a certificate signed by Borrower’s Chief Executive Officer or Chief Financial Officer, in form reasonably acceptable to Agent (it being agreed that any certificate previously delivered to Agent that was accepted by Agent shall be deemed to be in form acceptable to Agent for future use) demonstrating compliance with, on and after June 30, 2023, the covenant set forth in Section 7.19(a) hereof on a pro forma basis as if the Acquisition occurred on the first day of the most recent measurement period with respect to such financial covenant.

“Permitted Bond Hedge Transaction” means any call or capped call option (or substantively equivalent derivative transaction) pursuant to which the Borrower acquires an option requiring the counterparty thereto to deliver to the Borrower (i) shares of common stock of the Borrower (or other securities or property following a merger event or other change of the common stock of the Borrower), (ii) the cash value thereof or (iii) a combination thereof, in each case, from time to time upon exercise of such option entered into by the Borrower in connection with the issuance of Permitted Convertible Debt, *provided* that the purchase price for any Permitted Bond Hedge Transaction, less the proceeds received by the Borrower from the sale of any related Permitted Warrant Transaction, does not exceed the net proceeds received by the Borrower from the sale of the Permitted Convertible Debt issued in connection with the Permitted Bond Hedge Transaction.

“Permitted Borrower Equity Buybacks” means the Borrower may repurchase or buy back any Equity Interests of the Borrower in the amount not to exceed the result of (a) one hundred percent (100%) of any amounts directly or indirectly received by the Borrower in connection with any direct or indirect Equity Interests issuances, sales or other dispositions of Equity Interests by the Borrower (the "Borrower Equity Interests Disposition Proceeds"), minus (b) any Borrower Equity Interests Disposition Proceeds used to make any voluntary principal prepayments in cash with respect to the Term Loan.

“Permitted Convertible Debt” means Indebtedness that is either (i) convertible into a fixed number (subject to customary anti-dilution adjustments, “make-whole” increases and other customary changes thereto) of shares of common stock of the Borrower (and cash in lieu of fractional shares) (or other securities or property following a merger event or other change of the common stock of the Borrower), cash or any combination thereof (with the amount of such cash or such combination determined by reference to the market price of such common stock or such other securities) or (ii) sold as units with call options, warrants or rights to purchase (or substantially equivalent derivative transactions) that are exercisable for shares of common stock of the Borrower (and cash in lieu of fractional shares) (or other securities or property following a merger event or other change of the common stock of the Borrower), cash or any combination thereof (with the amount of such cash or such combination determined by reference to the market price of such common stock or such other securities); provided that such Indebtedness shall (a) not require any scheduled amortization or otherwise required payment of principal prior to, or have a scheduled maturity date, earlier than, one hundred eighty (180) days after the Term Loan Maturity Date, (b) be unsecured or subordinated to the Secured Obligations pursuant to terms satisfactory to the Agent in its sole discretion, (c) not be guaranteed by any Subsidiary of Borrower that is not also a Loan Party, and (d) shall be Indebtedness of the Borrower and not any Subsidiary thereof.

“Permitted Convertible Debt Call Transaction” means any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

“Permitted Employee Stock Purchase Loans” means any loans advanced by the Borrower under clause (ix) of the defined term “Permitted Investments”

“Permitted Employee Stock Purchase Loans Forgiveness and Collateral Release Event” means the termination by the Borrower of the agreements and documents (other than provisions that expressly survive the termination thereof) entered into by the Borrower in connection with any Permitted Employee Stock Purchase Loan (and release and termination by the Borrower of all collateral and Liens, if any, provided thereunder and release, termination or removal by the Borrower of all personal recourse, if any, of the applicable borrower thereunder) upon the principal and accrued interest of such Permitted Employee Stock Purchase Loan being either (i) forgiven in full pursuant to an approval by the board of directors (or similar governing body) of the Borrower or (ii) paid in full.

“Permitted Indebtedness” means:

(i) Indebtedness under the Loan Documents;

(ii) intercompany Indebtedness permitted under the defined term “Permitted Investments” (other than by reference to this defined term “Permitted Indebtedness” (or any sub-clause hereof));

(iii) Indebtedness existing as of the Closing Date which is disclosed in Schedule 1A and any extensions, renewals or replacements thereof; provided, that, with respect to any such extension, renewal or replacement, (i) the outstanding principal amount of such Indebtedness is not increased except by an amount equal to fees and expenses and any premium reasonably incurred (and any paid-in-kind interest provided) in connection with any such extension, renewal or replacement, and (ii) the terms of such Indebtedness are not modified to impose materially more burdensome terms, taken as a whole, upon the Borrower or any Subsidiary, as the case may be (it being understood that an increase in the interest rate, fees or other pricing applicable thereto shall not be deemed to be materially more

burdensome so long as such interest rate, fees or other pricing does not exceed the then applicable market interest rate, fees and other pricing);

(iv) unsecured Indebtedness incurred (i) in the ordinary course of business of the Borrower and its Subsidiaries in the nature of trade payables owing to suppliers and other trade creditors on negotiated trade terms in connection with purchases of goods and services, which may be overdue or subject to good faith disputes and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower and its Subsidiaries, and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Obligations in respect thereof;

(v) Contingent Obligations which are a "Permitted Investment" (other than by reference to "Permitted Indebtedness" (or any sub-clause hereof));

(vi) purchase money Indebtedness and Capital Leases in an aggregate amount of up to **Five Ten** Million Dollars (~~\$5,000,000~~ **10,000,000**) outstanding at any time, in each case, secured by a Lien described in clause (ix) of the "Permitted Liens"; provided, that, such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment or other property financed with such Indebtedness;

(vii) Indebtedness incurred in the ordinary course of business under corporate credit cards;

(viii) reimbursement obligations in connection with letters of credit, bank guarantees or bank warranties that are solely secured by cash or Cash Equivalent Investments and are issued on behalf of the Borrower or any Subsidiary, in an aggregate amount not to exceed **Five Ten** Million Dollars (~~\$5,000,000~~ **10,000,000**) at any time;

(ix) Indebtedness in respect of any agreement providing for treasury, depository or cash management services, including in connection with automated clearing house transfers of funds or any similar transactions, securities settlements, foreign exchange contracts, assumed settlement, netting services, overdraft protections and other cash management, intercompany cash pooling and similar arrangements, in each case in the ordinary course of business;

(x) Hedging Obligations of the Borrower solely in respect of directly mitigating floating interest rate risks of the Borrower associated with the Loans, covering a notional amount not to exceed the aggregate amount of the Loans; provided, that, (i) such obligations are (or were) entered into by such Person in the ordinary course of business and (ii) the applicable Hedging Agreement does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(xi) Indebtedness consisting of (i) the bona fide financing of insurance premiums or self-insurance obligations (which must be commercially reasonable and consistent with insurance practices generally) or (ii) take-or-pay obligations contained in supply or similar agreements, in each case, in the ordinary course of business;

(xii) worker's compensation claims, payment obligations in connection with health disability or other types of social security benefits, unemployment or other insurance obligations, reclamation and statutory obligations, in each case, incurred in the ordinary course of business;

(xiii) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(xiv) [reserved];

(xv) Permitted Convertible Debt in an aggregate principal amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000); and

(xvi) other unsecured Indebtedness in an aggregate amount not to exceed Five Million Dollars (\$5,000,000) at any time outstanding.

“Permitted Investment” means:

- (i) Investments existing on the Closing Date and identified in Schedule 1B;
- (ii) Investments in the form of cash and Cash Equivalent Investments;
- (iii) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;
- (iv) Investments consisting of the deferred portion of the sales price received by the Borrower or any Subsidiary in connection with any Permitted Transfers;
- (v) (i) Investments in any Person that is a Loan Party prior to giving effect to such Investment, (ii) Investments by any Subsidiary that is not a Loan Party in any other Subsidiary that is not a Loan Party, and (iii) Investments by Loan Parties in Subsidiaries that are not Loan Parties, in the case of this clause (iii), in an aggregate amount not to exceed Five Million Dollars (\$5,000,000) per fiscal year;
- (vi) Investments constituting (i) accounts receivable arising, (ii) notes receivable or trade debt granted, or (iii) deposits made, in each case, in connection with the purchase price of goods or services and in the ordinary course of business;
- (vii) Hedging Obligations permitted by clause (x) of the defined term “Permitted Indebtedness”;
- (viii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transaction in the ordinary course of business;
- (ix) reserved;
- (x) Investments consisting of loans by the Borrower to its employees on an arms-length basis for travel advances and relocation costs in the ordinary course of business, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in any fiscal year;
- (xi) Investments consisting of Deposit Accounts or securities accounts, subject to compliance with Section 7.12;
- (xii) Permitted Acquisitions;
- (xiii) Investments consisting of security deposits with utilities, landlords and other like Persons made in the ordinary course of business;
- (xiv) joint ventures, minority investments, or strategic alliances in the ordinary course of the Borrower’s business consisting of the licensing of technology, the development of technology or the providing of technical support, in an aggregate amount not to exceed Two Million Dollars (\$2,000,000) during any fiscal year; provided that in connection with any such Investment, (1) the Borrower shall provide to the Agent at least ten (10) Business Days’ prior written notice of such Investment, which notice shall include a reasonably detailed description of such Investment together with

any other financial information, financial analysis, documentation, and other information relating to such Investment upon Agent's reasonable request; (2) no Event of Default has occurred and is continuing or would exist immediately after giving effect to such Investment; (3) such Investment shall only involve assets comprising the same or a related line of business as the Borrower and its Subsidiaries (or any reasonable extensions or expansions thereof); and (4) such Investment shall have been approved by the Borrower's board of directors;

(xv) [reserved];

(xvi) the Permitted Borrower Equity Buybacks;

(xvii) other Investments in an aggregate amount not to exceed Five Million Dollars (\$5,000,000) in any fiscal year;

(xviii) any Permitted Employee Stock Purchase Loans Forgiveness and Collateral Release Events, to the extent constituting an Investment; and

(xix) Investments in connection with (including, for the avoidance of doubt, the entry into, payment of any premium with respect to, and the settlement of) any Permitted Convertible Debt, any Permitted Bond Hedge Transaction or any Permitted Warrant Transaction, in each case solely as permitted by this Agreement.

"Permitted Licenses" means (i) nonexclusive licenses and nonexclusive sublicenses, (ii) exclusive licenses with respect to global contract manufacturing and distribution agreements ~~and~~, (iii) exclusive licenses with respect to discrete geographical areas, in each case, of Intellectual Property granted in the ordinary course of business, and (iv) Caterpillar License.

"Permitted Liens" means:

(i) Liens pursuant to any Loan Document;

(ii) deposits made in the ordinary course of business to secure liabilities to insurance carriers, insurance companies and brokers;

(iii) Liens existing as of the Closing Date and disclosed in Schedule 1C and any replacements, renewals or extensions thereof; provided, that, with respect to any such replacement, renewal or extension, (i) the property covered thereby is not increased, (ii) the principal amount secured or benefited thereby is not increased except by an amount equal to fees and expenses reasonably incurred (or any paid-in-kind interest provided) in connection with any such replacement, renewal or extension, or the terms modified to impose materially more burdensome terms, taken as a whole, upon the Borrower or any Subsidiary, as the case may be (it being understood that an increase in the interest rate, fees and other pricing applicable thereto shall not be deemed to be materially more burdensome so long as such interest rate, fees and other pricing do not exceed the then applicable market interest rate, fees and other pricing), (iii) the direct or any contingent obligor with respect thereto is not changed and (iv) any replacement, renewal or extension of the underlying Indebtedness is Permitted Indebtedness;

(iv) Liens in favor of suppliers, carriers, warehousemen, mechanics, materialmen and landlords and other similar Liens granted in the ordinary course of business and for amounts not overdue or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(v) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar

obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds;

(vi) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 9.6;

(vii) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances not interfering in any material respect with the value or use of the property to which such Lien is attached;

(viii) Liens for Taxes (A) not at the time delinquent or that are thereafter payable without penalty or (B) that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on the Loan Parties' books;

(ix) Liens in connection with purchase money Indebtedness and Capital Leases, in each case, permitted by clause (vi) of "Permitted Indebtedness"; provided, that, (i) such liens exist prior to the acquisition of, or attach substantially simultaneously with, or within ninety (90) days after, the acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such liens do not extend to any property of the Borrower or the applicable Subsidiary other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of custom duties that are promptly paid on or before the date they become due;

(xi) Liens on cash and Cash Equivalent Investments securing Indebtedness permitted by clause (viii) of "Permitted Indebtedness";

(xii) (i) bankers' liens, statutory and common law rights of setoff and other similar rights as to deposits of cash and securities in favor of Agents and other depository institutions; and (ii) Liens of a collection bank arising under Section 4-210 of the UCC on items in the course of collection;

(xiii) Permitted Licenses;

(xiv) nonexclusive licenses or sublicenses, leases or subleases of property (in each case, other than with respect to Intellectual Property) granted in the ordinary course of business (if, solely with respect to outbound licenses and leases of owned property, such leases and licenses do not prohibit the Borrower or any Subsidiary from granting the Agent a security interest in such property); **and**

(xv) [reserved];

(xvi) Liens not otherwise permitted by the other clauses of "Permitted Liens" securing obligations in an aggregate principal amount not to exceed Five Million Dollars (\$5,000,000) at any time outstanding.

"Permitted Transfers" means:

(i) Transfers of Inventory in the ordinary course of business,

(ii) Transfers of obsolete, damaged, worn out or surplus property in the ordinary course of business or property which is no longer used or useful in the business activities of the Borrower or its Subsidiaries,

(iii) Distributions permitted by Section 7.7,

(iv) Transfers consisting of Permitted Liens,

(v) Transfers consisting of Permitted Investments,

(vi) Transfers consisting of unpaid and overdue accounts receivables in connection with the collection, compromise or settlement thereof in the ordinary course of business and not as part of a financing transaction,

(vii) Permitted Licenses,

(viii) Transfers of cash or Cash Equivalent Investments in the ordinary course of business and not otherwise prohibited by this Agreement or the other Loan Documents,

(ix) the abandonment or other disposition of any rights to Intellectual Property that are not material or are no longer used or useful in any material respect in the business of the Borrower and its Subsidiaries,

(x) Transfers to any Loan Party or any Subsidiary; provided, that, if the transferor of such property is a Loan Party, the transferee thereof must be a Loan Party,

(xi) Transfers of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Transfer are applied to the purchase price of such replacement property,

(xii) [reserved],

(xiii) other Transfers of assets having a fair market value of not more than One Million Dollars (\$1,000,000) in the aggregate in any fiscal year; and

(xiv) (i) the disposition, unwinding or terminating of Hedging Agreements not entered into for speculative purposes or the transactions contemplated thereby, (ii) the issuance or sale of any Permitted Convertible Debt by the Borrower, (iii) the sale of any Permitted Warrant Transaction by the Borrower, (iv) the purchase of any Permitted Bond Hedge Transaction by the Borrower or (v) the performance by the Borrower of its obligations under any Permitted Convertible Debt, any Permitted Warrant Transaction or any Permitted Bond Hedge Transaction.

“Permitted Warrant Transaction” means any call option, warrant or right to purchase (or substantively equivalent derivative transaction) relating to the Borrower’s common stock (or other securities or property following a merger event or other change of the common stock of the Borrower) and/or cash (in an amount determined by reference to the price of such common stock) sold by Borrower substantially concurrently with any purchase by the Borrower of a related Permitted Bond Hedge Transaction.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

“Pledge Agreement” means the Pledge Agreement dated as of the Closing Date between Borrower and Agent, as the same may from time to time be amended, restated, modified or otherwise supplemented.

“Qualified Cash” means an amount equal to the aggregate amount of the Loan Parties’ Cash held in accounts subject to an Account Control Agreement in favor of Agent.

“Receivables” means (i) all of each Loan Party’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

“Redemption Conditions” means, with respect to any redemption by any of the Loan Parties of any Permitted Convertible Debt, satisfaction of each of the following events: (a) no default or Event of Default shall exist or result therefrom, and (b) both immediately before and at all times after such redemption, the Loan Parties’ Qualified Cash shall be no less than one hundred fifty percent (150%) of the outstanding principal amount of the Term Loan Advances.

“Register” has the meaning specified in Section 11.7.

“Required Lenders” means at any time, the holders of more than fifty percent (50%) of the sum of the aggregate unpaid principal amount of the Term Loan Advances then outstanding.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“Second Amendment Effective Date” means November 1, 2022.

“Secured Obligations” means each Loan Party’s obligations under this Agreement and any Loan Document (other than the Warrant), including any obligation to pay any amount now owing or later arising.

“Subordinated Indebtedness” means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Agent in its reasonable discretion and subject to a subordination agreement in form and substance satisfactory to Agent in its reasonable discretion.

“Subsidiary” means an entity, whether a corporation, partnership, limited liability company, joint venture or otherwise, in which Loan Party owns or controls, either directly or indirectly, fifty percent (50%) or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

“T12M Revenue” means Borrower’s revenue (determined in accordance with GAAP), measured on a trailing twelve (12) month basis as of the date of the most recently delivered monthly financial statement in accordance with Section 7.1(a).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any governmental authority, including any interest, additions to tax or penalties applicable thereto.

“Term Commitment” means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to the Borrower in a principal amount not to exceed the amount set forth under the heading “Term Commitment” opposite such Lender’s name on Schedule 1.1.

“Term Loan Advance” means each Tranche 1 Advance, Tranche 2 Advance and any other Term Loan funds advanced under this Agreement.

“Term Loan Interest Rate” means for any day a per annum rate of interest equal to the greater of either (i) (x) the prime rate as reported in The Wall Street Journal plus (y) six and fifteenth one hundredths percent (6.15%), and (ii) nine and forty one hundredths percent (9.40%).

“Term Loan Maturity Date” means May 1, 2026; provided that if such day is not a Business Day, the Term Loan Maturity Date shall be the immediately preceding Business Day.

“Termination Date” means the date on which all Obligations (other than contingent indemnity and reimbursement obligations for which no claim has been asserted) have been paid in full in cash and the Term Commitment shall have been terminated.

“Testing Period” means each fiscal quarter, in which Borrower has failed to maintain its unrestricted Qualified Cash in an amount greater than or equal to Sixty Million Dollars (\$60,000,000), to be tested on the last day of each month in such fiscal quarter and measured as the average amount for the last five days of each month.

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by any Loan Party or in which any Loan Party now holds or hereafter acquires any interest.

“Trademarks” means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any State thereof or any other country or any political subdivision thereof.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

1.2 The following terms are defined in the Sections or subsections referenced opposite such terms:

<b>Defined Term</b>	<b>Section</b>
<b>Agent</b>	Preamble
<b>Assignee</b>	11.14
<b>Borrower</b>	Preamble
<b>Claims</b>	11.11
<b>Collateral</b>	3.1
<b>Confidential Information</b>	11.13
<b>End of Term Charge</b>	2.6
<b>Event of Default</b>	9
<b>Financial Statements</b>	7.1
<b>Indemnified Person</b>	6.3
<b>Lenders</b>	Preamble
<b>Liabilities</b>	6.3
<b>Maximum Rate</b>	2.3
<b>Open-Source License</b>	5.10
<b>Prepayment Charge</b>	2.5
<b>Publicity Materials</b>	11.19
<b>Register</b>	11.7
<b>Rights to Payment</b>	3.1
<b>Tranche 1 Advance</b>	2.2(a)
<b>Tranche 2 Advance</b>	2.2(a)
<b>Transfer</b>	7.8

1.3 Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a “Section,” “subsection,” “Exhibit,” “Annex,” or “Schedule” shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

## **SECTION 2. THE LOAN**

2.1 [Reserved]

2.2 Term Loan Advances.

(a) Advances. Subject to the terms and conditions of this Agreement, the Lenders will severally (and not jointly) make in an amount not to exceed its respective Term Commitment, and Borrower agrees to draw, a Term Loan Advance of Twenty Million Dollars

(\$20,000,000) on the Closing Date (the “Initial Tranche 1 Advance”). Subject to the terms and conditions of this Agreement, on or before March 15, 2023, Borrower may request, additional Term Loan Advances in an aggregate principal amount of Twenty Million Dollars (\$20,000,000) (the “Subsequent Tranche 1 Advance”, together with the Initial Tranche 1 Advance, collectively referred to as “Tranche 1 Advance”). Further, subject to the (i) terms and conditions of this Agreement, and (ii) achievement of the Performance Milestone by the Borrower, on or before June 15, 2023, Borrower may request, additional Term Loan Advances in an aggregate principal amount of Ten Million Dollars (\$10,000,000) (the “Tranche 2 Advance”). The minimum amount of each Subsequent Tranche 1 Advance and each Tranche 2 Advance shall be Two Million Five Hundred Thousand Dollars (\$2,500,000). The aggregate outstanding Term Loan Advances may be up to the Maximum Term Loan Amount.

(b) Advance Request. To obtain a Term Loan Advance, Borrower shall complete, sign and deliver an Advance Request (at least one (1) Business Day before the Closing Date and at least five (5) Business Days before each Advance Date other than the Closing Date) to Agent. The Lenders shall fund the Term Loan Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Term Loan Advance is satisfied as of the requested Advance Date.

(c) Interest.

(i) Term Loan Interest Rate. The principal balance of each Term Loan Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the “prime rate” as reported in The Wall Street Journal or if such publication is not available, a similar national publication, changes from time to time.

(d) Payment. Borrower will pay interest on each Term Loan Advance on the first Business Day of each month, beginning the month after the Advance Date. Borrower shall repay the aggregate Term Loan principal balance that is outstanding on the day immediately preceding the Amortization Date, in equal monthly installments of principal plus all accrued but unpaid interest (the “Monthly Repayment”) beginning on the Amortization Date and continuing on the first Business Day of each month thereafter until the Secured Obligations (other than inchoate indemnity obligations) are repaid. The entire Term Loan principal balance and all accrued but unpaid interest hereunder, shall be due and payable on the Term Loan Maturity Date. Notwithstanding the foregoing sentence, in the event that Borrower achieves the Interest Only Milestone, then Borrower shall not be required to make the Monthly Repayment and the entire Term Loan principal balance and all accrued but unpaid interest hereunder, shall be due and payable on the Term Loan Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. If a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day. The Lenders will initiate debit entries to the Borrower’s account as authorized on the ACH Authorization (i) on each payment date of all periodic obligations payable to the Lenders under each Term Loan Advance and (ii) out-of-pocket legal fees and costs incurred by Agent or the Lenders in connection with Section 11.12 of this Agreement; provided that, with respect to clause (i) above, in the event that the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry to Borrower’s account for a certain amount of the periodic obligations due on a specific payment date, Borrower shall pay to the Lenders such amount of periodic obligations in full in immediately available funds on such payment date; provided, further, that, with respect to clause (i) above, if the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry as described above later than the date that is three (3) Business Days prior to such payment date, Borrower shall pay to the Lenders such amount of periodic obligations in full in immediately available funds on the date that is three (3) Business Days after the date on which the Lenders or

Agent notifies Borrower of such; provided, further, that, with respect to clause (ii) above, in the event that the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry to Borrower's account for certain amount of such out-of-pocket legal fees and costs incurred by Agent or the Lenders, Borrower shall pay to the Lenders such amount in full in immediately available funds within three (3) Business Days.

2.3 Maximum Interest. Notwithstanding any provision in this Agreement or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to the Lenders an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of the Secured Obligations consisting of the outstanding principal; second, after all principal is repaid, to the payment of the Lenders' accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.4 Default Interest. In the event any payment is not paid on the scheduled payment date, other than due to a failure of any ACH debit due solely to an administrative or operational error of Agent or Lender or the Borrower's bank if the Borrower had the funds to make the payment when due and makes the payment within three (3) Business Days following the Borrower's knowledge of such failure to pay an amount equal to four percent (4%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.2(c) plus four percent (4%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.2(c) or Section 2.4, as applicable.

2.5 Prepayment. At its option, Borrower may prepay all, or a portion of the outstanding Advances by paying the entire principal balance (or such portion thereof), all accrued and unpaid interest thereon, together with a prepayment charge equal to the following percentage of the Advance amount being prepaid: with respect to each Advance, if such Advance amounts are prepaid in any of the first twelve (12) months following the Closing Date, two and one-half percent (2.50%); after twelve (12) months following the Closing Date but prior to twenty four (24) months following the Closing Date, one and one-half percent (1.50%); and thereafter but prior to and excluding the Term Loan Maturity Date, one percent (1.00%) (each, a "Prepayment Charge"). If at any time Borrower elects to make a prepayment, and at such time, there are outstanding Advances under multiple Tranches, the Prepayment Charge shall be determined by applying the amount of such prepayment in the following order: first, to the outstanding principal amount (and accrued but unpaid interest thereon) of Advances outstanding under the Tranche with the latest initial funding date; second, to the outstanding principal amount (and accrued but unpaid interest thereon) of Advances outstanding under the Tranche with the next latest initial funding date and so on until the entire principal balance of all Advances made hereunder (and all accrued but unpaid interest thereon) is paid in full. Borrower agrees that the Prepayment Charge is a reasonable calculation of the Lenders' lost profits in view of the difficulties and impracticality of determining actual damages resulting from an early repayment of the Advances. Borrower shall prepay the outstanding amount of all principal and accrued interest through the prepayment date and the Prepayment Charge upon the occurrence of a Change in Control or any other prepayment hereunder. Any amounts paid under this Section shall be applied by Agent to the then unpaid amount of any Secured Obligations (including principal and interest) pro rata to all scheduled amounts owed. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

2.6 End of Term Charge. On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations (other than any inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) in full, and (iii) the date that the Secured Obligations become due and payable in full pursuant to the terms of this Agreement, Borrower shall pay Lenders a charge of seven and forty-five one hundredths percent (7.45%) of the aggregate original principal amount of the Term Loan Advances made hereunder (the "End of Term Charge"). Notwithstanding the required payment date of such End of Term Charge, the applicable pro rata portion of the End of Term Charge shall be deemed earned by Lenders on the date the applicable Term Loan Advance is made. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

2.7 Pro Rata Treatment. Each payment (including prepayment) on account of any fee and any reduction of the Term Loan Advances shall be made pro rata according to the Term Commitments of the relevant Lender.

2.8 Taxes; Increased Costs. The Borrower, the Agent and the Lenders each hereby agree to the terms and conditions set forth on Addendum 1 attached hereto.

2.9 Treatment of Prepayment Charge and End of Term Charge. Borrower agrees that any Prepayment Charge and any End of Term Charge payable shall be the liquidated damages sustained by each Lender as the result of the early termination, and Borrower agrees that it is reasonable under the circumstances currently existing and existing as of the Closing Date. The Prepayment Charge and the End of Term Charge shall also be payable in the event the Secured Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure, or by any other means. Each Loan Party expressly waives (to the fullest extent it may lawfully do so) the provisions of any present or future statute or law that prohibits or may prohibit the collection of the foregoing Prepayment Charge and End of Term Charge in connection with any such acceleration. Borrower agrees (to the fullest extent that each may lawfully do so): (a) each of the Prepayment Charge and the End of Term Charge is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (b) each of the Prepayment Charge and the End of Term Charge shall be payable notwithstanding the then prevailing market rates at the time payment is made; (c) there has been a course of conduct between the Lenders and Borrower giving specific consideration in this transaction for such agreement to pay the Prepayment Charge and the End of Term Charge as a charge (and not interest) in the event of prepayment or acceleration; (d) Borrower shall be estopped from claiming differently than as agreed to in this paragraph. Borrower expressly acknowledges that their agreement to pay each of the Prepayment Charge and the End of Term Charge to the Lenders as herein described was on the Closing Date and continues to be a material inducement to the Lenders to provide the Term Loan Advances.

### **SECTION 3. SECURITY INTEREST**

3.1 As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, each Loan Party grants to Agent a security interest in all of such Loan Party's right, title, and interest in, to and under all of each Loan Party's personal property and other assets including without limitation the following (except as set forth herein) whether now owned or hereafter acquired (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles (including Intellectual Property); (e) Inventory; (f) Investment Property; (g) Deposit Accounts; (h) Cash; (i) Goods; and all other tangible and intangible personal property of each Loan Party whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, any Loan Party and wherever located, and any of the Loan Parties' property in the possession or under the control of Agent; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2 Notwithstanding the broad grant of the security interest set forth in Section 3.1, above, the Collateral shall not include any Excluded Property.

#### **SECTION 4. CONDITIONS PRECEDENT TO LOAN**

The obligations of the Lenders to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Agent the following:

(a) executed copies of the Loan Documents, Account Control Agreement from Silicon Valley Bank, and all other documents and instruments reasonably required by Agent to effectuate the transactions contemplated hereby or to create and perfect the Liens of Agent with respect to all Collateral, in all cases in form and substance reasonably acceptable to Agent;

(b) a legal opinion of Borrower's counsel in form and substance reasonably acceptable to Agent,

(c) certified copy of resolutions of each of the Loan Parties' Board evidencing approval of (i) the Loan and other transactions evidenced by the Loan Documents; and (ii) with respect to the Borrower, the Warrant and transactions evidenced thereby;

(d) certified copies of the Certificate of Incorporation or Certificate of Formation, as applicable, and the Bylaws or the operating agreement, as applicable, as amended through the Closing Date, of each Loan Party;

(e) a certificate of good standing for each of the Loan Parties' from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified could have a Material Adverse Effect;

(f) payment of the Due Diligence Fee, Initial Facility Charge and reimbursement of Agent's and the Lenders' current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance;

(g) reserved; and

(h) such other documents as Agent may reasonably request.

4.2 All Advances. On each Advance Date:

(a) Agent shall have received (i) an Advance Request for the relevant Advance as required by Section 2.2(b), each duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Agent may reasonably request.

(b) The representations and warranties set forth in this Agreement shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) the Loan Parties shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance no Event of Default shall have occurred and be continuing.

(d) with respect to any Tranche 2 Advance, Borrower shall have achieved the Performance Milestone;

(e) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraphs (b) and (c) of this Section 4.2 and as to the matters set forth in the Advance Request.

4.3 No Default. As of the Closing Date and each Advance Date, (i) no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

4.4 Post-Close Obligations. Notwithstanding any provision herein or in any other Loan Document to the contrary, to the extent not actually delivered on or prior to the Closing Date, Borrower shall use commercially reasonable efforts to deliver to Agent (or its designated agent):

(a) Within thirty (30) days of the Closing Date (or such later date as the Agent may agree to in writing), duly executed landlord's consent for each of Borrower's leased locations at 350 Treat Avenue, San Francisco, California, by the landlord thereof.

(b) Within thirty (30) days of the Closing Date (or such later date as the Agent may agree to in writing), all certificates of insurance and copies of each insurance policy required hereunder together with additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance as required hereunder.

(c) Within twenty (20) days of the Closing Date (or such later date as the Agent may agree to in writing), duly executed Account Control Agreements for each of Loan Parties' Deposit Accounts, or accounts holding Investment Property, except for Excluded Accounts.

## **SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER**

Each Loan Party represents and warrants that:

5.1 Corporate Status. Each Loan Party is a corporation or a limited liability company, as allocable, duly organized, legally existing and in good standing under the laws its state of incorporation or formation, as applicable, and is duly qualified as a foreign corporation or limited liability company, as applicable, in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Each Loan Party's present name, former names (if any), locations, place of formation, Tax identification number (to the extent such Loan Party has a Tax identification number), organizational identification number and other information are correctly set forth in Exhibit B, as may be updated by the Loan Parties in a written notice (including any Compliance Certificate) provided to Agent after the Closing Date.

5.2 Collateral. Each Loan Party owns the Collateral and the Intellectual Property, free of all Liens, except for Permitted Liens. Each Loan Party has the power and authority to grant to Agent a Lien in the Collateral as security for the Secured Obligations.

5.3 Consents. Each Loan Party's execution, delivery and performance of this Agreement and all other Loan Documents, and Borrower's execution of the Warrant, (i) have been duly authorized by all necessary corporate or limited liability company action of such Loan Party, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate (A) any provisions of such Loan

Party's Certificate or Articles of Incorporation or Articles of Organization (as applicable), bylaws, operating agreements, or (B) any, law, regulation, order, injunction, judgment, decree or writ to which such Loan Party is subject in any respect, and (iv) except as described on Schedule 5.3, do not violate any material contract or agreement or require the consent or approval of any other Person which has not already been obtained. The individual or individuals executing the Loan Documents and the Warrant are duly authorized to do so.

5.4 Material Adverse Effect. No Material Adverse Effect has occurred and is continuing. No Loan Party is not aware of any event likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5 Actions Before Governmental Authorities. There are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or its property, that is reasonably expected to result in a Material Adverse Effect.

5.6 Laws.

(a) No Loan Party nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. No Loan Party is in default in any manner under any provision of any agreement or instrument evidencing material Indebtedness in any material respect, or any other material agreement to which it is a party or by which it is bound that is reasonably expected to result in a Material Adverse Effect.

(b) Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's Knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary to continue their respective businesses as currently conducted.

(c) None of Borrower, any of its Subsidiaries, or, to the knowledge of the Borrower, any of Borrower's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower and any of their Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law. None of the funds to be provided under this Agreement will be used, directly or indirectly, (a) for any

activities in violation of any applicable anti-money laundering, economic sanctions and anti-bribery laws and regulations laws and regulations or (b) for any payment to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of the Borrower to Agent in connection with any Loan Document or included therein or delivered pursuant thereto contained, or, when taken as a whole, contains, or shall contain, any material misstatement of fact or, when taken together with all other such information or documents, omitted, omits or shall omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or shall be made, not materially misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by the Borrower to Agent, whether prior to or after the Closing Date, shall be (i) provided in good faith and based on the most current data and information available to the Borrower, and (ii) the most current of such projections provided to the Borrower's Board (it being understood that the projections and forecasts provided by the Borrower in good faith and based upon reasonable assumptions are not viewed as facts, that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, that no assurance is given that any particular projections will be realized, and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.8 Tax Matters. Except as described on Schedule 5.8, (a) Borrower and its Subsidiaries have filed all federal and state income Tax returns and other material Tax returns that they are required to file, (b) Borrower and its Subsidiaries have duly paid all federal and state income Taxes and other material Taxes or installments thereof that they are required to pay, except Taxes being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP, and (c) to the best of each Loan Party's knowledge, no proposed or pending Tax assessments, deficiencies, audits or other proceedings with respect to Borrower or any Subsidiary have had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.9 Intellectual Property Claims. The Loan Parties are the sole owner of, or otherwise have the right to use, the Intellectual Property material to their business. Except as described on Schedule 5.9, and as may be updated by the Borrower in a written notice provided from time to time after the Closing Date, (i) to the Loan Parties' knowledge, each of the material Copyrights, Trademarks and Patents (other than patent applications) is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (iii) except as set forth in the most recently delivered Compliance Certificate in accordance with Section 7.1(d), no claim has been made to a Loan Party in writing that any material part of the Intellectual Property violates the rights of any third party. Exhibit C (and as may be updated by the Borrower in a written notice provided from time to time after the Closing Date) is a true, correct and complete list of each of the Loan Parties' registered Patents and filed Patent applications, registered Trademarks, registered Copyrights, and material agreements under which a Loan Party licenses Intellectual Property from third parties (other than shrink-wrap software licenses, licenses that are commercially available to the public, open source licenses, licenses disclosed in writing to Agent as required under this Agreement and immaterial Intellectual Property licensed to a Loan party in the ordinary course of business), together with application or registration numbers, as applicable, owned by a Loan Party, in each case as of the Closing Date. The Loan Parties are not in material breach of, nor have the Loan Parties failed to perform any material obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in material breach thereof or has failed to perform any material obligations thereunder.

5.10 Intellectual Property. Except as described on Schedule 5.10, the Loan Parties have all material rights with respect to Intellectual Property necessary or material in the operation or conduct of the Loan Parties' business as currently conducted and proposed to be conducted by Loan Parties. Without limiting the generality of the foregoing, and in the case of Licenses, except for restrictions that are unenforceable under Division 9 of the UCC, other applicable law, or restrictions that are permitted hereunder, the Loan Parties have the right, to the extent required to operate their business, to freely transfer, license or assign Intellectual Property necessary or material in the operation or conduct of their business as currently conducted and currently proposed to be conducted by them, without condition, restriction or payment of any kind (other than payments in the ordinary course of business) to any third party, and the Loan Parties own or have the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are material to their business and used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products that are material to the Loan Parties' business except customary covenants in inbound license agreements and equipment leases where a Loan Party is the licensee or lessee. No material software or other material materials used by Borrower or any of its Subsidiaries (or used in any Borrower Products or any Subsidiaries' products) are subject to an open-source or similar license (including but not limited to the General Public License, Lesser General Public License, Mozilla Public License, or Affero License) (collectively, "Open Source Licenses") in a manner that would cause such software or other materials to have to be (i) distributed to third parties at no charge or a minimal charge (royalty-free basis); (ii) licensed to third parties to modify, make derivative works based on, decompile, disassemble, or reverse engineer; or (iii) used in a manner that could require disclosure or distribution in source code form.

5.11 Borrower Products. Except as described on Schedule 5.11, no material Intellectual Property owned by any Loan Party or Borrower Product has been or is subject to any actual or, to the knowledge of Borrower, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates any Loan Party to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of the Loan Parties or Borrower Products. No Loan Party has received any written notice or claim, or, to the knowledge of the Loan Parties, oral notice or claim, challenging or questioning any Loan Party's ownership in any material Intellectual Property (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof) or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to any Loan Party's knowledge, is there a reasonable basis for any such claim. To the Loan Parties' knowledge, no Loan Party's use of its material Intellectual Property nor the production and sale of Borrower Products materially infringes the Intellectual Property or other rights of others.

5.12 Financial Accounts. Exhibit D, as may be updated by Loan Parties in a written notice provided to Agent after the Closing Date, is a true, correct and complete list of (a) all banks and other financial institutions at which any Loan Party or any Subsidiary maintains Deposit Accounts and (b) all institutions at which any Loan Party or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.13 Employee Loans. Other than loans constituting Permitted Investments, no Loan Party has outstanding loans to any employee, officer or director of such Loan Party nor has any Loan Party

guaranteed the payment of any loan made to an employee, officer or director of such Loan by a third party.

5.14 Capitalization and Subsidiaries. The Borrower's capitalization as of the Closing Date is set forth on Schedule 5.14. The Loan Parties do not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 5.14, as may be updated by Loan Parties in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary of the Borrower.

## **SECTION 6. INSURANCE; INDEMNIFICATION**

6.1 Coverage. The Loan Parties shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in the Loan Parties' line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. The Loan Parties must maintain a minimum of Two Million Dollars (\$2,000,000) of commercial general liability insurance for each occurrence. The Loan Parties have and agree to maintain a minimum of Two Million Dollars (\$2,000,000) of directors' and officers' insurance for each occurrence and Four Million Dollars (\$4,000,000) in the aggregate. So long as there are any Secured Obligations outstanding, the Loan Parties shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. If the Loan Parties fail to obtain the insurance called for by this Section 6.1 or fails to pay any premium thereon or fails to pay any other amount which the Loan Parties are obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Agent may obtain such insurance or make such payment, and all amounts so paid by Agent are immediately due and payable, bearing interest at the then highest rate applicable to the Secured Obligations, and secured by the Collateral. Agent will make reasonable efforts to provide Borrower with notice of Agent obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Agent are deemed an agreement to make similar payments in the future or Agent's waiver of any Event of Default.

6.2 Certificates. The Loan Parties shall deliver to Agent certificates of insurance that evidence their compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. The Loan Parties' insurance certificate shall state Agent (shown as "Hercules Capital, Inc., as Agent") is an additional insured for commercial general liability, a lenders loss payable for all risk property damage insurance, subject to the insurer's approval, and a lenders loss payable for property insurance and additional insured for liability insurance for any future insurance that the Loan Parties may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Agent of cancellation (other than cancellation for non-payment of premiums, for which ten (10) days' advance written notice shall be sufficient) or any other change adverse to Agent's interests. Any failure of Agent to scrutinize such insurance certificates for compliance is not a waiver of any of Agent's rights, all of which are reserved. Upon Agent's request, the Loan Parties shall provide Agent with copies of each insurance policy. The Loan Parties agree that upon entering or amending any insurance policy required hereunder, Loan Parties shall provide Agent with copies of such policies and shall promptly deliver to Agent updated insurance certificates with respect to such policies.

6.3 Indemnity. Each Loan Party agrees to indemnify and hold Agent, Lender and their officers, directors, employees, agents, in-house attorneys, representatives and shareholders (each, an "Indemnified Person") harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal) (collectively, "Liabilities"), that may

be instituted or asserted against or incurred by such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases Liabilities to the extent resulting solely from any Indemnified Person's gross negligence or willful misconduct. This Section 6.3 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. In no event shall any Indemnified Person be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). This Section 6.3 shall survive the repayment of indebtedness under, and otherwise shall survive the expiration or other termination of, this Agreement, in each case subject to the applicable statute of limitations.

## **SECTION 7. COVENANTS OF BORROWER**

Each Loan Party agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Agent the financial statements and reports listed hereinafter (the "Financial Statements"):

(a) during a Monthly Financials Trigger Period, as soon as practicable and in any event within forty-five (45) days after the end of each month, unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against any Loan Party) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year-end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable and in any event within forty-five (45) days after the end of each calendar quarter, unaudited interim and year-to-date financial statements as of the end of such calendar quarter (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against any Loan Party) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year-end adjustments;

(c) as soon as practicable and in any event within ninety (90) days after the end of each fiscal year, unqualified (other than as to going concern qualification) audited financial statements as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Agent, accompanied by any management report from such accountant;

(d) as soon as practicable (and in any event within thirty (30) days) after the end of each month, a Compliance Certificate in the form of Exhibit E;

(e) as soon as practicable (and in any event within thirty (30) days) after the end of each month, a report showing agings of accounts receivable and accounts payable;

(f) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or material reports that Borrower has made available to holders of its preferred stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange;

(g) at the same time and in the same manner as provided to the investors of the Borrower that are not members of the Borrower's Board, such materials prepared and provided by the Borrower on a quarterly basis to such investors;

(h) financial and business projections promptly following their approval by Borrower's Board, and in any event, sixty (60) days after the end of Borrower's fiscal year, as well as budgets, operating plans and other financial information reasonably requested by Agent;

(i) as soon as practicable (and in any event within forty-five (45) days) after the end of each quarter, a key performance indicator report consisting of the following: unit sales and average sales price by product and customer type, bookings reports, and such other key performance indicators as reasonably requested by Lender; and

(j) prompt (but in any event no more than three (3) Business Days) notice if Borrower or any Subsidiary has knowledge that Borrower, or any Subsidiary or controlled Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering.

No Loan Party shall make any change in its (a) accounting policies or reporting practices (other than as permitted under GAAP or pursuant to applicable securities laws or regulations of the SEC), or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

The executed Compliance Certificate, and all Financial Statements required to be delivered pursuant to clauses (a), (b), (c) and (d) shall be sent via e-mail to [financialstatements@htgc.com](mailto:financialstatements@htgc.com) with a copy to [legal@htgc.com](mailto:legal@htgc.com) and [lkulchenko@htgc.com](mailto:lkulchenko@htgc.com) provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be faxed to Agent at: (650) 473-9194, attention Account Manager: Ouster, Inc.

Notwithstanding the foregoing, documents required to be delivered hereunder (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower makes such documents or materials publicly available.

7.2 Management Rights. The Loan Parties shall permit any representative that Agent or the Lenders authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of the Loan Parties at reasonable times and upon reasonable notice during normal business hours; provided, however, that so long as no Event of Default has occurred and is continuing, such examinations shall be limited to no more often than once per fiscal year. In addition, any such representative shall have the right to meet with management and officers of the Loan Parties to discuss such books of account and records. In addition, Agent or the Lenders shall be entitled at reasonable times and intervals to consult with and advise the management and officers of the Loan Parties concerning significant business issues affecting the Loan Parties. Such consultations shall not unreasonably interfere with the Loan Parties' business operations. The parties intend that the rights granted Agent and the Lenders shall constitute "management rights" within the meaning of 29 C.F.R. Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Agent or the Lenders with respect to any business issues shall not be deemed to give Agent or the

Lenders, nor be deemed an exercise by Agent or the Lenders of, control over the Loan Parties' management or policies.

7.3 Further Assurances. Each Loan Party shall from time to time execute, deliver and file, alone or with Agent, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents to perfect or give the highest priority to Agent's Lien on the Collateral. Each Loan Party shall from time to time procure any instruments or documents as may be reasonably requested by Agent, and take all further action that may be necessary, or that Agent may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, each Loan Party hereby authorizes Agent to execute and deliver on its behalf and to file such financing statements (including an indication that the financing statement covers "all assets or all personal property" of such Loan Party in accordance with Section 9-504 of the UCC) without the signature of the Loan Parties either in Agent's name or in the name of Agent as agent and attorney-in-fact for the Loan Parties. Each Loan Party shall in good faith and in its reasonable commercial discretion, in each case subject to the terms of this Agreement, protect and defend its title to the Collateral and Agent's Lien thereon against all Persons claiming any interest adverse to such Loan Party or Agent other than Permitted Liens.

7.4 Indebtedness. No Loan Party shall create, incur, assume, guarantee nor be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on any Loan Party an obligation to prepay any Indebtedness, except (a) for the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion, (b) for purchase money Indebtedness pursuant to its then-applicable payment schedule or with other purchase money Indebtedness permitted hereunder, (c) for prepayment by (i) any Loan Party or Subsidiary of intercompany Indebtedness owed to Borrower, or (ii) by any Subsidiary that is not a Loan Party of intercompany Indebtedness owed by such Subsidiary to another Subsidiary that is not a Loan Party, (d) as may be permitted under the subordination agreement governing such Subordinated Indebtedness, (e) as otherwise permitted hereunder or approved in writing by Agent, and (f) Permitted Indebtedness with the proceeds of other Permitted Indebtedness. Notwithstanding anything to the contrary in the foregoing, the issuance of, performance of obligations under (including any payments of interest), and conversion, exercise, repurchase, redemption (including, for the avoidance of doubt, a required repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of Borrower's common stock), settlement or early termination or cancellation of (whether in whole or in part and including by netting or set-off) (in each case, whether in cash, common stock of Borrower or, following a merger event or other change of the common stock of Borrower, other securities or property), or the satisfaction of any condition that would permit or require any of the foregoing, any Permitted Convertible Debt shall not constitute a prepayment of Indebtedness by Borrower for the purposes of this Section 7.4 provided that principal payments in cash (other than cash in lieu of fractional shares) shall be allowed with respect to any repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of Borrower's common stock only if the Redemption Conditions are satisfied in respect of such redemption and at all times after such redemption.

7.5 Collateral. Each Loan Party shall at all times keep the Collateral and all other property and assets used in the Loan Parties' business or in which the Loan Parties now or hereafter holds any interest free and clear from any Liens whatsoever (other than Permitted Liens). No Loan Party shall agree with any Person other than Agent or Lender not to encumber its property, other than Permitted Liens. No Loan Party shall enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of its Intellectual Property, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than pursuant to (x) this Agreement and the other Loan Documents, (y) any agreements governing any purchase money Liens or Capital Lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby) or (z) customary restrictions on the assignment of leases, licenses and other agreements. Each Loan Party

shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and assets free and clear from any Liens whatsoever (except for Permitted Liens), and shall give Agent prompt written notice of any legal process that is reasonably likely to result in damages, expenses or liabilities in excess of \$1,000,000.

7.6 Investments. No Loan Party shall directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof and make cash payments in lieu of fractional shares in connection with any such conversions, (ii) Borrower may pay dividends solely in common stock, (iii) Borrower may repurchase the stock or other equity interests of current or former employees, consultants or directors (their spouses, trusts, heirs and estates) pursuant to or otherwise in connection with stock repurchase agreements, option agreements or similar agreements (A) so long as an Event of Default does not exist at the time of any such repurchase and would not exist immediately after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Five Hundred Thousand Dollars (\$500,000) in any fiscal year, (iv) Borrower may repurchase stock or other equity interests from employees, consultants or directors in connection with secondary sales where the consideration for such repurchase is the proceeds of the issuance of Borrower's equity interests consummated immediately prior or substantially contemporaneously with such repurchase; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so. Notwithstanding the foregoing, Subsidiaries of Borrower shall be permitted to pay dividends to Borrower or make distributions to Borrower.

Notwithstanding the foregoing, and for the avoidance of doubt, this Section 7.7 shall not prohibit (i) the conversion or exchange by holders of (including any cash payment upon conversion or exchange), or required payment of any principal or premium on (including, for the avoidance of doubt, in respect of a required repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of Borrower's common stock) or required payment of any interest with respect to, any Permitted Convertible Debt in each case, in accordance with the terms of the indenture governing such Permitted Convertible Debt provided that principal payments in cash (other than cash in lieu of fractional shares) shall be allowed with respect to any repurchase in connection with the redemption of Permitted Convertible Debt only if the Redemption Conditions are satisfied in respect of such redemption and at all times after such redemption, (ii) the entry into (including the payment of premiums in connection therewith) or any required payment with respect to, or required early unwind or settlement of, any Warrant, Permitted Bond Hedge Transaction or Permitted Warrant Transaction, in each case, in accordance with the terms of the agreement governing such Warrant, Permitted Bond Hedge Transaction or Permitted Warrant Transaction, or (iii) the withholding of shares of common stock upon the vesting of performance stock units and restricted stock units issued to the Borrower's employees under the Borrower's equity incentive plan upon vesting of such stock units.

Notwithstanding the foregoing, Borrower may repurchase, exchange or induce the conversion of Permitted Convertible Debt by delivery of shares of Borrower's common stock and/or a different series of Permitted Convertible Debt and/or by payment of cash (in an amount that does not exceed the proceeds received by Borrower from the substantially concurrent issuance of shares of Borrower's common stock and/or such different series of Permitted Convertible Debt minus the net cost of any Permitted Convertible Debt Call Transaction entered into in connection therewith plus the net cash proceeds, if any, received by Borrower pursuant to the related exercise or early unwind or termination of the related Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, pursuant to the immediately following proviso); provided that, for the avoidance of doubt, substantially concurrently with, or a commercially reasonable period of time before or after, the related settlement date for the

Permitted Convertible Debt that are so repurchased, exchanged or converted, Borrower may exercise or unwind or terminate early (whether in cash, shares or any combination thereof) the portion of the Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, corresponding to such Permitted Convertible Debt that are so repurchased, exchanged or converted.

7.8 Transfers. Except for Permitted Transfers, No Loan Party shall voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey (“Transfer”) any equitable, beneficial or legal interest in any material portion of its assets.

7.9 Mergers and Consolidations. Borrower will not, and will not permit any Subsidiary to, liquidate or dissolve, consolidate with, or merge into or with, any other Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets, except (a) the Borrower may consolidate or merge with any Subsidiary; provided, that, the Borrower be the continuing or surviving corporation, (b) any Loan Party (other than the Borrower) may consolidate or merge with and into any other Loan Party, (c) any Subsidiary that is not a Loan Party may consolidate or merge with and into any Loan Party; provided, that, the continuing or surviving Person shall be such Loan Party, (d) any Subsidiary that is not a Loan Party may merge with or into any other Subsidiary that is not a Loan Party, (e) any Subsidiary that is not a Loan Party may dissolve, liquidate or wind up its affairs at any time, and (f) in connection with any Permitted Transfer, Permitted Investment, Permitted Acquisition or Permitted Indebtedness.

7.10 Taxes. Each Loan Party and its Subsidiaries shall pay when due all material Taxes of any nature whatsoever now or hereafter imposed or assessed against any Loan Party, any of its Subsidiaries or the Collateral or upon any Loan Party’s or any of its Subsidiaries’ ownership, possession, use, operation or disposition thereof or upon any Loan Party’s or, any of its Subsidiaries’ rents, receipts or earnings arising therefrom. Each Loan Party shall, and shall cause each of its Subsidiaries to, accurately file on or before the due date therefor (taking into account proper extensions) all federal and state income Tax returns and other material Tax returns required to be filed. Notwithstanding the foregoing, any Loan Party may contest, in good faith and by appropriate proceedings diligently conducted, Taxes for which the Loan Parties maintain adequate reserves in accordance with GAAP.

1.4 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~~(1) Ten Million Dollars (~~\$3,000,000~~ in any 10,000,000) for the fiscal year ending December 31, 2023, and (2) Six Million Dollars (\$6,000,000) for the fiscal year ending December 31, 2024 and each fiscal year thereafter, 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.

7.11 Deposit Accounts.

(a) Other than Excluded Accounts, no Loan Party shall maintain any Deposit Accounts, or accounts holding Investment Property, except with respect to which Agent has an Account Control Agreement.

(b) No Subsidiary which is not a Loan Party shall maintain any Deposit Accounts, or accounts holding Investment Property, except to the extent such Deposit Account or account holding Investment Property is an Excluded Account.

7.12 Future Subsidiaries. Each Loan Party shall notify Agent of each Subsidiary formed subsequent to the Closing Date and, within thirty (30) days of formation, shall cause any such Domestic Subsidiary (other than an Excluded Subsidiary) to execute and deliver to Agent a Joinder Agreement.

7.13 Notification Regarding Collateral. Borrower shall give Agent prompt written notice of any legal process that is reasonably likely to result in damages, expenses or liabilities in excess of \$1,000,000 affecting the Collateral, such other property and assets, or any Liens thereon, provided however, that the Collateral and such other property and assets may be subject to Permitted Liens.

7.14 Notification of Event of Default. Borrower shall notify Agent promptly, in any event within three (3) Business Days, of the occurrence of any event of Default.

7.15 [reserved.]

7.16 Use of Proceeds. Borrower agrees that the proceeds of the Loans shall be used solely to pay related fees and expenses in connection with this Agreement and for working capital and general corporate purposes. The proceeds of the Loans will not be used in violation of Anti-Corruption Laws or applicable Sanctions.

7.17 Compliance with Laws.

(a) Each Loan Party shall maintain, and shall cause its Subsidiaries to maintain, compliance in all material respect with all applicable laws, rules or regulations (including any law, rule or regulation with respect to the making or brokering of loans or financial accommodations), and shall, or cause its Subsidiaries to, obtain and maintain all required governmental authorizations, approvals, licenses, franchises, permits or registrations reasonably necessary in connection with the conduct of such Loan Party's business.

(b) Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. No Loan Party nor any of its Subsidiaries shall, nor shall any Loan Party or any of its Subsidiaries permit any Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

(c) Each Loan Party has implemented and maintains in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Loan Party's, its Subsidiaries and their respective officers and employees and to the knowledge of such Loan Party's, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

(d) No Loan Party, any of its Subsidiaries or any of their respective directors, officers or employees, or to the knowledge of such Loan Party, any agent for such Loan Party or

its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

#### 7.18 Financial Covenant.

(a) Prior to the Merger Effective Date, commencing with the quarter ending on June 30, 2023 and for each fiscal quarter thereafter which is a Testing Period, Borrower shall achieve T12M Revenue as set forth in Schedule 7.19 as of the last day of such fiscal quarter.

(b) Commencing on the Merger Effective Date and at all times thereafter, (i) the covenant in the foregoing clause (a) shall not apply and (ii) the Borrower shall maintain Cash in Deposit Accounts with respect to which Agent has an Account Control Agreement in an aggregate amount greater than or equal to Sixty Million Dollars (\$60,000,000).

7.19 Intellectual Property. Each Loan Party shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Agent in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to such Loan Party's business to be abandoned, forfeited or dedicated to the public without Agent's written consent. If a Loan Party (a) obtains any Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (b) applies for any Patent (other than provisional patent applications) or the registration of any Trademark, then such Loan Party shall immediately provide written notice thereof to Agent and shall execute such intellectual property security agreements and other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority (subject to the Permitted Liens) perfected security interest in favor of Agent in such property.

7.20 Transactions with Affiliates. Borrower shall not and shall not permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction of any kind with any Affiliate of Borrower or such Subsidiary on terms that are less favorable to Borrower or such Subsidiary, as the case may be, than those that might be obtained in an arm's length transaction from a Person who is not an Affiliate of Borrower or such Subsidiary, except for (a) transactions solely among the Loan Parties, (b) transactions between or among any Loan Party and any one or more of its Subsidiaries that were entered into prior to the Closing Date (provided, that, such transactions are not expressly prohibited hereunder), (c) reasonable and customary fees paid to members of the board of directors (or similar governing body) of the Borrower or any Subsidiary as approved by Borrower's board of directors (or similar governing body), (d) compensation, indemnities, and other employment arrangements for directors, officers and other employees of the Borrower and its Subsidiaries entered into in the ordinary course of business, and (e) any loans permitted to officers or management permitted hereunder and the Permitted Borrower Equity Buybacks.

### **SECTION 8. [RESERVED]**

### **SECTION 9. EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall be an Event of Default:

9.1 Payments. Any Loan Party fails to (a) pay any principal or interest on any Loan on its due date or (b) make any payment when due on account of any other Secured Obligations within two (2) Business days after the applicable due date; provided, however, that in each case, an Event of Default shall not occur on account of a failure to pay due solely to an administrative or operational error of Agent or Lender or any Loan Party's bank if such Loan Party had the funds to make the payment when due and makes the payment within three (3) Business Days following such Loan Party's knowledge of such failure to pay; or

9.2 Covenants. Any Loan Party breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, or any of the other Loan Documents, Agent and the Lenders, and (a) with respect to a default under any covenant under this Agreement (other than the Sections specifically identified in clause (b) hereof), any other Loan Document, such default continues for more than fifteen (15) days after the earlier of the date on which (i) Agent or the Lenders has given notice of such default to the Loan Parties and (ii) any Loan Party has actual knowledge of such default or (b) with respect to a default under any of Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.17, 7.19, 7.20, and 7.21, the occurrence of such default; or

9.3 Material Adverse Effect. A circumstance has occurred that could reasonably be expected to have a Material Adverse Effect; provided that the failure to achieve the Interest Only Milestone or Performance Milestone shall not be deemed a Material Adverse Effect; or

9.4 Representations. Any representation or warranty made by any Loan Party in any Loan Document when taken as a whole shall have been false or misleading in any material respect when made or when deemed made; or

9.5 Insolvency. Any Loan Party (A) (i) shall make an assignment for the benefit of creditors; or (ii) shall be unable to pay its debts as they become due; or (iii) shall file a voluntary petition in bankruptcy; or (iv) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (v) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of any Loan Party or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of any Loan Party; or (vi) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees; or (vii) any Loan Party or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (i) through (vi); or (B) either (i) forty-five (45) days shall have expired after the commencement of an involuntary action against any Loan Party seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of any Loan Party being stayed; or (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (iii) any Loan Party shall file any answer admitting or not contesting the material allegations of a petition filed against any Loan Party in any such proceedings; or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or (v) forty-five (45) days shall have expired after the appointment, without the consent or acquiescence of any Loan Party, of any trustee, receiver or liquidator of any Loan Party or of all or any substantial part of the properties of any Loan Party without such appointment being vacated; or

9.6 Attachments; Judgments. Any portion of the assets of the Loan Parties in the aggregate value of at least Two Million Dollars (\$2,000,000) is attached or seized, or a levy is filed against any such assets, or a judgment or judgments, order or orders, or action and actions, either by a court of competent jurisdiction or by a regulatory agency with the power to do so is/are entered and enforceable against a Loan Party, and the same are not, within twenty (20) days after the entry, assessment or issuance thereof, discharged, or after execution thereof, stayed or bonded pending appeal, or such judgments, orders or actions are not discharged prior to the expiration of any such stay, for the payment of money (not covered by independent third party insurance as to which liability has not been rejected by such insurance carrier), individually or in the aggregate, of at least Two Million Dollars (\$2,000,000), or any Loan Party is enjoined or in any way prevented by court order from conducting any part of its business; or

9.7 Other Obligations. The occurrence of any default under any agreement or obligation of any Loan Party involving any Indebtedness in excess of Two Million Dollars (\$2,000,000).

## **SECTION 10. REMEDIES**

10.1 General. Upon the occurrence and during the continuation of any one or more Events of Default, Agent may, and at the direction of the Required Lenders shall, accelerate and demand payment of all or any part of the Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.5, all of the Secured Obligations (including, without limitation, the Prepayment Charge and the End of Term Charge) shall automatically be accelerated and made due and payable, in each case without any further notice or act). Each Loan Party hereby irrevocably appoints Agent as its lawful attorney-in-fact to: exercisable following the occurrence of an Event of Default, (i) sign such Loan Party's name on any invoice or bill of lading for any account or drafts against account debtors; (ii) demand, collect, sue, and give releases to any account debtor for monies due, settle and adjust disputes and claims about the accounts directly with account debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or such Loan Party's name, as Agent may elect); (iii) make, settle, and adjust all claims under such Loan Party's insurance policies; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) transfer the Collateral into the name of Agent or a third party as the UCC permits; (vi) receive, open and dispose of mail addressed to any Loan Party's; (vii) endorse such Loan Party's name on any checks, payment instruments, or other forms of payment or security; and (viii) notify all account debtors to pay Agent directly. Each Loan Party hereby appoints Agent as its lawful attorney-in-fact to sign such Loan Party's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Secured Obligations have been satisfied in full and the Loan Documents (other than the Warrant) have been terminated. Agent's foregoing appointment as each Loan Party's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Secured Obligations have been fully repaid and performed and the Loan Documents (other than the Warrant) have been terminated. Agent may, and at the direction of the Required Lenders shall, exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive.

10.2 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Agent may at the direction of the Required Lenders, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral in accordance with applicable law, in its then condition or following any commercially reasonable preparation or processing, in such order as Agent may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Each Loan Party agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to such Loan Party. Agent may require any Loan Party to assemble the Collateral and make it available to Agent at a place designated by Agent that is reasonably convenient to Agent and such Loan Party. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Agent in the following order of priorities:

First, to Agent and Lender in an amount sufficient to pay in full Agent's and Lender's reasonable costs and professionals' and advisors' fees and expenses as described in Section 11.12;

Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the default interest rate), in such order and priority as Agent may choose in its sole discretion; and

Finally, after the full and final payment in Cash of all of the Secured Obligations (other than inchoate obligations), to any creditor holding a junior Lien on the Collateral, or to the Loan Parties or their representatives or as a court of competent jurisdiction may direct.

Agent shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3 No Waiver. Agent shall be under no obligation to marshal any of the Collateral for the benefit of the Loan Parties or any other Person, and each Loan Party expressly waives all rights, if any, to require Agent to marshal any Collateral.

10.4 Cumulative Remedies. The rights, powers and remedies of Agent hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Agent.

#### **SECTION 11. MISCELLANEOUS**

11.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by electronic mail or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States of America mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Agent:

HERCULES CAPITAL, INC.  
Legal Department  
Attention: Chief Legal Officer and Lesya Kulchenko  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301  
email: [legal@htgc.com](mailto:legal@htgc.com)  
Telephone: 650-289-3060

(b) If to the Lenders:

HERCULES CAPITAL, INC., and  
HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.  
Legal Department  
Attention: Chief Legal Officer and Lesya Kulchenko  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301  
email: [legal@htgc.com](mailto:legal@htgc.com); [lkulchenko@htgc.com](mailto:lkulchenko@htgc.com)  
Telephone: 650-289-3060

(c) If to Borrower:

OUSTER, INC.  
Attention: Adam Dolinko

350 Treat Avenue  
San Francisco, California 94110  
email: legal@ouster.io

or to such other address as each party may designate for itself by like notice.

### 11.3 Entire Agreement; Amendments.

(a) This Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, non-disclosure or confidentiality agreements, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Agent's revised proposal letter dated December 2, 2021 and the Non-Disclosure Agreement).

(b) Neither this Agreement, any other Loan Document (other than the Warrant which is subject to the amendment provisions therein), nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.3(b). The Required Lenders and each party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Agent and the Loan Parties party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or the Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan, reduce the stated rate of any interest or fee payable hereunder) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 11.3(b) without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Loan Parties of any of their rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release a Loan Party from its obligations under the Loan Documents, in each case without the written consent of all Lenders; or (D) amend, modify or waive any provision of Section 11.18 without the written consent of the Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each Lender and shall be binding upon the Loan Parties, the Lender, the Agent and all future holders of the Loans.

11.4 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5 No Waiver. The powers conferred upon Agent and Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Agent or Lender to exercise any such powers. No omission or delay by Agent or Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Loan Parties at any time designated, shall be a waiver of any such right or remedy to which Agent or Lender is entitled, nor shall it in any way affect the right of Agent or Lender to enforce such provisions thereafter.

11.6 Survival. All agreements, representations and warranties contained in this Agreement and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Agent, the Lenders, and each Loan Party, and shall survive the execution and delivery of this Agreement. Sections 6.3, 11.14, 11.15 and 11.17 shall survive the termination of this Agreement.

11.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on each Loan Party and its permitted assigns (if any). No Loan Party shall assign its obligations under this Agreement or any of the other Loan Documents (other than the Warrant which may be assigned in accordance with its terms) without Agent's express prior written consent, and any such attempted assignment shall be void and of no effect. Agent and the Lenders may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to the Loan Parties, and all of such rights shall inure to the benefit of Agent's and the Lenders' successors and assigns; provided that as long as no Event of Default has occurred and is continuing, neither Agent nor any Lender may assign, transfer or endorse its rights hereunder or under the Loan Documents to any party that is a direct competitor of any Loan Party or a distressed debt or vulture fund (as reasonably determined by Agent), it being acknowledged that in all cases, any transfer to a controlled Affiliate of any Lender or Agent shall be allowed. Notwithstanding the foregoing, (x) in connection with any assignment by a Lender as a result of a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Agent and the Lenders may assign, transfer or indorse its rights hereunder and under the other Loan Documents to any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Agent and the Lenders may assign, transfer or indorse its rights hereunder and under the other Loan Documents to any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such assignee as Agent reasonably shall require. The Agent, acting solely for this purpose as an agent of the Loan Parties, shall maintain at one of its offices in the United States a register for the recordation of the names and addresses of the Lender(s), and the Term Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Loan Parties, the Agent and the Lender(s) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the any Loan Party and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

1.5 Participations. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. Borrower agrees that each participant shall be entitled to the benefits of the provisions in Addendum 1 attached hereto (subject to the requirements and limitations therein, including the requirements under Section 7 of Addendum 1 attached hereto (it being understood that the documentation required under Section 7 of Addendum 1 attached

hereto shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.7; provided that such participant shall not be entitled to receive any greater payment under Addendum 1 attached hereto, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

1.6 **Governing Law.** This Agreement and the other Loan Documents have been negotiated and delivered to Agent and the Lenders in the State of California, and shall have been accepted by Agent and the Lenders in the State of California. Payment to Agent and the Lenders by the Loan Parties of the Secured Obligations is due in the State of California. This Agreement 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.

1.7 **Consent to Jurisdiction and Venue.** All judicial proceedings (to the extent that the reference requirement of Section 11.11 is not applicable) arising in or under or related to this Agreement or any of the other Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

1.8 **Mutual Waiver of Jury Trial / Judicial Reference.**

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert Person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE LOAN PARTIES, AGENT AND THE LENDERS SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE LOAN PARTIES AGAINST AGENT, THE LENDERS OR THEIR RESPECTIVE ASSIGNEE OR BY AGENT, THE LENDERS OR THEIR RESPECTIVE ASSIGNEE AGAINST ANY LOAN PARTY. This waiver extends to all such Claims, including Claims that involve Persons other than Agent, the Loan Parties and the Lenders; Claims that arise out of or are in any way connected to the relationship among the Loan Parties, Agent and the Lenders; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 11.11(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.10, any prejudgment order, writ or other relief and have such

prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

1.9 Professional Fees. Each Loan Party promises to pay Agent's and the Lenders' reasonable and documented out-of-pocket fees and expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys' fees, UCC searches, filing costs, and other miscellaneous expenses, provided that the Due Diligence Fee shall be applied in its entirety to the Lenders' non-legal transaction costs and due diligence expenses. In addition, each Loan Party promises to pay any and all reasonable and documented out-of-pocket attorneys' and other professionals' fees and expenses incurred by Agent and the Lenders after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, audit, field exam, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to the Loan Parties or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to the Loan Parties, the Collateral, the Loan Documents, including representing Agent or the Lenders in any adversary proceeding or contested matter commenced or continued by or on behalf of any Loan Party's estate, and any appeal or review thereof.

1.10 Confidentiality. Agent and the Lenders acknowledge that certain items of Collateral and information provided to Agent and the Lenders by the Loan Parties are confidential and proprietary information of the Loan Parties, if and to the extent such information either (x) is marked as confidential by the Loan Parties at the time of disclosure, or (y) should reasonably be understood to be confidential (the "Confidential Information"). Accordingly, Agent and the Lenders agree that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Agent's security interest in the Collateral shall not be disclosed to any other Person or entity in any manner whatsoever, in whole or in part, without the prior written consent of the Loan Parties, except that Agent and the Lenders may disclose any such information: (a) to its Affiliates and its partners, lenders, directors, officers, employees, agents, advisors, accountants, counsel, representative and other professional advisors if Agent or the Lenders in their reasonable discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information pursuant to similar terms; (b) if such information is generally available to the public or to the extent such information becomes publicly available other than as a result of a breach of this Section or becomes available to Agent or any Lender, or any of their respective Affiliates on a non-confidential basis from a source other than the Loan Parties and not in violation of any confidentiality obligations known to the Agent or such lender; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Agent or the Lenders and any rating agency; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Agent's or the Lenders' counsel; (e) to comply with any legal requirement or law applicable to Agent or the Lenders or demanded by any governmental authority; (f) to the extent reasonably necessary in connection with the exercise of, or preparing to exercise, or the enforcement of, or preparing to enforce, any right or remedy under any Loan Document (including Agent's sale, lease, or other disposition of Collateral after default), or any action or proceeding relating to any Loan Document; (g) to any participant or assignee of Agent or the Lenders or any prospective participant or assignee, provided, that such participant or assignee or prospective participant or assignee is subject to confidentiality restrictions no less protective than the provisions of this Section 11.13; (h) to any investor or potential investor (and each of their respective Affiliates or clients) in the Agent or Lender (or each of their respective Affiliates); provided that such investor, potential investor, Affiliate or client is subject to confidentiality obligations with respect to the Confidential Information; (i) otherwise to the extent consisting of general portfolio information that does not identify any of the Loan Parties; or (j) otherwise with the prior consent of the Loan Parties; provided, that any disclosure made in violation of

this Agreement shall not affect the obligations of any Loan Party or any of its Affiliates or any guarantor under this Agreement or the other Loan Documents. Agent's and the Lenders' obligations under this Section 11.13 shall supersede all of their respective obligations under the Non-Disclosure Agreement.

1.11 Assignment of Rights. Each Loan Party acknowledges and understands that Agent or the Lenders may, subject to Section 11.7, sell and assign all or part of its interest hereunder and under the Loan Documents (other than the Warrant which is subject to any assignment, transfer, or endorsement provisions therein) to any Person or entity (an "Assignee"). After such assignment the term "Agent" or "Lender" as used in the Loan Documents (other than the Warrant which is subject to any assignment, transfer or endorsement provisions therein) shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Agent and the Lenders hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Agent and the Lenders shall retain all rights, powers and remedies hereby given. No such assignment by Agent or the Lenders shall relieve any Loan Party of any of its obligations hereunder. Each Lender agrees that in the event of any transfer by it of the promissory note(s) (if any), it shall endorse thereon a notation as to the portion of the principal of such promissory note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

1.12 Termination; Revival of Secured Obligations. Other than as set forth in Section 11.6, this Agreement and the other Loan Documents (except for the Warrant) shall terminate on the payment in full in cash of the Secured Obligations (other than any obligations that specifically survive termination). Notwithstanding the preceding sentence, this Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against any Loan Party for liquidation or reorganization, if any Loan Party becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of any Loan Party's assets, or if any payment or transfer of Collateral is recovered from Agent or the Lenders. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Agent, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Agent, the Lenders or by any obligee of the Secured Obligations (other than obligations that survive termination), whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full and final payment to Agent or the Lenders in Cash.

1.13 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

1.14 No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any Person other than Agent, the Lenders and the Loan Parties unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely among Agent, the Lenders and the Loan Parties which are a party thereto.

1.15 Agency. Agent and each Lender hereby agree to the terms and conditions set forth on Addendum 3 attached hereto. Each Loan Party acknowledges and agrees to the terms and conditions set forth on Addendum 3 attached hereto.

1.16 Publicity. None of the parties hereto nor any of its respective member businesses and Affiliates shall, without the other parties' prior written consent (which shall not be unreasonably withheld or delayed), publicize or use (a) the other party's name (including a brief description of the relationship

among the parties hereto), logo or hyperlink to such other parties' web site, separately or together, in written and oral presentations, advertising, promotional and marketing materials, client lists, public relations materials or on its web site (together, the "Publicity Materials"); (b) the names of officers of such other parties in the Publicity Materials; and (c) such other parties' name, trademarks, servicemarks in any news or press release concerning such party; provided however, notwithstanding anything to the contrary herein, no such consent shall be required (i) to the extent necessary to comply with the requests of any regulators, legal requirements or laws applicable to such party, pursuant to any listing agreement with any national securities exchange (so long as such party provides prior notice to the other party hereto to the extent reasonably practicable) and (ii) to comply with Section 11.13.

1.17 [Reserved].

1.18 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 Agreement 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 the 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, the California Uniform Electronic Transaction Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

## **SECTION 12. GUARANTY.**

12.1 Guaranty. Each Loan Party hereby agrees that such Loan Party is jointly and severally liable for, and hereby absolutely and unconditionally guarantees to the Agent and the Lenders and their respective successors and assigns, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of, all Obligations owed or hereafter owing to the Agent and the Lenders by each other Loan Party. Each Loan Party agrees that its guaranty obligation hereunder is a continuing guaranty of payment and performance and not of collection, and that its obligations under this Section 12 shall be absolute and unconditional, irrespective of, and unaffected by:

- (a) the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Agreement, any other Loan Document or any other agreement, document or instrument to which any Loan Party is or may become a party;
- (b) the absence of any action to enforce this Agreement (including this Section 12) or any other Loan Document or the waiver or consent by the Agent and the Lenders with respect to any of the provisions thereof;
- (c) the existence, value or condition of, or failure to perfect its Lien against, any security for the Obligations or any action, or the absence of any action, by the Agent and the Lenders in respect thereof (including the release of any such security);
- (d) the insolvency of any Loan Party; or
- (e) any other action or circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor;

it being agreed by each Loan Party that its obligations under this Section 12 shall not be discharged until the Termination Date has occurred. Each Loan Party shall be regarded, and shall be in the same position, as principal debtor with respect to the Obligations guaranteed hereunder.

12.2 Waivers by the Loan Parties. Each Loan Party expressly waives all rights it may have now or in the future under any statute, or at common law, or pursuant to any other laws or in equity, or otherwise, to compel the Agent or the Lenders to marshal assets or to proceed in respect of the Obligations guaranteed hereunder against any other Loan Party, any other party or against any security for the payment and performance of the Obligations before proceeding against, or as a condition to proceeding against, such Loan Party. It is agreed among each Loan Party, the Agent and the Lenders that the foregoing waivers are of the essence of the transaction contemplated by this Agreement and the other Loan Documents and that, but for the provisions of this Section 12 and such waivers, the Agent and the Lenders would decline to enter into this Agreement.

12.3 Benefit of Guaranty. Each Loan Party agrees that the provisions of this Section 12 are for the benefit of the Agent and the other Secured Parties and their respective successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between the Borrower, on the one hand, and the Agent and the Lenders, on the other hand, the obligations of such other Loan Party under the Loan Documents.

12.4 Subordination of Subrogation, Etc. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, and except as set forth in Section 11.7, each Loan Party hereby expressly and irrevocably subordinates to the prior payment in full, in cash, of the Obligations (other than contingent indemnity obligations for which no claim is outstanding) any and all rights pursuant to any laws or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and any and all defenses available to a surety, guarantor or accommodation co-obligor until the Termination Date has occurred. Each Loan Party acknowledges and agrees that this subordination is intended to benefit the Agent and the Lenders and shall not limit or otherwise affect such Loan Party's liability hereunder or the enforceability of this Section 11, and that the Agent, the Lenders and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 12.4.

12.5 Election of Remedies. If the Agent or any Lender may, under applicable law, proceed to realize its benefits under any of the Loan Documents giving the Agent or such Lender a Lien upon any Collateral, whether owned by any Loan Party or by any other Person, either by judicial foreclosure or by non judicial sale or enforcement, the Agent or any Lender may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Section 11. If, in the exercise of any of its rights and remedies, the Agent or any Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Loan Party or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, each Loan Party hereby consents to such action by the Agent or such Lender and waives any claim based upon such action, even if such action by the Agent or such Lender shall result in a full or partial loss of any rights of subrogation which each Loan Party might otherwise have had but for such action by the Agent or such Lender. Any election of remedies which results in the denial or impairment of the right of the Agent or any Lender to seek a deficiency judgment against any Loan Party shall not impair any other Loan Party's obligation to pay the full amount of the Obligations. In the event the Agent or any Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or the Loan Documents, the Agent (either directly or through one or more acquisition vehicles) or such Lender may offset the Obligations against the purchase price of such bid in lieu of accepting cash or other non-cash consideration in connection with such sale or other disposition. The amount of the successful bid at any such sale, whether the Agent, any Lender or any other party is the successful bidder, shall be conclusively deemed to be the fair and reasonably equivalent value of the Collateral and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this Section 11, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which the Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

12.6 Limitation. Notwithstanding any provision herein contained to the contrary, the liability of each Loan Party (other than the Borrower) under this Section 12 (which liability is in any event in

addition to amounts for which such Loan Party is primarily liable under Section 2) shall be limited to an amount not to exceed as of any date of determination the greater of:

(a) the net amount of all Loans (plus all other Obligations owing in connection therewith) advanced to any other Loan Party under this Agreement and then re-loaned or otherwise transferred to, or for the benefit of, such Loan Party; and

(b) the amount which could be claimed by the Agent and the Lenders from such Loan Party under this Section 11 without rendering such claim voidable or avoidable under

(c) Section 548 of Chapter 11 of the United States Bankruptcy Code, as amended, or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law after taking into account, among other things, such Loan Party's right of contribution and indemnification from each other Loan Party under Section 12.6.

The provisions of this Section 12.6 shall be implemented automatically without the need for any amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document.

#### 12.7 Contribution with Respect to Guaranty Obligations.

(a) To the extent that any Loan Party shall make a payment under this Section 12 of all or any of the Obligations (other than Loans made to that Loan Party for which it is primarily liable) (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Party, exceeds the amount which such Loan Party would otherwise have paid if each Loan Party had paid the aggregate Obligations satisfied by such Guarantor Payment in the same proportion that such Loan Party's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Parties as determined immediately prior to the making of such Guarantor Payment, then, following the occurrence of the Termination Date, such Loan Party shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Party for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Parties shall be equal to the maximum amount of the claim which could then be recovered from such Loan Parties under this Section 12 without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the United States Bankruptcy Code, as amended or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 12.7 is intended only to define the relative rights of Loan Parties and nothing set forth in this Section 12.7 is intended to or shall impair the obligations of Loan Parties, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement, including Section 12.1. Nothing contained in this Section 12.7 shall limit the liability of any Loan Party to pay the Loans made directly or indirectly to that Loan Party and accrued interest, Fees, expenses and all other Obligations with respect thereto for which such Loan Party shall be primarily liable.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Party to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Parties against other Loan Parties under this Section 12.7 shall be exercisable upon and after the Termination Date.

12.8 Liability Cumulative. The liability of Loan Parties under this Section 12 is in addition to and shall be cumulative with all liabilities of each Loan Party to the Agent and the Lenders under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any Obligations or obligation of any other Loan Party, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, the Loan Parties, Agent and the Lenders have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

OUSTER, INC.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

GUARANTOR:

SENSE PHOTONICS, INC.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted in Palo Alto, California:

AGENT and LENDER:

HERCULES CAPITAL, INC.

By: \_\_\_\_\_  
Name: Seth Meyer  
Its: CFO

LENDER:

**Hercules Private Global Venture Growth Fund I L.P.**

By: Hercules Adviser LLC, its Investment Adviser

By: \_\_\_\_\_

Name: Seth Meyer

Title: Authorized Signatory

[Signature Page to Loan and Security Agreement]

Table of Addenda, Exhibits and Schedules

Addendum 1: Taxes; Increased Costs

Addendum 2: [reserved]

Addendum 3: Agent and Lender Terms

Exhibit A: Advance Request  
Attachment to Advance Request

Exhibit B: Name, Locations, and Other Information for Loan Parties

Exhibit C: Loan Parties' Patents, Trademarks, Copyrights and Licenses

Exhibit D: Loan Parties' Deposit Accounts and Investment Accounts

Exhibit E: Compliance Certificate

Exhibit F: Joinder Agreement

Exhibit G: Reserved.

Exhibit H: ACH Debit Authorization Agreement

Exhibit I: Reserved.

Exhibit J-1: Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Exhibit J-2: Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Exhibit J-3: Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Exhibit J-4: Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Schedule 1.1 Commitments

Schedule 1 Subsidiaries

Schedule 1A Existing Permitted Indebtedness

Schedule 1B Existing Permitted Investments

Schedule 1C Existing Permitted Liens

Schedule 5.3 Consents, Etc.

Schedule 5.8 Tax Matters

Schedule 5.9 Intellectual Property Claims

Schedule 5.10 Intellectual Property

Schedule 5.11 Borrower Products

Schedule 5.14 Capitalization

Schedule 7.19 T12M Revenue Calculation

## ADDENDUM 1 to LOAN AND SECURITY AGREEMENT

### TAXES; INCREASED COSTS

#### 1. **Defined Terms.** For purposes of this Addendum 1:

- a. “**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.
- b. “**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Term Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or Term Commitment or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2 or Section 4 of this Addendum 1, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Recipient’s failure to comply with Section 7 of this Addendum 1 and (iv) any withholding Taxes imposed under FATCA.
- c. “**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among governmental authorities and implementing such Sections of the Code.
- d. “**Foreign Lender**” means a Lender that is not a U.S. Person.
- e. “**Indemnified Taxes**” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes.
- f. “**Loan Document**” has the meaning given to such term in the Agreement, but excluding the Warrant.
- g. “**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).
- h. “**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document,

except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

- i. “**Recipient**” means the Agent or any Lender, as applicable.
  - j. “**Withholding Agent**” means the applicable Loan Party and the Agent.
2. **Payments Free of Taxes.** Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant governmental authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2 or Section 4 of this Addendum 1) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.
  3. **Payment of Other Taxes by Borrower.** The Loan Parties shall timely pay to the relevant governmental authority in accordance with applicable law, or at the option of the Agent timely reimburse it for the payment of, any Other Taxes.
  4. **Indemnification by Borrower.** The Loan Parties shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under Section 2 of this Addendum 1 or this Section 4) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. In addition, the Borrower agrees to pay, and to save the Agent and any Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of the Agent or such Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement.
  5. **Indemnification by the Lenders.** Each Lender shall severally indemnify the Agent, within ten (10) days after demand therefor, for any (a) Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), [(b) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 11.8 of the Agreement relating to the maintenance of a Participant Register] and (c) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this Section 5.
  6. **Evidence of Payments.** As soon as practicable after any payment of Taxes by any Loan Party to a governmental authority pursuant to the provisions of this Addendum 1, such Loan Party shall deliver to the Agent the original or a certified copy of a receipt issued by such governmental authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

## 7. Status of Lenders.

- a. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Agent, at the time or times reasonably requested by the Borrower or the Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 7(b)(i), 7(b)(ii) and 7(b)(iv) of this Addendum 1) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.
- b. Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,
  - i. any Lender that is a U.S. Person shall deliver to the Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;
  - ii. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), whichever of the following is applicable:
    - A. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;
    - B. executed copies of IRS Form W-8ECI;
    - C. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or
    - D. to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form

W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;

iii. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Agent to determine the withholding or deduction required to be made; and

iv. if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

c. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.

8. **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to the provisions of this Addendum 1 (including by the payment of additional amounts pursuant to the provisions of this Addendum 1), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under the provisions of this Addendum 1 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant governmental authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 8 (plus any penalties, interest or other charges imposed by the relevant governmental authority) in the event that such indemnified party is required to repay such refund to such governmental authority. Notwithstanding anything to the contrary in this Section 8, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 8 the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 8 shall not be construed to require any indemnified party to make available its Tax returns

(or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

9. **Increased Costs.** If any change in applicable law shall subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, and the result shall be to increase the cost to such Recipient of making, converting to, continuing or maintaining any Term Loan Advance or of maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Recipient (whether of principal, interest or any other amount), then, upon the request of such Recipient, the Borrower will pay to such Recipient such additional amount or amounts as will compensate such Recipient for such additional costs incurred or reduction suffered.
10. **Survival.** Each party's obligations under the provisions of this Addendum 1 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Term Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

**ADDENDUM 2 to LOAN AND SECURITY AGREEMENT**

**[RESERVED]**

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## ADDENDUM 3 to LOAN AND SECURITY AGREEMENT

### Agent and Lender Terms

(a) Each Lender hereby irrevocably appoints Hercules Capital, Inc. to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

(b) Each Lender agrees to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Loan Parties and without limiting the obligation of the Loan Parties to do so), according to its respective Term Commitment percentages (based upon the total outstanding Term Commitments) in effect on the date on which indemnification is sought under this Addendum 3, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

(c) Agent in Its Individual Capacity. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each such Person serving as Agent hereunder in its individual capacity.

(d) Exculpatory Provisions. The Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent shall not:

- (i) be subject to any fiduciary or other implied duties, regardless of whether any default or any Event of Default has occurred and is continuing;
- (ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Lenders, provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law; and
- (iii) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and the Agent shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by any Person serving as the Agent or any of its Affiliates in any capacity.

(e) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Lenders or as the Agent shall believe in good faith shall be necessary, under the circumstances or (ii) in the absence of its own gross negligence or willful misconduct.

(f) The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or

any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent. Reliance by Agent. Agent may rely, and shall be fully protected in acting, or refraining to act, upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, teletypes and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to Agent and conforming to the requirements of this Agreement or any of the other Loan Documents. Agent may consult with counsel, and any opinion or legal advice of such counsel shall be full and complete authorization and protection in respect of any action taken, not taken or suffered by Agent hereunder or under any Loan Documents in accordance therewith. Agent shall have the right at any time to seek instructions concerning the administration of the Collateral from any court of competent jurisdiction. Agent shall not be under any obligation to exercise any of the rights or powers granted to Agent by this Agreement and the other Loan Documents at the request or direction of the Lenders unless Agent shall have been provided by the Lenders with adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

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**EXHIBIT A**  
**ADVANCE REQUEST**

To: Agent: Date: \_\_\_\_\_, 202\_

Hercules Capital, Inc. (the "Agent")  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301  
email: legal@htgc.com; \_\_\_\_\_  
Attn: Legal Department; \_\_\_\_\_

Borrower hereby requests from HERCULES CAPITAL IV, L.P.INC. and HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P. (collectively, Lender") an Advance in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Advance Amount") on \_\_\_\_\_ (the "Advance Date") pursuant to the Loan and Security Agreement among Borrower, Agent and the Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower \_\_\_\_\_

or

(b) Wire Funds to Borrower's account \_\_\_\_\_

Bank: \_\_\_\_\_  
Address: \_\_\_\_\_  
ABA Number: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Account Name: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
To Verify Wire Info: \_\_\_\_\_  
Email address: \_\_\_\_\_

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Loan Documents are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Agent has the right to review the financial information supporting this representation and, based upon such review in its sole discretion, the Lender may decline to fund the requested Advance.

Borrower hereby represents that each Loan Party's corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

Borrower agrees to notify Agent promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Advance Date and if Agent has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

Executed as of [ ], 202[●].

BORROWER: OUSTER, INC.

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

**ATTACHMENT TO ADVANCE REQUEST**

Dated: \_\_\_\_\_

Borrower hereby represents and warrants to Agent that Borrower's current name and organizational status is as follows:

Name: OUSTER, INC.

Type of organization: corporation

State of organization: Delaware

Organization file number: \_\_\_\_\_

Borrower hereby represents and warrants to Agent that the street addresses, cities, states and postal codes of its current locations are as follows:

[ ]

Borrower hereby represents and warrants to Agent that the Advance Amount does not exceed the Maximum Term Loan Amount as follows:

- a. Advance Amount: \$ \_\_\_\_\_
- b. Maximum Term Loan Amount: Fifty Million Dollars (\$50,000,000).
- c. Is clause a. less than or equal to clause b.? Yes/Compliant \_\_\_\_\_ No/Non-Compliant \_\_\_\_\_

**EXHIBIT B**

**NAME, LOCATIONS, AND OTHER INFORMATION FOR LOAN PARTIES**

1. Each Loan Party represents and warrants to Agent that the Loan Parties' current name and organizational status as of the Closing Date is as follows:

Name: OUSTER, INC.

Type of organization: corporation

State of organization: Delaware

Organization file number: \_\_\_\_\_

Name: SENSE PHOTONICS, INC.

Type of organization: corporation

State of organization: Delaware

Organization file number: \_\_\_\_\_

2. Each Loan Party represents and warrants to Agent that for five (5) years prior to the Closing Date, the Loan Parties did not do business under any other name or organization or form except the following:

Name:

Used during dates of:

Type of Organization:

State of organization:

Organization file Number:

3. Each Loan Party represents and warrants to Agent that their chief executive office(s) is/are located at \_\_\_\_\_.

**EXHIBIT C**

**LOAN PARTIES' PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES**

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**EXHIBIT D**

**LOAN PARTIES' DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS**

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**EXHIBIT E**  
**COMPLIANCE CERTIFICATE**

Hercules Capital, Inc. (as “Agent”)  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated January 21, 2022 and the Loan Documents (as defined therein) entered into in connection with such Loan and Security Agreement all as may be amended from time to time (hereinafter referred to collectively as the “Loan Agreement”) by and among Hercules Capital, Inc. (the “Agent”), the several banks and other financial institutions or entities from time to time party thereto (collectively, the “Lender”) and OUSTER, INC. (the “Company”) as Borrower and each other Loan Party. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provide certification of information regarding the Company; hereby certifies, in such capacity, that in accordance with the terms and conditions of the Loan Agreement, the Company is in compliance for the period ending \_\_\_\_\_ of all covenants, conditions and terms and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year-end adjustments) and are consistent from one period to the next except as explained below.

REPORTING REQUIREMENT	REQUIRED	CHECK IF ATTACHED
Interim Financial Statements	Monthly within 45 days (if within Trigger Period)	
Interim Financial Statements	Quarterly within 45 days	
Audited Financial Statements	FYE within 90 days	

**ACCOUNTS OF LOAN PARTIES AND THEIR SUBSIDIARIES AND AFFILIATES**

The undersigned hereby also confirms the below disclosed accounts represent all depository accounts and securities accounts presently open in the name of each Loan Party or Loan Party’s Subsidiary/Affiliate, as applicable.

Each new account that has been opened since delivery of the previous Compliance Certificate is designated below with a “\*”.

		<b>Depository AC #</b>	<b>Financial Institution</b>	<b>Account Type (Depository / Securities)</b>	<b>Last Month Ending Account Balance</b>	<b>Purpose of Account</b>
<b>LOAN PARTY Name/Address:</b>						
	<b>1</b>					
	<b>2</b>					
	<b>3</b>					
	<b>4</b>					
	<b>5</b>					
	<b>6</b>					
	<b>7</b>					
<b>LOAN PARTY Name/Address:</b>						
	<b>1</b>					
	<b>2</b>					
	<b>3</b>					
	<b>4</b>					
	<b>5</b>					
	<b>6</b>					
	<b>7</b>					
<b>NON-LOAN PARTY SUBSIDIARIES Name(s)/Address(s):<sup>1</sup></b>						
	<b>1</b>					
	<b>2</b>					
	<b>3</b>					
	<b>4</b>					
	<b>5</b>					
	<b>6</b>					
	<b>7</b>					

<sup>1</sup> For purposes of measuring compliance with Section 7.12(b) and “Excluded Accounts”.

Financial Covenant	Required Level	Actual Level	In Compliance? (Y; N; N/A)
Revenue Covenant <i>Section 7.19(a) of the Loan Agreement</i>	the number provided in Schedule 7.19(a) \$ _____	[ ] \$ _____	Yes  No  N/A <sup>2</sup>
For purposes of calculating the above, average amount for the last five days of each month		\$ _____	
Liquidity Covenant <i>Section 7.19(b) of the Loan Agreement</i>	\$60,000,000 in Deposit Accounts with respect to which Agent has an Account Control Agreement	\$ _____	Yes  No  N/A <sup>3</sup>

Very Truly Yours,

OUSTER, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

<sup>2</sup> Revenue Covenant only tested quarterly beginning on June 30, 2023 and until the Merger Effective Date.

<sup>3</sup> Liquidity Covenant only tested on and after the Merger Effective Date.

## EXHIBIT F

### FORM OF JOINDER AGREEMENT

This Joinder Agreement (the “Joinder Agreement”) is made and dated as of [ ], 20[ ], and is entered into by and between \_\_\_\_\_, a \_\_\_\_\_ corporation (“Subsidiary”), and HERCULES CAPITAL, INC., a Maryland corporation (as “Agent”).

### RECITALS

A. Subsidiary’s Affiliate, OUSTER, INC. (“Company”) has entered into that certain Loan and Security Agreement dated as of April 29, 2022, with Company, Guarantors (as defined in the Loan Agreement), the several banks and other financial institutions or entities from time to time party thereto as lender (each a “Lender”, and collectively, the “Lenders”) and the Agent, as such agreement may be amended (the “Loan Agreement”), together with the other agreements executed and delivered in connection therewith; and

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Company’s execution of the Loan Agreement and the other agreements executed and delivered in connection therewith.

### AGREEMENT

NOW THEREFORE, Subsidiary and Agent agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.
2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were the Guarantor (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that (a) with respect to (i) Section 5.1 of the Loan Agreement, Subsidiary represents that it is an entity duly organized, legally existing and in good standing under the laws of [ ], (b) neither Agent nor the Lenders shall have any duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other Loan Documents, (c) that if Subsidiary is covered by Company’s insurance, Subsidiary shall not be required to maintain separate insurance or comply with the provisions of Sections 6.1 and 6.2 of the Loan Agreement, and (d) that as long as Company satisfies the requirements of Section 7.1 of the Loan Agreement, Subsidiary shall not have to provide Agent separate Financial Statements. To the extent that Agent or the Lenders has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other Loan Documents, those duties, responsibilities or obligations shall flow only to Company and not to Subsidiary or any other Person or entity. By way of example (and not an exclusive list): (i) Agent’s providing notice to Company in accordance with the Loan Agreement or as otherwise agreed among Company, Agent and the Lenders shall be deemed provided to Subsidiary; (ii) a Lender’s providing an Advance to Company shall be deemed an Advance to Subsidiary; and (iii) Subsidiary shall have no right to request an Advance or make any other demand on the Lenders.
3. Subsidiary agrees not to certificate its equity securities without Agent’s prior written consent, which consent may be conditioned on the delivery of such equity securities to Agent in order to perfect Agent’s security interest in such equity securities.
4. Subsidiary acknowledges that it benefits, both directly and indirectly, from the Loan Agreement, and hereby waives, for itself and on behalf on any and all successors in interest (including without limitation any assignee for the benefit of creditors, receiver, bankruptcy trustee or itself as debtor-in-possession under any bankruptcy proceeding) to the fullest extent provided by law, any and all claims, rights or defenses to the enforcement of this Joinder Agreement on the basis that (a) it failed to receive adequate consideration for the execution and delivery of this Joinder Agreement or (b) its obligations under this Joinder Agreement are avoidable as a fraudulent conveyance.

5. As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Subsidiary grants to Agent a security interest in all of Subsidiary's right, title, and interest in and to the Collateral.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO JOINDER AGREEMENT]

SUBSIDIARY:

\_\_\_\_\_

By:  
Name:  
Title:

Address:

Telephone: \_\_\_\_\_  
email: \_\_\_\_\_

AGENT:

HERCULES CAPITAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:  
400 Hamilton Ave., Suite 310  
Palo Alto, CA 94301  
email: legal@htgc.com  
Telephone: 650-289-3060

**EXHIBIT G  
RESERVED.**

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**EXHIBIT H**

**ACH DEBIT AUTHORIZATION AGREEMENT**

HERCULES CAPITAL, INC.  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301

Re: Loan and Security Agreement dated April 29, 2022 (the "Agreement") by and among OUSTER, INC. ("Borrower") and Hercules Capital, Inc., as agent ("Agent ") and the lenders party thereto (collectively, the "Lenders")

In connection with the above referenced Agreement, the Borrower hereby authorizes the Company to initiate debit entries for (i) the periodic payments due under the Agreement and (ii) out-of-pocket legal fees and costs incurred by Agent or the Lenders pursuant to Section 11.12 of the Agreement to the Borrower's account indicated below. The Borrower authorizes the depository institution named below to debit to such account.

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

OUSTER, INC.  
(Borrower)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT I**  
**RESERVED**

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**EXHIBIT J-1**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

**(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)**

Reference is hereby made to the Loan and Security Agreement dated as of April 29, 2022 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among OUSTER, INC., a Delaware corporation (the "Borrower"), SENSE PHOTONICS, INC., a Delaware corporation (together with each of Borrower's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement, each a "Guarantor" and, collectively, "Guarantors"), the several banks and other financial institutions or entities from time to time parties to this Agreement (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").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: \_\_\_\_\_, 20\_\_\_\_ [NAME OF LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT J-2**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

**(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)**

Reference is hereby made to the Loan and Security Agreement dated as of April 29, 2022 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among OUSTER, INC., a Delaware corporation (the "Borrower"), SENSE PHOTONICS, INC., a Delaware corporation (together with each of Borrower's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement, each a "Guarantor" and, collectively, "Guarantors"), the several banks and other financial institutions or entities from time to time parties to this Agreement (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").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: \_\_\_\_\_, 20\_\_\_\_ [NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT J-3**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

**(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)**

Reference is hereby made to the Loan and Security Agreement dated as of April 29, 2022 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among OUSTER, INC., a Delaware corporation (the "Borrower"), SENSE PHOTONICS, INC., a Delaware corporation (together with each of Borrower's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement, each a "Guarantor" and, collectively, "Guarantors"), the several banks and other financial institutions or entities from time to time parties to this Agreement (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").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: \_\_\_\_\_, 20\_\_\_\_ [NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT J-4**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

**(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)**

Reference is hereby made to the Loan and Security Agreement dated as of April 29, 2022 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among OUSTER, INC., a Delaware corporation (the "Borrower"), SENSE PHOTONICS, INC., a Delaware corporation (together with each of Borrower's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement, each a "Guarantor" and, collectively, "Guarantors"), the several banks and other financial institutions or entities from time to time parties to this Agreement (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").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: \_\_\_\_\_, 20\_\_\_\_ [NAME OF LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 1.1**  
**COMMITMENTS**

<b>LENDERS</b>	<b>TRANCHE 1 COMMITMENT</b>	<b>TRANCHE 2 COMMITMENT</b>	<b>TOTAL COMMITMENT</b>
Hercules Capital, Inc.	\$30,000,000	\$7,500,000	\$37,500,000
Hercules Private Global Venture Growth Fund I L.P.	\$10,000,000	\$2,500,000	\$12,500,000
<b>TOTAL COMMITMENTS</b>	<b>\$40,000,000</b>	<b>\$10,000,000</b>	<b>\$50,000,000</b>

**SCHEDULE 7.19**  
**T12M Revenue Calculation**

<b>Period Ending</b>	<b>GAAP Revenue</b>
June 30, 2023	\$70,000,000
September 30, 2023	\$85,000,000
December 31, 2023	\$100,000,000
March 31, 2024	\$125,000,000
June 30, 2024	\$150,000,000
September 30, 2024	\$200,000,000
December 31, 2024	\$250,000,000
March 31, 2025	\$300,000,000
June 30, 2025	\$350,000,000
September 30, 2025	\$425,000,000
December 31, 2025	\$500,000,000
March 31, 2026	\$600,000,000
June 30, 2026	\$750,000,000



## LIST OF SUBSIDIARIES

The following is a list of the direct and indirect subsidiaries of Ouster, Inc., that is current as of March 24, 2023:

### Subsidiaries

Ouster Canada Limited  
 Canada, Inc.  
 Ouster (Suzhou) Intelligent Technology Co., Ltd.  
 Beijing Velodyne LiDAR Technology Co., Ltd.  
 Sense Photonics, Inc.  
 Velodyne Lidar USA, Inc.  
 Ouster France SAS  
 Velodyne Europe GmbH  
 Ouster Hong Kong Limited  
 Velodyne HK Limited  
 Velodyne Lidar India Private Limited  
 Ouster Netherlands, B.V.  
 Ouster (Thailand) Co., Ltd.  
 Velodyne 2022 Limited  
 Ouster UK Limited

### Jurisdiction

Canada  
 Canada  
 China mainland  
 China mainland  
 Delaware, United States  
 Delaware, United States  
 France  
 Germany  
 Hong-Kong, China  
 Hong-Kong, China  
 India  
 Netherlands  
 Thailand  
 Thailand  
 United Kingdom

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-264600 and 333-254987) and Form S-8 (Nos. 333-269748, 333-266141, 333-266140, 333-260576 and 333-257859) of Ouster, Inc. of our report dated March 24, 2023 relating to the financial statements, which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP  
San Jose, CA  
March 24, 2023

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that OUSTER, INC., a Delaware corporation (the “Company”), and each of the undersigned directors of the Company, hereby constitutes and appoints Angus Pacala and Mark Weinswig, and each of them (with full power to each of them to act alone), his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and on his or her behalf in his or her name, place and stead, in any and all capacities to sign, execute, affix his or her seal thereto and file, or cause such actions to be taken with regards to, the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 under the Securities Exchange Act of 1934, as amended, including any amendment or amendments thereto, with all exhibits and any all documents required to be filed with respect thereto with any regulatory authority.

There is hereby granted to said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in respect of the foregoing as fully as he or she might or could do if personally present, thereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

This Power of Attorney may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument and any of the undersigned directors may execute this Power of Attorney by signing any such counterpart.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Theodore L. Tewksbury, Ph.D.</u> Theodore L. Tewksbury, Ph.D.	Executive Chairman of the Board of Directors	March 24, 2023
<u>/s/ Virginia Boulet</u> Virginia Boulet	Director	March 24, 2023
<u>/s/ Susan Heystee</u> Susan Heystee	Director	March 24, 2023
<u>/s/ Ernest Maddock</u> Ernest Maddock	Director	March 24, 2023
<u>/s/ Karin Rådström</u> Karin Rådström	Director	March 24, 2023
<u>/s/ Kristin Slanina</u> Kristin Slanina	Director	March 24, 2023
<u>/s/ Riaz Valani</u> Riaz Valani	Director	March 24, 2023

**CERTIFICATION**

I, Angus Pacala, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 24, 2023

By: /s/Angus Pacala  
Angus Pacala  
Co-Founder and Chief Executive Officer  
*(principal executive officer)*

**CERTIFICATION**

I, Mark Weinswig, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 24, 2023

By: /s/ Mark Weinswig  
Mark Weinswig  
Chief Financial Officer  
(*principal financial officer*)

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Ouster, Inc. (the "Company") for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
  
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2023

By: /s/Angus Pacala  
Angus Pacala  
Co-Founder and Chief Executive Officer  
(*principal executive officer*)

