

## Risk Factors Comparison 2024-03-28 to 2023-03-24 Form: 10-K

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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, **2023 and 2022** ~~and 2021~~, we incurred net losses of \$ **374.1 million and \$ 138.6 million** ~~and \$ 94.0 million~~, respectively. We expect **these to continue to incur** losses ~~to continue~~ for **at least the foreseeable future** ~~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~~ **2023**, we had an accumulated deficit of \$ **441.816.90** 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 **and expand our existing product offerings**. For instance, ~~last in~~ **October 2022**, 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 **\$ 91.2 million and \$ 64.3 million and \$ 34.6 million** during the years ended December 31, **2023 and 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 **to secure opportunity opportunities** from these non- binding agreements, **including those** involving strategic ~~customer- customers~~ agreements, we may be unable to produce accurate forecasts **and or** 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 **or future** 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-or in a timely fashion. The already competitive landscape of the lidar market, including 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 **customers** tend to be large companies that move slowly to larger scale production, often with years- long timelines. If our products are not chosen for deployment in these projects, or we lose a program under any circumstances, we may not have an opportunity to obtain that business again for many years. Industrial automation is a demanding industry with product specifications that our products may not always meet. Our products also are used in a wide variety of existing and emerging use cases in the smart infrastructure market, which generally consists of public bodies and private commercial businesses engaging in the monitoring and analysis of pedestrian and vehicle movements for the purpose of providing building security, improving road user safety, and increasing roadway efficiency. This is still a nascent market, and while this industry is experimenting with the use of lidar in these applications, our customers may decide that lidar is not a viable solution for a variety of reasons, including price points, interoperability, and integration of lidar sensors. Customers in this market are often local governments, such as city governments, which may be subject to political pressures, and may not control their own budgets. For example, programs could be cancelled due to 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 one to two years**. As a result of increased competition and changing standards in our target markets, we may be required to increase our warranty period length and the scope of our warranty. To be competitive, we may be required to



implement these increases before we are able to determine the economic impact of an increase. Accordingly, we may be at risk that any such warranty increase could result in foreseeable and unforeseeable losses for the Company. In particular, the usage of our products by target customers could make us liable for warranty claims and pecuniary and reputational damages. In our target markets, our products may be placed in physical locations and environments that present harsh operating conditions, or that present a risk of product damage due to accidents or vandalism. This may result in more product failures than we anticipate, and may require us to provide warranties for our products beyond our knowledge of their performance. This could increase the rate of customer returns and warranty claims, resulting in higher- than- expected operating costs for us. Product failures may also affect market acceptance of our products and our ability to win future business. Any negative publicity related to the perceived quality of our products could affect our brand image, partner and customer demand, and adversely affect our operating results and financial condition. We may require additional capital in order to execute our business plan, which may not be available on terms acceptable to us, or at all. ~~In the future~~ **We may require additional capital in order to execute on our business plan, and** we may require additional capital to fund our R & D efforts and to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances and we may determine to **utilize our “ at- the- market ” offering program or** 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. ~~We The Company maintains~~ **maintain** 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 **, including through our “ at- the- market ” offering program,** or other equity- linked securities or if ~~it we issues~~ **issue** equity or equity- linked securities to current or potential customers to further business relationships, our existing stockholders could experience significant dilution. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited and our business results and operations could be materially and adversely affected. We face risks related to our indebtedness. As of December 31, ~~2022~~ **2023**, we had total outstanding debt of \$ ~~40-44~~ . 0 million under our ~~credit Loan and Security Agreement~~ **agreement** with ~~Heracles Capital~~, **UBS Bank USA and UBS Financial Services** Inc. (“~~Heracles~~”), as amended. We may incur additional indebtedness in the future **. This credit agreement contains various covenants and other restrictions as described in Note 6, Debt included in the notes to consolidated financial statements included elsewhere in this Form 10- K.** 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 **including 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 **current or** prospective customers

have a negative perception of, or experience with, lidar or a competitor's lidar products they may be reluctant to adopt lidar in general or specifically our products. Any negative publicity, regardless of its accuracy, could materially and adversely affect our business. Additionally, existing or new non-lidar technologies may emerge as customers' preferred alternative to lidar and may adversely affect the adoption of our lidar solutions and of lidar generally. Significant developments in alternative technologies, such as cameras and radar, may materially and adversely affect our business, prospects, financial condition and operating results in ways we do not currently anticipate. Any failure by us or the lidar market generally to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could adversely affect the adoption of lidar and sales of our current products or materially delay the development and introduction of new and enhanced products, which could result in the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors. We are pursuing opportunities in markets that involve novel applications that are rapidly evolving, and that include both technological and regulatory uncertainties, making it difficult to predict the size and timing of market opportunities. For example, autonomous driving and lidar-based ADAS applications require complex technology, stringent testing, and rigorous safety controls. Because these automotive systems are both themselves complex, and also depend on complex technologies from many suppliers, commercialization of autonomous driving or ADAS products could be delayed or impaired on account of technological capabilities that are not sufficiently advanced for deployment in vehicles. These standards may never be met at all. Additionally, ADAS has yet to, and may never, achieve widespread adoption, which would reduce demand for lidar in that market. Similar concerns are also applicable to our other three verticals. Although we currently have contracts with numerous commercial customers across diverse markets, these customers may not be able to utilize our technology in the foreseeable future, or at all. Regulatory, safety or reliability developments, many of which are outside of our control, could also cause delays or otherwise impair commercial adoption of these new technologies, which will adversely affect our growth. Our future financial performance will depend on our ability to make timely investments in the correct market opportunities in this environment. Many of our customers are still in the testing and development phases of applications with our products and it cannot be certain that they will commercialize products or systems with our digital lidar sensors or at all. We believe adoption of lidar products, including our digital lidar sensors, will depend on numerous factors, including: whether the technological capabilities of lidar and lidar-based products meet users' current and evolving needs; whether the benefits of designing lidar into larger sensing systems outweigh the costs, complexity and time needed to deploy such technology or replace or modify existing systems that may have used other modalities such as cameras and radars; whether users in other applications can move beyond the testing and development phases and proceed to commercializing systems supported by lidar technology and whether lidar developers can keep pace with rapid technological changes in certain developing markets. If lidar technology generally does not achieve commercial success or if the market adoption is slower than expected, our business, results of operation and financial condition will be materially and adversely affected. We may experience difficulties in managing our growth and expanding our operations. We are experiencing significant growth in the scope and nature of our operations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We are currently in the process of strengthening our compliance programs, including our compliance programs related to product certifications, quality management systems certifications, environmental certifications, export controls, privacy and cybersecurity and anti-corruption. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have an adverse effect on our business, reputation and financial results. Additionally, rapid growth in our business may place a strain on our human and capital resources. Furthermore, we expect to continue to conduct our business internationally and anticipate increased business operations in the United States, Europe, Asia and the Middle East ~~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 **maintain or** grow our global sales and marketing organization, or maintain or grow an effective network of distributors, resellers, and integrators, our business prospects, results of operations and financial condition could be adversely affected. In order to generate future sales growth, we will need to **expand-maintain or grow** the size and geographic coverage of our field organization, including marketing, direct sales, customer support and technical services. Accordingly, our future success will depend largely on our ability to hire, train, retain, and motivate skilled regional sales managers and direct sales representatives with significant technical knowledge and understanding of our products. Because of the competition for their skillset, we may not be able to attract or retain such personnel on reasonable terms, if at all. If we are unable to **maintain or** grow our global sales and marketing organizations, we may not be able to increase our revenue, which would adversely affect our business, financial condition and results of operations. Additionally, we rely on a network of independent distributors to help generate sales of our products internationally. If a dispute arises with a distributor or if we terminate our relationship with a distributor or a distributor goes out of business, it may take time to identify an alternative distributor, to train new personnel to market our products, and our ability to sell our products in a region formerly serviced by a terminated distributor could be harmed. In addition, our distributors may not successfully market and sell our products and may not devote sufficient time and resources that we believe are necessary to enable our products to develop, achieve or sustain market acceptance. Any of these factors could reduce our revenue or impair our revenue growth in affected markets, increase our costs in those markets or damage our reputation. In addition, if an

independent distributor were to depart and be retained by one of our competitors, we may be unable to prevent that distributor from soliciting business from our existing customers, which could further adversely affect us. As a result of our reliance on third- party distributors, we may be subject to disruptions and increased costs due to factors beyond our control, including labor strikes, third- party errors and other issues. If the services of any of these third- party distributors become unsatisfactory, we may experience delays in meeting our customers' demands and we may be unable to find a suitable replacement on a timely basis or on commercially reasonable terms. Any failure to deliver products in a timely manner may damage our reputation and could cause us to lose potential customers. Our forecasts of market growth 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 **geographic regions affected by the** Russia and **Ukraine** and **Israel- Hamas wars**; • 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 ~~-, which has forced us to record inventory write- downs in the past~~ Inventory levels in excess of customer demand have resulted and may in the future result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. Conversely, if we underestimate customer demand for our products, we may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our revenue and operating results. We are exposed to the risk of write- downs on the value of our inventory and other assets, in addition to purchase commitment cancellation risk. We record a write- down for product and component inventories that have become obsolete or exceed anticipated demand, or for which cost exceeds net realizable value. We also accrue necessary cancellation fee reserves for orders of excess products and components. We review long- lived assets, including capital assets held at our suppliers' facilities, for impairment whenever events or circumstances indicate the assets may not be recoverable. If we determine that an impairment has occurred, we record a write- down equal to the amount by which the carrying value of the asset exceeds its fair value. No assurance can be given that we will not incur write- downs, fees, impairments and other charges given the rapid and unpredictable pace of product obsolescence in the industries in which we compete. We order components for our products and build inventory in advance of product manufacturing and shipments. Manufacturing purchase obligations cover our forecasted component and manufacturing requirements, typically for periods up to three months. Because our target markets are volatile, competitive and subject to rapid technology and price changes, and because we have limited sales history, there is a risk we will forecast incorrectly and order or produce excess or insufficient amounts of components or products, or not fully utilize ~~our firm 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 businesses~~, that are privately funded, have limited resources, and do not have a history of creditworthiness that we can audit to determine reliability and increase the potential risk to record potential losses. These companies could fail to raise enough capital and have to shut down operations. Even if they are financially solvent and stable and we are successful in securing a commercial relationship with them, their business plans for future programs may be inherently uncertain and unpredictable, and less structured than established companies. We 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-our~~ net operating loss carryforwards ~~and certain tax credits~~ before their expiration (if we generate taxable income at all). In addition, our federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code, respectively, and similar provisions of state law. Under those sections of the Internal Revenue Code, if a corporation undergoes an " ownership change, " the corporation' s ability to use its pre- change net operating loss carryforwards and other pre- change tax attributes, such as research tax credits, to offset its post- change income or taxes may be limited. In general, an " ownership change " will occur if there is a cumulative change in our ownership by certain significant shareholders that exceeds 50 percentage points over a rolling three- year period. Similar rules may apply under state tax laws. ~~The Company has~~ ~~We have completed an analysis of Section 382 ownership changes in our stock through February 10, 2023 and have concluded that we have~~ experienced ownership changes ~~since its inception, that will result in limitations in our ability to use and- an immaterial amount of tax credit carryforwards. We~~ 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, 2022-2023, accounted for a the majority of our OS sensor manufacturing output. In 2023, after the merger with Velodyne, we began moving manufacturing operations of Velodyne sensors to a Fabrinet facility in Thailand. 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 these Thailand Benchmark's facility facilities, 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 U. S.~~ based employees are "at-will" employees. The loss of the services of one or more of our key employees could delay or have an impact on the successful commercialization of our products. We do not maintain key man insurance. Our ability to successfully execute on our strategic plan depends in part on our ability to continue to appropriately build our organization and hire qualified personnel, especially with engineering, sales, technical, and manufacturing expertise. Competition for qualified personnel is especially severe in the San Francisco Bay Area. We may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel. If we are unsuccessful in our recruitment ~~and retention~~ efforts, it may adversely affect our business and our growth prospects. In addition, in connection with the closing of the Velodyne Merger, in February 2023, we implemented a reduction in force ~~to affecting approximately 180-200 employees in order~~ 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~~ While positions have been eliminated, certain functions necessary to our operations remain, and we ~~have~~ may be ~~unsuccessful in distributing~~ distributed 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, unacquired 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. ~~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” Note 9. Commitments and Contingencies included in the notes to our audited consolidated financial statements included** elsewhere in this Annual Report on Form 10- K. We **have in the past and** could **in the future** 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- In addition, on June 10 current or proposed regulations may adversely impact the availability of supplies needed to manufacture our products. For example, 2021, we received a letter- the Uyghur Forced Labor Prevention Act effectively bans all products from China** the SEC notifying us of an investigation and document subpoena. The subpoena seeks documents regarding projected financial information in CLA’ s 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 ~~our~~ **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. ~~These~~ **This** material weaknesses-- **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, ~~Form S-10-K 4 registration statement~~ filed with the SEC. This assessment includes disclosure of any material weaknesses identified by our management in internal control over financial reporting. In the future, to the extent we are considered an accelerated filer or a large accelerated filer, our independent registered public accounting firm will also be required pursuant to Section 404 (b) of the Sarbanes-Oxley Act to attest to the effectiveness of our internal control over

financial reporting in each annual report on December 22 Form 10-K to be filed with the SEC. 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, 2020 the Board of Directors. The Board of Directors may decide, in its sole discretion, whether to effect such a reverse stock exchange on which split without further approval or our securities are listed or action by stockholders. Further, there are other regulatory authorities, which would require additional financial and management resources. There can be no assurance that after a reverse stock split, we will be able to comply with the continued listing standards of the minimum 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.

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 previously 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 or other pandemic pandemics or public health crises 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. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' ability to timely deliver product components, our business, operating results and financial condition would be adversely affected. We and our third-party providers are subject to cybersecurity risks to our IT Systems and Confidential Information, and any material failure, weakness, interruption, cyber event, incident, or breach of security could materially adversely affect our business, results of operations, and financial condition. We rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, "IT Systems"). We own and manage some of these IT Systems, but also rely on third parties for a range of IT Systems and related products and services. We and certain of our third-party providers collect, maintain and process data about customers, employees, business partners and others, including information about individuals — as well as proprietary information belonging to our business such as trade secrets (collectively, "Confidential Information"). We and our third-party vendors and suppliers face numerous and evolving



cybersecurity risks that threaten the confidentiality, integrity, and availability of our IT Systems and Confidential Information, including from diverse threat actors, such as state-sponsored organizations, opportunistic hackers, and hackers, as well as through diverse attack vectors including acts of vandalism, malware (including ransomware), social engineering, denial or degradation of service attacks, computer viruses, software bugs or vulnerabilities, supply chain attacks, phishing attacks, ransomware attacks, misplaced or lost data, human errors, malicious insiders or other similar events. Moreover, any integration of artificial intelligence in our or any third-party's operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. We and certain of our third-party providers regularly experience actual and attempted cyberattacks and other incidents. Although none of these actual or attempted cyber-attacks has had a material adverse impact on our operations or financial condition to date, 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 IT systems~~ **Systems**, including **in relation to** business, financial, accounting, product development, data processing or production processes, owned by us or our third-party vendors or suppliers; facility security systems, owned by us or our third-party vendors or suppliers; in-product technology owned by us or our third-party vendors or suppliers; the integrated software in our lidar solutions; or **Confidential Information** ~~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 IT systems~~ **Systems**; result in loss of **Confidential Information** including intellectual property, trade secrets or ~~other proprietary or the other Company proprietary or competitively sensitive information~~, certain information of customers, employees, suppliers, drivers or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software in our lidar solutions. Cyberattacks are expected to accelerate on a global basis in frequency and magnitude ~~has~~ as threat actors are becoming increasingly sophisticated in using techniques and tools — including artificial intelligence — that circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact to our IT Systems, Confidential Information or business. We also cannot guarantee that our cybersecurity risk management program and processes, including our policies, controls, or procedures will be fully implemented, ~~complied with~~ maintain information technology measures designed to protect us against intellectual property theft, ~~or 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.~~ **Further, the** implementation, maintenance, segregation and improvement of these ~~systems programs and processes~~ **require** significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current ~~systems programs and processes~~, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the ~~systems programs and processes~~ upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these ~~systems programs and processes~~ as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our **Confidential Information, including** proprietary information or intellectual property, could be compromised or misappropriated and our reputation may be adversely affected. If these ~~systems programs and processes~~ do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation **(including class actions), and require significant incident response, system restoration, or remediation and future compliance costs**, any of which could materially affect our business, prospects, financial condition and operating results. In addition, our insurance coverage for cyber-attacks may not be sufficient to cover ~~all the losses~~ **all the losses** we may experience as a result of a cyber incident. ~~Any problems with, and we cannot guarantee that applicable insurance will be available to us~~ ~~our~~ ~~or in~~ ~~third-party cloud hosting providers, whether due to cyber security failures or other~~ **the future on economically reasonable terms at all** 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 **32.3, 63.8, 264, 980, 516 (18.1, 486, 933, 938, 613** of which are currently vested) shares of our common stock at an exercise price of **\$ 5.50 . 07-70** per share, representing **8. 4-0**% of our outstanding common stock as of March **23-21, 2023-2024**. 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; • 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** requests and produced all requested documents; however • **actions by stockholders, including the sale by significant stockholders of any of their SEC may request 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 documents debt; • the volume of shares of or our information 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** ~~On 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..... may result in substantial fines and penalties -- parties settled ; 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 immaterial mootness** adverse effect on our financial condition or..... damages and expenses, including attorneys’ fees . Our insurance does not typically cover..... of its products, an adverse outcome in **September** any such litigation could make it more..... of stockholders held on January 26, 2023 , our Board of Directors has the..... 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 each class of~~ 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 **in such class** 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 either class of~~ public warrants in a manner adverse to a holder **of such class** of public warrants if holders of at least 50 % of the then outstanding public warrants **in such class** 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 **class of** public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or shares, shorten the exercise period or decrease the number **of shares** of common stock purchasable upon exercise of a warrant. Our warrant 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 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 **class of** publicly traded warrants traded under the symbol “ OUST. WS ”, we may redeem such warrants at a price of \$ 0. ~~01-10~~ per warrant, provided that the closing price of our common stock equals or exceeds \$ ~~18-180~~. 00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. For the **class of** publicly traded warrants traded under the symbol “ OUST. ~~WTA-WSA~~ ”, we may redeem such warrants at a price of \$ 0. ~~01-10~~ per warrant, provided that the closing price of our common stock equals or exceeds \$ ~~21-219~~. ~~94-41~~ 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.