

ATLANTIC WALK RESEARCH

3/3/2026

**Ouster, Inc. (NASDAQ: OUST))
FY2025 Earnings Update**





Royalty-Boosted Print, Cleaner 2026 Normalization, and Early Proof Points on Platform Attach

Ouster’s FY25 print delivered record Q4 revenue, record sensor shipments, and a headline step-up in profitability, but the results should be interpreted on a normalized basis. Q4 revenue of \$62 million included approximately \$21 million in royalties described as primarily one-time. Product revenue of \$41 million better reflects the underlying trajectory, driven primarily by industrial demand followed by robotics and infrastructure. The strategic read-through was equally important. Management emphasized that customers have identified sensor fusion as a serious



Key Stats	
Initiation Date	2/23/2026
Initiation Price	\$21.06
Price	\$22.86
Price Target	\$35.07
52 Week High - Low	\$6.34 - \$41.65
Shares Outstanding - Mil	52.56
Market Cap - Mil	\$ 1,120
Book Value / Share	\$4.18
Cash per Share	\$3.63
Dividend	N/A

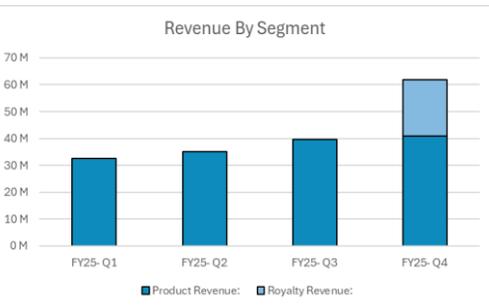
Key Catalysts

- FY26 profitability path: royalties < \$5M, GM 35–40%, opex +5–8%
- StereoLabs pull-through: first bundled LiDAR-plus-camera wins
- Software momentum: attach proxies and renewal cadence
- Industrial scale: repeat production orders vs pilot mix
- Margin durability: product GM trajectory post-royalty roll-off

hurdle and are actively requesting the integrated LiDAR-plus-camera stack, reiterating that the unified perception system is available today and that AI perception models are now being trained across both modalities in-house.

Financials

Q4 revenue was \$62 million, up 107% year over year and 57% sequentially, but included approximately \$21 million of primarily one-time royalties tied to long-term IP license contracts. Product revenue was \$41 million, up 36% year over year and 4% sequentially, driven primarily by customers in industrial and robotics verticals, with use cases including warehouse automation, robotaxi, and mapping. Ouster shipped more than 8,100 LiDAR sensors in the quarter, a record shipment level. Gross margin expanded materially on the royalty mix shift. GAAP gross margin was 60% and management indicated royalties contributed roughly 19 points of gross margin, implying normalized product margin remains the key variable as royalties



roll off. The company posted GAAP net income of \$4 million and adjusted EBITDA of \$11 million, demonstrating the operating leverage available when mix and gross profit dollars cooperate. Full-year FY25 revenue was \$169 million, up 52% year over year, including approximately \$23 million of royalties described as primarily one-time. Bookings were \$177 million, and management cited a 1.2x product book-to-bill. Cash, cash equivalents, restricted cash, and short-term investments ended FY25 at \$211 million, sustaining runway through the profitability transition and StereoLabs integration period. StereoLabs was a \$35 million cash outlay, and under our base case we view current liquidity as sufficient without the need for near-term financing.



Strategic Positioning

The call reinforced that Ouster is not an auto-timeline optionality trade. Management highlighted industrial as the strongest vertical in the quarter, followed by robotics and infrastructure, and noted that customers are naming sensor fusion as a key gating challenge. With StereoLabs now in-house, Ouster emphasized the value of training perception models across both LiDAR and camera modalities, positioning the fused perception stack as a faster path from pilot to deployment and a mechanism to increase attach and deal size over time, which we view as potential margin upside as software and bundled configurations become more prevalent. On software, management provided more concrete proof points. Software-attached bookings more than doubled in 2025 and represented over 15% of sensors shipped, up over 120% year over year. Management also stated its in-house trained AI models are running 24/7 at over 1,200 Gemini and BlueCity sites spanning 65 million square feet of roadways and facilities, and called out a seven-figure annual Gemini renewal with a leading global technology company. These are early signals that platform economics are beginning to show up beyond narrative.

Management Guidance

For Q1 2026, management guided revenue of \$45–\$48 million, including approximately seven weeks of StereoLabs operations. Management guided FY26 royalties of less than \$5 million. Management reiterated its long-term framework of 30–50% annual revenue growth, GAAP gross margin of 35–40%, and GAAP operating expense growth of 5–8% from FY25 levels, explicitly excluding one-time royalty impacts from the framework.

What Changed

Q4 tightened the debate from “can Ouster scale” to “how quickly can product revenue and recurring software attach compound once royalties normalize.” The company delivered record shipment momentum, but more importantly provided a clear cap on FY26 royalty revenue (<\$5M), explicit opex discipline parameters, and software proof points (doubling software-attached bookings, 1,200+ live AI deployment sites, and a seven-figure renewal) that strengthen the argument for improving revenue quality over time.

What We’re Watching & KPIs

The next phase hinges on durability rather than the one-time Q4 mix benefit. Key KPIs include product revenue growth and normalized gross margin after royalties roll off, GAAP opex growth tracking within the 5–8% framework, shipments and the cadence of repeat production orders, software attach proxies such as software-attached bookings and renewal activity, and evidence of bundled LiDAR-plus-camera wins as StereoLabs pull-through begins to show up in FY26 disclosure.

Summary

Q4 delivered a headline profit quarter that we view as a constructive proof point, with management doing the work to normalize the print for underwriting. Management capped forward royalties, framed opex discipline, and provided evidence that software and perception models are already running at enterprise scale with measurable renewal behavior.

In our view, the most important call update was that customers are explicitly naming sensor fusion as a



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gating problem and are actively requesting the fused perception stack, supporting the strategic rationale for the StereoLabs acquisition. We read the report as bullish because the call provided clear guideposts for what normalized profitability should look like and what evidence should emerge in FY26 as the perception platform is commercialized. We reiterate our \$35.07 price target with increased conviction.

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