Owlet

2025 Annual Report

Dear Fellow Stockholders,

Twelve years ago, Owlet was founded with a mission to empower parents with better information about their infant's safety, health, and wellbeing. Today, that mission has never been more attainable. My focus is on ensuring that our foundational success serves as a springboard for a deeper, multi-year relationship with the families we serve.

A Sharpened Strategic Focus

As we discussed in our first quarter earnings call in May, we realigned the organization around three core pillars designed to sharpen focus and drive long-term value:

- **Grow to 1 Million New Customers Per Year – Win Core Markets:** We are concentrating our resources where they matter most. With market penetration in the U.S. at roughly 11% and Europe in the low-single digits, the "white space" for growth in our existing footprint remains substantial. We believe the business has the potential to scale toward over one million new customers annually over time.

- **Subscription First – Winning the Two Year Journey:** We are shifting from a hardware-centric model to a multi-year subscription relationship. With the launch of **Owlet360,** and **Owlet OnCall** recently going live within our app, we are capturing a potential "4-year parenting loop" across two children per household. By the end of Q1 2026, we reached over **115,000 paying subscribers** and surpassed **$1 million in Monthly Recurring Revenue (MRR),** validating the value proposition of our subscription model.

- **Operational Discipline:** We are increasing our focus on operational efficiency and financial discipline to drive profitable growth. By leveraging AI-driven efficiencies and deferring lower-ROI projects, we have raised our full-year 2026 Adjusted EBITDA guidance to **$7M–$9M**, representing up to **350% year-over-year growth**.

The Path Ahead

As a father of three, I know firsthand nothing matters more than having clarity and peace of mind when it comes to our children's health. While our strategic and financial milestones validate our business model, it is the impact on real families that truly defines who we are as a Company. A recent note from an Owlet mother, Kate B., perfectly captures why our mission is so critical. As summarized from Kate B.'s parent story:

> *After my fourth child, Miles, was born, I noticed concerning drops in his oxygen levels whenever I put his Dream Sock on him. When Miles later caught a*

*respiratory infection, his Dream Sock showed his oxygen levels dropping again, which prompted us to call for an ambulance. Miles was ultimately hospitalized and treated for an airway condition. Our Dream Sock was a blessing for our family. It helped us stay aware of changes in his health readings and be able to provide information we could share with our care team as we advocated for our son.**

Stories like Miles's are the reason we do the work that we do. They drive our innovation, sharpen our focus, and remind us that behind every subscription and data point is a family that we are empowering with actionable insights.

Thank you for your continued support and for being part of our mission to support families in the parenthood journey.

Sincerely,

Kurt Workman
Co-Founder, President and Chief Executive Officer

** This story reflects one family's experience. Individual experiences may vary. Dream Sock® is intended to track your baby's pulse rate and oxygen level and keep parents informed, but it is not intended to diagnose, treat, cure, or prevent any disease or condition.*

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All statements contained in this communication that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding Company's expected customer growth, market penetration, strategy and growth of the Owlet360 subscription model and Owlet OnCall, the anticipated benefits of the Company's subscription offerings, operational initiatives, financial performance and strategic priorities. In some cases, you can identify forward-looking statements by terms such as "estimate," "may," "believes," "plans," "expects," "anticipates," "intends," "goal," "potential," "continues," "designed," "seek," "will," the negation thereof, or similar expressions, although not all forward-looking statements contain these identifying words. Forward-looking statements are based on the Company's current expectations, speak only as of the dates they are made, and are susceptible to a number of risks, uncertainties, and other factors. For all such forward-looking statements, the Company intends these forward-looking statements to be covered by the Reform Act. The Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by its forward-looking statements. Many important factors could affect the Company's future results and cause those results to differ materially from those expressed in or implied by the Company's forward-looking statements. Such factors include, but are not limited to: (i) the commercial success of Owlet's products, including its subscription services, and the Company's ability to support, scale and maintain its subscription services; (ii) the Company's ability to increase its customer base, including its long-term objective of serving over 1 million customers annually; (iii) the regulatory pathway for Owlet's products, including submissions to, actions taken by and decisions and responses from regulators, such as the FDA, the TGA and other similar regulators outside of the United States, as well as Owlet's ability to obtain and maintain regulatory approval or certification for its products and comply with ongoing regulatory requirements; (iv) Owlet's competition and the Company's ability to profitably grow and manage growth; (v) the ability of Owlet to implement strategic initiatives, reduce costs, grow revenues, develop and launch new products, innovate and enhance existing products, meet customer demands and adapt to changes in consumer preferences and retail trends; (vi) Owlet's ability to acquire, defend and protect its intellectual property and satisfy regulatory requirements concerning privacy, data protection and cybersecurity, including for Owlet's digital platforms and technologies; (vii) Owlet's ability to maintain relationships with channel partners, customers, manufacturers and suppliers; (viii) impacts from compliance with applicable laws or regulations; (ix) the impact of and disruption to Owlet's business, financial condition, operations, supply chain and logistics due to economic and other conditions beyond the Company's control; (x) adverse impacts from other economic, business, regulatory, competitive or other factors, such as changes in discretionary consumer spending and consumer preferences; and (xi) other risks and uncertainties set forth in the Company's other releases, public statements and filings with the U.S. Securities and Exchange Commission ("SEC"), including those identified in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and as any such factors may be updated from time to time in the Company's other filings with the SEC. All such forward-looking statements attributable to the Company or any person acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Moreover, the Company operates in an evolving environment. New risk factors and uncertainties may emerge from time to time, and factors that the Company currently deems immaterial may become material, and it is impossible for the Company to predict such events or how they may affect Owlet. Except as required by law, the Company assumes no obligation to update any forward-looking statements after the date of this communication, whether because of new information, future events or otherwise, although Owlet may do so from time to time. The Company does not endorse any projections regarding future performance that may be made by third parties.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to**

Commission File Number 001-39516

OWLET, INC.

(Exact name of Registrant as specified in its Charter)

Delaware	**85-1615012**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2940 West Maple Loop Drive, Suite 203 Lehi, Utah	**84048**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (844) 334-5330

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common stock, $0.0001 par value per share	OWLT	New York Stock Exchange

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $95.6 million based on the closing market price as of the close of business on June 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter.

The number of shares of Registrant’s Class A common stock outstanding as of March 2, 2026 was 28,160,468.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant’s proxy statement for the 2026 Annual Meeting of Stockholders. Such proxy statement will be filed no later than 120 days after the close of the registrant’s fiscal year ended December 31, 2025.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains certain statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All statements other than statements of historical facts contained in this Report, including, without limitation, statements concerning possible or assumed future actions, business strategies, including with respect to reimbursements for BabySat events or results of operations, our ability to achieve or maintain profitability in the future, expectations for the growth of our business and products, expected benefits of our Owlet360 subscription service offering, our ability to receive regulatory approvals, and any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Report and are subject to a number of risks, uncertainties and assumptions described under the sections in this Report entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report.

These risks and other important factors, including those discussed in this Report, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in an evolving environment. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included elsewhere in this Report are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate, may differ materially from the forward-looking statements included elsewhere in this Report. In addition, even if our results of operations, financial condition and liquidity, and events in the industry in which we operate, are consistent with the forward-looking statements included elsewhere in this Report, they may not be predictive of results or developments in future periods.

Any forward-looking statement that we make in this Report speaks only as of the date of such statement. Except as required by law, we do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Report. For all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Reform Act.

As used in this Report, unless otherwise stated or the context otherwise requires: "we," "us," "our," "Owlet," the "Company," and similar references refer to Owlet, Inc. and its subsidiaries, and "common stock" refers to our Class A Common Stock.

Market and Industry Data And Forecasts

In this Report, we present certain market and industry data and statistics. This information is based on third-party sources, which we believe to be reliable. We have not independently verified data from these sources and cannot guarantee their accuracy or completeness. In addition, this Report contain estimates about our business and our market opportunity. Our estimates involve risks and uncertainties and are subject to change based upon various factors, including those discussed in this Report under "Forward-Looking Statements" and Part I, Item 1A. "Risk Factors." Additionally, some data in this Report is based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. Similarly, we believe our internal research is reliable, however, such research has not been verified by any independent sources.

Trademarks

This Report contains trademarks, trade names and service marks that are the property of the Company, as well as, for informational purposes, trademarks, trade names, and service marks that are the property of other organizations. Solely for convenience, certain trademarks, trade names, and service marks referred to in this report appear without the ®, ™ and SM symbols, but those references are not intended to indicate that we or the applicable owner, as the case may be, will not assert, to the fullest extent under applicable law, our or their rights to such trademarks, trade names, and service marks.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties that represent challenges that we face in connection with the successful implementation of our strategy and the growth of our business. In particular, the following are the principal risks which could cause a decline in the price of shares of our common stock:

- We have a limited operating history at our current scale, which makes it difficult to evaluate our current business model and future prospects and may increase the risk of your investment.
- We have a history of losses and may not achieve or sustain profitability. Operating losses could continue, which could materially and adversely affect our business, financial condition and results of operations.
- We have experienced fluctuations in the growth of our business and anticipate this will continue. If we fail to manage our growth effectively, our business could be materially and adversely affected.
- Our products and services rely on mobile applications to function and we depend on Apple's App Store and the Google Play Store for distribution, updates, and continued availability of those applications.
- A substantial portion of our sales comes through a limited number of retailers.
- We are required to obtain and maintain marketing authorizations or certifications from the United States Food and Drug Administration ("FDA"), foreign regulatory authorities or notified bodies for medical device products in the U.S. or in foreign jurisdictions, which can be a lengthy and time-consuming process, and a failure to do so on a timely basis, or at all, could severely harm our business.
- We currently rely on single-source contract manufacturers for the assembly of our sock monitor and camera products, and disruptions or cost increases, including as a result of supply chain challenges, memory shortages, tariffs, or other trade restrictions, could adversely affect our business.
- Our products must be manufactured, and services provided, in accordance with federal, state and foreign regulations, and we or any of our suppliers could be forced to recall products or terminate production or services if we fail to comply with these regulations.
- Our success depends in part on our proprietary technology, and if we are unable to obtain, maintain or successfully enforce our intellectual property rights, the commercial value of our products and services will be adversely affected, our competitive position may be harmed and we may be unable to operate our business profitably.
- Our business and operations may suffer in the event of IT system failures, cyberattacks or deficiencies in our cybersecurity.
- We are involved, and may become involved in the future, in disputes and other legal or regulatory proceedings that, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations.
- We face the risk of product liability claims and the amount of insurance coverage we hold now or in the future may not be adequate to cover all liabilities we might incur.
- Operations in international markets expose us to additional business, political, regulatory, operational, financial and economic risks.
- Our success depends substantially on our reputation and brand.
- We have identified material weaknesses in our internal control over financial reporting and we 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, cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired.
- We may need to raise additional capital in the future in order to support our operations and strategic plans, which may not be available to us when needed, on acceptable terms, or at all.

PART I

Item 1. Business

We are Owlet

Owlet is a leading pediatric health platform and the only company globally to offer U.S. FDA-cleared and internationally medically-certified wearable pediatric monitors for home use. By delivering hospital-grade technology through a consumer-friendly interface, we bridge the critical gap between clinical care and the home.

Our ecosystem—comprising clinically tested monitoring systems, an integrated video platform, and an intuitive mobile app—supports families from "night one" and throughout the most challenging parts of the parenting journey. Since 2012, more than 2.5 million parents have trusted Owlet to provide the real-time insights in support of their child's well-being and to promote restful sleep for the entire family.

Globally, over 140 million new lives are brought into the world every year. While welcoming a new child is a meaningful milestone for families, the first year of life is often marked by sleep disruption, health concerns, and increased stress for caregivers. In the United States alone, we estimate families lose an average of 44 nights of sleep in the first year, and young children account for millions of annual sick visits and emergency room consultations.

We believe these challenges underscore a dire need for a paradigm shift in pediatric wellness. Rather than relying solely on reactive care, Owlet enables a more proactive, data-informed approach to infant and early childhood health. We are moving beyond simple monitoring to provide a comprehensive window into a child's health, helping parents stay informed, get more rest, and find lasting peace of mind.

Our vision is to become the world’s most trusted parenting platform, providing insights and care for every family. We are committed to:

- Guiding parents through the unknown: Delivering real-time, clinically grounded insights that help families navigate the earliest stages of parenting with confidence.
- Supporting health, safety and sleep: Prioritizing the core needs of the early years to improve well-being for both children and caregivers.
- Leading in pediatric data and insights: Leveraging one of the world’s largest datasets of pediatric health and sleep information to drive continuous innovation, personalized experiences, and responsible integration with the broader healthcare ecosystem.

By pairing advanced medical technology with human-centric design and AI-powered intelligence, Owlet is building more than a monitoring solution. We are building a platform that advances health and wellness outcomes for families and fosters a trusted partnership with parents that begins on night one and continues well beyond.

Products and Services

Our integrated platform delivers a dual-value proposition: medical-grade monitoring for health and safety and data-driven insights for long-term family wellness.

Owlet provides medically certified, over-the-counter wearable monitors that bring hospital-grade technology into the home. Our wearable sensors provide a notification to the caregiver when a child’s pulse rate and/or oxygen saturation values moves outside of preset ranges (“Health Notifications”) and displays the child’s live pulse rate and oxygen saturation values and trends (“Live Health Readings”). This combination creates a medical-grade safety net designed to provide parents with the security of knowing they will be alerted when their attention is required.

Beyond health monitoring, our software services transform physiological data into actionable guidance, helping parents get more sleep and provide more informed care. We leverage one of the world's largest pediatric datasets to provide parents with personalized data and insights. By analyzing sleep trends and health patterns, we empower caregivers to make informed decisions and shift from reactive monitoring to proactive wellness. These app-based services are designed to reduce uncertainty during the early months of the parenting journey. By providing a clear window into a child’s well-being, our software services can help reduce parental anxiety and enable a more restful home environment. This emphasis on clarity and confidence helps families feel safe, well-rested, and supported in their daily routines.

Dream Sock: An award-winning wearable infant health monitor equipped with pulse oximetry technology that tracks vital signs, including pulse rate, oxygen level, activity, and sleep patterns. It delivers real-time notifications to caregivers when pulse rate and/or oxygen saturation values fall outside preset ranges and provides tailored sleep insights in the Owlet Dream App. Dream Sock with Live Health Readings and Health Notifications has received FDA marketing authorization in the United States, and has regulatory clearances in the European Union, United Kingdom, Australia, South Africa, India, and Israel. A version of Dream Sock without Live

Health Readings and Health Notifications is available in Canada and tracks Sleep Quality Indicators, including heart rate and 10-minute historic average oxygen levels. Dream Sock is the next-generation monitor that replaced our legacy Smart Sock product.

BabySat: Designed for infants who may benefit from additional monitoring at home under the supervision of a physician. It is a prescription version of our wearable monitor that offers customizable alarm limits through the Owlet Care+ App. This device is best suited for infants with conditions such as RSV, pneumonia, bronchitis, croup, or other diagnoses. Supported by insurance reimbursement, eligible families may access vital monitoring at low or no cost. BabySat is FDA-cleared and available in the U.S. only. The BabySat pulse oximeter is indicated for use in measuring and displaying functional oxygen saturation values of arterial hemoglobin (SpO2) and Pulse rate. It is indicated for spot-checking and/or continuous monitoring of well-perfused patients greater than one month old up to 18 months old and weighing between 6 and 30 lbs., in the home environment.

Dream Sight: A smart audio and video monitor that enables parents to monitor their child from anywhere. It features Wi-Fi enabled 2k HD video, motion and cry detection, 4x zoom, and two-way audio to help caregivers stay connected regardless of distance. Dream Sight is the first baby monitor to receive the SGS Cybersecurity Mark, a global certification that recognizes high standards of digital safety and privacy.

Dream Duo: Integrates Dream Sock and Dream Sight to create a connected health and safety system, combining biometric monitoring, sleep analytics, and HD video to provide deeper visibility into a child's well-being.

Owlet360: Owlet's innovative subscription service leverages the Company's pediatric health and sleep data to provide parents and caregivers with a deeper, personalized understanding of their child's development, health, and sleep trends. The service provides caregivers with actionable information designed to support informed decision-making and greater peace of mind. Owlet360 is available to all new and existing Owlet Dream App users in English-speaking markets such as the United States, United Kingdom, Ireland, South Africa, Australia and New Zealand. We plan to expand access to Owlet360 in additional languages and other international markets in 2026.

Accessories: Enhancing the Owlet experience, offered accessories include fabric accessory socks in various colors and patterns, and the Owlet Sock Travel Case.

Our Platform and Pipeline

Since our inception, over 2.5 million Owlet devices have been sold worldwide, generating one of the largest proprietary data sets of infant health and sleep. We believe that data is an invaluable tool in bridging the current healthcare gap between hospital and home, and that through leveraging our data, our platform can improve access to individualized care. We plan on continuing to develop our software and data insights in order to bring additional solutions into the home.

We are building our data platform with the goal to be parents' go-to wellness brand in the areas of sleep, safety, health and well-being information. We will remain focused on commercializing our Dream Sock and BabySat devices, which we believe will open the door to launch additional services to continue the expansion of our data platform. We believe that we can use our data sets to enhance our product with additional valuable data insights as part of new subscription models and increasingly predictive technologies.

We believe we have developed deep and enduring relationships with our users and brand advocates around the world. We believe these parents are more likely to be early technology adopters and have a high affinity towards actionable insight to care for their children. This is evidenced by the millions of downloads of the Owlet applications and high social media engagement across our multiple platforms. We expect these relationships continue to grow and develop in tandem with our novel product and software additions to our connected ecosystem, feature enhancements, omni-channel distribution, and marketing efforts. As and to the extent we are able to bring this valued relationship with consumers into new medical communities, we believe that our platforms will continue to evolve and expand.

Go-to-Market Channels

Owlet products are marketed and distributed in the United States and internationally through consumer and, more recently, through healthcare distribution channels.

Direct to Consumer & Digital Engagement: The Owlet brand resonates deeply with over 1 million social media followers, hundreds of millions of views and engagements and millions of website visitors each year. Our focus on engaging directly with our customers is driving significant sales through direct channels and increases demand through our retail partnerships. Our digital presence is a cornerstone of our strategy, enhancing customer lifetime value and fostering brand loyalty.

Retail Partnerships: Our products are widely available across major U.S. retailers, including Amazon, Baby List, Best Buy. Target, and Walmart.

Global Reach & Distribution: Our international strategy continues to grow, with distribution partners in key global markets including Canada, Australia, the United Kingdom and throughout the rest of the European Union. We intend to continue expanding our global footprint and accessibility, underscoring our commitment to global health and well-being.

Healthcare Distribution & Insurance Reimbursement: The FDA clearance and subsequent launch of BabySat marks a significant opportunity to expand into healthcare distribution, opening potential new channels for insurance reimbursement and professional recommendations. We believe that this development not only broadens access, but also cements Owlet's role in the healthcare ecosystem. For example, we recently announced a new durable medical equipment (DME) partnership with 1 Natural Way, a leading national mom-and-baby-focused DME provider. Also, as further discussed below, we recently launched a collaboration with Children's Hospital of The Kings Daughters. Owlet is focused on enlisting a wide variety of healthcare partners to increase the accessibility and affordability of our products while increasing our margin.

Our Strategy

2025 - Year of Scale and Transformation

In 2025, we made significant progress in our transition from a hardware-centric company to a comprehensive pediatric health platform. Our monitoring devices are the foundation of our medical-grade ecosystem and throughout the year, we saw accelerated adoption of our Dream Sock, and expanded pathways for prescription and insurance reimbursement for our BabySat devices. We believe that our continued leadership as the provider of the first and only FDA-cleared baby monitors in the market has created strong brand awareness among parents and healthcare providers, directly addressing the safety and monitoring needs of our customers while fulfilling our commitment to regulatory excellence.

We have experienced growth and success in our currently active international markets, while we continue to pursue additional international certifications to broaden our global presence. We received regulatory clearance in India late in the year, paving the way for commercial launch in early 2026. This expansion demonstrates our ability to scale our innovative technology globally while maintaining the rigorous quality standards required by international health authorities.

A key pillar of our 2025 transformation was the rapid scaling of our digital services and data platform. Following its full launch in January 2025, our Owlet360 subscription service exceeded expectations, gaining over 98,000 subscribers by the end of 2025. The success of our product and platform strategies was reflected in a historic year for our financial performance. For the second consecutive year we set Company records in revenue, gross profit, gross margin and Adjusted EBITDA for the full year 2025. We recognized $105.7 million in revenue, representing approximately 35.4% growth year-over-year, and achieved 50.6% gross margin, improving 20 basis points year over year despite headwinds in global trade. Furthermore, in 2025 we reported a net loss of $39.7 million and achieved approximately $2.0 million in Adjusted EBITDA, our first full year of positive Adjusted EBITDA. For additional information on Adjusted EBITDA and a reconciliation to the most directly comparable GAAP equivalent, see Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.” Our continued execution of our financial strategy, supported by a successful warrant exchange and follow-on equity offering in late 2025, has significantly strengthened our balance sheet, enabling us to invest more in our growth.
As we look toward 2026, we remain dedicated to our mission of providing every parent with the tools they need to keep their children safe. The progress made in 2025—marked by sustained growth, international scale, and the evolution of our subscription ecosystem—demonstrates that through continued strategy execution we continue to strengthen our operational, financial, and regulatory foundations. We believe we are well-positioned as a sustainable, data-driven leader in the pediatric health space, with a goal to deliver long-term value to our shareholders and life-changing technology to families worldwide.

Strategy Overview

Driving Growth: Our vision is clear - we see health sensing technology for children becoming as ubiquitous as car seats and breast pumps for newborns. With the momentum we have gained from FDA marketing authorizations, the launch of Owlet360 subscription service, the introduction of insurance coverage and reimbursement for BabySat, increased credibility in medical communities, and an increased retail presence, we see Owlet as strategically positioned for substantial growth.

We have outlined strategic focus areas that we believe are most critical to driving growth:

Drive Domestic Adoption: In 2024, we introduced FDA-cleared device Dream Sock to deliver improved comfort to parents wishing for better safety and monitoring for their children. Our de novo classification of Dream Sock as an over-the-counter device was the first of its kind, and Dream Sock is currently the only monitor on the market in our product category authorized by the FDA. We intend to leverage the differentiation and scale of Dream Sock to drive continued domestic adoption in the United States.

Drive International Adoption: We have received 7 international regulatory clearances for Dream Sock in addition to the United States including the European Union, United Kingdom, Australia, New Zealand, South Africa, India, and Israel. We are leveraging these endorsements of our technologies to drive expansion of our global footprint and are currently selling Owlet products in over 30

countries. We intend to continue to drive adoption in these current geographic sales channels as well as opening additional sales channels through regulatory clearances.

Expand the Owlet360 Subscription Platform: In January 2025, we launched Owlet360, our first subscription service. Owlet360 puts the value from Owlet's vast pediatric health dataset of health and sleep information directly in the hands of parents and caregivers. Owlet360 is aimed to empower parents, at home, with information that can help them better manage care for their children. We believe that unlocking care at home is the key to improving overall infant health outcomes and reducing costs. Priced at $9.99 per month, we have grown our total paying subscribers to over 110,000. We anticipate introducing additional features, enhancements, and international expansion for Owlet360. This service helps to bridge the gap between hospital and home care, driving predictable recurring revenue, boosting lifetime value, and growing our connected ecosystem.

Grow the Healthcare Channels: In 2024, we introduced FDA-cleared device BabySat to offer an insurance reimbursable baby monitor, with a focus on newborns deemed high-risk. We believe that the FDA marketing authorization for BabySat is an important differentiation to gain trust of healthcare professionals, as well as parents desiring better safety and monitoring for their children. We have made progress in expanding our insurance coverage network, ending 2025 with 37 states on Medicaid reimbursement, and over 250 commercial insurance carriers. We also launched a consignment agreement with Children's Hospital of The King's Daughters through which providers can prescribe Owlet devices in the hospital, thereby enabling patients to obtain insurance prior-authorization prior to hospital discharge, and take home our medical-grade infant monitoring devices. This agreement represents an important milestone for our healthcare opportunity as we look to replicate this business model with other hospitals and medical facilities.

Expanding Lifetime Value (LTV): We view Owlet's brand as synonymous with engagement and loyalty in our industry, supported by a rich dataset that underpins our market understanding. Expanding our lifetime value is at the core of our strategy to support parents in the journey of parenthood. With the introduction of our Owlet360 subscription service and Dream Sight camera in 2025, we believe we are well-positioned to forge deeper connections among parents, their children, and healthcare providers, and deliver increasing lifetime value to all customers. Our strategy is not just about growth; it is about enriching the ecosystem of pediatric care with Owlet at its heart, fostering a healthier future for the next generation.

Market Landscape and Competitive Dynamics

Owlet has a clear and specific market in pediatrics serving the needs of parents and their children across key markets in the U.S., Europe, Australia, and Canada, with a product launch anticipated for India and other international markets throughout 2026. With over 33 million infants born annually in these regions, we see the potential for a steady demand for our products and refreshment of our Total Addressable Market ("TAM"). Despite declining birth rates in some regions, we believe the emphasis on infant care and the financial investment in the well-being of newborns have seen a consistent increases over the years. We believe this trend underscores a growing market resilience, notably within the baby care sector, which has remained robust against broader economic fluctuations affecting consumer spending.

Since its inception, Owlet has been at the forefront of the consumer digital health monitoring space for children and their families. We believe that our pioneering achievement of obtaining the first de novo authorization for at-home monitoring without the need for a prescription underscores our trailblazing efforts and helps set a high regulatory bar for new entrants in our industry. This distinction is critical as it denotes that any comparable product with medical applications will likely require similar regulatory endorsements.

In addition to spearheading the health monitoring category, Owlet competes within the broader realm of general video/audio baby monitors. We believe our strategic edge is encapsulated in Dream Duo, the combination product that includes Dream Sock and Dream Sight, which provides parents with a holistic view of their child's health and well-being. This product allows parents to see, hear, and be assured of their child's condition through our app, offering an unmatched value proposition.

We believe that we are uniquely positioned to address our market opportunity as a result of our regulatory marketing authorizations, extensive distribution network, intellectual property including our proprietary data, and comprehensive feature set. We believe that this combination not only differentiates us from our competitors but also solidifies our commitment to extending the benefits of our technology to every infant.

Our competition spans from established players to emerging innovators in the space, including companies that sell non-FDA cleared sound and video monitors. Owlet is the only company in the market to offer a baby monitor with FDA-clearance in addition to multiple international regulatory certifications.

We expect the industry in which we operate will continue to evolve and may be significantly affected by new product introductions and other market activities of industry participants. Certain potential competitors have substantially greater capital resources, larger product portfolios, larger user bases, larger sales forces and greater geographic presence, and have built relationships with retailers and distributors that may be more effective than ours. Our products and services face additional competition from companies developing products and services for use with third-party monitoring systems, as well as from companies that currently market similar products and services of their own and may face further pressure from technology companies that have not historically operated in our industry.

Continuing technological advances and new product introductions within the home-use childcare electronics, medical monitoring and service industry place our products and services at risk of obsolescence. Our long-term success depends upon the development and successful commercialization of new products and services, new or improved technologies and additional applications for our existing technologies, including products or applications that may be subject to the oversight of the FDA or comparable foreign regulatory authorities and could require marketing authorization by the FDA or similar approval, clearance, authorization or certification from comparable foreign regulatory authorities or notified bodies. The research and development process is time-consuming and costly and may not result in products and services or applications that we can successfully commercialize.

We believe that the primary competitive factors in our market are:

- product quality and performance, including the size, quality, comfort, battery life, reliability, connectivity of the device to the application and/or monitor, and accuracy of data provided to customers;
- FDA marketing authorizations and similar foreign regulatory authorities marketing authorizations and notified bodies certifications;
- customer purchasing experience;
- pricing;
- product support and service;
- effective marketing and education;
- brand recognition;
- breadth and depth of offerings;
- greater market penetration;
- technological innovation, product enhancements and speed of innovation; and
- sales and distribution capabilities.

We believe our ability to continue to compete effectively in our industry will also depend in part on our ability to respond more quickly and effectively than our peers to new or changing opportunities, technologies, regulatory standards or customer requirements. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and distribution strategies and as new companies enter the market with new technologies and distribution strategies. With our 510(k) clearance and de novo authorization, we believe competitors or new entrants will also have the benefit of using our devices as predicate devices in their own regulatory clearance pursuits. Increased competition in the future could adversely affect our revenue, revenue growth rate, margins and market share.

Research and Development

We are committed to ongoing research and development to create new products and enhance the design, operation, and quality of our existing offerings. Our research and development organization includes individuals with expertise in engineering, product design, clinical science, consumer electronics, healthcare technologies, data science, artificial intelligence, computer vision, and embedded software. Our technical capabilities and disciplined development processes enable us to deliver product enhancements on an accelerated timeline while maintaining a focus on reliability, security, and regulatory compliance.

In 2025, we successfully launched our subscription service, Owlet360, extending our platform from hardware-focused products to an integrated ecosystem of connected devices, software, and services. Ongoing research and development efforts are focused on expanding the capabilities, personalization, and overall value of this subscription offering across our product portfolio.

A core area of investment is the integration of artificial intelligence ("AI") and computer vision to our camera products. These technologies are being developed to improve environmental awareness, detection, and contextual understanding within the nursery, supporting more intelligent monitoring and enhanced user experiences over time.

We are also investing in AI-driven personalization for our wearable products. By leveraging machine learning techniques and longitudinal, anonymized data, we seek to deliver insights and experiences that adapt to a baby’s age, patterns, and developmental stage, while maintaining strong standards for data privacy and security.

In parallel, we continue to evaluate emerging wearable sensor technologies that may enable additional physiological measurements and new use cases beyond our current offerings, including temperature trends, hydration-related indicators, and other health signals. These initiatives remain in exploratory and feasibility stages.

Our current research and development activities are focused on enhancing the customer experience of our existing products, expanding subscription functionality, advancing new product development, and supporting the commercialization and regulatory pathways of our medical devices. These efforts may include pursuing expanded indications or intended populations, as well as developing improved methods for delivering information that parents and caregivers find meaningful and actionable.

We believe that responsibly leveraging the pediatric data we have accumulated through our products and services can support innovation in infant care and contribute to broader medical understanding. Through collaboration with healthcare professionals and participation in clinical research initiatives, we aim to translate these efforts into enhanced products and services that support families throughout early parenthood.

Regulatory Interactions

We have cooperated with and have worked diligently to seek marketing authorizations for our products with medical device functionality. In 2023, Owlet reached an important inflection point from a pioneer in the consumer-facing, in-home, digital health smart baby monitoring industry to a company that received two innovative regulatory authorizations from the FDA for its products. In June 2023, Owlet received a clearance of a premarket notification submitted to FDA pursuant to Section 510(k) of the Federal Food, Drug and Cosmetic Act ("510(k) clearance") for its prescription-required pulse oximeter device, BabySat, which is indicated for spot-checking and/or continuous monitoring of certain well-perfused infants in the home environment. In November 2023, Owlet then received a first-of-its kind, de novo authorization from the FDA for Dream Sock, enabling both displays of a baby's live health readings, including pulse rate and oxygen saturation values, as well as Health Notifications, which will alert caregivers with lights and alarm sounds if their infant's readings fall outside of preset ranges. These notifications and associated data can be used to supplement the decision by caregivers to seek additional guidance for medical care of the infant and provide more helpful data in those moments. The FDA's marketing authorizations for both BabySat and Dream Sock are significant foundational breakthroughs in our journey to bring care to the home and empower parents, to signify not only our commitment to innovation in the infant health category, but more importantly, our dedication to helping ensure the health and well-being of every baby. These clearances transform Owlet from solely a consumer technology company into a medical device company.

After Owlet received 510(k) clearance for its prescription-required pulse oximeter device, BabySat, which is indicated for spot-checking and/or continuous monitoring of certain well-perfused infants in the home environment, Owlet launched in the United States in January 2024 this FDA-cleared pulse-oximetry technology incorporating our advanced, wire-free and consumer-adopted sock design. BabySat, which requires a prescription from a physician or other authorized, licensed healthcare provider, has allowed Owlet to enter the medical and healthcare markets and compete with traditional hospital dispensed medical devices. BabySat is designed to be able to be utilized by various telehealth platforms and is designed specifically for babies with diagnosed illnesses and health conditions. The device uses pulse oximetry technology and is intended to be prescribed by physicians to assist with the in-home monitoring of babies under a physician's care. We believe BabySat provides significant advantages to the large, wired hospital monitoring technologies on the market today with its wireless, wearable form factor and cloud connected data integration designed for home use.

While our existing primary market is the United States, we have continued to expand into international and new geographic markets. Dream Sock has been CE and UKCA marked, as defined below, under European Union ("EU") and United Kingdom ("UK") Medical Device Regulations. Additional international clearances for Dream Sock include Australia, India, New Zealand, and South Africa. As our retail penetration increases and brand awareness grows outside of the United States, we intend to further leverage retail channels and locations to ensure efficient and strategic global customer acquisition in key markets in the future.

Government Regulation

Certain of our products or their features and our operations are subject to regulation by the FDA and other federal and state authorities in the U.S., as well as comparable authorities in foreign jurisdictions.

U.S. Regulation

The FDA regulates the development, design, non-clinical and clinical research, manufacturing, safety, efficacy, labeling, packaging, storage, installation, servicing, recordkeeping, premarket clearance or approval, adverse event reporting, advertising, promotion, marketing and distribution, and import and export of medical devices to ensure that medical devices distributed domestically are safe and effective for their intended uses and otherwise meet the requirements of the Federal Food, Drug, and Cosmetic Act ("FDCA").

FDA Premarket Clearance and Approval Requirements

Unless an exemption applies, each medical device commercially distributed in the U.S. requires either FDA clearance of a premarket notification submitted under Section 510(k) of the FDCA or approval of a premarket approval application, or PMA. Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the Quality Management System Regulation ("QMSR"), facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents.

While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified, but are subject to FDA's premarket notification and clearance process in order to be commercially distributed.

510(k) Clearance Marketing Pathway

To obtain 510(k) clearance, we must submit to the FDA a premarket notification submission demonstrating that the proposed device is "substantially equivalent" to a legally marketed predicate device. A predicate device is a legally marketed device that is not subject to premarket approval, i.e., a device that was legally marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. The FDA's 510(k) clearance process usually takes from three to twelve months but may take longer. The FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence. In addition, the FDA collects user fees for certain medical device submissions and annual fees and for medical device establishments.

If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the "de novo" process, which is a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until such marketing authorization has been granted. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

De Novo Classification

Medical device types that the FDA has not previously classified as Class I, II, or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernization Act of 1997 established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the de novo classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Prior to the enactment of the Food and Drug Administration Safety and Innovation Act, or FDASIA, in July 2012, a medical device could only be eligible for de novo classification if the manufacturer first submitted a 510(k) premarket notification and received a determination from the FDA that the device was not substantially equivalent. FDASIA streamlined the de novo classification pathway by permitting manufacturers to request de novo classification directly without first submitting a 510(k) premarket notification to the FDA and receiving a not substantially equivalent determination. The FDA's stated goal is to make a decision about a de novo classification request in 150 review days.

Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products.

PMA Approval Pathway

Class III devices require PMA approval before they can be marketed, although some pre-amendment Class III devices for which FDA has not yet required a PMA are cleared through the 510(k) process. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective, and the PMA must be supported by extensive data, including data from preclinical studies and human clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities, and controls used for manufacturing, and proposed labeling. Following receipt of a PMA, the FDA determines whether the application is sufficiently complete to permit a substantive review. If the FDA accepts the application for review, it has 180 days under the FDCA to complete its review of a PMA, although in practice, the FDA's review often takes significantly longer, and can take up to several years. An advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. The FDA may or may not accept the panel's recommendation. In addition, the FDA will generally conduct

a pre-approval inspection of the applicant or its third-party manufacturers' or suppliers' manufacturing facility or facilities to ensure compliance with the QMSR.

The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s). The FDA may approve a PMA with post-approval conditions intended to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution, and collection of long-term follow-up data from patients in the clinical study that supported PMA approval or requirements to conduct additional clinical studies post-approval. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and efficacy data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval.

Certain changes to an approved device, such as changes in manufacturing facilities, methods, or quality control procedures, or changes in the design performance specifications, which affect the safety or effectiveness of the device, require submission of a PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant that a new generation of the device will be developed, and the data that were submitted with the original PMA are not applicable for the change in demonstrating a reasonable assurance of safety and effectiveness.

Clinical Trials

Clinical trials are almost always required to support a PMA and de novo classification and are sometimes required to support a 510(k) submission. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA's investigational device exemption, or IDE, regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk" to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. If the device under evaluation does not present a significant risk to human health, then the device sponsor is not required to submit an IDE application to the FDA before initiating human clinical trials, but must still comply with abbreviated IDE requirements when conducting such trials.

A significant risk device is one that presents a potential for serious risk to the health, safety or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or otherwise presents a potential for serious risk to a subject. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an Institutional Review Board, or IRB, for each clinical site. The IRB is responsible for the initial and continuing review of the IDE, and may impose additional requirements for the conduct of the study. If an IDE application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and complying with labeling and record-keeping requirements. In some cases, an IDE supplement must be submitted to, and approved by, the FDA before a sponsor or investigator may make a change to the investigational plan that may affect its scientific soundness, study plan or the rights, safety or welfare of human subjects.

Post-market Regulation

After a device is cleared or approved for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QMSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of investigational products, or the promotion of "off-label" uses of cleared or approved products;

- requirements related to promotional activities;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices, or approval of certain modifications to PMA-approved devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Manufacturing processes for medical devices are required to comply with the applicable portions of the QMSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. The QMSR also requires, among other things, maintenance of a device master file, device history file, and complaint files. As a manufacturer, we are subject to periodic scheduled and unscheduled inspections by the FDA. Failure to maintain compliance with the QMSR requirements could result in the shut-down of, or restrictions on, manufacturing operations and the recall or seizure of marketed products. The discovery of previously unknown problems with any marketed products, including unanticipated adverse events or adverse events of increasing severity or frequency, whether resulting from the use of the device within the scope of its clearance or approval, or off-label by a physician in the practice of medicine, could result in restrictions on the device, including the removal of the product from the market or voluntary or mandatory device recalls.

The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that a manufacturer has failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- recalls, withdrawals, or administrative detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approvals for our products; or
- criminal prosecution.

Low Risk General Wellness Products

The FDA has established a compliance policy for certain products that may fall within the definition of a medical device, but that are intended for only "general wellness use" and present a low risk to the safety of users and other persons. The FDA defines a "general wellness use" to be (i) an intended use that relates to maintaining or encouraging a general state of health or a healthy activity, or (ii) an intended use that relates the role of healthy lifestyle with helping to reduce the risk or impact of certain chronic diseases or conditions and where it is well understood and accepted that healthy lifestyle choices may play an important role in health outcomes for the disease or condition. For example, the FDA identifies sleep management – such as a product intended to track sleep trends – as an intended use of a product that falls within a general wellness use, provided that the product claims do not make reference to any diseases or conditions. As such, if a medical device includes features that fall within the definition of a "low risk general wellness product," those features may not be subject to enforcement of medical device requirements under the FDA's compliance policy for such products and/or features.

Foreign Government Regulation

In addition to U.S. regulations, we are subject to a variety of foreign government regulations applicable to general consumer products and medical devices.

Regulation of General Consumer Products in the European Union

In the European Union ("EU"), since December 13, 2024, consumer products must comply with the General Product Safety Regulation (EU) 2023/988 which repealed and replaced Directive 2001/95/EC. The Regulation covers all products intended for consumers (and products designed exclusively for professional use, but which subsequently reach the consumer market), placed onto the EU market, unless a specific product safety regulation applies. The General Product Safety Regulation strengthened the safety and conformity requirements as well as post-market surveillance obligations for manufacturers and importers. Manufacturers must undertake and document a conformity assessment that covers the risks and risk categories associated with the product. The recommended method of undertaking such an assessment is through the application of voluntary European Harmonized Standards, but other options are available, such as using European Commission guidelines and using product safety codes of good practice. The required conformity assessment consists of a self-assessment with no requirement to involve a third party. Manufacturers also have the obligation to report to the national competent authorities of the different EU member states any risks to the consumer that are incompatible with the general safety requirements. The Regulation further imposes other obligations such as collecting information related to use of products after they have been made available to consumers.

The General Product Safety Regulation also increased market surveillance powers. National authorities have more powers to conduct more effective inspections of products and take action against unsafe ones.

Unlike directives, which must be implemented into the national laws of the EU member states, regulations are directly applicable (i.e., without the need for adoption of EU member state laws implementing them) in all EU member states and are intended to eliminate current differences in the regulation of consumer products among EU member states. Penalties applicable to infringements of regulations remain mainly determined at national level.

Additional regulations may apply to our products and impose further requirements, including the possible application of EU Regulation No 1007/2011 on textile products, which imposes specific labeling and marking requirements. In addition, we may also need to comply with requirements set forth by RoHs Directive No 2011/65/EU, which imposes specific restrictions on the use of hazardous substances in electrical and electronic equipment, and/or the Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH") Regulation (EU) No 1907/2006, which restricts substances of very high concern and imposes substance registration requirements.

The advertising and promotion of consumer products is subject to EU directives concerning misleading and comparative advertising and unfair commercial practices and specific EU member state legislation governing the advertising and promotion of these products.

The aforementioned EU rules are generally applicable in the European Economic Area ("EEA") which consists of the 27 EU member states plus Norway, Liechtenstein and Iceland.

Regulation of Medical Devices in the European Union

The EU has adopted specific directives and regulations regulating the design, manufacture, clinical investigations, conformity assessment, labeling and adverse event reporting for medical devices. Until May 25, 2021, medical devices were regulated by the Council Directive 93/42/EEC (the "EU Medical Devices Directive"), which has been repealed and replaced by Regulation (EU) No 2017/745 (the "EU Medical Devices Regulation"). Unlike the EU Medical Devices Directive, the EU Medical Devices Regulation is directly applicable in all EU member states without the need for member states to implement it into national law.

In the EU, there is currently no premarket government review of medical devices. However, all medical devices placed on the market in the EU must meet the relevant general safety and performance requirements laid down in Annex I to the EU Medical Devices Regulation including the requirement that a medical device must be designed and manufactured in such a way that, during normal conditions of use, it is suitable for its intended purpose. The medical device must be safe and effective and must not compromise the clinical condition or safety of patients, or the safety and health of users and – where applicable – other persons, provided that any risks which may be associated with their use constitute acceptable risks when weighed against the benefits to the patient and are compatible with a high level of protection of health and safety, taking into account the generally acknowledged state of the art. The European Commission has adopted various standards applicable to medical devices. These include standards governing common requirements, such as sterilization and safety of medical electrical equipment and product standards for certain types of medical devices. There are also harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the general safety and performance requirements as a practical matter as it creates a rebuttable presumption that the device satisfies that general safety and performance requirement.

Compliance with the general safety and performance requirements of the EU Medical Devices Regulation is a prerequisite for European conformity marking (CE mark) without which medical devices cannot be marketed or sold in the EU. To demonstrate compliance with the general safety and performance requirements laid down in Annex I to the EU Medical Devices Regulation, medical device manufacturers must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. As a general rule, demonstration of conformity of medical devices and their manufacturers with the general safety and performance requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the

performance and safety of the device are supported by suitable evidence. Except for low-risk medical devices (Class I), where the manufacturer can self-assess the conformity of its products with the general safety and performance requirements (except for any parts which relate to sterility or metrology or reuse aspects), a conformity assessment procedure requires the intervention of a notified body. Notified bodies are independent organizations designated by EU member states to assess the conformity of devices before being placed on the market. A notified body would typically audit and examine a product's technical dossiers and the manufacturer's quality system (notified body must presume that quality systems which implement the relevant harmonized standards – which is ISO 13485:2016 for Medical Devices Quality Management Systems – conform to these requirements). If satisfied that the relevant product conforms to the general safety and performance requirements, the notified body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE mark to the device, which allows the device to be placed on the market throughout the EU.

Throughout the term of the certificate of conformity, the manufacturer will be subject to periodic surveillance audits to verify continued compliance with the applicable requirements. In particular, there will be a new audit by the notified body before it will renew the relevant certificate(s).

The EU Medical Devices Regulation requires that before placing a device, other than a custom-made device, on the market, manufacturers (as well as other economic operators such as authorized representatives and importers) must register by submitting identification information to the European Database for Medical Devices ("EUDAMED"), unless they have already registered. The information to be submitted by manufacturers (and authorized representatives) also includes the name, address and contact details of the person or persons responsible for regulatory compliance. The regulation also requires that before placing a device, other than a custom-made device, on the market, manufacturers must assign a unique identifier to the device and provide it along with other core data to the unique device identifier ("UDI") database. These new requirements aim at ensuring better identification and traceability of the devices. Each device – and as applicable, each package – will have a UDI composed of two parts: a device identifier (UDI-DI) specific to a device, and a production identifier (UDI-PI) to identify the unit producing the device. Manufacturers are also notably responsible for entering the necessary data on EUDAMED, which includes the UDI database, and for keeping it up to date. Certain obligations for registration in EUDAMED are expected to become applicable in the first quarter of 2026 (as EUDAMED is not yet fully functional). Until EUDAMED is fully functional, the corresponding provisions of the EU Medical Devices Directive continue to apply for the purpose of meeting the obligations laid down in the provisions regarding exchange of information, including, and in particular, information regarding registration of devices and economic operators.

All manufacturers placing medical devices into the market in the EU must comply with the EU medical device vigilance system which has been reinforced by the EU Medical Devices Regulation. Under this system, serious incidents and Field Safety Corrective Actions ("FSCAs") must be reported to the relevant authorities of the EU member states. These reports will have to be submitted through EUDAMED – once functional – and aim to ensure that, in addition to reporting to the relevant authorities of the EU member states, other actors such as the economic operators in the supply chain will also be informed. Until EUDAMED is fully functional, the corresponding provisions of the EU Medical Devices Directive continue to apply. Manufacturers are required to take FSCAs, which are defined as any corrective action for technical or medical reasons to prevent or reduce the risk of a serious incident associated with the use of a medical device that is made available on the market. A serious incident is any malfunction or deterioration in the characteristics or performance of a device on the market (e.g., inadequacy in the information supplied by the manufacturer, undesirable side-effect), which, directly or indirectly, might lead to either the death or serious deterioration of the health of a patient, user, or other persons, or to a serious public health threat. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device. FSCAs must be communicated by the manufacturer or its legal representative to its customers and/or to the end users of the device through Field Safety Notices. For similar serious incidents that occur with the same device or device type and for which the root cause has been identified or a FSCA implemented or where the incidents are common and well documented, manufacturers may provide periodic summary reports instead of individual serious incident reports.

The advertising and promotion of medical devices is subject to some general principles set forth in EU legislation. According to the EU Medical Devices Regulation, only devices that are CE marked may be marketed and advertised in the EU in accordance with their intended purpose. Directive 2006/114/EC concerning misleading and comparative advertising and Directive 2005/29/EC on unfair commercial practices, while not specific to the advertising of medical devices, also apply to the advertising thereof and contain general rules, for example, requiring that advertisements are evidenced, balanced and not misleading. Specific requirements are defined at a national level. EU member states' laws related to the advertising and promotion of medical devices, which vary between jurisdictions, may limit or restrict the advertising and promotion of products to the general public and may impose limitations on promotional activities with healthcare professionals.

Many EU member states have adopted specific anti-gift statutes that further limit commercial practices for medical devices, in particular vis-à-vis healthcare professionals and organizations. Additionally, there has been a recent trend of increased regulation of payments and transfers of value provided to healthcare professionals or entities and many EU member states have adopted national "Sunshine Acts" which impose reporting and transparency requirements (often on an annual basis), similar to the requirements in the U.S., on medical device manufacturers. Certain countries also mandate implementation of commercial compliance programs. The aforementioned EU rules are generally applicable in the EEA.

In the EU, regulatory authorities have the power to carry out announced and, if necessary, unannounced inspections of companies, as well as suppliers and/or sub-contractors and, where necessary, the facilities of professional users. Failure to comply with regulatory

requirements (as applicable) could require time and resources to respond to the regulatory authorities' observations and to implement corrective and preventive actions, as appropriate. Regulatory authorities have broad compliance and enforcement powers and if such issues cannot be resolved to their satisfaction, they can take a variety of actions, including untitled or warning letters, fines, consent decrees, injunctions, or civil or criminal penalties.

Brexit and Regulation of Medical Devices in the United Kingdom

Since the end of the Brexit transition period on January 1, 2021, Great Britain (England, Scotland and Wales) has not been directly subject to EU laws, however under the terms of the Protocol on Ireland/Northern Ireland, EU laws generally apply to Northern Ireland.

The EU laws that have been transposed into UK law through secondary legislation remain applicable in Great Britain, however, new legislation such as the EU Medical Devices Regulation is not applicable in Great Britain.

The UK government has passed the Medicines and Medical Devices Act 2021, which introduced delegated powers in favor of the Secretary of State or an 'appropriate authority' to amend or supplement existing regulations in the area of medicinal products and medical devices. This allows new rules to be introduced in the future by way of secondary legislation, which aims to allow flexibility in addressing regulatory gaps and future changes in the fields of human medicines, clinical trials and medical devices.

The EU-UK Trade and Cooperation Agreement ("TCA") came into effect on January 1, 2021. The TCA does not specifically refer to medical devices but does provide for cooperation and exchange of information in the area of product safety and compliance, including market surveillance, enforcement activities and measures, standardization related activities, exchanges of officials, and coordinated product recalls (or other similar actions). For medical devices that are locally manufactured but use components from other countries, the "rules of origin" criteria will need to be reviewed.

Since January 1, 2021, the Medicines and Healthcare Products Regulatory Agency ("MHRA") has become the sovereign regulatory authority responsible for Great Britain. New regulations require all medical devices to be registered with the MHRA, and since January 1, 2022, manufacturers based outside the UK have been required to appoint a UK responsible person that has a registered place of business in the UK to register devices with the MHRA.

Furthermore, on December 16, 2024, the UK government published an amendment to the Medical Devices Regulations 2002 (UK Medical Devices Regulations) to clarify and strengthen the post-market surveillance requirements for medical devices in Great Britain. This amendment will come into force on June 16, 2025, and aims to facilitate greater traceability of incidents and trends enabling the MHRA to act swiftly when needed to address safety issues and support the entire health system in better protecting patients. In addition, the MHRA launched a consultation between November 14, 2024 and January 5, 2025 on proposals to update the pre-market requirements for medical devices in Great Britain, covering four topics, namely: (1) a new international reliance scheme to enable swifter market access for certain devices that have already been approved in a comparable regulator country; (2) the new UKCA mark and, in particular, proposals to remove the requirement to place such UKCA marking on devices; (3) conformity assessment procedures for in vitro diagnostic devices; and (4) maintaining in UK law certain pieces of "assimilated" EU law which are due to sunset in 2025. This consultation builds on the MHRA's previous consultation between September and November 2021, and the UK government's response to that consultation which was published on June 26, 2022. The MHRA has stated that it will incorporate feedback to its recent consultation into new legislation on pre-market requirements for medical devices in Great Britain. The new legislation is expected to be implemented in 2026 and aims to enable greater international collaboration and practices, with more patient-centered, proportionate requirements for medical devices which are responsive to technological advances.

Under the UK Medical Devices Regulations, in order to be lawfully placed on the Great Britain market, class I (non-sterile, non-measuring or non-re-useable) medical devices need to be "UKCA" self-certified, and other medical devices need to be "UKCA" certified by a UK approved body. However, certain medical devices in compliance with: (1) the EU Medical Devices Directive can continue to be placed on the Great Britain market until the sooner of certificate expiration or June 30, 2028; or (2) the EU Medical Devices Regulation can continue to be placed on the Great Britain market until the sooner of certificate expiration or June 30, 2030.

Under the terms of the Ireland/Northern Ireland Protocol, Northern Ireland follows EU rules on medical devices, including the EU Medical Devices Regulation, and medical devices marketed in Northern Ireland require assessment according to the EU regulatory regime. Such assessment may be conducted by an EU notified body, in which case a CE mark is required before placing the device on the market in Northern Ireland. Alternatively, if a UK approved body conducts such assessment, a 'UKNI' mark and a CE mark are applied and the device may only be placed on the market in Northern Ireland and not the EU.

Other Foreign Regulations

Similarly, we are subject to regulations and product registration requirements in many foreign countries in which we may sell our products, including in the areas of:

- design, development, manufacturing, and testing;
- product standards;
- product safety;

- product safety reporting;
- marketing, sales, and distribution;
- packaging and storage requirements;
- labeling requirements;
- content and language of instructions for use;
- record keeping procedures;
- advertising and promotion;
- recalls and field corrective actions;
- import and export restrictions; and
- tariff regulations, duties, and tax requirements;

We may also become subject to the following additional requirements in many foreign countries in which we may sell future medical devices, including in the areas of:

- clinical testing;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- registration for reimbursement; and
- necessity of testing performed in country by distributors for licensees.

Other Healthcare Laws and Regulations

Coverage and Reimbursement

Sales of any product that we may develop and for which we may obtain marketing authorization or certification from the FDA and/or comparable foreign regulatory authorities or notified bodies depend, in part, on the extent to which such product or services associated with such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product or services associated with such product by third-party payors. Even though a new product may have been cleared or otherwise authorized, or certified for commercial distribution by the FDA, foreign regulatory authorities or notified bodies, we may find limited demand for the product unless and until reimbursement approval has been obtained from governmental and private third-party payors.

With respect to Dream Sock and Dream Sight, we utilize a direct-to-consumer model where consumers purchase our products directly from us or one of our retailers. Currently, these products are not covered or reimbursed by any third-party payor.

Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. These third-party payors are increasingly reducing reimbursements for medical devices and services. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover the product or the services associated with the product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

Healthcare Fraud and Abuse

Federal and state governmental agencies and equivalent foreign authorities subject the healthcare industry to intense regulatory scrutiny, including heightened civil and criminal enforcement efforts. These laws constrain the sales, marketing and other promotional activities of medical device manufacturers by limiting the kinds of financial arrangements we may have with hospitals, physicians and other potential purchasers and prescribers of our products. Federal healthcare fraud and abuse laws apply to our business when a customer submits a claim for an item or service that is reimbursable under Medicare, Medicaid, or other federally funded healthcare programs. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order, arrangement for, or recommendation of, items or services for which payment may be made, in whole or in part, under federal healthcare programs, such as the Medicare and Medicaid programs. The term “remuneration” has been broadly interpreted to include anything of value, and the government can establish a violation of the Anti-Kickback Statute without proving that a person or entity had actual knowledge of, or a specific intent to violate, the law;

- the federal civil False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false or fraudulent claims for payment of government funds; knowingly making, using, or causing to be made or used, a false record or statement to get a false claim paid or to avoid, decrease, or conceal an obligation to pay money to the federal government. A claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. Actions under the False Claims Act may be brought by the government or as a qui tam action by a private individual in the name of the government and to share in any monetary recovery. There are also criminal penalties for making or presenting a false or fictitious or fraudulent claim to the federal government;

- the federal Health Insurance Portability and Accountability Act of 1996, which imposes criminal and civil liability for, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program including private third-party payors, or knowingly and willfully falsifying, concealing, or covering up a material fact or making a materially false, fictitious, or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items, or services;

- the federal Civil Monetary Penalties law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know is likely to influence the beneficiary's decision to order or receive items or services reimbursable by the government from a particular provider or supplier;

- the federal Physician Payment Sunshine Act, implemented by the Centers for Medicare & Medicaid Services ("CMS") as the Open Payments program, which requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the CMS, information related to payments and other "transfers of value" made to physicians (currently defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (including physician assistants and nurse practitioners), and teaching hospitals, and requires applicable manufacturers to report annually to CMS ownership and investment interests held by physicians and their immediate family members and payments or other "transfers of value" to such physician owners;

- analogous state and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers and patients; state laws that require device companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state beneficiary inducement laws, and state laws that require device manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Violations of any of the above laws may result in significant administrative, civil and criminal penalties, including imprisonment, exclusion from participation in federal health care programs, such as Medicare and Medicaid, significant fines, monetary penalties and damages, the restructuring or curtailment of our operations, imposition of compliance obligations and monitoring, and reputational harm.

Data Privacy and Security Laws

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the U.S., numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws and consumer protection laws and regulations that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. In addition, certain foreign laws govern the privacy and security of personal data, including health-related data in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

Anti-Bribery and Corruption Laws

We may also be subject to similar anti-corruption legislation implemented in Europe through EU Member State laws and under the Organization for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Intellectual Property

Since inception, we have been methodical around our intellectual property strategy. We rely on a combination of patent, copyright, trademark and trade secret laws and confidentiality and invention assignment agreements to protect our intellectual property rights. As of February 27, 2026, we had 63 issued patents (with numerous others pending) and 61 registered trademarks. Our patents include utility patents covering technology ranging from placement of electrodes to the base of the baby monitor. We have foreign patents and patent applications pending in the European region (including the EU and the United Kingdom), Australia, Brazil, Canada, China, India, Mexico, South Africa, Thailand, and Vietnam. Our issued patents with claims generally directed to wireless infant monitoring and related sock-based sensor features are expected to expire in the U.S. and certain international jurisdictions in 2033. Our issued patents with claims generally directed to additional sensing, monitoring, and related technologies have expiration dates extending into the late 2030s and early 2040s. In addition, our pending applications, if issued, would be expected to have expiration dates that extend into the 2040s and beyond (including, for certain granted rights, into 2051). We continually review our development efforts to assess the scope and patentability of new intellectual property.

Our pending patent applications may not result in issued patents, and we cannot assure you that any current or subsequently issued patents will protect our intellectual property rights. Third parties may challenge certain patents issued to us as invalid, may independently develop similar or competing technologies or may design around any of our patents. We cannot be certain that any of the steps we have taken will prevent the misappropriation of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights in these countries as fully as in the U.S.

Manufacturing

We rely on several third-party suppliers for single source components used in our devices, including the WiFi chips, microcontrollers, batteries, accelerometers, temperature sensors, plastics and circuit boards.

We follow strict quality guidelines, including a detailed risk-based audit plan following our ISO certified quality management system that dictates how often and to what degree we audit our suppliers. We check all quality, regulatory, and safety standards for products that our contract manufacturers make. We deploy a robust manufacturer and supplier selection process including site audits, tooling design and setup quotes, open book pricing, quality specifications, and vendor guides. Dream Sock is currently manufactured at ISO 13485 certified standards and are required to adhere to specific quality requirements in accordance with the International Medical Device Regulators Forum (IMDRF) and Medical Device Single Audit Program (MDSAP). We received ISO 13485 and MDSAP certifications, as we work to implement and maintain the requirements applicable to medical device manufacturer quality management systems. We believe that third-party facilities are adequate to meet our current and anticipated manufacturing needs, and we utilize multiple sites in different geographies to diversify political and natural disaster risks. We do not currently plan to manufacture our products or any related components ourselves.

Manufacturing Services Agreement with Benchmark Electronics

In October 2017, we entered into a manufacturing services agreement with Benchmark Electronics, Inc. (“Benchmark”), pursuant to which Benchmark provides us certain manufacturing and related services for the production of Dream Sock, BabySat, and Dream Duo offerings out of its facilities in Thailand, including procuring materials and assembling and testing finished products. In 2026 we plan to expand our manufacturing partnership with Benchmark at a new site in Mexico.

The initial term of the agreement was one year and automatically extends for additional one-year periods until either we or Benchmark provide notice of non-renewal at least 90 days prior to the end of the then-current term or extension. Among other things, either party may terminate the agreement for convenience upon 90-day notice, in the case of Owlet, or 180 day notice, in the case of Benchmark, to the other party. Either party may also terminate the agreement under certain other customary conditions, including if the other party materially breaches the agreement, for uncured breaches of the agreement, or in the event of the other party’s insolvency. Benchmark has exclusive manufacturing rights through May 31, 2027, for Dream Sock and Dream Duo products, including all revisions and future generations of those products and/or product families.

In connection with the services provided under the agreement, we have agreed to indemnify Benchmark against certain claims, including infringement of third-party intellectual property rights and noncompliance of our products with safety or other regulations. We are also entitled to customary indemnification rights, subject to certain caps.

Manufacturing Services Agreement with Aoni

In June 2018, we entered into a manufacturing and supply agreement with Shenzhen Aoni Electronic Co., Ltd (“Aoni”), pursuant to which Aoni provides certain manufacturing and related services for the production of our Dream Sight product, including procuring materials and assembling and packaging finished products. We manufacture product with Aoni at sites in China and Vietnam. Dream Sight product sold in Europe and Asia-Pacific countries is manufactured in China, while product sold in North America is manufactured in Vietnam.

We have extended the term of the agreement several times following the expiration of the initial term of the agreement, and most recently extended the term through June 2026. We have the right to terminate the agreement, without cause, upon six months’ prior

written notice to Aoni. Additionally, either party may terminate the agreement under certain other customary conditions, including for uncured breaches of the agreement or in the event of the other party's insolvency.

In connection with the services provided under the agreement, Aoni has agreed to indemnify us against certain claims and liabilities, including claims arising in connection with product defects, breach of the agreement, negligence and violations of applicable law.

Technology Platform & Infrastructure

Our digital ecosystem is built on a scalable, secure, and hybrid technology platform designed to support millions of connected devices and process vast amounts of health and sleep data in real-time. We utilize a combination of third-party Internet of Things (IoT) connectivity providers and our own proprietary cloud infrastructure, hosted primarily on Google Cloud Platform (GCP) and some on Amazon Web Services (AWS) to ensure high availability and redundancy.

This platform supports the core functionality of our Owlet Dream App, BabySat and Dream Sock, enabling parents to monitor their children, receive real-time health notifications, and access historical sleep insights, in addition to viewing live video streams. We are actively investing in the modernization of our backend architecture to enhance data integration capabilities and support advanced analytics. This infrastructure serves as the foundation for our research and development initiatives, allowing us to leverage proprietary algorithms and artificial intelligence to derive meaningful insights from our proprietary data set of infant health and sleep.

Security and data privacy are central to our technology strategy. We implement rigorous cybersecurity protocols to protect user data and maintain the integrity of our connected ecosystem. We continuously validate our security posture through internal reviews and external certifications, such as the SGS Cybersecurity Mark, to ensure compliance with evolving global data protection standards.

Environmental Matters

Our operations, properties and products are subject to a variety of U.S. and foreign environmental laws and regulations governing, among other things, air emissions, wastewater discharges, management and disposal of hazardous and non-hazardous materials and waste and remediation of releases of hazardous materials. We believe, based on current information, that we are in material compliance with environmental laws and regulations applicable to us. However, our failure to comply with present and future requirements under these laws and regulations, or environmental contamination or releases of hazardous materials on our leased premises, as well as through disposal of our products, could cause us to incur substantial costs, including clean-up costs, personal injury and property damage claims, fines and penalties, costs to redesign our products or upgrade our facilities and legal costs, or require us to curtail our operations, any of which could seriously harm our business.

Human Capital Resources

As of December 31, 2025, we had 108 full-time employees and 6 part-time employees. None of our employees is represented by a labor union, and we consider our employee relations to be good. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain and motivate selected employees, consultants and directors, through the granting of stock-based compensation awards and cash-based performance bonus awards.

We believe our innovation and operational excellence stems directly from our community and our common commitment to inclusion and equal access to healthcare. One cornerstone of our approach lies in our belief that every baby deserves access to monitoring, regardless of their background or circumstances. Through Owlet Cares, our advocacy initiative, we are dedicated to making a positive impact in the lives of babies and parents. We recognize that parenthood is a journey marked by a range of experiences, challenges, and joys. As such, we are dedicated to supporting all parents from a rich tapestry of backgrounds and perspectives.

Corporate Information

Owlet Baby Care Inc. was incorporated in Delaware on February 24, 2014, as a Delaware corporation. SBG was incorporated in Delaware on June 23, 2020. On July 15, 2021, SBG closed the Merger with Owlet Baby Care Inc. As a result of the Merger, Owlet Baby Care, Inc. became a wholly-owned subsidiary of SBG, and SBG changed its name to Owlet, Inc.

Available Information

Our website address is www.owletcare.com. The contents of, or information accessible through, our website are not part of this Report. We make our filings with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, as well as beneficial ownership filings available free of charge on our website as soon as reasonably practicable after we file such reports with, or furnish such reports to, the SEC.

We may use our website as a distribution channel of material information about the Company. Financial and other important information regarding the Company is routinely posted on and accessible through the Investors sections of its website at https://investors.owletcare.com. In addition, you may automatically receive email alerts and other information about the Company when you enroll your email address under the "Resources" menu on the Investors section of our website at https://investors.owletcare.com.

The reference to our website address does not constitute incorporation by reference of the information contained on or available through our website, and you should not consider such information to be a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business, some of which are described below. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. References to past events are provided by way of example only and are not intended to be a complete listing or representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future. The risk factors described below should be read together with the other information set forth in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, as well as in other documents that we file with the Securities and Exchange Commission ("SEC").

Risks Related to Our Business and Operations

We have a limited operating history at our current scale, which makes it difficult to evaluate our current business model and future prospects and may increase the risk of your investment.

We were organized in 2014 and began selling Owlet Smart Sock in 2015, Owlet Cam in 2018, Dream Sock in January 2022 and launched BabySat and Dream Sock with Health Notifications in 2024. We launched Owlet360, our first subscription service, and our Dream Sight camera in 2025. Additionally, as of December 31, 2025, had expanded our distribution and sale of Owlet products to include over 30 countries, with expansion into India and other countries expected in 2026. Accordingly, we have a limited operating history of offering multiple products, including software subscriptions, at our current scale, which makes it difficult to evaluate our current business model and future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in evolving industries. For example, our operating results have fluctuated in the past, and we expect our future quarterly and annual operating results to fluctuate as we focus on increasing the demand for our products and services. We may also experience challenges with accurate financial planning and forecasting. Additionally, we may need to make business decisions that could adversely affect our operating results, such as modifications to our pricing strategy, business structure or operations, for a variety of reasons, including to achieve market acceptance of our existing and future product and service offerings, in response to competitive or macroeconomic pressures, or in the interests of driving long-term growth. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future and if we do not manage these risks successfully, our business and operating results may be adversely affected. You should consider our business and prospects in light of the risks and difficulties we may encounter as we increase our product and service offerings and expand internationally.

We have a history of losses and may not achieve or sustain profitability. Operating losses could continue, which could materially and adversely affect our business, financial condition and results of operations.

We have a history of losses and may not achieve or sustain profitability. Since our inception, we have incurred recurring operating losses, generated negative cash flows from operations, and financed our operations principally through equity raises and borrowings. During 2025, we incurred a net loss of $39.7 million and had an accumulated deficit of $307.9 million as of December 31, 2025. Future profitability is difficult to predict with certainty, and failure to achieve and sustain profitability could materially and adversely affect our overall value and ability to obtain additional financing and capital. There can be no assurance that we will generate sufficient future cash flows from operations due to various potential factors, including but not limited to inflation, negative macroeconomic conditions or decreased demand for our products. If our revenues decrease from current levels, we may be unable to further reduce costs, or such cost reductions may limit our ability to pursue and implement strategic initiatives and grow revenues in the future. We may require additional debt or equity financing in the future, and such financing may not be available when needed, on acceptable terms, or at all. Our ability to reduce operating expenses or raise capital from external sources, if at all, may have a material adverse effect on our business, financial condition and operating results.

We have experienced fluctuations in the growth of our business and anticipate this will continue. If we fail to manage our growth effectively, our business could be materially and adversely affected.

Our business has experienced periods of significant fluctuations, including significant growth in revenue, headcount, our number of customers, usage, and amount of data delivered across our product offerings, since inception, which have placed, and we expect will continue to place, substantial demands on our management, financial, operational, and technological resources. For example, we experienced a 35.4% increase in revenue in 2025 compared to 2024 following receipt of marketing authorization for our BabySat and Dream Sock products. We anticipate that fluctuations in the growth of our business will continue as we adapt our plans and strategies to changing business and macroeconomic conditions. These fluctuations necessitate ongoing development and enhancement of our internal controls, including operational and financial systems. Any future growth initiatives will further intensify these demands:

- manage our commercial operations effectively;
- identify, recruit, retain, incentivize and integrate additional employees;
- provide adequate training and supervision to maintain our high-quality standards and preserve our culture and values;

- manage our internal development and operational efforts effectively while carrying out our contractual obligations to third parties; and
- continue to improve our operational, financial and management controls, reports systems and procedures.

Rapid growth and rapid contractions increase the challenges involved in addressing these goals in a cost-effective or timely manner, or at all. If we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality product offerings, which could have a material adverse effect on our business, financial condition and results of operations.

These investments may be more costly than we expect, and if we do not achieve the benefits anticipated from these investments, or if the realization of these benefits is delayed, they may not result in increased revenue or growth in our business. If we are not able to achieve or maintain positive cash flow in the long term, we may require additional financing, which may not be available on favorable terms or at all or which would be dilutive to our stockholders. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations, and financial condition would be adversely affected. Our failure to achieve or maintain profitability could negatively impact the value of our securities.

We may need to raise additional capital in the future in order to support our operations and strategic plans, which may not be available to us when needed, on acceptable terms, or at all.

We may need to raise additional capital in the future to support our operations and strategic plans. We have a history of losses from operations and negative cash flows from operations, and we may continue to incur operating losses.

Our ability to raise capital as we have done in recent years may not always be successful, and we may need additional funding to fund our operations. There can be no assurance that we will be able to obtain additional funding on acceptable terms on a timely basis, if at all. We may seek funds through borrowings or additional rounds of financing, including private or public equity or debt offerings, or by other means. Our future capital requirements will depend on many factors, including:

- the timing, receipt and amount of sales from our current and future products and services;
- the cost and timing of manufacturing, either ourselves or through third party manufacturers, our products and services;
- the cost and timing of expanding our sales, marketing and distribution capabilities;
- the terms and timing of any other partnership, licensing and other arrangements that we may establish;
- the costs and timing of securing regulatory approvals or certifications;
- any product liability or other lawsuits related to our current or future products and services;
- the expenses needed to attract, hire and retain skilled personnel;
- the costs associated with being a public company;
- costs associated with any adverse market conditions or other macroeconomic factors;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing our intellectual property portfolio; and
- the extent to which we acquire or invest in businesses, products or technologies.

If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, financial condition and results of operations could be materially adversely affected. We also could be required to seek funds through arrangements with partners or others that may require us to relinquish rights or jointly own some aspects of our technologies, products or services that we would otherwise pursue on our own.

Our debt arrangements contain certain covenants and restrictions that may limit our flexibility in operating our business and any failure to satisfy those covenants and restrictions could adversely affect our business and financial condition.

Our Loan Facility Agreement with WTI Fund X, Inc. and WTI Fund XI, Inc., dated September 11, 2024 (the "Loan Facility Agreement") and our Credit and Security Agreement with ABL OPCO LLC and the lenders thereto, dated September 11, 2024 (the "ABL Credit Agreement"), contain various affirmative and negative covenants and restrictions that limit our ability to engage in specific types of transactions, including:

- incur certain liens;
- incur or guarantee additional indebtedness or make payment on certain subordinated debt;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments, including loans to other parties;
- make certain capital expenditures;
- enter into certain transactions with affiliates;

- enter into certain leases and other material business agreements;
- merge, dissolve, liquidate or consolidate;
- dispose of certain assets, entity control or business locations;
- make certain amendments to our organizational documents;
- change lines of business;
- comply with governmental and regulatory authorities; and
- transfer or sell assets.

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. The interest rates on our indebtedness are variable and therefore we are exposed to changes in interest rates, which could materially impact our ability to make interest payments as well as our results of operations and financial condition. 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, including the liquidity covenant under the ABL Credit Agreement could result in an event of default under such indebtedness and its acceleration by the lenders, which could adversely affect our ability to respond to changes in our business and manage our operations. In addition, the ABL Credit Agreement contains a liquidity covenant requiring us to maintain liquidity of $4,000 and if the liquidity falls below $9,000, we are then subject to a minimum trailing-twelve-months EBITDA covenant as defined in the Credit Agreement. 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 and/or our lenders were to exercise other remedies, there can be no assurance that our assets would be sufficient to satisfy the accelerated obligations and any related amounts in full, which could have a material adverse effect on our business, financial condition, and results of operations. As of December 31, 2025, $7.0 million in aggregate principal amount was outstanding in term loans under the Loan Facility Agreement and $6.9 million in aggregate principal amount was outstanding under the asset-based revolving credit facility under the ABL Credit Agreement. See Part II. Item 8. "Financial Statements and Supplementary Data - Note 7," included in this Report.

Our products and services rely on our mobile applications to function, and we depend on Apple's App Store and the Google Play Store for distribution, updates, and continued availability of those applications.

Our products and subscription services are highly dependent on the continued availability and functionality of our mobile applications. If our mobile applications are unavailable or materially impaired, our camera products Dream Sight and Owlet Cam would be unusable, our Owlet360 subscription services would be unavailable, and Dream Sock functionality would be materially limited. Because our subscription services are delivered through our mobile applications, any disruption in service could adversely affect end customer acquisition, retention, and engagement. We develop mobile applications on Apple's iOS platform and Google's Android platform. Our customers download our mobile applications on Apple's App Store and the Google Play Store. The App Store and Google Play Store are controlled entirely by Apple and Google, respectively. Mobile applications on the iOS platform are subject to approval by Apple and mobile applications on the Android platform are subject to approval by Google. The terms and policies for maintenance of existing applications and the approval process of new applications are subject to change and may be interpreted or applied in a manner adverse to us, and Apple and Google have complete control over the approval or removal of each mobile application submitted to or offered on their respective platforms. If either Apple or Google changes its standard terms and conditions for maintaining or approving mobile applications in a way that is detrimental to us or decide to remove our mobile applications from their stores, it will be much more difficult or may not be possible for users to install the mobile applications and receive updates to the mobile applications, and our current or future products may cease to function as intended or at all. In addition, changes in iOS, Android, app store requirements, or third-party APIs could require us to modify our applications, could introduce performance issues, and could delay or prevent the release of updates or new features. Apple has informed us that it will remove our mobile applications from the App Store in any country in which any Owlet product requires marketing authorization or certification from any governmental authority or notified body. Any such removal or suspension could occur with limited advance notice and could be difficult to remedy quickly If Apple removes our applications from the App Store or Google removes our applications from the Google Play Store, our products would not function as intended or at all, and we may be required to recall our products, issue refunds and accept returns, and we may be subject to costly litigation, and our business, financial condition and results of operations could be materially affected.

A substantial portion of our sales comes through a limited number of retailers.

Historically, we have relied on a limited number of retailers for a substantial portion of our total sales. For example, sales through our three largest customers represented 66.5% of our revenue for the year ended December 31, 2025 and 63.0% for the year ended December 31, 2024. These retailers work with us on a non-exclusive basis. If we are unable to establish, maintain or grow these relationships over time, our operating results will suffer. The loss of any significant retail customer, whether or not related to our business or our products or services, could have an impact on the growth rate of our revenue as we work to obtain new retail customers or replacement relationships. In addition, retailers may reduce purchases, change product assortment, reduce shelf or online placement, delay, cancel, or return orders, or discontinue carrying our products with limited advance notice. Contracts with retailers

may typically be terminated or renegotiated before their term expires for various reasons, subject to certain conditions. For example, after a specified period, certain of our contracts are terminable for convenience by such retailers, subject to a notice period. Additionally, certain contracts may be terminated immediately by the retailer if we go bankrupt or if we fail to comply with certain specified laws. Any renegotiation of the commercial agreements may result in less favorable economic terms for us. Retailers may also seek price concessions, increased promotional funding, cooperative marketing support, or other allowances, or impose or increase chargebacks, credits, or return rights, any of which could adversely affect our margins and operating results. Retailers may also consolidate their operations, reducing the overall number of locations in which they sell our products and services. Ongoing challenges affecting brick-and-mortar retail, including store closures, reduced foot traffic, and shifts in consumer purchasing behavior toward e-commerce, may reduce demand for our products through these channels and could cause retailers to reduce orders, limit in-store placement, or increase promotional activity and pricing pressure. Historically, we have had retail customers declare bankruptcy and stop operations, negatively affecting our sales and business. If regulatory actions are threatened or taken against us or our products, or if we are required to modify, suspend, or withdraw any products or product features, retailers may return and stop carrying our products. Such returns may have a material adverse effect on our business, financial condition and results of operations.

In order to grow our business, we anticipate that we will continue to depend on our relationships with third parties, including our retailers. Competition for retail distribution is significant, and our competitors may be more effective in securing favorable placement, promotional support, or other commercial terms. If we are unsuccessful in establishing, maintaining, or strengthening our relationships with third parties, including our retailers, our ability to compete in the marketplace or to grow our revenue could be impaired and our results of operations may suffer. Even if we are successful, these relationships may not result in increased revenue.

We currently rely on single-source contract manufacturers for the assembly of our sock monitor and camera products, and disruptions or cost increases could adversely affect our business.

We have no manufacturing capabilities of our own. We currently rely on a single manufacturer located in Thailand, Benchmark Electronics, for the manufacture of our Dream Sock and BabySat products. Additionally, we currently rely on a separate single manufacturer located in China and Vietnam, Aoni, for the manufacture of Dream Sight. We expect to rely on limited manufacturers for future products we may develop. For us to be successful, our contract manufacturers must be able to provide us with products in substantial quantities, in compliance with regulatory requirements, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Our existing manufacturers may not be able to continue to meet our demand requirements on a timely basis, and their ability and willingness to do so going forward may be affected by a number of factors, including our relative importance as a customer of each manufacturer, capacity constraints, and disruptions to their operations or those of key suppliers. Our operations, and those of our contract manufacturers and key suppliers, may be adversely affected by natural disasters or other catastrophic events, including earthquakes, power loss, cyber incidents, epidemics or pandemics, fires, floods, severe weather, acts of terrorism, geopolitical instability, communication failures, and similar events. Certain of these events may be exacerbated by climate change (see *"—We are subject to a series of risks regarding climate change.*"). We are also subject to the risk that one or more of our critical third-party manufacturers may experience financial instability, file for bankruptcy, or otherwise cease operations, which could result in significant supply chain delays, inability to meet demand, and increased costs associated with transitioning to alternative providers. Component parts and materials used in our products may also be subject to tariffs or other limitations imposed by the U.S. administration, which could limit availability of necessary parts for our products, increase our costs and impact our business and results of operations (see "*—Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.*"). In addition, our manufacturing agreements can be terminated by our contract manufacturers without cause by giving us prior notice of six months or less. The facilities and the manufacturing equipment used to produce our products would be difficult to replace and could require substantial time to repair if significant damage were to result from any of these occurrences. An interruption in our commercial operations could occur if we encounter delays or difficulties in securing these manufactured products for any reason and we cannot obtain an acceptable substitute.

Any transition to a new contract manufacturer, or any transition of products between existing manufacturers, could be time-consuming and expensive, may result in interruptions in our operations and product delivery, could affect the performance specifications of our products, could require that we modify the design of our products, or could require clearance, or approval by the FDA, or similar clearances, approvals, or certifications from foreign regulatory authorities or notified bodies, depending on the nature of the product and the changes associated with the transition to the new manufacturer. If we are required to change a contract manufacturer, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality standards and applicable regulatory requirements, which could further impede our ability to manufacture our products in a timely manner. We may not be able to identify and engage alternative contract manufacturers on similar terms or without delay. Furthermore, our contract manufacturers could require us to move to a different production facility. The occurrence of any of these events could harm our ability to meet the demand for our products in a timely and cost-effective manner, which could have a material adverse effect on our business, financial condition and results of operations.

The manufacture of our products is complex and requires the integration of a number of components from several sources of supply. Our contract manufacturers must manufacture and assemble these complex products in commercial quantities in compliance with regulatory requirements and at an acceptable cost. Our products require significant expertise to manufacture, and our contract manufacturers may encounter difficulties in scaling up production of our products, including problems with quality control and assurance, component supply shortages, increased costs, shortages of qualified personnel, the long lead time required to develop additional facilities for purposes of testing our products or difficulties associated with compliance with local, state, federal and foreign

regulatory requirements. Manufacturing or quality control problems may arise in connection with the scale-up of the manufacture of our products. If we are unable to obtain a sufficient supply of product, maintain control over product quality and cost or otherwise adapt to anticipated growth, or if we underestimate growth, we may not have the capability to satisfy market demand, and our business and reputation in the marketplace will suffer. In particular, if we are unable to obtain key materials and components from any sole or limited source suppliers, we would not be able to deliver our products to customers on a timely basis, if at all. Conversely, if demand for our products decreases, we may have excess inventory, which could result in inventory write-offs that would have a material adverse effect on our business, financial condition and results of operations. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Gray market activity, product diversion, and theft could harm our brand, customer experience, and results of operations.

We sell our products through a combination of retailers, distributors, and direct-to-consumer channels, and we rely on third parties for storage, fulfillment, and transportation of our products. We may be subject to product theft, loss, diversion, or unauthorized resale, including through online marketplaces. In addition, as we expand internationally and operate across multiple distribution channels, we may experience increased “gray market” activity, including the unauthorized import, export, resale, or diversion of our products outside authorized distribution channels.

Products that are stolen, diverted, or sold through unauthorized channels may be offered at discounted prices that disrupt our pricing strategy, reduce demand through authorized channels, and strain relationships with retailers and other channel partners. Such products may be marketed with inaccurate or unauthorized claims, may not include labeling, instructions, warnings, software versions, or other materials applicable to the jurisdiction where they are ultimately sold, and may not be eligible for warranty coverage, customer support, software updates, or other services associated with products sold through authorized channels. As a result, customer complaints and returns may increase, and we may incur additional costs to monitor, investigate, and pursue enforcement actions against unauthorized sellers, including through civil litigation or marketplace takedown processes.

Unauthorized resale and diversion can also increase the risk that counterfeit, altered, refurbished, or improperly handled products are attributed to us, which could harm our reputation and brand, result in negative publicity, and expose us to product liability claims and regulatory scrutiny, including if products are sold in jurisdictions where different regulatory requirements apply. If we are unable to prevent, detect, or effectively respond to product theft, diversion, or unauthorized resale, our business, financial condition, and results of operations could be materially and adversely affected.

Our reliance on NAND flash memory for our Dream Sight and Dream Duo product lines exposes us to significant supply shortages and cost volatility that could adversely affect our margins and product availability.

We rely on NAND flash memory components for our Dream Sight and Dream Duo products to provide local video storage, buffer high-resolution video streams, and host device firmware. The global semiconductor market is currently experiencing a structural shortage of NAND flash as major suppliers (such as Samsung, SK Hynix, and Micron) prioritize capital expenditure for High-Bandwidth Memory (HBM) and Enterprise-grade Solid State Drives (SSDs) to meet the demand for AI infrastructure.

This memory shortage and the resulting market dynamics pose several risks to our business:

- Supply Concentration and Strategic De-prioritization: Because NAND manufacturers have shifted production capacity toward higher-margin enterprise and data center applications, supply for consumer-grade NAND flash memory has tightened significantly. We may face difficulty securing sufficient allocations to meet our production forecasts for the Dream Sight and Dream Duo lines.
- Significant Cost Increases: As of early 2026, contract prices for NAND flash memory have increased significantly. Any inability to lock in long-term pricing at favorable rates could significantly increase our component costs and reduce our gross margins. We may be unable to pass these increased costs on to consumers in a competitive retail environment.
- Inventory and Cash Flow Risks: To mitigate the risk of production halts, we may elect to engage in "pre-buying" or enter into long-term purchase commitments for NAND flash memory components. Such actions could increase our inventory carrying costs, negatively impact our liquidity, and expose us to the risk of future write-downs if market prices decline or if our product demand forecasts prove inaccurate.
- Impact on Product Roadmap: A prolonged NAND flash memory shortage could delay the launch of future generations of our Dream Duo or Dream Sight products, particularly those requiring higher storage capacities or faster write speeds to support advanced imaging features.

If we are unable to manage these supply chain disruptions effectively, or if our suppliers further prioritize enterprise customers over consumer electronics original equipment manufacturers, our ability to fulfill customer orders will be impaired, which would negatively impact our business, results of operations and financial condition.

Any disruption of service at our third-party data and call centers or other cloud infrastructure services could interrupt or delay our ability to deliver our services to our customers.

Because our products and services are used by caregivers to monitor infants, it is critical that our products and services be accessible without interruption or degradation of performance. Customers may become dissatisfied by any system failure that interrupts our

ability to provide our services to them. Sustained or repeated system failures would reduce the attractiveness of our products or services to customers. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our products and services and our ability to attract and retain customers.

We currently host our products and services, serve our customers and support our operations primarily from third-party data and call centers and other cloud-based services. For example, we rely on cloud services and bespoke software services provided by Ayla Networks for our Dream Sock and Smart Sock products to support the transfer of data to the cloud and back to us and the user. Additionally, we rely on the data transfer services of ThroughTek to enable video viewing access for Owlet Cam and Dream Sight. We do not have control over the operations of the services or the facilities of any of those providers. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures and similar events. Certain of these events may be exacerbated by climate change (see "*—We are subject to a series of risks regarding climate change.*"). The occurrence of a natural disaster or an act of terrorism, a decision by a provider to close or discontinue facilities or services without adequate notice, or other unanticipated problems could result in lengthy interruptions in our services. The facilities also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. We may not be able to easily switch our cloud operations to another cloud provider on acceptable terms, within a reasonable timeframe, or without service interruption, including due to technical, contractual, or operational constraints.

None of our third-party cloud-based providers has an obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements with these providers on commercially reasonable terms, if our agreements with our providers are prematurely terminated, or if in the future we add additional cloud-based providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new providers. If these providers were to increase the cost of their services, we may have to increase the price of our products and services, and our operating results may be materially adversely affected.

Furthermore, we are subject to the risk that one or more of our critical third-party providers, such as Ayla Networks or ThroughTek, may experience financial instability, file for bankruptcy, or otherwise cease operations. The loss of a key provider could result in significant disruptions to our services, delays in product functionality, and increased costs associated with transitioning to alternative providers. Given the nature of our products and services, any such disruption could severely damage our reputation and adversely affect our business, financial condition, and results of operations.

We rely on the experience and expertise of our senior management team, other key officers, our engineers, marketing and field sales team and other highly skilled personnel.

We are highly dependent on our senior management, other key officers, our engineers, marketing and field sales team, and may be increasingly dependent on healthcare and clinical specialists for the sale of any medical devices we may market. We face significant competition for talent from other healthcare, technology and high-growth companies, which include both large enterprises and privately-held companies. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation packages (including equity-based compensation) and to incur recruiting and onboarding costs before we can fully evaluate an employee's performance. In addition, we may not be able to hire new employees quickly enough to meet our needs or effectively integrate new hires, and fluctuations in the price of our common stock may make it more difficult or costly to use equity compensation to motivate, incentivize and retain our employees.

In addition, we recruit professionals on a global basis and must comply with the immigration laws in the countries in which we operate, including the U.S. Some of our employees are working under Owlet-sponsored temporary work visas, including H1-B visas. Statutory law limits the number of new H1-B temporary work permit petitions that may be approved in a fiscal year. Furthermore, the current administration of the U.S. immigration visa program is undergoing significant change, including a significantly increased H1-B visa fee and changes in the way H1-B visas are awarded. These changes to this visa program could impact our ability to recruit, hire and retain qualified skilled personnel. If we are unable to obtain work visas in sufficient quantities or at a sufficient rate for a significant period of time, our business, operating results and financial condition could be adversely affected.

If we are unable to successfully develop, introduce, and drive adoption of new products, services, and enhancements, our business, financial condition and results of operations could be adversely affected.

Our portfolio of products and services continues to expand, and we invest significant time and resources to develop, introduce, and drive adoption of new products, services, and software-enabled enhancements, including by investing in sales, marketing and support resources and, as applicable, obtaining required regulatory authorizations or certifications. If we are unable to successfully develop and effectively manage the introduction of these offerings on a timely basis, or if they do not perform as intended, achieve market acceptance, or meet customer expectations, our growth may be limited and our business, financial condition, and results of operations could be adversely affected.

Market acceptance of our products and services depends on a number of factors, including perceived benefits and safety,perceived cost effectiveness, our ability to obtain and maintain required marketing authorizations or certifications (and any related labeling limitations), coverage and reimbursement dynamics for products used in healthcare settings, and the introduction and acceptance of

competing products, services or technologies. In addition, the introduction or announcement of newer products, services or enhancements may reduce demand for, or shorten the lifecycle of, our existing products and services.

We may also experience operational and financial challenges associated with product and service introductions. Development and commercialization efforts can be time-consuming and costly, may require specialized hiring and training, and may involve manufacturing and supply chain complexity, including potentially higher costs for regulated products or products subject to evolving regulatory requirements, which could adversely affect our gross margins. If demand for our products and services is lower than we forecast, we may experience excess inventory, increased promotional activity, and inventory write-downs or write-offs. Conversely, if demand is higher than we forecast, we may incur increased shipping costs, including expedited freight, to meet customer expectations, and our results of operations could become more volatile. We have experienced inventory management challenges in the past and may experience similar challenges in the future.

If we fail to effectively develop, introduce and manage adoption of new products, services and enhancements, or if customers prefer competing offerings, our revenue growth could be limited and our business, financial condition and results of operations could be materially adversely affected.

If we do not successfully develop and commercialize innovative products and services that remain competitive, we could lose revenue opportunities and customers, and our ability to grow our business would be impaired, adversely affecting our financial condition and results of operations.

We expect the industry in which we operate will continue to evolve and may be significantly affected by market activities of industry participants. Certain potential competitors have substantially greater capital resources, larger product portfolios, larger user bases, larger sales forces and greater geographic presence, and have built relationships with retailers and distributors that may be more effective than ours. Our products and services face additional competition from companies developing products and services for use with third-party monitoring systems, as well as from companies that currently market similar products and services of their own and from technology companies that have not historically operated in our industry but may enter it in the future.

Continuing technological advances and changes in consumer preferences and technology place our products and services at risk of obsolescence. Our long-term success depends upon the development and successful commercialization of new products and services, new or improved technologies and additional applications for our existing technologies, including products or applications that may be subject to the oversight of the FDA or comparable foreign regulatory authorities and could require marketing authorization by the FDA or similar marketing authorization or certification from comparable foreign regulatory authorities or notified bodies. The research and development process is time-consuming and costly and may not result in products and services or applications that we can successfully commercialize or that achieve market acceptance. In our efforts to remain competitive, we may at times adopt accelerated product development roadmaps, the time constraints of which can limit thoughtful, cross-functional review and reduce our ability to pivot when technical, regulatory, or market obstacles arise. If these pressures result in the release of products or features that have not undergone sufficient internal vetting, it could result in increased product defects, regulatory non-compliance, delays, increased costs, or a failure to achieve our intended business objectives.

If we do not successfully adapt and advance our products and services and applications, we could see increased competition from competitors who use our medical devices as predicate devices. Because our products that are regulated as medical devices now have marketing authorizations from the FDA, one or more of our competitors may develop and obtain authorization for similar products that compete with ours. For example, in the U.S., using our marketing authorizations for BabySat and/or Dream Sock, our competitors may develop products that the FDA determines are substantially equivalent to our products and may use our products as predicate devices to obtain 510(k) clearances for their competing products or otherwise obtain authorizations that facilitate entry into the market.

We may acquire other businesses or form joint ventures or make investments in other companies or technologies that could negatively affect our operating results, increase our costs and liabilities, require significant management attention, and adversely affect our financial condition and results of operations.

We may pursue acquisitions of businesses and assets. We also may pursue strategic alliances and joint ventures that leverage our technology and industry experience to expand our offerings or distribution. We may not be able to find suitable partners or acquisition candidates, and we may not be able to complete such transactions on favorable terms, if at all. If we make any acquisitions, we may not be able to integrate these acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any future acquisitions also could result in the incurrence of debt, contingent liabilities or future write-offs of intangible assets or goodwill, any of which could have a material adverse effect on our financial condition, results of operations and cash flows. Integration of an acquired company also may disrupt ongoing operations and require management resources that we would otherwise focus on developing our existing business. We may experience losses related to investments in other companies, which could have a material negative effect on our results of operations and financial condition. We may not realize the anticipated benefits of any acquisition, technology license, strategic alliance or joint venture. In addition, joint ventures and strategic alliances may involve risks relating to shared decision-making, governance, contractual restrictions, partner disputes, and difficulties enforcing our rights or protecting our intellectual property. To finance any acquisitions or joint ventures, we may choose to issue shares of our common stock as consideration, which would dilute the ownership of our stockholders. Additional funds may not be available on terms that are

favorable to us, or at all. If the price of our common stock is low or volatile, we may not be able to acquire other companies or fund a joint venture project using our stock as consideration.

Any difficulties in identifying, completing, or integrating acquisitions, or any unexpected costs, liabilities, disputes, regulatory issues, or impairments in connection with such transactions or investments, could adversely affect our business, financial condition and results of operations.

We are involved, and may become involved in the future, in disputes and other legal or regulatory proceedings that, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations.

We are, and may in the future become, party to litigation, regulatory proceedings or other disputes. In general, claims made by or against us in disputes and other legal or regulatory proceedings can be expensive and time-consuming to bring or defend against, requiring us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. These potential claims may include but are not limited to personal injury and class action lawsuits, intellectual property claims and regulatory investigations relating to the advertising and promotional claims about our products and services and employee claims against us based on, among other things, discrimination, harassment or wrongful termination. Any one of these claims, even those without merit, may divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. Any adverse determination against us in these proceedings, or even the allegations contained in the claims, regardless of whether they are ultimately found to be without merit, may also result in settlements, injunctions or damages that could have a material adverse effect on our business, financial condition and results of operations.

Additionally, in the past, securities class action and derivative litigation has often been brought against a company following a decline in the market price of its securities. We have been, and may in the future be, subject to securities class action, derivative, and other stockholder-related litigation. For additional information regarding these matters, and other legal proceedings involving the Company, see Part II. Item 8. “Financial Statements and Supplementary Data - Note 7.” These lawsuits and any future lawsuits to which we may become a party are subject to inherent uncertainties and will likely be expensive and time-consuming to investigate, defend and resolve. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal, or in payments of substantial monetary damages or fines, or we may decide to settle such lawsuits on unfavorable terms, which could have a material adverse effect on our business, financial condition, results of operations or stock price.

We have identified material weaknesses in our internal control over financial reporting and we 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, cause us to fail to meet our periodic reporting obligations, or cause our access to the capital markets to be impaired.

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 financial reporting requirements. This material weakness contributed to the following material weaknesses:

- We did not design and maintain effective controls over the segregation of duties related to journal entries. Specifically, certain personnel have the ability to both create and post journal entries within the Company’s general ledger system. This material weakness did not result in any adjustments to the consolidated financial statements.
- We did not design and maintain effective controls over the accounting for the accuracy and existence of inventory, nor controls which verified the completeness and accuracy of accrued liabilities. Each of these material weaknesses resulted in immaterial adjustments within the year ended December 31, 2022, and the accrued liabilities material weakness resulted in immaterial adjustments within the year ended December 31, 2024, and in the interim periods ended March 31, 2025 and June 30, 2025.
- We did not design and maintain effective controls over the accounting for debt and equity arrangements, including convertible preferred stock, warrant arrangements, and stock-based compensation modifications. Each of these material weaknesses resulted in material adjustments to several account balances and disclosures in the consolidated financial statements as of and for the year ended December 31, 2019, and immaterial adjustments for the year ended December 31, 2024 and the interim period ended September 30, 2025.
- We did not design and maintain effective controls over 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 IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately, (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate Company personnel, (iii) computer operations controls to ensure that critical batch jobs are monitored, and data backups are authorized and monitored, and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements. This material weakness did not result in any adjustments to the consolidated financial statements.

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

See Part II. Item 9A. “Controls and Procedures” included in this Report for a discussion of our remediation plan to address these material weaknesses.

We believe we will be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act for our 2027 Annual Report on Form 10-K to be filed in early 2028. Failure to comply in a timely manner, or the identification of additional material weaknesses, could adversely affect our business and stock price.

As a public company, we are required pursuant to Section 404(a) of the Sarbanes-Oxley Act, subject to certain exceptions, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for each annual report on Form 10-K to be filed with the SEC. This assessment needs to include disclosure of any material weaknesses identified by our management in internal control over financial reporting. Once we cease to be a non-accelerated filer, we will be required to provide both an annual management report on the effectiveness of our internal control over financial reporting and a related attestation report from our independent registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act. The process of becoming compliant with Section 404(b) will cause increases in our professional and consulting fees, most notably those related to our independent audit. 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. In addition, our independent auditors may identify deficiencies that we did not uncover during our prior management-only assessments under Section 404(a). Any "material weakness" reported by our auditors could adversely impact investor confidence, the price of our common stock, and our ability to raise capital in the future.

Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.

The commerce we conduct in the international marketplace makes us subject to tariffs, trade restrictions and other taxes when the raw materials or components we purchase, and the products we ship, cross international borders. In particular, the U.S. has imposed increased tariffs on certain countries, focusing on those with which it has the largest trade deficits. Other countries have responded, and may continue to respond, by announcing retaliatory tariffs on U.S. imports. The tariffs have disrupted, and may continue to disrupt, the global markets and escalate tensions between the U.S. and other countries.

We source a significant portion of our products from Thailand and Vietnam. During 2025 and early 2026, imports from these countries were subject to increased "reciprocal" tariffs of 19% and 20%, respectively, pursuant to the President's authorities under the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§1701-1708. As of February 24, 2026, certain country-specific tariff measures were replaced by a temporary 10% ad valorem import surcharge implemented under Section 122 of the Trade Act of 1974 (19 U.S.C. §2132). While this represents a reduction from prior levels, the 10% surcharge remains a significant cost burden. Furthermore, our camera products produced in Vietnam remain subject to a higher 40% tariff if they are deemed to have been “transshipped” from another country.

The recent Supreme Court ruling has created a possibility for the Company to seek refunds of the higher 19% and 20% duties paid during the period the IEEPA tariffs were in effect. However, the process for claiming such refunds is subject to legal and administrative uncertainty. There is no assurance that we will be successful in obtaining these refunds, or that the amounts recovered would be material to our financial results.

During 2026, we plan to expand production of our Dream Sock and Dream Duo products to Mexico. We believe these products may qualify for a medical device exemption that would reduce the impact of certain tariffs. However, there is no assurance that we will be able to maintain this exemption or that the underlying trade rules will remain in effect. Any changes to the current medical device exemption status for products imported from Mexico, or broader shifts in U.S.-Mexico trade policy, could negatively impact our ability to realize these cost savings and could adversely affect our results of operations.

To the extent these tariffs increase our costs of goods sold, it could materially adversely impact our profitability, results of operations and financial condition. To the extent we alter our pricing as a result of such tariffs, it could reduce demand for our products or make our products less competitive than those of our competitors whose inputs are not subject to these tariffs, thereby decreasing our revenues and adversely impacting our results of operations. Products we sell into certain foreign markets could also become subject to similar retaliatory tariffs, making the products we sell less competitive compared to similar products not subjected to such import tariffs. The broader macroeconomic impact of these tariffs could also pressure our business. Tariffs can contribute to inflation by increasing the cost of imported goods, which can erode consumer purchasing power and lead to less overall spending. In such an environment, demand for our products could decrease as consumers may prioritize other goods and services. Furthermore, any resulting shifts in U.S. monetary policy to combat inflation, such as interest rate hikes, could further constrain consumer spending.

Changes in U.S. trade policies, tariffs, taxes, export restrictions, or other trade barriers, have and could continue to have a material adverse effect on our business, results of operations, and financial condition. For example, the U.S. government has initiated, and may

continue to initiate, investigations under Section 232 of the Trade Expansion Act of 1962, including investigations into imports of medical devices, which could lead to the imposition of substantially higher tariffs. U.S. tariffs implemented since 2025 have adversely impacted our cost of goods sold and gross margins, and any subsequent changes in U.S. trade policies, including the imposition of tariffs or restrictions on raw materials or components, may further limit our ability to produce products, increase our manufacturing costs, decrease our profit margins, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase necessary raw materials or components, which would have a material adverse effect on our business, results of operations and financial condition.

Our distributors or retail customers may experience financial difficulties, and we may not be able to collect our receivables, which could materially or adversely affect our profitability, cash flows, working capital and business operations.

The timely collection of our receivables allows us to generate cash flows, provide working capital and continue our business operations. Due to the challenging environment for traditional "brick-and-mortar" retail locations caused by declining in-store traffic, many retailers have closed physical stores, and some traditional retailers have engaged in significant reorganizations, filed for bankruptcy and gone out of business. In addition to furthering consolidation in the retail industry, such a trend could have a negative effect on the financial health of our retail customers and distributors, potentially causing them to experience difficulties in fulfilling their payment obligations to us or our distributors, reduce the amount of their purchases, seek extended credit terms or otherwise change their purchasing patterns, alter the manner in which they promote our products or the resources they devote to promoting and selling our products or cease doing business with us. If any of our retail customers were to file for bankruptcy, we could be unable to collect amounts owed to us and could even be required to repay certain amounts paid to us prior to the bankruptcy filing. The occurrence of any of these events would have an adverse effect on our business, cash flows, financial condition and results of operations.

Our distributors and retail customers have in the past and may in the future experience financial difficulties for a number of reasons, such as macroeconomic or volatile market conditions, which could impact a distributor's or retailer's financial condition or cause its delay or failure to pay us. This could result in longer payment cycles, delay or default in payment or increased credit risk, which, in turn, could cause our cash collections to decrease and allowance for doubtful accounts to increase. While we may resort to alternative collection remedies or other methods to pursue claims with respect to receivables, these alternatives are expensive and time consuming, and successful collection is not guaranteed. Failure to collect our receivables or prevail on related claims could adversely affect our profitability, cash flows, working capital and business operations.

We are subject to risks associated with our distributors' and retailers' Owlet product inventories and sell-through to end consumers, which could adversely affect our revenues and results of operations.

Our distributors and retail customers typically stock and maintain their own inventories of Owlet products and sell a large portion of those products through to our end consumers. Substantially all of our revenues have historically been derived from product sales, and we recognize revenue when control of goods and services is transferred to customers, such as upon product shipment to our distributors and retailers.

In a given period, if these distributors and retailers are unable to sell an adequate amount of their Owlet product inventories, or if they decide to decrease or become unwilling to manage or sell their Owlet product inventories for any reason, our sales to and through these third parties could decline, which could result in lower sales volume or increased sales returns, excess inventory or inventory write-offs. Various factors could impact their ability or desire to sell their Owlet product inventories through to end consumers, including but not limited to economic conditions or downturns, pricing discounts or credits, marketing and promotion, customer incentives or other business arrangements. In addition, any deterioration in the financial condition of our distributors and retail customers could adversely impact the flow of our products to our consumers and thus our revenues and results of operations.

Adapting our production capacities to evolving patterns of demand is expensive, time-consuming and subject to significant uncertainties. We may not be able to adequately predict consumer trends and may be unable to adjust our production in a timely manner.

We market our products directly to consumers in the U.S. and a select number of international countries. If demand increases, we are required to increase production proportionally. As of the date of this Report, our manufacturing facility in Thailand has reached its maximum production capacity. To support the continued growth of our Dream Sock and Dream Duo products, we plan to expand our manufacturing footprint during 2026 by adding a new production line in Mexico.

Adapting to changes in demand inherently lags behind actual market shifts because it takes time to identify trends and implement necessary production measures. Furthermore, these capacity expansions require significant capital expenditures, and there is no guarantee that our investments in the Mexico facility will result in the anticipated efficiencies or output.

Capacity adjustments are inherently risky because they are based on imperfect information; market trends may rapidly intensify, ebb, or even reverse. We have in the past not always been, and may in the future not be, able to accurately or timely predict trends in demand and consumer behavior, or to take appropriate measures to mitigate risks and exploit opportunities resulting from such trends.

Any inability to successfully scale our production in Mexico or to adequately and effectively react to changes in demand could have a material adverse effect on our business, financial condition, and results of operations.

The size and expected growth of our addressable market has not been established with precision and may be smaller than we estimate.

Our estimates of the addressable market for our current products and services and future products and services are based on a number of internal and third-party estimates and assumptions, including birth rate, income levels and demographic profiles. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct. In addition, the statements in this Report relating to, among other things, the expected growth in the market for baby products and services are based on a number of internal and third-party estimates and assumptions and may prove to be inaccurate. For example, although we expect that the number of births will continue to increase, those trends could shift and the number of births could decrease. Furthermore, even if the birth rate increases as we expect, technological or medical advances could provide alternatives to our products and services and reduce demand. As a result, our estimates of the addressable market for our current or future products and services may prove to be incorrect. If the actual number of consumers who would benefit from our products and services, the price at which we can sell future products and services or the addressable market for our products and services is smaller than we estimate, it could have a material adverse effect on our business, financial condition and results of operations.

We spend significant amounts on advertising and other marketing campaigns to acquire new customers, which may not be successful or cost effective.

We market our products and services through a mix of digital and traditional marketing channels. These include retail marketing, paid search, digital display advertising, email marketing, affiliate marketing, social media, and select print advertising. We also leverage our database of prospects and customers to further drive customer acquisition and referrals. We spend significant amounts on advertising and other marketing campaigns to acquire new customers, and we expect our marketing expenses to increase in the future as we continue to spend significant amounts to acquire new customers and increase awareness of our products and services. While we seek to structure our marketing campaigns in the manner that we believe is most likely to encourage consumers to use our products and services, we may fail to identify marketing opportunities that satisfy our anticipated return on marketing spend as we scale our investments in marketing, accurately predict customer acquisition, or fully understand or estimate the conditions and behaviors that drive consumer behavior. Further, state, federal and foreign laws and regulations governing the privacy and security of personal information are evolving rapidly and could impact our ability to identify and market to potential and existing customers. If federal, state, local or foreign laws governing our marketing activities become more restrictive or are interpreted by governmental authorities to prohibit or limit these activities, our ability to attract new customers and retain customers would be affected and our business could be materially harmed. In addition, any failure, or perceived failure, by us, to comply with any federal, state, or foreign laws or regulations governing our marketing activities could adversely affect our reputation, brand, and business, and may result in claims, proceedings, or actions against us by governmental entities, consumers, suppliers or others or other liabilities, and may require us to change our operations and/or cease using certain marketing strategies. If any of our marketing campaigns prove less successful than anticipated in attracting new customers, we may not be able to adequately recover our marketing spend, and our rate of customer acquisition may fail to meet market expectations, either of which could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that our marketing efforts will result in increased sales of our products and services.

Further, web and mobile browser developers, such as Apple, Microsoft and Google, have implemented and may continue to implement changes, including requiring additional user permissions, in their browser or device operating system that impair our ability to measure and improve the effectiveness of advertising of our products and services. Such changes include limiting the use of first-party and third-party cookies and related tracking technologies, such as mobile advertising identifiers, and other changes that limit our ability to track consumer actions and collect information that allows us to attribute consumer actions on advertisers' websites to the effectiveness of advertising campaigns run by us.

In addition, we believe that building a strong brand and developing and achieving broad awareness of our brand is critical to achieving market success. If any of our brand-building activities prove less successful than anticipated in attracting new customers, we may not be able to recover our brand-building spend, and our rate of customer acquisition may fail to meet market expectations, either of which could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that our brand-building efforts will result in increased sales of our products and services.

If we are unable to continue to drive consumers to our website, it could adversely affect our revenue.

Many consumers find our website, www.owletcare.com by searching for baby products and services through internet search engines or from word-of-mouth and personal recommendations. A critical factor in attracting visitors to our website is how prominently we are displayed in response to search queries. Accordingly, we use search engine marketing as a means to provide a significant portion of our customer acquisition. Search engine marketing includes both paid website visitor acquisition on a cost-per-click basis and visitor acquisition on an unpaid basis, often referred to as organic or algorithmic search.

One method we employ to acquire visitors via organic search is commonly known as search engine optimization ("SEO"). SEO involves developing our website in a way that enables the website to rank high for search queries for which our website's content may be relevant. We also rely heavily on favorable recommendations from our existing customers to help drive traffic to our website. Additionally, the introduction of AI-assisted technologies could further impact search engine relevance, causing declines in our ranking and decreased traffic. If our website is listed less prominently or fails to appear in search result listings for any reason, it is likely that we will attract fewer visitors to our website, which could adversely affect our revenue.

Furthermore, we are increasingly subject to risks associated with the rapid evolution of consumer search behavior, specifically the growing use of generative artificial intelligence ("AI") and large language models ("LLMs") for product discovery and research. Unlike traditional search engines that provide a list of website links, these AI models may synthesize information to provide direct answers or recommendations. If our products are not effectively indexed, referenced, or prioritized within these AI-driven results, or if the models provide inaccurate or unfavorable information about our brand, our visibility to potential customers could be significantly diminished. This shift toward 'zero-click' searches, where consumers receive information without visiting our website, may reduce our organic traffic, increase our customer acquisition costs, and render our traditional search engine optimization and digital marketing strategies less effective, any of which could materially and adversely affect our business and results of operations.

Our success depends substantially on our reputation and brand.

Our success is dependent in large part upon our ability to maintain and enhance our reputation and brand. Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to actions taken (or not taken) with respect to social, environmental, and community outreach initiatives, the personal conduct of individuals actually, or perceived to be associated, with our brand, and our growth or rebranding strategies. We are heavily dependent on customers who use our products and services, in particular Dream Sock and Dream Sight, to provide good reviews and word-of-mouth recommendations to contribute to the growth of our brand and reputation. Customers who are dissatisfied with their experiences with our products and services or services may post negative reviews. We may also be the subject of blog, forum or other media postings that include statements that create negative publicity. If the FDA or other regulatory body makes public any determination that any of our products is not in compliance with applicable requirements, such as the FDA did in the past with respect to one of our legacy products, or takes some other public action such as issuing a public enforcement action or recommending or mandating a recall, customers may react negatively and stop purchasing or recommending our products or services, or may demand refunds. Any negative reviews or publicity, whether real or perceived, disseminated by word-of-mouth, by the general media, by electronic or social networking means or by other methods, could harm our reputation and brand and could severely diminish consumer confidence in our products and services.

Increased use of social media could create or amplify the effects of negative publicity and adversely affect sales and operating results.

As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain customers. These efforts may not be successful, and pose a variety of other risks, including the improper disclosure of proprietary information, the posting of negative comments about our brand, the exposure of personally identifiable information, fraud, use of out-of-date information or failure to comply with regulations regarding such practices. Negative or false commentary about us or our products or services may be posted on social media platforms and may harm our reputation or business and social media has also given users the ability to more effectively organize collective actions, such as boycotts, which could be taken against us or our products or services. Customers value readily available information and often act on such information without affording us an opportunity for redress or correction. The inappropriate use of social media vehicles, including a failure to abide by applicable laws and regulations, in the use of social media by us or our influencers, employees, contractors, suppliers, customers or other third parties associated or perceived to be associated with us could increase our costs, lead to litigation, fines or regulatory action or result in negative publicity that could damage our reputation. The occurrence of any such developments could have an adverse effect on our business results.

In addition, events reported in the media, including social media, whether or not accurate or involving us or our products or services, could create or amplify negative publicity for us or for the industry or market segments in which we operate. These and other types of social media risks could reduce demand for products and services offered by us and/or shift consumer preferences to competitors and could result in a decrease in customer demand for our products and services.

Defects or quality issues associated with our products could adversely affect the results of our operations.

The design, manufacture and marketing of medical devices involve certain inherent risks. Manufacturing or design defects, component failures, unapproved or improper use of our products, or inadequate disclosure of risks or other information relating to the use of our products can lead to injury or other serious adverse events. Such events have in the past and could in the future lead to recalls or safety alerts relating to our products (either voluntary or as required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall could result in significant costs and lost sales and customers, enforcement actions and/or investigations by state and federal governments or other enforcement bodies, as well as negative publicity and damage to our reputation that could reduce future demand for our products. Personal injuries relating to the use of our products can also result in significant product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in obtaining marketing authorizations of new products or the imposition of post-market requirements.

Our products must be manufactured, and services provided, in accordance with federal, state and foreign regulations, and we or any of our suppliers could be forced to recall products or terminate production or services if we fail to comply with these regulations.

The methods used in, and the facilities used for, the manufacture of our products must comply with the FDA's QSR, which is a complex regulatory scheme that covers the procedures and documentation of the design, testing, production, process controls, quality assurance, labeling, packaging, handling, storage, distribution, installation, servicing and shipping of medical devices. Furthermore, we are required to verify that our manufacturers and suppliers maintain facilities, procedures and operations that comply with our quality standards and applicable regulatory requirements. The FDA enforces the QSR through periodic announced or unannounced inspections of medical device manufacturing facilities, which may include the facilities of subcontractors. Our products are also subject to similar state regulations and various laws and regulations of foreign countries governing manufacturing.

In addition, as the provider of products with a subscription-based element, a variety of laws and regulations govern the ability of users to cancel subscriptions and auto-payment renewals. California's automatic renewal law in particular has been the basis for both consumer class actions and government enforcement.

Our third-party manufacturers may not take the necessary steps to comply with applicable regulations, which could cause delays in the delivery of our products. In addition, failure to comply with applicable FDA (or other regulatory authorities) requirements or later discovery of previously unknown problems with our products or manufacturing processes could result in, among other things: warning letters or untitled letters; fines, injunctions or civil penalties; suspension or withdrawal of approvals or certifications; seizures or recalls of our products; total or partial suspension of production or distribution; administrative or judicially imposed sanctions; the FDA's (or foreign regulatory authorities' or notified bodies') refusal to grant pending or future clearances, certifications or approvals for our products; clinical holds; refusal to permit the import or export of our products; and criminal prosecution of us or our employees.

Any of these actions could significantly and negatively affect supply of our products. If any of these events occurs, our reputation could be harmed, we could be exposed to product liability claims and we could lose customers and experience reduced sales and increased costs.

Operations in international markets expose us to additional business, political, regulatory, operational, financial and economic risks.

Further expanding our business to attract customers in countries other than the U.S. is a key element of our long-term business strategy. As of December 31, 2025, we distributed and sold our products and services in over 30 countries, and plan to expand into India and other countries during 2026 and beyond. International operations expose us and our representatives, agents and distributors to risks inherent in operating in foreign jurisdictions, and such exposure will increase as our international presence and activities increase. Our ability to execute on international growth also depends on effective cross-functional planning and coordination across sales, marketing, regulatory, customer support, and supply chain teams, including localization, inventory planning, channel readiness, and compliance with local requirements. If we are unable to effectively coordinate these functions, establish and maintain local partners, or adjust plans in response to regulatory or operational obstacles, our market entries, product launches, or ongoing operations in those jurisdictions could be delayed, disrupted, or less successful than expected, which could adversely affect our business, financial condition and results of operations. These risks include:

- the imposition of additional U.S. and foreign governmental controls or regulations;
- the imposition of costly and lengthy new export licensing requirements;
- the imposition of requirements to maintain data and the processing of that data on servers located within the U.S. or in foreign countries;
- a shortage of high-quality employees, sales people and distributors;
- the loss of any key personnel that possess proprietary knowledge, or who are otherwise important to our success in certain international markets;
- changes in duties and tariffs, license obligations and other non-tariff barriers to trade;
- the imposition of new trade restrictions;
- the imposition of restrictions on the activities of foreign agents, representatives and distributors;
- compliance with or changes in foreign tax laws, regulations and requirements and economic and trade sanctions programs;
- evolution in regulatory landscapes, such as on account of the UK leaving the EU, and uncertainties that arise from such evolution;
- pricing pressure;
- increased marketing costs;

- changes in foreign currency exchange rates;
- laws and business practices favoring local companies;
- political instability and actual or anticipated military or political conflicts;
- financial and civil unrest worldwide;
- outbreaks of illnesses, pandemics or other local or global health issues;
- natural or man-made disasters;
- the inability to collect amounts paid by foreign government customers to our appointed foreign agents;
- longer payment cycles, increased credit risk and different collection remedies with respect to receivables; and
- difficulties in enforcing or defending intellectual property rights.

In addition, we purchase a portion of our raw materials and components from international sources. The sale and shipment of our products and services across international borders, as well as the purchase of materials and components from international sources, subject us to extensive U.S. and foreign governmental trade regulations, including those related to conflict minerals. Compliance with such regulations is costly and we could be exposed to potentially significant penalties if we are found not to be in compliance with such regulations. Any failure to comply with applicable legal and regulatory obligations could impact us in a variety of ways that include, but are not limited to, significant criminal, civil and administrative penalties, including imprisonment of individuals, fines and penalties, denial of export privileges, seizure of shipments, restrictions on certain business activities, and exclusion or debarment from government contracting. Also, the failure to comply with applicable legal and regulatory obligations could result in the disruption of our shipping, manufacturing and sales activities. Any material decrease in our international sales would adversely affect our business, financial condition and results of operations.

Our business and operations may suffer in the event of IT system failures, cyberattacks or deficiencies in our cybersecurity.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on IT systems and infrastructure, including those of third-party service providers we rely on, to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information and personal information of customers and our employees and contractors. However, our IT systems and those of our users, customers, partners, suppliers and third-party service providers are vulnerable to numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT systems and data, including from computer viruses and malware (e.g. ransomware), malicious code, natural disasters, terrorism, war, telecommunication and electrical failures, hacking, cyberattacks, phishing attacks and other social engineering schemes, employee theft or misuse, human or technological error, fraud, denial or degradation of service attacks, as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware, sophisticated nation-state and nation-state-supported actors or unauthorized access or use by persons inside our organization, or persons with access to systems inside our organization. Attacks upon IT systems are also increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. For example, we have been and in the future may be the target of phishing and other scams and attacks. We have not always been successful in detecting these attacks, and while we have not experienced any significant loss or material expense as a result of these cybersecurity attacks or other information security breaches, there can be no assurance that we will not suffer additional attacks or incur material financial or legal consequences or expense in the future. As a result of the continued hybrid work environment, we may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks.

Cybersecurity attacks in particular are evolving, including through the use of artificial intelligence, and because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information, and there can be no assurance that our protective measures will prevent or detect security breaches that could have a significant impact on our business, reputation, financial condition and results of operations.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations due to a loss of our trade secrets and confidential information, negative publicity and damage to our reputation, loss of customers, loss of or delay in market acceptance of our products and services, loss of competitive position, loss of revenue or liability for damages or other similar disruptions. Depending on the nature of the attack, a successful attack may also bring into question our internal control over financial reporting. If a security breach or other incident were to result in the unauthorized access to or unauthorized use, disclosure, release or other processing of personal information, it may be necessary to notify

individuals, governmental authorities, supervisory bodies, the media and other parties pursuant to privacy and security laws. Any security compromise affecting us, our customers, partners, suppliers, third-party service providers or our industry, whether real or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures and lead to regulatory scrutiny. Furthermore, federal, state and international laws and regulations can expose us to enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties, fines and significant legal liability, if our IT security efforts fail. We may also be exposed to a risk of loss or litigation and potential liability and costs including, significant incident response, system restoration or remediation and future compliance costs, which could materially and adversely affect our business, results of operations or financial condition. We cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all.

Our ability to effectively manage and maintain our internal business information, and to ship products and provide services to customers and invoice them on a timely basis, depends significantly on our enterprise resource planning system and other IT systems. Portions of our IT systems may experience interruptions, delays or cessations of service or produce errors in connection with ongoing systems implementation work. In addition, interfaces between our products and services and our customers' computer networks could provide additional opportunities for cybersecurity attacks on us and our customers. The failure of these systems to operate or integrate effectively with other internal, customer, supplier or third-party service provider systems and to protect the underlying IT system and data integrity, including from cyberattacks, intrusions or other breaches or unauthorized access of these systems, or any failure by us to remediate any such attacks or breaches, may also result in damage to our reputation or competitiveness, delays in product fulfillment and reduced efficiency of our operations, and could require significant capital investments to remediate any such failure, problem or breach, all of which could adversely affect our business, financial condition and results of operations. Further, our insurance coverage may not be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems.

Development, maintenance, and use of AI technologies may not be beneficial to our business, and may result in the poor performance of our products, services and business, as well as damage our reputation and the reputations of our customers, or cause us to incur liability resulting from the violation of laws or contracts to which we are a party.

We are investing in the development and use of AI machine learning and automated decision-making technologies (collectively, "AI Technologies") in our camera and wearable products. As with many technological innovations, there are significant risks involved in developing, maintaining and deploying these technologies, and there can be no assurance that the usage of, or our investments in, such technologies will enhance our products or services or be beneficial to our business, including our efficiency or profitability.

In particular, if the models underlying AI Technologies we deploy are, for example: incorrectly designed or implemented; trained or reliant on incomplete, inadequate, inaccurate, biased or otherwise poor quality data, or on data to which we do not have sufficient rights or in relation to which we and/or the providers of such data have not implemented sufficient legal compliance measures; used without sufficient oversight or governance to provide for their responsible use; and/or adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, the performance of our products, services and business, as well as our reputation and the reputations of our customers, could suffer, or we could incur liability resulting from the violation of laws or contracts to which we are a party or civil claims.

The market for products and services that incorporate AI Technology is rapidly evolving and unproven in many industries, including our own, and important assumptions about the characteristics of targeted markets, pricing, sales cycles, cost, performance, and perceived value associated with our services or products may be inaccurate. We cannot be sure that the market will continue to grow or that it will grow in ways we anticipate. In addition, market acceptance of products and services that incorporate AI Technology is uncertain. Our failure to successfully develop and commercialize products or services that utilize AI Technologies could depress the market price of our stock and impair our ability to: raise capital; expand our business; provide, improve and diversify our product offerings; continue our operations and efficiently manage our operating expenses; and respond effectively to competitive developments.

In addition to any proprietary AI Technologies we may develop, our ability to implement and use AI Technologies licensed from third parties, including at the scale we need, may be dependent on access to specific third-party software and infrastructure. We cannot control the availability or pricing of such third-party AI Technologies, especially in a highly competitive environment, and we may be unable to negotiate favorable economic terms with the applicable providers. If any such third-party AI Technologies become incompatible with our solutions or unavailable for use, or if the providers of such models unfavorably change the terms on which their AI Technologies are offered or terminate their relationship with us, our solutions may become less appealing to our customers and our business will be harmed. In addition, to the extent any third party AI Technologies are used as a hosted service, any disruption, outage, or loss of information through such hosted services could disrupt our operations or solutions, damage our reputation, cause a loss of confidence in our solutions, or result in legal claims or proceedings, for which we may be unable to recover damages from the affected provider.

We are subject to a number of risks related to the credit extended by our manufacturing providers.

Our manufacturers extend credit to us and may revoke that credit. We use that credit to scale operations and increase production of our products. If our manufacturers revoke our credit, it could adversely affect our ability to meet demand for our products and adversely affect our business, financial condition and results of operations. Given the concentration of our manufacturing providers, their willingness to provide credit and support our business is critical for our long-term growth, and losing that credit could create material adverse impact on our operations.

Changes in tax laws may impact our future financial position and results of operations.

The rules and regulations related to income, sales, use or other tax laws, statutes, rules, regulations or ordinances in the United States are subject to change and can be interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. For example, the One Big Beautiful Bill Act of 2025 (the "OBBBA") introduced a broad range of changes to the U.S. federal income tax regime, including the extension of key provisions from the Tax Cuts and Jobs Act of 2017, modifications to the international tax framework, and the restoration of favorable tax treatment for certain business provisions, including reinstating the option to claim 100% accelerated depreciation deductions on qualified property, with retroactive application beginning January 20, 2025, and immediate expensing of domestic research and development costs, with retroactive application beginning January 1, 2025, among others. We continue to evaluate the impact of the legislation on our business and our tax liability as additional guidance becomes available.

Further, any changes in regulations or policies related to taxation and importation, including as a result of increased tariffs, could adversely impact the global economy and our operating results. In addition, as we expand our business internationally, the application and implementation of existing, new or future international laws regarding indirect taxes (such as a Value Added Tax) could materially and adversely affect our business, financial condition and results of operations. To the extent that future U.S. or international tax regulatory changes have a negative impact on us, including as a result of related uncertainty, these changes could adversely impact our business, results of operations and financial position and may require changes in the manner in which we operate in order to minimize increases in our tax liability.

The applicability of sales, use and other tax laws or regulations on our business is uncertain. Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could subject us to additional tax liabilities and related interest and penalties, increase the costs of our products and adversely impact our business.

State, local and foreign tax jurisdictions have differing rules and regulations governing sales, use, value-added and other taxes, and these rules and regulations can be complex and are subject to varying interpretations that may change over time. Existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect).

One or more states, countries or other jurisdictions may seek to impose sales, use, value added or other tax collection obligations on us, including for past sales. A successful assertion by a state, country or other jurisdiction that we should have been or should be collecting additional sales, use, value added or other taxes on our products could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, or otherwise harm our business, results of operations, and financial condition.

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

We have incurred substantial net operating losses ("NOLs") since inception, and we may not achieve profitability in the future. U.S. federal and certain state NOLs generated in taxable years beginning after December 31, 2017 are not subject to expiration. U.S. federal NOLs generally may not be carried back to prior taxable years except that, under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), U.S. federal NOLs generated in 2018, 2019 and 2020 may be carried back to each of the five taxable years preceding the taxable year in which the loss arises. Additionally, for taxable years beginning after December 31, 2020, the deductibility of U.S. federal NOLs is limited to 80% of our taxable income in such taxable year. NOLs generated in tax years before 2018 may still be used to offset future taxable income without regard to the 80% limitation, although they have the potential to expire without being utilized if we do not achieve profitability in the future. However, under the rules of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a rolling three-year period, the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a corporation, as well as changes in ownership arising from new issuances of stock by the corporation. If finalized, Treasury Regulations currently proposed under Section 382 of the Code may further limit our ability to utilize our pre-change NOLs or other pre-change tax attributes if we undergo a future ownership change. We could experience one or more ownership changes in the future, as a result of future changes in our stock ownership, some of which may be outside our control. As a result, if we earn net taxable income, our ability to use our pre-change NOL carryforwards to offset post-change taxable income may be subject to limitations. For these reasons, we may not be able to utilize a material portion of our NOLs and other tax attributes, which could adversely affect our future cash flows.

We are subject to a number of risks related to the credit card and debit card payments we accept.

We accept payments through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees may require us to increase the prices we charge and would increase our operating expenses, either of which could have a material adverse effect on our business, financial condition and results of operations.

If we or our processing vendors fail to maintain adequate systems for the authorization and processing of credit and debit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if these systems fail to work properly and, as a result, we do not charge our customers' credit or debit cards on a timely basis, or at all, it could have a material adverse effect on our business, financial condition and results of operations.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated in exploiting weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures and significantly higher card-related costs, each of which could have a material adverse effect on our business, financial condition and results of operations.

We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. We are subject to the Payment Card Industry Data Security Standard ("PCI DSS") issued by the PCI Council, which includes guidelines with regard to the security policies and practices we should adopt regarding the physical and electronic storage, processing and transmission of cardholder data. Compliance with the PCI DSS and implementing related procedures, technology and information security measures requires significant resources and ongoing attention, and any security incident involving cardholder data could subject us to significant penalties and liability. Failure to comply with this standard may violate payment card association operating rules, federal and state laws and regulations and the terms of our contracts with payment processors. Any failure to comply fully also may subject us to fines, penalties, damages and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Further, there is no guarantee that such compliance will prevent illegal or improper use of our payment systems or the theft, loss or misuse of data pertaining to credit and debit cards, cardholders and transactions.

If we are unable to maintain our chargeback rate or refund rates at acceptable levels, our processing vendor may increase our transaction fees or terminate its relationship with us. Any increases in our credit and debit card fees could harm our results of operations, particularly if we elect not to raise our rates for our products and services to offset the increase. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business.

The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.

We are subject to evolving and sometimes conflicting, laws, regulations, policies, and investor and other stakeholder expectations concerning environmental, social, and governance matters both in the United States and internationally. We may experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. While we may from time to time engage in various initiatives (including but not limited to voluntary disclosures, policies, or goals) to improve our profile or respond to stakeholder expectations, we cannot guarantee that these initiatives will have the desired effect. In addition, in a climate where there are changing and increasingly divergent views on where our focus should be on these matters, our initiatives, goals, or commitments, or any revisions to them, may be criticized and the accuracy, adequacy, or completeness of such disclosures challenged. There is also increasing regulatory scrutiny, including the adoption of certain reporting requirements, on such matters; however, such regulations are not uniform, and other policymakers have sought to constrain companies' consideration of environmental, social, or other sustainability matters in certain instances. Our actual or perceived failure to achieve our initiatives, goals, or commitments, or otherwise successfully manage investor or other stakeholder expectations on these matters, could negatively impact our reputation or otherwise harm our business. Additionally, certain of our suppliers and other stakeholders are subject to similar expectations, which may result in additional or increased risks.

We are subject to a series of risks regarding climate change.

There are inherent climate-related risks wherever business is conducted. Certain of our facilities, as well as third-party infrastructure on which we rely, are located in areas that have experienced, and are projected to continue to experience, various meteorological phenomena or other catastrophic events that may disrupt our or our suppliers' operations, cause damage or loss to facilities, result in additional costs or project delays, or otherwise adversely impact our business. Climate change, as well as other environmental and social pressures, may increase the frequency and/or intensity of such events and may also contribute to various chronic changes in the physical environment, such as changes in water levels or changes in ambient temperature or precipitation patterns, which may also impact our or our suppliers' operations.

Concerns about climate change may also result in actions by various investors, consumers, regulators, or other stakeholders. For example, various policymakers, including the State of California, have adopted (or are considering adopting) requirements for the disclosure of certain climate-related information, which may require additional costs for us to comply. Our suppliers may be subject to similar risks, which may indirectly impact us as well.

Risks Related to Regulation of Our Industry and Products

Despite having received 510(k) clearance from the FDA for our prescription-required BabySat pediatric monitor, and having received de novo authorization (classification) for Dream Sock, such marketing authorizations do not ensure commercial success of these products, which will require us to implement processes, procedures and operations necessary to market and sell medical devices. We may not be successful in implementing these requirements, which could subject us to new risks and could adversely affect our business, financial condition and results of operations.

In June 2023, we received 510(k) clearance from the FDA for BabySat, a prescription use-only pulse oximeter indicated for use in measuring and displaying functional oxygen saturation values of arterial hemoglobin and pulse rate and for spot-checking and/or continuous monitoring of well-perfused patients, greater than one month old up to 18 months old and weighing between 6 and 30 pounds, in the home environment. In November 2023, we received de novo authorization from the FDA for Dream Sock. The BabySat clearance was the first medical device marketing authorization we have received. In order to market and distribute BabySat or other medical devices, we will need to modify certain of our internal business operations to ensure they comply with medical device requirements and to enable distribution of the product in accordance with the limitations of use described in our marketing authorizations. For example, the 510(k) clearance for BabySat limits distribution of this product to prescription use-only. In the direct-to-consumer model we utilize to distribute Dream Sock and Dream Sight, consumers purchase our products directly from us or one of our retailers, which is a model we are not able to utilize to distribute BabySat in accordance with its prescription-required marketing authorization. We have implemented new distribution channels for BabySat with durable medical equipment distributors, and continue to explore distribution options with healthcare institutions and other healthcare payor and provider channels. We have entered into relationships intended to expand insurance-supported access to BabySat through durable medical equipment distribution pathways; however, these initiatives may not result in sustained prescription volume, favorable reimbursement coverage, or commercially acceptable economics. The success of these channels will depend on a number of factors, including our ability to identify, establish and maintain strong partnerships within these channels and the level of coverage and reimbursement payors provide for this product. Further, even though we have received FDA clearance for BabySat, we will still need to demonstrate the business and clinical rationale and justifications of this product in order for healthcare institutions and providers to be convinced of the need to prescribe it, and we may not be successful in these efforts. In addition, marketing authorization subjects us to ongoing regulatory requirements and oversight, including quality system, labeling, promotion, complaint handling, reporting, and inspection requirements. As of February 2026, FDA's device quality system requirements are governed by the Quality Management System Regulation ("QMSR"), which incorporates ISO 13485:2016, and compliance may require significant resources and operational changes. If we fail to maintain compliance with applicable requirements or respond effectively to inspections, audits, adverse events, or product performance issues, we could be required to implement field actions or recalls, suspend distribution, modify products or labeling, incur significant costs, or face enforcement actions, any of which could adversely affect our reputation, revenue and operating results.

We are required to obtain and maintain marketing authorizations or certifications from the FDA, foreign regulatory authorities or notified bodies for medical device products in the U.S. or in foreign jurisdictions, which can be a lengthy and time-consuming process, and a failure to do so on a timely basis, or at all, could severely harm our business.

Dream Sock and BabySat are regulated as medical devices by the FDA and other regulatory authorities, and we must maintain ongoing compliance with medical device requirements with respect to the design, manufacture, sale, marketing, distribution, and post-market oversight of such products.

Medical devices are subject to extensive regulation in the U.S. by local government, state government and the federal government, including by the FDA. The FDA regulates virtually all aspects of a medical device’s design, development, testing, manufacturing, labeling, storage, record keeping, reporting, sale, promotion, distribution and shipping. In the U.S., unless an exemption applies, any medical device that we seek to market in the U.S. must first undergo the FDA’s premarket review pursuant to the FDCA, and must receive the FDA’s marketing authorization either via clearance of a 510(k) premarket notification or, de novo classification, depending on the type of device. Dream Sock has received FDA marketing authorization through the de novo classification process as a Class II medical device, and BabySat has received FDA marketing authorization through FDA clearance of a 510(k) premarket notification as a Class II medical device. In the 510(k) clearance process, before a device may be marketed, the FDA must determine that a proposed device is “substantially equivalent” to a legally-marketed “predicate” device. To be “substantially equivalent,” the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data are sometimes required to support substantial equivalence.

The de novo classification process provides a pathway to obtain marketing authorization for certain novel medical devices for which there is no legally marketed predicate, and it establishes a new device type that may serve as a predicate for future 510(k) submissions. We do not currently market, and do not expect in the foreseeable future to market, any medical device that would require approval of a premarket approval application ("PMA"). However, the FDA's classification determinations and regulatory requirements are subject to

change, and the FDA could determine that one or more future products, product modifications, or new intended uses would require a different or more burdensome regulatory pathway.

Certain modifications made to products cleared through a 510(k) premarket notification or de novo classification may require a new 510(k) clearance. In addition, even where a new 510(k) clearance is not required, we may be required to document and implement design, labeling, manufacturing, or software changes in accordance with applicable FDA requirements and our quality system procedures. The de novo classification and 510(k) clearance processes can be expensive, lengthy and uncertain. The FDA's 510(k) clearance process usually takes from three to 12 months, but can last longer. In addition, a de novo classification may require the performance of one or more clinical trials, and a 510(k) clearance sometimes requires clinical data to support clearance. Despite the time, effort and cost, any particular device may not be authorized for marketing by the FDA. Any delay or failure to obtain necessary marketing authorizations could harm our business.

Even if marketing authorization is granted, such marketing authorization may be limited to only certain indications for use. Medical devices may be marketed only for the indications of use for which they are authorized. Additionally, the FDA might not grant marketing authorizations on a timely basis, if at all, for products or new uses of existing products that are regulated as medical devices and that are determined to require such marketing authorization. In addition, even if FDA marketing authorization is obtained, if safety or effectiveness problems are later identified with any medical device products, we may need to initiate a product recall.

To support any submissions to the FDA seeking marketing authorizations, we may be required to conduct clinical testing of our product candidates. Such clinical testing must be conducted in compliance with FDA requirements pertaining to research with human subjects. Among other requirements, we must obtain informed consent from study subjects and approval by institutional review boards ("IRB") before such studies may begin. We must also comply with other FDA requirements such as monitoring, record-keeping, reporting and the submission of information regarding certain clinical trials to a public database maintained by the National Institutes of Health. Certain clinical investigations, including those involving significant risk devices, may be subject to additional FDA and other regulatory requirements. Compliance with these requirements can require significant time and resources. If the FDA determines that we have not complied with such requirements, the FDA may refuse to consider the data to support our submissions seeking marketing authorization or may initiate enforcement actions.

Moreover, clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials may not be predictive of the results of later-stage clinical trials. Any clinical evaluations we conduct may not demonstrate the expected performance characteristics, may identify unforeseen safety issues, or may not be accepted by regulators as sufficient to support the applicable submission or intended use. We may also be delayed in our clinical trials, including as related to, among other things: obtaining authorization to initiate clinical trials; reaching agreement on acceptable terms with vendors, clinical trial sites, and contract research organizations; obtaining IRB approvals, recruiting subjects and having them complete the study; experiencing deviations from clinical trial protocols; and adding new clinical sites. We could encounter delays if a clinical trial is suspended or terminated due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of our medical device products we seek to develop, the commercial prospects of our proposed products will be harmed, and our ability to generate product revenues from any of these products will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and jeopardize our ability to generate product sales and revenues.

The FDA's interpretations of its laws and regulations are subject to change. If the FDA changes its policy or concludes that the marketing of any of our products is not in accordance with current policies, regulations or statutory requirements, or if the FDA changes its applicable policies or if changes are introduced to applicable laws or regulations, we may be required to seek clearance or other marketing authorization for these products through the 510(k) or de novo classification processes, may not be permitted to continue marketing these products until marketing authorization is obtained, or may be the subject of regulatory enforcement actions or recalls.

Medical device regulatory regimes outside the U.S. may require us to obtain and maintain marketing authorizations, certifications or registrations for products we currently sell or support internationally and for products we seek to commercialize in additional markets (including for product changes, software features or marketing claims), and may impose ongoing post-market surveillance, audit, change-control, labeling and quality system obligations; delays or failures in obtaining, maintaining, or complying with these requirements could adversely affect our ability to sell and support our products internationally, increase our costs, or result in enforcement actions or restrictions on sales or support.

We currently sell and support Owlet Smart Sock and Dream Sock in certain countries outside of the U.S. Regulatory classification and authorization requirements for medical devices and related software-enabled features vary significantly by jurisdiction and may change over time, including as regulators update policies or adopt new requirements, or as they interpret or apply existing requirements differently. Regulatory authorities or notified bodies may determine that additional marketing authorizations, certifications, registrations, approvals, or other regulatory requirements apply to products we currently sell or support internationally, including based on differing or evolving interpretations of whether a product, feature, or associated claims cause the product to be

regulated as a medical device. In addition, even where we have obtained a marketing authorization, certification or registration in a given jurisdiction for a particular product, we may be required to obtain additional authorizations or approvals in connection with product modifications, new software features, changes to intended use, labeling changes, or marketing claims, and such efforts may be time-consuming, costly, and uncertain. We may be unable to obtain, maintain, or renew required authorizations, certifications, or registrations on a timely basis or at all, and requirements may differ across jurisdictions and change over time.

We have obtained medical device authorizations or certifications for Dream Sock in certain jurisdictions outside the U.S., and we also offer certain products internationally that are marketed as non-medical in certain jurisdictions. In Canada, we market and sell a non-medical version of Dream Sock. In Australia and New Zealand, we market and sell Dream Sock as a medically-certified product and also market and sell Owlet Smart Sock 3 as a non-medical product. We may seek to expand into additional jurisdictions and/or offer medically-certified versions of products in additional markets; however, we may be required to obtain and maintain additional authorizations, certifications, registrations, or approvals for such expansion and may be subject to ongoing post-market, audit, change-control, labeling, and local compliance obligations that may increase our costs and operational complexity.

Regulatory authorities or notified bodies may also disagree with our assessments or positions regarding regulatory classification in a particular jurisdiction, or may change their interpretations over time. For example, we previously marketed and sold Owlet Smart Sock in the UK, but are not currently marketing or selling Owlet Smart Sock in the UK. The MHRA, the regulatory authority responsible for the UK medical device market, has asserted that the Owlet Smart Sock requires certification by an approved body and subsequent registration as a medical device in the UK, but has previously indicated it will allow us to continue to offer support for previously-sold Owlet Smart Sock monitors in the UK. If the MHRA determines that we are not permitted to continue supporting previously-sold Owlet Smart Sock monitors notwithstanding the fact that we have ceased marketing and sales of Owlet Smart Sock in the UK, we may have to cease support of the product in the UK and could be subject to enforcement action. In Canada, Health Canada, the regulatory authority responsible for the Canadian medical device market, initially asserted that Dream Sock was a medical device that can no longer be sold in Canada unless a relevant license has been issued, and Health Canada has not affirmatively concluded that it agrees or disagrees with our position that Dream Sock is not a medical device in Canada. If Health Canada does not agree with our position, we may be required to cease distribution of the product into the Canadian market and may be subject to enforcement action.

In addition, regulatory regimes in certain foreign jurisdictions may impose material ongoing obligations once a product is authorized or certified as a medical device. For example, in Europe, medical devices generally may be marketed only if they receive certification by a notified body and satisfy applicable pre- and post-market requirements, including under the EU Medical Devices Regulatory (2017/745, the "MDR"). Although we obtained EU certification for Dream Sock under the MDR, maintaining certification may require periodic surveillance audits, compliance with post-market obligations, and review by a notified body of certain planned substantial changes to our quality system or to a certified device. A notified body may disagree with our proposed changes, which could delay or prevent product modifications or introductions. Following Brexit, regulatory requirements in Great Britain differ from those applicable in Northern Ireland and the European Union, and ongoing compliance with multiple sets of regulatory requirements may increase our costs and complexity. In addition, changes to UK post-market surveillance requirements became effective in June 2025, and the MHRA has indicated that new UK legislation on premarket requirements is expected to come into force in 2026. If there is insufficient UK approved body capacity, there is a risk that product certification could be delayed, which might impact our ability to market products in Great Britain.

Obtaining authorization or certification to sell any of our products as medical devices is a time-consuming and costly process and we may be precluded from selling such products if we are required to obtain marketing authorization, such as a clearance or approval, or other certification. The path to market varies among international jurisdictions and may require additional or different product testing than required to obtain FDA marketing authorization. Certifications or marketing authorizations from one foreign regulatory authority or notified body does not ensure certification or marketing authorization by any other foreign regulatory authority or notified body or by the FDA. If we fail to receive necessary certifications or marketing authorizations to commercialize our products in any jurisdictions on a timely basis, or at all, or if we later lose such certifications or marketing authorizations, our business, financial condition and results of operations could be adversely affected. Furthermore, regulatory requirements may change from time to time, which could adversely affect our ability to market new products and services, or continue to market existing products and services. Moreover, even if granted, a marketing authorization or certification could require conditions to sale, such as a prescription requirement. If regulatory authorities require such marketing authorization, including clearance or approval, or other certifications for the products that we sell, we could be subject to regulatory enforcement action, time-consuming and costly marketing authorization and certification application processes, or required to cease selling or to recall the product in the corresponding jurisdiction pending receipt of such marketing authorization or certification. We also could be required to modify the product's functionality or limit our marketing claims for the product, whether or not we obtain such marketing authorization or other required certification. In any such event, our business could be substantially harmed.

We have relied and expect to continue to rely on third parties to conduct our non-clinical and clinical studies and perform other tasks for us. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory requirements, we may not be able to obtain marketing authorization or other required certifications to commercialize our medical device products and our business could be substantially harmed.

We have relied upon and expect to continue to rely upon third parties for execution of our non-clinical and clinical studies, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in

accordance with the applicable protocol, legal, regulatory, and scientific standards and our reliance on third parties does not relieve us of our regulatory responsibilities. We and our third party contractors may be required to comply with Good Clinical Practice ("GCP") requirements and Good Laboratory Practice requirements which are regulations and guidelines enforced by the FDA and other regulatory authorities for the conduct of certain clinical and non-clinical studies, respectively. Regulatory authorities enforce these regulations through periodic inspections of study sponsors, principal investigators, study sites, and other contractors. If we or any of our third party contractors fail to comply with applicable regulations, the data generated in our studies may be deemed unreliable and the FDA and other regulatory authorities or bodies may require us to perform additional non-clinical and clinical studies before issuing any marketing authorizations or other certifications for any medical device products we seek to market. Upon inspection by a given regulatory authority, such regulatory authority may determine that our clinical studies do not comply with GCP regulations. Our or our third party contractors' failure to comply with these regulations may require us to repeat clinical studies, which would delay or prevent any required marketing authorization or similar certification from being granted or could require us to modify our products, labeling, or claims.

If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties or do so on commercially reasonable terms. In addition, our contractors are not our employees, and except for remedies available to us under our agreements with them, we have limited ability to control whether or not they devote sufficient time and resources to our development programs. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our protocols, regulatory requirements, or for other reasons, our studies may be extended, delayed, or terminated and we may not be able to obtain marketing authorizations or other required certifications to successfully commercialize our proposed medical device products. These third parties may also fail to maintain appropriate data integrity, quality systems, or documentation, may experience cybersecurity or privacy incidents (including involving sensitive information), or may become financially unstable or otherwise unable to perform, and any such events could delay, compromise, or prevent our development and regulatory efforts. Third parties may also generate higher costs than anticipated. As a result, our results of operations and the commercial prospects for our proposed products would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

We rely on third party manufacturers and suppliers to produce our products in compliance with applicable quality system and regulatory requirements, and failure to do so could result in enforcement actions, recalls, and supply disruptions.

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our commercial products in-house, and we rely on third-party contract manufacturers for the manufacture of our products. We do not control the manufacturing process of, and are dependent on our contract manufacturing partners for, compliance with applicable regulatory requirements for any medical device products we seek to market. For example, the FDA requires adherence to current good manufacturing practice requirements for medical devices, known as the QMSR, which incorporates ISO 13485:2016. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or other regulators, our products may not be able to be lawfully marketed. In addition, we have limited control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. In addition, certain of our retailers and other commercial partners may require our third-party manufacturers and key suppliers to maintain compliance with vendor codes of conduct and to participate in social compliance audit programs (for example, widely used ethical trade and social audit methodologies) as a condition to carrying our products. These requirements, and expectations regarding audit outcomes and remediation, may evolve over time. If a third-party manufacturer or supplier fails to satisfy applicable social compliance audit requirements or remediation expectations, our retailers or other commercial partners may suspend purchases of, decline to carry, or require us to transition SKUs associated with that manufacturer or supplier, which could increase our costs, disrupt supply, or adversely affect sales.

If the FDA or a comparable foreign regulatory authority or notified body does not consider these facilities adequate for the manufacture of our products, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain marketing authorization or similar certification for or to market any medical device products we may seek to develop and commercialize.

Moreover, failure by us or one of our manufacturers or suppliers to comply with applicable statutes and regulations administered by the FDA or comparable regulatory bodies could result in, among other things, any of the following:

- warning letters or untitled letters issued by the FDA or Federal Trade Commission ("FTC") and their counterparts in international jurisdictions;
- litigation, fines, civil penalties, in rem forfeiture proceedings, injunctions, consent decrees and criminal prosecution;
- import alerts and holds;
- unanticipated expenditures to address or defend such actions;
- delays in clearing, approving, authorizing, or certifying, or refusal to clear, approve, authorize, or certify, our products, where applicable;
- withdrawals or suspensions of clearance, approval, authorization or certification of our products or those of our third-party suppliers by the FDA or other regulatory authorities or notified bodies, where applicable;

- product recalls or seizures;
- adverse publicity;
- orders for device repair, replacement or refund;
- interruptions of production, including as a result of manufacturing holds or other regulatory action; and
- operating restrictions.

If any of these items were to occur, it would harm our reputation and adversely affect our business, financial condition and results of operations.

We also rely on our contract manufacturers and other suppliers to maintain appropriate quality systems, documentation, and controls (including for changes to processes, components, and suppliers) to support our regulatory compliance and any required inspections, audits, and reporting obligations. In addition, we may be required by certain retailers, distributors, and other commercial partners to demonstrate supply chain compliance with specified ethical sourcing or social responsibility requirements, including through third-party audits, and any inability to do so could adversely affect our ability to maintain or expand these commercial relationships.

Regulatory reforms may impact our ability to develop and commercialize our products and services and technologies.

From time to time, legislation is drafted and introduced that could significantly change the regulatory frameworks governing our products and services. In addition, regulations and guidance are often revised or reinterpreted by the government agency in ways that may significantly affect our business or products and services. FDA requirements related to digital health have evolved over time as the FDA has gained additional experience with these kinds of products and modified its approach to regulation in light of changes to its statutory authority. For example, in 2016, the 21st Century Cures Act was enacted to, among other things, amend the FDCA to remove certain software functions from the definition of a "device." The FDA also issued guidance in 2016, which was updated in 2019, establishing a policy of enforcement discretion for certain low risk general wellness products, including certain such products with software functions. In January 2026, the FDA issued an updated guidance document, "General Wellness: Policy for Low Risk Devices," which superseded the 2019 version and describes the FDA's current enforcement discretion policy for certain low-risk general wellness products. The FDA's approach to digital health continues to evolve, and the FDA continues to publish new guidance on its approach to software as a medical device. For example, in January 2025, the FDA issued a draft guidance document setting forth recommendations for testing, labeling, and premarket submission contents for pulse oximeters. This draft guidance, if finalized, could increase non-clinical and clinical performance testing expectations and labeling recommendations for pulse oximeters used for medical purposes, and could increase the time and resources required to obtain or maintain marketing authorization for such products. In addition, in 2025 the FDA issued safety communications highlighting risks associated with unauthorized infant monitoring devices that claim to measure vital signs, and unauthorized blood pressure devices (including software features on wearables) that claim to measure blood pressure, and the FDA has indicated it is taking steps to address unlawfully marketed unauthorized devices. These communications and related enforcement activity may increase regulatory scrutiny of device classification and marketing claims for consumer monitoring products and software-enabled features, and could require us to modify products, labeling, or marketing claims, or could increase the risk of inquiries or enforcement actions if regulatory authorities determine that a product or feature is being marketed in a manner that requires marketing authorization. Any new statutes, regulations, or policies, or revisions or reinterpretations of existing statutes, regulations, or policies, including those in the digital health area, may increase our costs or subject us to additional regulation or the need for marketing authorization or similar certification requirements for our products, or may lengthen review times of certain products or make it more difficult to obtain clearance or approval for, manufacture, market or distribute such products.

We cannot predict the likelihood, nature, or extent of the impact on our business of any legislation, regulations, or reinterpretations thereof that may be enacted or adopted in the future. However, future regulatory changes could make it more difficult for us to obtain or maintain any necessary marketing authorization or certification for our products and services, or to develop and commercialize future medical devices and technologies. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we would not be able to market the affected products and may lose any marketing authorizations or certifications that we may have obtained, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Promotion of any medical devices using claims that are off-label, unsubstantiated, false or misleading could subject us to substantial penalties and enforcement action.

Obtaining FDA or foreign regulatory authorities marketing authorization or notified bodies certification generally permits us to promote the subject medical device only for the specific use(s) cleared, approved, certified or otherwise authorized by the FDA, foreign regulatory authorities or notified bodies. Use of a medical device outside its authorized or certified indications is known as "off-label" use. Although physicians may use any medical devices we market off-label because the FDA and foreign regulatory authorities do not restrict or regulate a physician's choice of treatment within the practice of medicine, we are prohibited from marketing or promoting any medical devices for off-label use. Because our products and services include software-enabled features and may be updated over time, we may also be required to evaluate whether changes to functionality, labeling, instructions for use, user experience, or marketing claims could alter the regulatory status of a product or require additional regulatory submissions or authorizations, and we may be required to modify or limit product features or claims to remain within authorized indications. While

we may pursue FDA or foreign regulatory authorities marketing authorizations or notified bodies certifications for certain indications for any medical devices we seek to market, the FDA or foreign regulatory authorities or notified bodies may deny those requests, require additional expensive clinical data to support any additional indications or impose limitations on the intended use of any authorized or certified product as a condition of marketing authorization or certification. If the FDA or foreign regulatory authorities determine that our products authorized or certified for marketing as medical devices were promoted for off-label use, or that false, misleading or inadequately substantiated promotional claims have been made by us or our commercial partners, it could request that we or our commercial partners modify those promotional materials or take regulatory or enforcement actions, including the issuance of an untitled letter or warning letter, injunction, seizure, civil fine and criminal penalties. We may also be held responsible, in whole or in part, for promotional statements made by third parties acting on our behalf or in coordination with us, including distributors, retailers, durable medical equipment providers, healthcare partners, affiliates, and influencers.

It is also possible that other federal, state or foreign enforcement authorities may take action if they consider our communications, including promotional or training materials, to constitute promotion of an uncleared, uncertified or unapproved use of a medical device. If not successfully defended, enforcement actions related to off-label promotion could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In addition, even if we believe our communications are compliant, regulators may interpret promotional claims, product descriptions, or software-enabled features differently, including in connection with digital health products and consumer monitoring claims. In any such event, our reputation could be damaged, adoption of our products could be impaired, and we could be subject to extensive fines and penalties.

Additionally, we must have adequate substantiation for the claims we make for our products and services. If any of our claims are determined to be false, misleading or deceptive, our products and services could be considered misbranded under the FDCA or in violation of the Federal Trade Commission Act. We could also face lawsuits from our competitors under the Lanham Act alleging that our marketing materials are false or misleading. We may also be subject to investigations, enforcement actions, or private litigation based on alleged deficiencies in disclosures, disclaimers, or substantiation for health-related or performance claims, including claims made through digital channels, social media, or third-party marketing.

Foreign jurisdictions have their own laws and regulations concerning medical device marketing authorizations and certifications, including communications, claims and promotional or training materials surrounding those medical devices. Failure to comply with those laws and regulations could result in actions against us, including fines, penalties and exclusion from the market. Any such actions could adversely affect our ability to market new products and services or continue to market existing products and services in those jurisdictions.

Failure to comply with post-marketing regulatory requirements could subject us to enforcement actions, including substantial penalties, and might require us to recall or withdraw a product from the market.

We are subject to ongoing and pervasive regulatory requirements governing, among other things, the manufacture, marketing, advertising, medical device reporting, sale, promotion, import, export, registration, and listing of devices. The regulations to which we are subject are complex and have become more stringent over time. Regulatory changes could result in restrictions on our ability to continue or expand our operations, higher than anticipated costs, or lower than anticipated sales. Even after we have obtained the proper regulatory authorization, certification or clearance to market a device, we have ongoing responsibilities under FDA regulations and applicable foreign laws and regulations. These post-market requirements may include, among other things, complaint handling, corrective and preventative actions, quality system controls (including supplier oversight), post-market surveillance and vigilance reporting, and requirements relating to labeling, advertising and promotional practices. The FDA, state and foreign regulatory authorities and notified bodies may have broad enforcement powers. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, state or foreign regulatory authorities or notified bodies, which may include any of the following sanctions:

- untitled letters or warning letters;
- fines, injunctions, consent decrees and civil penalties;
- recalls, termination of distribution, administrative detention, or seizure of our products;
- customer notifications or repair, replacement or refunds;
- operating restrictions or partial suspension or total shutdown of production;
- delays in or refusal to grant our requests for future clearances, certifications or approvals (including foreign regulatory approvals) of new products, new intended uses, or modifications to existing products;
- withdrawals or suspensions of our current marketing authorizations, resulting in prohibitions on sales of our products;
- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries; and
- criminal prosecution.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, because certain of our products and services include software-enabled features and may be updated over time, changes to functionality, claims, labeling or instructions for use, or

the addition of new features, may increase our post-market compliance obligations or require additional regulatory assessment, and any failure to manage such changes appropriately could result in regulatory action or restrictions on sales or support.

In addition, the FDA and foreign regulatory authorities may change their clearance or certification policies, adopt additional regulations or revise existing regulations, or take other actions, which may prevent or delay clearance, certification or approval of our future products under development or impact our ability to modify our currently cleared or certified products on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain new clearances, certifications or approvals, increase the costs of compliance or restrict our ability to maintain our clearances of our current products. For more information, see "—Regulatory reforms may impact our ability to develop and commercialize our products and services and technologies." To the extent we currently, or may in the future, rely on third parties in connection with manufacturing, distribution, servicing or post-market activities, failures by such third parties to comply with applicable requirements, maintain appropriate documentation, or timely provide information needed for our reporting obligations could also adversely affect our compliance posture and increase the risk of enforcement actions, fines, or other penalties.

Changes in and actual or perceived failures to comply with U.S. and foreign privacy and data protection laws, regulations and standards may adversely affect our business, operations and financial performance.

The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, requirements and regulations governing the collection, use, disclosure, retention, and security of health-related and other personal information, including information we collect about children and infants, their parents and other consumers who purchase our products and services, as well as information that we may now or in the future collect in connection with clinical trials in the U.S. and abroad. Implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer, use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, our internal policies and procedures, or our contracts governing our processing of personal information could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our operations, financial performance and business. In addition, as we expand internationally and introduce new products and services (including subscription-based services) in additional jurisdictions, we may become subject to new or different privacy, data protection, consumer health data, and children's privacy requirements, as well as increased scrutiny by regulators and consumer advocates, which could increase our compliance costs and risk of enforcement or litigation.

As our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. In the U.S., the Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations promulgated thereunder (collectively, "HIPAA") imposes, among other things, certain standards relating to the privacy, security, transmission and breach reporting of individually identifiable health information. Certain states have also adopted comparable privacy and security laws and regulations, which govern the privacy, processing and protection of health-related and other personal information and some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners.

For example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the "CCPA") requires covered businesses that process the personal information of California residents to, among other things: (i) provide certain disclosures to California residents regarding the business's collection, use, and disclosure of their personal information; (ii) receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt out of certain disclosures of their personal information; and (iii) enter into specific contractual provisions with service providers that process California resident personal information on the business's behalf. Similar laws have been passed in other states and are continuing to be proposed at the state and the federal level, reflecting a trend toward more stringent privacy legislation in the U.S. For example, Washington State enacted a broadly applicable law to protect the privacy of health information known as the "My Health My Data Act," which generally requires affirmative consent for the collection, use, or sharing of any "consumer health data." Consumer health data is defined to include personal information that is linked or reasonably linkable to a consumer and that identifies a consumer's past, present, or future physical or mental health status; consumer health data also includes information that is derived or extrapolated from non-health information, such as algorithms and machine learning. Other states, including Connecticut and Nevada, have also passed consumer health data laws, and given the increased focus on the use of health data by entities that are not subject to HIPAA, additional states are expected to pass consumer health privacy laws. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. In the event that we are subject to or affected by or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Furthermore, the FTC also has authority to initiate enforcement actions against entities that make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5(a) of the FTC Act.

According to the FTC, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. The FTC and many state Attorneys General also continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. These consumer protection laws are increasingly being applied by FTC and state Attorneys General to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content.

We are also or may become subject to rapidly evolving data protection laws, rules and regulations in foreign jurisdictions, which may increase our compliance costs and risk of enforcement, litigation, and reputational harm. For example, the General Data Protection Regulation ("GDPR") imposes strict requirements for processing the personal data of individuals within the EEA, including in relation to use, collection, analysis, security and international transfers of such personal data, and provides for significant penalties for noncompliance (including fines of up to €20 million or 4% of the annual global revenues, whichever is greater). In addition to fines, a breach of the GDPR may result in regulatory investigations, reputational damage, orders to cease or change our data processing activities, and civil claims (including class actions).

The GDPR also restricts transfers of personal data to third countries that have not been found to provide an "adequate" level of protection, including the U.S., and applicable transfer mechanisms and requirements may change or be interpreted in a manner that increases compliance burdens. In July 2023, the European Commission adopted an adequacy decision for the EU-U.S. Data Privacy Framework ("DPF"), which provides a transfer mechanism for organizations that self-certify under the DPF. Although the DPF has been upheld in a recent challenge, it may remain subject to additional challenges and ongoing regulatory scrutiny, and we may be required to implement or update alternative transfer mechanisms (such as standard contractual clauses and related safeguards) or make operational changes in response to legal or regulatory developments.

We are also subject to the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, the "UK GDPR"), which imposes separate but similar obligations to those under the GDPR and comparable penalties. In addition, cross-border transfer requirements under the UK GDPR may evolve, and we may be required to implement or update transfer mechanisms and contractual safeguards for personal data transferred outside the UK. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional privacy and data protection laws and regulations that may affect how we conduct business and process personal data.

In Australia, amendments to privacy laws and increased regulatory activity (including compliance efforts focused on privacy policies and transparency requirements) may increase the complexity and potential consequences of noncompliance, including through investigations, compliance and infringement notices, and penalties.

In India, the Digital Personal Data Protection Act, 2023 and implementing rules notified in 2025 establish a comprehensive framework governing the processing of digital personal data, and compliance may require updates to notices, consent flows, security safeguards, retention and deletion practices, vendor arrangements, and operational processes, which may increase our costs and risk of enforcement or litigation as we expand in that market.

Although we work to comply with applicable laws, regulations and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another or other legal obligations with which we must comply. Any failure or perceived failure by us or our employees, representatives, contractors, consultants, collaborators, or other third parties to comply with such requirements or adequately address privacy and security concerns, even if unfounded, could result in additional cost and liability to us, regulatory investigations or enforcement actions, litigation (including class actions), damage our reputation, and adversely affect our business and results of operations.

Our relationships with customers, physicians and third-party payors may be subject to federal, state and foreign healthcare fraud and abuse laws, false claims laws, and other healthcare laws and regulations. If we or our employees, independent contractors, consultants, commercial partners, or vendors violate these laws, we could face substantial penalties.

For any medical devices or other healthcare products and services we offer, our relationships with healthcare customers, physicians, and third-party payors may be subject to federal, state and foreign healthcare fraud and abuse laws, false claims laws, and other healthcare laws and regulations. These laws may impact, among other things, our proposed and future sales, marketing, and education programs. As we expand distribution of prescription products and pursue relationships with durable medical equipment distributors, healthcare institutions, providers, and third-party payors, our commercial activities may be subject to additional healthcare compliance requirements and scrutiny. In particular, the promotion, sales and marketing of healthcare items and services is subject to extensive laws and regulations designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive, and other business arrangements. We may also be subject to federal, state and foreign laws governing the privacy and security of identifiable patient information. The healthcare laws and regulations that may affect our ability to operate include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, any person or entity from knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, the purchasing, leasing, ordering or arranging for the purchase, lease, or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The term "remuneration" has been broadly interpreted to include anything of value. A person or entity does not have to have actual knowledge of this statute or specific intent to violate it to have committed a violation;
- federal civil and criminal false claims laws, including the federal civil False Claims Act, and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other federal government programs that are false or fraudulent or knowingly making a false statement to improperly avoid, decrease or conceal an obligation to pay money to the federal government, including federal healthcare programs. In addition, the government may assert that claims for items or services that result from a violation of the federal Anti-Kickback Statute constitute a false or fraudulent claim for purposes of the false claims statute;
- HIPAA, which created new federal civil and criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up by any trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statements in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not have to have actual knowledge of this statute or specific intent to violate it to have committed a violation;
- the federal Civil Monetary Penalties law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know is likely to influence the beneficiary's decision to order or receive items or services reimbursable by the government from a particular provider or supplier;
- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to CMS information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non-physician practitioners (nurse practitioners, certified nurse anesthetists, physician assistants, clinical nurse specialists, anesthesiology assistants and certified nurse midwives), and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- state and foreign equivalents of each of the healthcare laws described above, some of which may be broader in scope.

As we engage healthcare professionals and healthcare organizations for education, training, advisory services, product evaluation, and other support activities, and as we offer or may offer discounts, rebates, coupons, free or discounted products, demonstrations, loaners, patient support services, or other items or services of value in connection with reimbursement-supported distribution channels, our arrangements may be subject to heightened scrutiny under the Anti-Kickback Statute, beneficiary inducement restrictions, the Sunshine Act/Open Payments reporting requirements (to the extent applicable), and similar state and foreign laws. In addition, to the extent our products or related services are reimbursed by Medicare, Medicaid, or other third-party payors, we may face risk under false claims laws if claims submitted for reimbursement (or related certifications, documentation, coding, or coverage determinations) are alleged to be inaccurate, not medically necessary, or otherwise not compliant with applicable requirements, including where reimbursement is sought based on our products, services, training, marketing, or support materials. Any investigation, enforcement action, or private whistleblower action could result in significant damages, penalties, exclusion from government programs, reputational harm, and could materially adversely affect our business, financial condition, and results of operations.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is not always possible to identify and deter employee misconduct or business noncompliance, and the precautions we take to detect and prevent inappropriate conduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If we or our employees, independent contractors, consultants, commercial partners and vendors violate these laws, we may be subject to investigations, enforcement actions or significant penalties, including the imposition of significant civil, criminal and administrative penalties, damages, disgorgement, monetary fines, imprisonment, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting requirements or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In

addition, our commercialization of products outside the U.S. may subject us to foreign equivalents of these healthcare compliance and anti-corruption laws (including laws governing interactions with healthcare professionals and government officials), as well as local transparency and reporting obligations. Any action against us for violation of these laws, even if we successfully defend against such action, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

Expanding our commercial strategy based on third-party payor coverage and reimbursement may not be successful and will subject us to new risks, including, without limitation, changes in third-party payor coding, coverage and reimbursement rates for our products that obtain FDA or foreign regulatory authorities authorization or notified bodies certification which could affect the adoption of such products and negatively impact our future revenue.

With respect to Dream Sock, Dream Sight, Owlet Cam and Dream Duo, we utilize a direct-to-consumer model where consumers purchase our products directly from us or one of our retailers. Currently, these products are not covered or reimbursed by any third-party payor. In contrast, BabySat, which is prescription-only and marketed through healthcare channels may depend in part on coverage and reimbursement by third-party payors and adoption by healthcare providers and institutions.

In the U.S., healthcare providers who may purchase these products generally rely on third-party payors, including Medicare, Medicaid and private health insurance plans, to pay for all or a portion of the cost of our products. To contain costs of new technologies, governmental healthcare programs and third-party payors are increasingly scrutinizing new and existing medical devices by requiring extensive evidence of favorable clinical outcomes. To the extent we market any medical devices, are successful in obtaining FDA marketing authorization to the extent applicable, and third-party payors determine that our products are medically necessary and clinically effective, the resulting reimbursement payment rates might not be adequate or may require co-payments that patients find unacceptably high. In addition, payors may impose coverage limitations, prior authorization and other utilization management requirements, documentation requirements, network restrictions, or site-of-care limitations (including restrictions on DME suppliers), any of which could delay adoption and reduce demand. Third-party payors regularly update reimbursement amounts and may also revise the methodologies from time to time used to determine reimbursement amounts. This includes routine updates to payments to physicians for services provided. These updates could directly impact the demand for our products in the event our products or services using our products are covered and/or reimbursed by third-party payors. Although we believe that healthcare providers may be able to bill third-party payors using existing Current Procedural Terminology ("CPT") codes for the remote monitoring of patients using products for which we obtain FDA authorization, including the initial set-up and patient education on the use of such products, their inability to obtain adequate reimbursement from third-party payors may adversely affect our business. The availability and adequacy of coding, coverage and payment are uncertain and may vary significantly by payor, geography, and provider setting, and payors may deny, delay, or reduce reimbursement, require additional evidence, or revise or discontinue coverage policies. Even where coverage exists, reimbursement may be subject to audits, recoupments, disputes, and enforcement scrutiny, including under laws relating to billing, documentation, medical necessity, and fraud and abuse. If third-party payors determine that our products are not covered, are experimental or investigational, are not medically necessary, or are subject to unfavorable payment rates or restrictive conditions, adoption of such products could be limited and our revenue could be materially adversely affected.

In addition, foreign jurisdictions have their own unique healthcare systems and regulation regimes that differ substantially from the U.S. and other international markets. Successfully navigating those regimes will require significant resources and may ultimately be unsuccessful. As a result, our financial performance could be harmed, our costs could increase, and our ability to generate revenue could be delayed.

Our ability to grow reimbursement-supported channels may also depend on our ability to establish and maintain relationships with durable medical equipment distributors and other healthcare channel partners on commercially acceptable terms, manage returns, denials and administrative complexity, and effectively support providers, patients, and payors, any of which could require significant time and resources and may not be successful.

Legislative and regulatory changes in the healthcare industry could have a negative impact on our financial performance. Furthermore, our business, financial condition, results of operations and cash flows could be significantly and adversely affected by healthcare reform legislation in the U.S. or in potential key international markets.

Changes in the healthcare industry in the U.S. and abroad could adversely affect the demand for our potential medical devices and the way in which we conduct our business. For example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "ACA"), enacted in 2010, required most individuals to have health insurance, established new regulations on health plans, created insurance-pooling mechanisms and reduced Medicare spending on services provided by hospitals and other providers. Since its enactment, there have been legislative, executive and judicial challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. It is unclear how new healthcare reform measures, if any, will impact our business.

Any medical devices we market and related business activities would be subject to rigorous regulation by the FDA and other federal, state and international governmental authorities. These authorities and members of Congress have been increasing their scrutiny over the medical device industry. In recent years, Congress, the Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and the Department of Defense have issued subpoenas and other requests for information to medical

device manufacturers, primarily related to financial arrangements with healthcare providers, regulatory compliance and marketing and product promotional practices. Furthermore, certain state governments have enacted legislation to limit or increase transparency of interactions with healthcare providers, pursuant to which we are required by law to disclose payments and other transfers of value to healthcare providers licensed by certain states.

We anticipate that the government will continue to scrutinize the medical device industry closely, and any new regulations or statutory provisions could result in delays or increased costs during the periods of product development, clinical trials and regulatory review and marketing authorization or certification, as applicable, as well as increased costs to assure compliance. For instance, in December 2021, the EU Regulation No 2021/2282 on Health Technology Assessment ("HTA"), amending Directive 2011/24/EU, was adopted. The Regulation entered into force in January 2022 and has been applicable since January 2025, with phased implementation based on the type of product i.e., certain high-risk medical devices as of 2026. This Regulation intends to boost cooperation among EU member states in assessing health technologies, including certain high-risk medical devices, and provide the basis for cooperation at the EU level for joint clinical assessments in these areas. It will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the highest potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technologies, and making decisions on pricing and reimbursement.

We may be subject to regulatory reporting requirements if our products and services cause or contribute to a death or serious injury or malfunction in a way that would likely cause or contribute to a death or serious injury, or in certain other scenarios, and we may need to initiate voluntary corrective actions such as the recall of our products.

Regulatory agencies in many countries require us to report potential safety issues with our products and services under a variety of circumstances. For example, the FDA's Medical Device Reporting regulations require that for any medical device we market, we report when we become aware of information that reasonably suggests that the product may have caused or contributed to a death or serious injury, or has malfunctioned in a way that, if the malfunction were to recur, would likely cause or contribute to a death or serious injury. We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If we fail to comply with our reporting obligations, the FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products or delay in clearance of future products. Similarly, under the Consumer Product Safety Commission ("CPSC") reporting requirements, we are required to report to the CPSC any incident in which a CPSC-regulated product of ours creates an unreasonable risk of serious injury or death, contains a defect which could create a substantial product hazard, fails to comply with an applicable consumer product safety rule, or fails to comply with any other rule, regulation, standard or ban enforced by the CPSC.

In addition, we are subject to medical device vigilance and related reporting obligations outside the U.S. in the jurisdictions where we market medical devices (including in Europe, the U.K., Australia, New Zealand and South Africa). These frameworks generally require manufacturers to evaluate and report certain serious incidents (including those involving death or serious injury, or malfunctions that could result in such outcomes), certain trends, and field safety corrective actions or other corrective measures within prescribed timeframes, and to cooperate with regulatory authorities in investigating and addressing such events. Separately, for products regulated as general consumer products in certain jurisdictions, we may be subject to product safety notification obligations where products pose serious risks, which can also lead to corrective actions, including recalls.

The FDA, CPSC and similar foreign regulatory authorities have the authority to require the recall of our commercialized products under certain circumstances and depending on the type of product. For example, the FDA must find that there is a reasonable probability that a medical device would cause serious adverse health consequences or death in order to require a recall. The standard for ordering a mandatory recall may be different for each regulatory agency and in foreign jurisdictions. In addition, manufacturers may, under their own initiative, correct or remove a marketed product for any reason and under any circumstance, which may constitute a recall if the product violates applicable laws. A government-mandated or voluntary recall by us or by one of our distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues.

We may initiate certain field actions, such as a correction or removal of our products in the future. Any correction or removal initiated by us to reduce a health risk posed by a medical device, or to remedy a regulatory violation caused by the device that may present a risk to health, must be reported to the FDA. Other regulatory authorities may have similar reporting requirements. If the regulatory agency subsequently determines that a report was required for a correction or removal of our products that we did not believe required a report, we could be subject to enforcement actions.

Any recalls of our products or enforcement actions would divert managerial and financial resources and could have an adverse effect on our financial condition and results of operations. In addition, given our dependence upon consumer perceptions, any negative

publicity associated with any recalls could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We face the risk of product liability claims and the amount of insurance coverage we hold now or in the future may not be adequate to cover all liabilities we might incur.

Our products are predominantly used in the home and expose us to product liability claims and product recalls, including, but not limited to, those that may arise from off-label use, malfunctions, design flaws or manufacturing defects related to our products or the use of our products with incompatible components or systems. In addition, as we continue to expand our product portfolio, we may enter or create new markets, including consumer markets, which may expose us to additional product liability risks. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranty. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in decreased demand for our current or future products, injury to our reputation, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to customers, regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions, loss of revenue, and the inability to sell our current or any future products.

Our product liability insurance may not be sufficient to cover any or all damages for product liability claims that may be brought against us in the future. Furthermore, we may not be able to obtain or maintain insurance in the future at satisfactory rates or in adequate amounts to protect us against any product liability claims. Additionally, the laws and regulations regarding product liability are constantly evolving, both through the passage of new legislation at the state and federal levels and through new interpretations of existing legislation. As the legal and regulatory landscape surrounding product liability change, we may become exposed to greater liability than currently anticipated.

We may incur environmental and personal injury liabilities related to certain hazardous materials used in our operations.

Certain manufacturing processes for our products may involve the storage, use, generation and disposal of certain hazardous materials and wastes, including lead, silicone adhesives, solder and solder paste, sealants, epoxies and various solvents such as methyl ethyl ketone, acetone and isopropyl alcohol. As a result, we are subject to certain environmental laws, as well as certain other laws and regulations, which restrict the materials that can be used in our products or in our manufacturing processes. For example, products that we sell in Europe are subject to regulation in the EU markets under the Restriction of the Use of Hazardous Substances Directive ("RoHS"). RoHS prohibits companies from selling products that contain certain hazardous materials in EU member states. In addition, the EU's Registration, Evaluation, Authorization, and Restriction of Chemicals Regulation also restricts substances of very high concern in products. Compliance with such regulations may be costly and, therefore, we may incur significant costs to comply with these laws and regulations. Additionally, certain laws apply liability for environmental remediation without regard to fault.

In addition, new environmental laws may further affect how we manufacture our products, how we use, generate or dispose of hazardous materials and waste, or further affect what materials can be used in our products. Any required changes to our operations may increase our manufacturing costs, detrimentally impact the performance of our products, add greater testing lead-times for product introductions or have other similar effects. Moreover, certain laws, including regarding the remediation of hazardous materials, can impose liability regardless of fault or legality of actions, including the classification of materials at the time of disposal.

In connection with our research and manufacturing activities, we use, and our employees may be exposed to, materials that are hazardous to human health, safety or the environment. The risk of accidental injury to our employees or contamination from these materials cannot be eliminated, and we could be held liable for any resulting damages, the related liability for which could exceed our reserves. We do not specifically insure against environmental liabilities. If an enforcement action were to occur, our reputation and our business and financial condition may be harmed, even if we were to prevail or settle the action on terms favorable to us.

Risks Related to Our Intellectual Property

Our success depends in part on our proprietary technology, and if we are unable to obtain, maintain or successfully enforce our intellectual property rights, the commercial value of our products and services will be adversely affected, our competitive position may be harmed and we may be unable to operate our business profitably.

Our intellectual property includes the content of our website, our software code, our copyrights and other protectable works (whether or not registered), our registered and unregistered trademarks, and our patents and patent applications. Our success and ability to compete depend in part on our ability to maintain and enforce existing intellectual property and to obtain, maintain and enforce further intellectual property protection for our products and services, both in the U.S. and in other countries. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third-party and employee confidentiality and assignment agreements. Our intellectual property rights could also be challenged, invalidated, infringed or circumvented, or may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages. If we are unable to adequately protect our intellectual property rights or if they are

challenged or otherwise prove ineffective, we may be required to undertake costly product redesign efforts or discontinue certain products, or our competitive position may be harmed.

We rely on our portfolio of issued and pending patent applications in the U.S. and other countries to protect our intellectual property and our competitive position. However, the patent positions of technology-based companies may involve complex legal and factual questions, and, therefore, the scope, validity and enforceability of any patent claims that we may obtain cannot be predicted with certainty. Accordingly, we cannot provide any assurances that any of our issued patents have, or that any of our currently pending or future patent applications that mature into issued patents will include claims with a scope sufficient to protect our products and services. Our pending and future patent applications may not result in the issuance of patents or, if issued, may not issue in a form that will be advantageous to us. While we generally apply for patents in those countries where we intend to make, have made, use or sell patented products and services, we may not accurately predict all of the countries where patent protection will ultimately be desirable. If we fail to timely file for a patent, we may be precluded from doing so at a later date. Additionally, any patents issued to us may be challenged, narrowed, invalidated, held unenforceable or circumvented, or may not be sufficiently broad to prevent third parties from producing competing products and services similar in design to our products and services.

In recent years, changes in judicial decisions, laws and regulations, and administrative practices may affect the availability, scope and enforceability of patent protection. We may not be successful in securing additional patents on commercially desirable improvements, whether such additional patents will adequately protect our innovations or offset the effect of expiring patents, or that competitors will not be able to design around our patents. In addition, third parties may challenge our issued patents through procedures such as Inter-Partes Review ("IPR"). In many IPR challenges, the U.S. Patent and Trademark Office ("PTO") cancels or significantly narrows issued patent claims. IPR challenges could increase the uncertainties and costs associated with the maintenance, enforcement and defense of our issued and future patents and could have a material adverse effect on our business, financial condition and results of operations.

We also utilize unpatented proprietary technology and know-how and often rely on confidentiality agreements and intellectual property assignment agreements with our employees, independent distributors and consultants to protect and transfer to us such unpatented proprietary technology and know-how. However, such agreements may not be enforceable or may not provide meaningful protection for our proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements, or in the event that our competitors discover or independently develop similar or identical designs or other proprietary information.

We rely on the use of copyright protection with respect to the code, algorithms and other protectable works in our business and our products and services. Copyright protection may be more difficult to enforce in some jurisdictions if works are not registered, and registration may provide certain procedural or remedial advantages. Copyrights do not generally prevent others from independently developing the same or similar code or algorithms, and therefore may not offer protection against competitors that independently develop similar code or algorithms. Loss of rights in our copyrights could adversely affect our business, financial condition and results of operations.

We rely on the use of registered and unregistered trademarks with respect to the brand names of some of our products and services. Unregistered trademarks provide less protection than registered trademarks. If a third party were to register trademarks similar to our unregistered trademarks in a given jurisdiction, particularly outside the U.S., our ability to continue using our unregistered trademarks in the applicable jurisdiction could be substantially restricted and we may be subject to potentially costly and burdensome claims for trademark infringement. Loss of rights in our trademarks could adversely affect our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitive position may be harmed.

We rely on our trademarks, logos, and trade names to distinguish our products and services from the products and services of our competitors and have registered or applied to register many of these trademarks. There can be no assurance that our trademark applications will be approved. While we generally apply for trademarks in those countries where we intend to sell our products and services, we may not accurately predict all of the countries where registered trademarks will be desirable. We may also fail to register appropriate localized versions of our trademarks. If we fail to timely file for a trademark application in a country, we may be precluded from doing so at a later date and our ability to sell products and services using our existing brands in such countries could ultimately be restricted. Third parties may also oppose our trademark applications or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products and services, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands. Further, there can be no assurance that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks or will be successful in enforcing our trademarks. If competitors or other third parties use similar trademarks for similar products and services, the value and recognition of our brand and trademarks may be diluted or diminished.

We also license third parties to use our trademarks. In an effort to preserve our trademark rights, we enter into license agreements with these third parties, which govern the use of our trademarks and require our licensees to abide by quality control standards with respect to the goods and services that they provide under our trademarks.

Although we make efforts to monitor the use of our trademarks by our licensees, there can be no assurance that these efforts will be sufficient to ensure that our licensees abide by the terms of their licenses. In the event that our licensees fail to do so, our trademark rights could be diluted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

We rely on third-party technology solutions, including software and software services, to support our IT infrastructure and in our products and services.

Both our IT infrastructure and our products and services leverage third-party technology solutions, software and software services. While much of this third-party technology is commercially available, off-the-shelf technology procured on standard terms and conditions, we cannot be assured that the applicable vendors will continue to make this third-party technology available on the same terms and conditions. Because this technology has been integrated into our operations and may have been configured for our specific needs, replacement of such technology could result in substantial delay, additional costs, and possible business interruptions. In addition, if third-party vendors, including any cloud service providers, were to experience unplanned downtime, delays or other similar issues, our products, services and internal operations could be significantly and adversely impacted. To the extent we rely on third-party software (including open source components) in our products and services, we may be subject to intellectual property claims, license compliance obligations, and restrictions that could require us to modify our products or services or make certain source code available.

The laws of foreign countries may not adequately protect our intellectual property rights.

Intellectual property protection laws in foreign jurisdictions differ substantially from those in the U.S. If we fail to apply for intellectual property protection in foreign jurisdictions, or if we cannot adequately protect our intellectual property rights in these foreign jurisdictions, our competitors may be able to compete more effectively against us, which could adversely affect our competitive position, as well as our business, financial condition and results of operations.

If third parties claim that we infringe their intellectual property rights, we may incur liabilities and costs and may have to redesign or discontinue selling certain products and services.

Searching for existing third-party intellectual property rights and evaluating its applicability to our products and services can be a costly and time-consuming process. Such searches and evaluation may not reveal important intellectual property and our competitors may also have filed for patent protection, which may not be publicly available information, or claimed trademark rights that have not been revealed through our searches. We may not undertake such searches and evaluation of third-party intellectual property rights and, as a result, may not be aware of intellectual property rights that could be asserted against our products or services. In addition, some of our employees were previously employed at other consumer product, medical device and Internet of Things/smart device companies. We may be subject to claims that our employees have disclosed, or that we have used, trade secrets or other proprietary information of our employees' former employers. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement against us, even those without merit, could:

- be expensive and time-consuming to defend and result in payment of significant damages to third parties;
- force us to stop making or selling products and services that incorporate the intellectual property;
- require us to redesign, reengineer or rebrand our products and services, product candidates and technologies;
- require us to enter into royalty agreements that would increase the costs of our products and services;
- require us to indemnify third parties pursuant to contracts in which we have agreed to provide indemnification for intellectual property infringement claims;
- divert the attention of our management and other key employees; and
- result in our customers or potential customers deferring or limiting their purchase or use of the affected products and services until the claims are resolved;

any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, new patents obtained by our competitors could threaten the continued commercialization of our products and services in the market even after they have already been introduced.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful.

Third parties, including our competitors, could be infringing, misappropriating or otherwise violating our intellectual property rights. We may not detect unauthorized use, infringement, or misappropriation in a timely manner, if at all. From time to time, we seek to analyze our competitors' products and services, or seek to enforce our rights against potential infringement, misappropriation or violation of our intellectual property. However, the steps we have taken, or take in the future, to protect our proprietary rights may not be adequate to enforce our rights as against such infringement, misappropriation or violation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to

meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our products and services.

We believe some of the new market entrants in our industry, including some of the world's largest technology companies, may in the future infringe our intellectual property, and we may be required to engage in litigation to protect or enforce our intellectual property rights. An adverse result in any litigation proceeding could harm our business. In any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the technology or actions in question. If we initiate legal proceedings against a third party to enforce a patent covering a product, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace.

Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the PTO, or made a misleading statement, during prosecution. Mechanisms for such challenges include re-examination, post-grant review, IPR, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our products and services, or any future products and services that we may develop.

The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products and services. Such a loss of patent protection would have a material adverse impact on our business, financial condition, results of operations, and prospects.

Because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. There could also be public announcements of the results of hearing, motions, or other interim developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of shares of our common stock. Even if we ultimately prevail, a court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. Furthermore, the monetary cost of such litigation and the diversion of the attention of our management could outweigh any benefit we receive as a result of the proceedings. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our business.

Our proprietary software may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and operating results.

Proprietary software and hardware development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we discover additional problems or design defects that prevent our proprietary software from operating properly. We have experienced, and may in the future experience, defects, errors or performance issues in our software or devices. If our services do not function reliably, malfunction, or fail to achieve customer expectations in terms of performance, customers could assert liability claims against us or attempt to cancel their contracts with us. This could damage our reputation and impair our ability to attract or maintain customers.

The software underlying our products and services is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after our products and services have been used by our customers. Any real or perceived errors, failures, bugs or other vulnerabilities discovered in our products or services could result in negative publicity and damage to our reputation, loss of customers, loss of or delay in market acceptance of our products and services, loss of competitive position, loss of revenue or liability for damages, fines or regulatory actions, overpayments or underpayments, any of which could harm our business. Similarly, any real or perceived errors, failures, design flaws or defects in our devices could have similar negative results. In such an event, we may be required or may choose to expend additional resources in order to help correct the problem. Such efforts could be costly, or ultimately unsuccessful. Even if we are successful at remediating issues, we may experience damage to our reputation and brand. There can be no assurance that provisions typically included in our agreements with partners that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any customers or partners would likely be time-consuming and costly to defend and could seriously damage our reputation and brand.

We may be subject to claims that we or our employees have misappropriated the intellectual property of a third party, including trade secrets or know-how, or are in breach of non-competition or non-solicitation agreements with our competitors and third parties may claim an ownership interest in intellectual property we regard as our own.

Many of our employees and consultants were previously employed at or engaged by other companies, including our competitors or potential competitors. Some of these employees, consultants and contractors may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees and

consultants do not use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may be subject to claims that we or these individuals have, inadvertently or otherwise, misappropriated the intellectual property or disclosed the alleged trade secrets or other proprietary information, of these former employers, competitors or other third parties. Additionally, we may be subject to claims from third parties challenging our ownership interest in or inventorship of intellectual property we regard as our own, based on claims that our agreements with employees or consultants obligating them to assign intellectual property to us are ineffective or in conflict with prior or competing contractual obligations to assign inventions to another employer, to a former employer, or to another person or entity. Litigation may be necessary to defend against claims, and it may be necessary or we may desire to enter into a license to settle any such claim; however, there can be no assurance that we would be able to obtain a license on commercially reasonable terms, if at all. If our defense to those claims fails, in addition to paying monetary damages or a settlement payment, a court could prohibit us from using technologies, features or other intellectual property that are essential to our products and services, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies, features or other intellectual property that are important or essential to our products and services could have a material adverse effect on our business and competitive position, and may prevent us from selling our products and services. In addition, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against these claims, litigation could result in substantial costs and could be a distraction to management. Any litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent sales representatives. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products and services, which could materially and adversely affect our business, financial condition, operating results, cash flows and prospects.

If we fail to execute enforceable invention assignment and confidentiality agreements with our employees and contractors involved in the development of intellectual property or are unable to protect the confidentiality of our trade secrets, the value of our products and services and our business and competitive position could be harmed.

In addition to patent protection, we also rely on protection of copyrights, trade secrets, know-how and confidential and proprietary information. We generally enter into confidentiality and invention assignment agreements with our employees, consultants and third parties upon their commencement of a relationship with us. However, we may not enter into such agreements with all employees, consultants and third parties who have been involved in the development of our intellectual property and such agreements may not be enforceable in accordance with the terms in every jurisdiction where such employees, consultants or third parties reside or are employed. In addition, these agreements may not provide meaningful protection against the unauthorized use or disclosure of our trade secrets or other confidential information, and adequate remedies may not exist if unauthorized use or disclosure were to occur. The exposure of our trade secrets and other proprietary information would impair our competitive advantages and could have a material adverse effect on our business, financial condition and results of operations. In particular, a failure to protect our proprietary rights may allow competitors to copy our technology, which could adversely affect our pricing and market share. Further, other parties may independently develop substantially equivalent know-how and technology.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using commonly accepted physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products and services that we consider proprietary and a trade secret. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. Even though we use commonly accepted security measures, trade secret violations are often a matter of state law, and the criteria for protection of trade secrets can vary among different jurisdictions. In addition, trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. We also have agreements with our employees, consultants and third parties that obligate them to assign their inventions to us, however these agreements may not be self-executing, not all employees or consultants may enter into such agreements, or employees or consultants may breach or violate the terms of these agreements, and we may not have adequate remedies for any such breach or violation. If any of our intellectual property or confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, it could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Risks Related to Our Securities

The market price of our common stock and warrants may be volatile. In addition, any trading market for our public warrants may be limited, and the market price of the public warrants (if any) may be more volatile and less liquid than the market for our common stock.

The market price of our common stock and warrants has been and may continue to be volatile and subject to wide fluctuations due to a variety of factors, including:

- market conditions in our industry or the broader stock market;
- actual or anticipated fluctuations in our operating results or future prospects;

- our announcements or our competitors' announcements of new products and services;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- regulatory or other governmental actions, and actions taken in response to those actions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in our growth rates or our competitors' growth rates;
- developments regarding our patents or proprietary rights or those of our competitors;
- ongoing legal proceedings;
- commencement of, or involvement in, litigation involving us;
- our ability to raise additional capital as needed;
- changes in our capital structure, such as future issuances of securities or the incurrence of new or additional debt;
- the volume of shares of common stock available for public sale and the size of our public float;
- conversion of our outstanding Series A Convertible Preferred Stock and Series B Convertible Preferred Stock (collectively, "Convertible Preferred Stock") and, to the extent applicable, the exercise of our outstanding warrants, and the resale of such shares into the market;
- additions and departures of key personnel;
- concerns or allegations as to the safety or efficacy of our products and services;
- sales of stock by us or members of our management team, our board of directors (the "Board") or certain significant stockholders;
- changes in stock market analyst recommendations or earnings estimates regarding our stock, other comparable companies or our industry generally;
- changes in financial markets or general economic conditions, including the effects of recession or slow economic growth in the U.S. and abroad, interest rates, tariffs, fuel prices, international currency fluctuations, corruption, political instability, acts of war, acts of terrorism, and public health crises; and
- other factors listed under this "Risk Factors" section.

These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance. In addition, following certain periods of volatility in the market price of our securities, we became the subject of securities litigation. We may experience more such litigation following future periods of volatility. This type of litigation may result in substantial costs and a diversion of management's attention and resources.

Our failure to meet the NYSE's continued listing requirements could result in a delisting of our common stock.

If we fail to satisfy the NYSE's continued listing requirements, the NYSE may take steps to delist our common stock. We previously have received formal notice from the NYSE that we were not in compliance with certain continued listing standards, and in October 2024 we received formal notice from the NYSE that we had regained compliance with the NYSE continued listing standards. Although the NYSE's follow-up review period has concluded, there can be no assurance that we will be able to maintain compliance with these or any other NYSE listing requirements in the future.

Delisting from the NYSE could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. In addition, without a NYSE market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our common stock, the sale or purchase of our common stock would likely be made more difficult and the trading volume and liquidity of our common stock could decline. Delisting from the NYSE could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as consideration or the value accorded by other parties. If our common stock is delisted by the NYSE, our common stock may be eligible to trade on an over-the-counter quotation system, such as the OTCQB market, where an investor may find it more difficult to sell our common stock or obtain accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from the NYSE, would be eligible to be listed on another national securities exchange or quoted on an over-the counter quotation system.

If securities or industry analysts issue an adverse or misleading opinion regarding our common stock or warrants, the price and trading volume of our common stock and warrants could decline.

The trading market for our common stock and warrants will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts or the information contained in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or the performance of our common stock or warrants, or if our operating results fail to meet the expectations of analysts, the price of our common stock and warrants would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price and trading volume of our common stock and warrants to decline. In addition, any trading market for our public warrants may be limited, and the market price of the public warrants (if any) may be volatile and subject to limited information and liquidity.

Concentration of ownership among our existing directors, executive officers and principal stockholders may prevent new investors from influencing significant corporate decisions.

Our directors, executive officers and holders of 5% or more of our capital stock and their respective affiliates beneficially own and/or have the right to acquire a significant amount of our common stock. As of March 2, 2026, these stockholders beneficially owned shares of our common stock and Convertible Preferred Stock that represented approximately 44.61%of the voting power of our capital stock. Among these holders is Eclipse Ventures LLC and its affiliates ("Eclipse"), which beneficially owns shares of our common stock and Convertible Preferred Stock that represent approximately 28.98% of the voting power of our capital stock. Eclipse may acquire additional shares of our common stock, subject to provisions in the Company's Certificate of Designation for Series B Preferred Stock that currently prevents Eclipse from acquiring shares of common stock that would result in their beneficial ownership exceeding 48.9%. Accordingly, these stockholders will be able to influence us through their ownership positions. Subject to any fiduciary duties owed to our other stockholders under Delaware law, these stockholders may be able to exercise significant influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, and will have some control over our management and policies. Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your best interests. For as long as Eclipse holds a significant amount of our voting equity, it will be able to exert significant control over us. Eclipse may also determine to sell substantial amounts of our securities in one or more transactions, including to one or several private parties in negotiated transactions, which may result in those buyers subsequently being able to exert significant control over us.

This concentrated control, including that solely of Eclipse, may limit or preclude other stockholders' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, these stockholders could use their voting influence to maintain our existing management and directors in office or support or reject other management and Board proposals that are subject to stockholder approval, such as amendments to our employee stock plans and approvals of significant financing transactions, and may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that stockholders may believe are in their best interest.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, under certain circumstances, our loan and security agreement preclude us from paying dividends, and the terms of our Convertible Preferred Stock preclude us from paying dividends without the consent of the holders of at least a majority of the outstanding shares of Convertible Preferred Stock. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

The redemption of our outstanding Convertible Preferred Stock or exercise of the WTI Redemption Option may require us to make a significant cash payment.

At any time from and after February 17, 2028, the holders of at least a majority of our then outstanding shares of Series A Convertible Preferred Stock and, at any time from and after March 1, 2029, the holders of at least a majority of our then outstanding shares of Series B Convertible Preferred Stock may specify a date and time or the occurrence of an event by vote or written consent that all, and not less than all, of such outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, as applicable, will automatically be: (i) converted into shares of common stock at the conversion rate then in effect, (ii) subject to certain exceptions and limitations, redeemed for an amount per share of such applicable shares of Series A Preferred Stock or Series B Preferred Stock equal to the liquidation preference of $1,000 per share plus all accrued or declared but unpaid dividends as of the redemption date and time or (iii) a combination of the foregoing.

In addition, we have outstanding an aggregate of 562,500 shares of redeemable common stock that were issued in connection with the WTI Loan Facility. The agreement under which these shares were issued provides for an embedded redemption option (the "Redemption Option"), such that WTI may elect to force us to repurchase all or a portion of these shares for a price of $8.40 per share, at any time during the period commencing on the first trading day following the fifth anniversary of September 11, 2024 and continuing through the date which is ten (10) years after September 11, 2024, subject to certain acceleration provisions set forth in the WTI Stock Issuance Agreement.

Our corporate documents and Delaware law contain provisions that could discourage or delay a change in control, prevent attempts to replace or remove current management and reduce the market price of our securities.

Provisions in our certificate of incorporation and bylaws may discourage, delay or prevent a merger or acquisition involving us that our stockholders may consider favorable. For example, our certificate of incorporation and bylaws authorize our Board to issue up to 10.7 million shares of preferred stock. As a result, without further stockholder approval, our Board will have the authority to attach special rights, including voting and dividend rights, to this preferred stock, including pursuant to a stockholder rights plan. With these rights, preferred stockholders could make it more difficult for a third-party to acquire us. In addition, our certificate of incorporation and bylaws provide for a staggered Board, whereby directors serve for three-year terms, with one-third of the directors coming up for reelection each year. A staggered Board will make it more difficult for a third-party to obtain control of our Board through a proxy contest, which may be a necessary step in an acquisition of us that is not favored by our Board. We are also subject to anti-takeover provisions under the Delaware General Corporation Law ("DGCL"). Under these provisions, if anyone becomes an "interested stockholder," we may not enter into a "business combination" with that person for three years without special approval, which could discourage a third-party from making a takeover offer and could delay or prevent a change in control of us. For purposes of these provisions, an "interested stockholder" generally means someone owning 15% or more of our outstanding voting stock or an affiliate of ours that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in the DGCL. These provisions, individually or collectively, may make it more difficult for stockholders to replace members of our Board or for a third party to acquire control of the Company, even if such a change in control would be considered beneficial by some stockholders, and could adversely affect the market price of our common stock and other securities.

We are a "smaller reporting company" and the reduced disclosure requirements applicable to smaller reporting companies may make our securities less attractive to investors.

We qualify as a "smaller reporting company" as defined under the Exchange Act. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our common stock held by non-affiliates exceeds $700 million as of the last business day of that year's second fiscal quarter and our annual revenues in the most recent fiscal year completed before the last business day of such second fiscal quarter exceeded $100 million or (2) the market value of our common stock held by non-affiliates exceeds $250 million as of the last business day of our most recent second fiscal quarter. Smaller reporting companies are able to provide simplified executive compensation disclosure and have certain other reduced disclosure obligations, including the ability to provide reduced disclosures in certain periodic reports, including the option to provide only two years of audited consolidated financial statements in Annual Reports on Form 10-K.

We may choose to take advantage of some, but not all, of the available exemptions for smaller reporting companies. We cannot predict whether investors will find our securities less attractive if we rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the market prices of our securities may be more volatile.

Our organizational documents designate courts of the State of Delaware as the exclusive forum for certain stockholder litigation matters and include officer exculpation provisions, which could limit our stockholders' ability to obtain a favorable judicial forum or monetary remedies in disputes with us or our directors or officers.

Our bylaws provide that the state or federal courts located within the State of Delaware are 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 fiduciary duty owed by any of our directors, officers or stockholders to our stockholders, (iii) any action, suit or proceeding asserting a claim against us arising pursuant to any provision of the DGCL, our bylaws, or (iv) any action, suit or proceeding asserting a claim governed by the internal affairs doctrine. However, this choice of forum provision does not apply to (a) actions in which the Court of Chancery in the State of Delaware concludes that an indispensable party is not subject to the jurisdiction of Delaware courts, or (b) actions in which a federal court has assumed exclusive jurisdiction to a proceeding. This choice of forum provision is not intended to apply to any actions brought under the Exchange Act. 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. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our bylaws also provide that the federal district courts of the U.S. of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the Securities Act). This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or stockholders, which may discourage such lawsuits against us and our directors, officers and other employees or stockholders.

In addition, our certificate of incorporation provides, to the fullest extent permitted by the DGCL, for the exculpation of certain officers from personal liability to the Company or its stockholders for monetary damages for breaches of fiduciary duty as an officer. This provision may limit the availability of monetary damages against our officers for certain claims and could discourage lawsuits against or officers, even if such lawsuits are otherwise meritorious. This provision does not eliminate liability for all claims, including (among others) claims involving breaches of the duty of loyalty, acts or omissions not in good faith or involving intentional misconduct or knowing violations of law, or transactions from which the officer derived an improper personal benefit, and it generally does not apply to claims brought by or in the right of the Company (including derivative actions).

Furthermore, 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 a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the choice of forum provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

You may only be able to exercise our public warrants on a "cashless basis" under certain circumstances, and if you do so, you will receive fewer shares of common stock from such exercise than if you were to exercise such warrants for cash.

In the following circumstances holders of public warrants who seek to exercise their warrants will not be permitted to do so 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 shares of 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 shares of common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of "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 you exercise your public warrants on a cashless basis, you would pay the warrant exercise price by surrendering the warrants for that number of shares of common stock equal to (A) the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "Fair Market Value" (as defined in the next sentence) over the exercise price of the warrants by (y) the Fair Market Value and (B) 0.361 per whole warrant. The "Fair Market Value" is the average reported last sale price of the common stock as reported for the 10 trading day period ending on the 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, you would receive fewer shares of common stock from such exercise than if you were to exercise such warrants for cash. Our public warrants will expire in July 2026 (unless earlier redeemed), and any public warrants not exercised prior to their expiration will become void and no longer exercisable.

Item 1B. Unresolved Staff Comments.

None

Item 1C. Cybersecurity.

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program is designed and assessed to align with practices recommended by the National Institute of Standards and Technology ("NIST") and the FDA, to help us identify, assess and manage cybersecurity risks relevant to our business. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use these standards as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our Quality Management system, our overall enterprise risk management, and shares common methodologies, reporting channels and governance processes that apply across the Company to other legal, compliance, strategic, operational, and financial risk areas.

Key elements of our cybersecurity risk management program include, but are not limited to the following:

- a framework for identifying, mitigating and responding to cybersecurity threats and vulnerabilities;
- cybersecurity management and support, including team members responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls, including benchmarking against NIST and FDA standards, and support customer data transfer;
- cybersecurity awareness training for employees;
- security tools in our system to monitor and detect cybersecurity threats;
- cyber liability insurance;
- a cybersecurity incident response plan that includes how to respond to cybersecurity incidents; and
- a third-party risk management process, including contractual obligations, for service providers, suppliers and vendors who have access to our critical systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. For more information, see Part I. Item 1A "Risk Factors— Risks Related to Our Business and Operations— Our business and operations may suffer in the event of IT system failures, cyberattacks or deficiencies in our cybersecurity."

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (the "Committee") oversight of cybersecurity risks, including oversight of management's implementation of our cybersecurity risk management program. Our Chief Technology Officer ("CTO") and Chief Operating Officer ("COO") are primarily responsible for assessing and managing our material risks from cybersecurity threats, and provide the Audit Committee of the Board of Directors with quarterly updates on the performance of our program. Our CTO has over 10 years of experience overseeing cybersecurity functions within technology-driven organizations and our COO has over 5 years of experience overseeing cybersecurity and IT functions. The CTO regularly updates the full Board of Directors on information security matters and risk, including cybersecurity, as requested by the Committee. In addition, management updates the Committee, where it deems appropriate, regarding any significant cybersecurity incidents.

Our management team takes steps to stay informed about and monitors efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in our IT environment. Our Company has also established a data security team, comprised of cross-functional team members to address cybersecurity threats and incidents and engage third-party consultants as needed to address these risks.

Item 2. Properties.

Our corporate headquarters are located at a leased site in Lehi, Utah. We use this leased space primarily for business meetings, research and development, engineering, quality and laboratory space. This lease is set to expire on April 30, 2027, subject to our option to extend the term.

Item 3. Legal Proceedings.

In the ordinary course of business we face various claims brought by third parties, and we may, from time to time, make claims or take legal actions to assert our rights, including intellectual property rights as well as claims relating to employment matters and the safety or efficacy of our products. Any of these claims could subject us to costly litigation, and, while we generally believe that we have adequate insurance to cover many different types of liabilities, our insurance carriers may deny coverage, may be inadequately capitalized to pay on valid claims, or our policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on our business, financial condition and results of operations. Additionally, any such claims, whether or not successful, could damage our reputation and business.
For a description of our legal proceedings, see Note 7, "Commitments and Contingencies," to our audited consolidated financial statements included elsewhere in this Report, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market information for Common Stock

Our common stock is listed on the NYSE under the symbol "OWLT."

Holders of Record

As of March 2, 2026, there were 64 holders of record. The number of holders of record does not include a substantially greater number of "street name" holders or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid dividends on our capital stock. We currently intend to retain any future earnings to fund the development and growth of our business, and therefore do not expect to pay any dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness, including our ABL Credit Agreement and Loan Facility Agreement. Additionally, the terms of our Convertible Preferred Stock preclude us from paying dividends without the consent of the holders of at least a majority of the outstanding shares of such applicable series of Convertible Preferred Stock. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability and other factors that our board of directors may deem relevant.

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

Sales of Unregistered Equity Securities

Except as previously disclosed in our Current Reports on Forms 8-K and 8-K/A filed with the SEC on August 7, 2025, and August 13, 2025, there were no unregistered sales of equity securities for the year ended December 31, 2025.

Purchases of Equity Securities

We did not repurchase shares of our common stock during the three months ended December 31, 2025.

Item 6. [Reserved]

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

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and notes thereto included elsewhere in this Annual Report (this "Report"). This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our results may differ materially from those currently described in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" disclosed in this Report. Throughout this Item 7, unless otherwise noted, "we", "us", "our" and the "Company" refer to Owlet, Inc. and its consolidated subsidiaries. Except as otherwise stated, dollars are shown in thousands, except per share amounts.

Overview

Owlet is a leading pediatric health platform and the only company globally to offer U.S. FDA-cleared and internationally medically-certified wearable pediatric monitors for home use. By delivering hospital-grade technology through a consumer-friendly interface, we bridge the critical gap between clinical care and the home.

Our mission is to empower parents with the right information at the right time, to give them more peace of mind and help them find more joy in the journey of parenting. Our digital parenting platform aims to give parents real-time data and insights to help parents feel calmer and more confident. We believe that every parent deserves peace of mind and the opportunity to feel their well-rested best. We also believe that every child deserves to live a long, happy, and healthy life, and we are working to develop products to help facilitate that belief.

Components of Operating Results

Revenues

We recognize revenue primarily from products and the associated mobile applications. Revenues are recognized when control of goods and services is transferred to customers in an amount that reflects the consideration expected to be received by us in exchange for those goods and services. Substantially all of our revenues were derived from product sales, with a growing minority portion of revenues being generated from subscriptions to our Owlet360 service.

Cost of Revenues

Cost of revenues consists of product costs, including contract manufacturing, shipping and handling, depreciation and amortization relating to tooling and manufacturing equipment and software, warranty replacement, fulfillment costs, warehousing, hosting and platform costs, and reserves for excess and obsolete inventory. Cost of revenues associated with Owlet360 mainly consist of app store distribution fees.

Operating Expenses

General and Administrative. General and administrative expenses consist primarily of salaries, benefits, stock-based compensation, and bonuses for finance and accounting, legal, human resources, operations, quality and administrative executives and employees; third-party legal, accounting, customer service, software, and other professional services; corporate travel and entertainment; depreciation and amortization of property and equipment, asset impairment charges, litigation settlement costs, insurance loss recovery, and facilities rent.

Sales and Marketing. Sales and marketing expenses consist primarily of salaries, commissions, benefits, stock-based compensation, and bonuses for sales and marketing employees and contractors; third-party marketing expenses such as social media and search engine marketing, retail marketing, email marketing, and print marketing.

Research and Development. Research and development expenses consist primarily of salaries, benefits, stock-based compensation, and bonuses for employees and contractors engaged in the design, development, maintenance, and testing of our products, platforms and services, including quality and clinical testing.

Other Income (Expense)

Interest Income (Expense), Net. Interest income (expense), net consists of interest incurred on our outstanding borrowings and amortization of debt financing costs. Interest income consists of interest earned on our money market funds and other cash and cash equivalents.

Common Stock Warrant Liability Adjustment. Mark to market adjustment to recognize the change in fair value of common stock warrant liabilities.

Other Income (Expense), Net. Other income (expense), net includes our net gain (loss) on foreign exchange transactions and transaction costs.

Income Tax Provision. Income tax provision consists primarily of U.S. federal and state income taxes related to the tax jurisdictions in which we conduct business.

Results of Operations

The following table sets forth our results of operations for the periods presented (dollars in thousands, except per share amounts):

	Year Ended December 31,	
	2025	2024
Revenues	$ 105,708	$ 78,056
Cost of revenues	52,175	38,748
Gross profit	53,533	39,308
Operating expenses:		
General and administrative	29,245	33,967
Sales and marketing	18,473	15,760
Research and development	14,076	9,801
Total operating expenses	61,794	59,528
Operating loss	(8,261)	(20,220)
Other income (expense):		
Interest expense, net	(3,418)	(1,630)
Common stock warrant liability adjustment	(26,571)	9,293
Other income (expense), net	(1,400)	75
Total other income (expense), net	(31,389)	7,738
Loss before income tax provision	(39,650)	(12,482)
Income tax provision	(28)	(54)
Net loss and comprehensive loss	$ (39,678)	$ (12,536)
Accretion on convertible preferred stock	(3,392)	(4,926)
Accretion on redeemable common stock	(84)	(25)
Allocation of net loss attributable to redeemable common stockholders	1,299	270
Net loss attributable to redeemable common stockholders	$ (1,215)	$ (245)
Net loss attributable to common stockholders	$ (41,855)	$ (17,217)
Net loss per share attributable to redeemable common stockholders		
Basic and diluted	$ (2.16)	$ (1.42)
Weighted-average number of shares outstanding used to compute net loss per share attributable to redeemable common stockholders		
Basic and diluted	562,500	172,131
Net loss per share attributable to common stockholders		
Basic and diluted	$ (2.31)	$ (1.57)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders		
Basic and diluted	18,093,925	10,951,270

Revenues

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Revenues	$ 105,708	$ 78,056	$ 27,652	35.4%

The increase was primarily due to higher sales of Dream Sock and Dream Duo products, reflecting an increase in consumer demand as compared to the prior year. To a lesser extent, growth in revenue generated from subscriptions to our Owlet360 service, which launched in January 2025, also contributed to the increase.

Cost of Revenues and Gross Profit

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Cost of revenues	$ 52,175	$ 38,748	$ 13,427	34.7%
Gross margin	50.6%	50.4%		

The increase in cost of revenues was primarily due to the increase in product sales. The increase in gross margin was primarily due to higher revenue, favorable product mix, improved fixed cost absorption, and lower direct product and fulfillment costs. To a lesser extent, the increase in gross margin was also attributed to the growth in revenue from subscriptions to our Owlet360 service. These contributions to gross margin expansion were partially offset by the impact of tariffs, which was more pronounced during the second half of 2025.

General and Administrative

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
General and administrative	$ 29,245	$ 33,967	$ (4,722)	(13.9%)

The decrease was driven primarily by the absence of significant litigation settlement costs and impairment charges recognized in 2024, which did not recur in the current period, and lower severance expenses. The decrease was partially offset by increases in headcount related expenses, including salaries, bonus, and benefits, as well as increased stock-based compensation, driven by a notable increase in our common stock price during 2025.

Sales and Marketing

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Sales and marketing	$ 18,473	$ 15,760	$ 2,713	17.2%

The increase was driven primarily by higher marketing expenses and increases in headcount related expenses, including salaries, commissions, bonus, and benefits.

Research and Development

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Research and development	$ 14,076	$ 9,801	$ 4,275	43.6%

The increase was driven primarily by increased investment in research and development, particularly with product development, quality, and clinical testing, and increases in headcount related expenses, including salaries, bonus, and benefits.

Other Income (Expense), Net

(dollars in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Interest expense, net	$ (3,418)	$ (1,630)	$ (1,788)	109.7%
Common stock warrant liability adjustment	$ (26,571)	$ 9,293	$ (35,864)	(385.9%)
Other income (expense), net	$ (1,400)	$ 75	$ (1,475)	(1966.7%)

The increase in interest expense was driven primarily by interest and amortization of debt financing costs related to our current term loan facility and asset-based revolving credit facility, which were entered into in September 2024, as well as the absence of a gain on interest for forgiveness of interest accrued related to an arrangement with a significant vendor that was fully settled in September 2024, partially offset by the absence of termination fees related to the SVB term loan that was terminated in September 2024.

Fluctuations in our common stock warrant liability adjustment resulted from an increase in our common stock price, and the related increase in the fair value of liability-classified common stock warrants. As described further in Note 9, most of these common stock warrants were exchanged for common shares in October 2025.

Changes in other income (expense) were driven primarily by transaction costs related to the Warrant Exchange as discussed in Note 9. Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, within the Notes to Consolidated Financial Statements included elsewhere in this Report.

Non-GAAP Adjusted EBITDA

We have included a certain non-GAAP financial measure in this Annual Report, adjusted EBITDA. Adjusted EBITDA is defined as net loss adjusted for income tax provision, interest expense, net, depreciation and amortization, impairment of intangible assets, common stock warrant liability adjustment, stock-based compensation, transaction costs, charges related to certain legal matters, net of insurance loss recovery related to certain legal matters, and restructuring costs. We use this non-GAAP financial measure as an internal measure of business operating performance and as performance measures for benchmarking against our peers and competitors. We believe our presentation of adjusted EBITDA provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance. We believe that this non-GAAP financial measure is an important supplemental measure of operating performance because it excludes items that vary from period to period without correlation to our core operating performance and highlight trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures. Due to the nature of the items being excluded, such items do not reflect future gains, losses, expenses or benefits and are not indicative of our future operating performance. We believe investors, analysts and other interested parties use adjusted EBITDA in evaluating issuers, and the presentation of these measures facilitates a comparative assessment of our operating performance in addition to our performance based on GAAP results.

Adjusted EBITDA should not be considered as an alternative to net loss as a measure of financial performance or any other performance measure derived in accordance with GAAP and should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA is not a recognized term under GAAP, and our presentation of this non-GAAP measure does not replace the presentation of our financial results in accordance with GAAP. Because all companies do not use adjusted EBITDA (and similarly titled financial measures) in the same way, those measures as used by other companies may not be consistent with the way we calculate such measures. See the reconciliation table below for additional information regarding the non-GAAP financial measure included herein (in thousands):

(dollars in thousands)	Year Ended December 31, 2025	2024
GAAP net loss	$ (39,678)	$ (12,536)
Income tax provision	28	54
Interest expense, net	3,418	1,630
Depreciation and amortization	521	452
Impairment of intangible assets	46	1,897
Common stock warrant liability adjustment	26,571	(9,293)
Stock-based compensation	9,348	8,633
Transaction costs	1,432	394
Charges related to certain legal matters, net of insurance loss recovery related to certain legal matters	282	6,169
Restructuring costs	—	764
Non-GAAP Adjusted EBITDA	$ 1,968	$ (1,836)

Liquidity and Capital Resources

We fund our operations primarily with proceeds from issuances of our equity securities, borrowings under our loan facilities, and sales of our products and services. As of December 31, 2025, we had cash and cash equivalents of $35,461, and additional availability of $9,897 on our line of credit. We believe our existing cash and cash equivalent balances, cash flows from operations, and committed credit lines will be sufficient to meet our long-term working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, the timing and extent of spending on research and development efforts and other business initiatives, our planned sales and marketing activities, the timing of new product introductions, market acceptance of our products, and overall economic conditions. To the extent that current and anticipated sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in increased dilution to our stockholders. If we were to incur additional debt financing, it would result in increased debt service obligations and the instruments governing such debt could require additional operating and financing covenants that would restrict our operations.

Tariffs announced in 2025 have adversely impacted our cost of goods sold and gross margins and may continue to affect cash flows if elevated tariff rates persist.

Equity Financings

Refer to Note 9 within the Notes to Consolidated Financial Statements included elsewhere in this Report for additional details regarding our common stock issuance, redeemable common stock, common stock warrants, and convertible preferred stock.

On August 7, 2025, we entered into a privately negotiated Exchange Agreement with certain Holders of our Series A Warrants and Series B Warrants, in which the Holders agreed to exchange with us their Series A Warrants relating to an aggregate of 7,215,737 shares of common stock and, if applicable, their Series B Warrants relating to an aggregate of 1,799,021 shares of common stock, for an aggregate of 5,426,429 of newly issued shares of common stock. We consummated the Exchanges and the issuance of the Exchange Shares on October 10, 2025. See Note 9. Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, within the Notes to Consolidated Financial Statements included elsewhere in this Report, for additional details regarding this agreement.

On October 23, 2025, we completed an underwritten public offering in which we issued and sold 4,196,000 shares of our common stock at a price of $7.15 per share. Subsequently, the underwriters exercised their over-allotment option for an additional 629,400 shares, which settled after the initial closing and increased the total shares issued in the offering to 4,825,400. From this offering, we received net proceeds of $32,109 after deducting underwriting discounts and commissions.

Debt and Other Financing Arrangements

Refer to Note 6 within the Notes to Consolidated Financial Statements included elsewhere in this Report for additional details regarding our debt arrangements, including the expected maturity of such arrangements.

WTI Loan Facility

As of December 31, 2025 principal outstanding on the loan was $7,012. The net carrying value of the WTI Loan Facility was $5,609, which includes the outstanding principal and accrued PIK interest of $249, net of $1,652 in unamortized debt financing costs.

As of December 31, 2025, we were in compliance with all covenants under the WTI Loan Facility.

ABL Line of Credit

We, as guarantor, and our wholly-owned subsidiary, OBCI, as borrower, maintain an asset-based revolving credit facility (the "ABL Line of Credit") with a maximum principal amount of up to $20,000 (the "Revolving Commitment"). The ABL Line of Credit is collateralized by substantially all of our assets.

As of December 31, 2025, there was $6,932 of outstanding borrowings under the ABL Line of Credit, and the remaining borrowing base availability was $9,897 as of December 31, 2025.

As of December 31, 2025, we were in compliance with all covenants under the Credit Agreement.

Financed Insurance Premiums

In 2025, we renewed a number of its insurance policies and entered into several new short-term commercial premium finance agreements with premium finance companies totaling $886 to be paid within one year, accruing interest at a weighted average rate of 8.4%. As of December 31, 2025, the remaining principal balance on the combined financed insurance premiums was $489.

Funding Requirements

In accordance with ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), we have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

We have historically experienced recurring operating losses, with the exception of the third quarter of 2025, and have generated negative cash flows from operations, resulting in an accumulated deficit of $307,873 as of December 31, 2025, and during the year ended December 31, 2025 and 2024, we had negative cash flows from operations of $10,792 and $11,209, respectively. As of December 31, 2025, we had $35,461 of cash on hand.

As we continue to address these financial conditions, management has undertaken the following actions:

- As described in Note 9, Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, in October 2025 we completed an offering for the sale of 4,825,400 shares of our common stock at an offering price to the public of $7.15 per share. From this offering, we received net proceeds of $32,109 after deducting underwriting discounts and commissions. We intend to use the net proceeds of this offering to support continued commercialization and research and development, and for general corporate purposes.

- As described further in Note 9, Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, in September 2024, we issued 3,135,136 shares of our common stock and received net proceeds of $10,590 and in February 2024, we consummated a sale of preferred stock and warrants to purchase our common stock for a gross purchase price of $9,250.

- As described in Note 6 Debt and Other Financing Arrangements, in September 2024, we entered into a loan facility agreement with WTI Fund X, Inc. and WTI Fund XI, Inc. (collectively "WTI" or "Lenders") for a term loan facility of up to $15,000 (the "WTI Loan Facility"). In July 2025, WTI granted a 90-day extension, making the Second Tranche Commitment available through November 13, 2025, which was previously available through August 15, 2025. On September 11, 2024, we entered into a credit and security agreement (the "Credit Agreement") for an asset-based revolving credit facility (the "ABL Line of Credit") with the financial institutions party thereto from time to time as lenders (collectively, the "Lenders") and ABL OPCO LLC, a Delaware limited liability company, in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), with a maximum revolving commitment amount of up to $15,000, with an additional $5,000 revolving commitment available on September 11, 2025. On June 11, 2025, we entered into a First Amendment to the Credit Agreement (the "First Amendment") to, among other things, (i) modify certain financial covenants required to be maintained by our wholly-owned subsidiary, Owlet Baby Care, Inc., a Delaware corporation ("OBCI"), (ii) increase the amount of capital expenditures that may be incurred by OBCI during certain fiscal years, and (iii) expand the eligibility of certain accounts receivable that OBCI can borrow against. As of December 31, 2025, we have borrowings of $7,012 under the WTI Loan Facility and $6,932 under the ABL Line of Credit.

We believe our existing cash, borrowing capacity under the ABL Line of Credit, and cash provided by operations will be sufficient to meet operating cash flow requirements for at least twelve months from the date of issuance of the December 31, 2025 consolidated financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis and

accordingly, do not include any adjustments relating to the recoverability and classification of asset carrying amounts, or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

There can be no assurance that we will generate sufficient future cash flows from operations due to potential factors, including but not limited to inflation, recession, or reduced demand for our products. If revenues decrease from current levels, we may be unable to further reduce costs, or such reductions may limit our ability to pursue strategic initiatives and grow revenues in the future.

Cash Flows

The following table summarizes our cash flow (in thousands):

	Year Ended December 31,	
	2025	**2024**
Net cash used in operating activities	$ (10,792)	$ (11,209)
Net cash used in investing activities	(943)	(761)
Net cash provided by financing activities	32,115	16,044
Net change in cash, cash equivalents, and restricted cash	$ 20,380	$ 4,074

Subsequent to the release of our preliminary earnings results on March 4, 2025, we identified and corrected a $524 classification error between cash flows from operating activities and financing activities in the Consolidated Statement of Cash Flows for the year ended December 31, 2024. Additionally, a balance sheet classification entry was recorded resulting in a $346 decrease in the current portion of long-term and other debt and increase in long term debt, net in the Consolidated Balance Sheet as of December 31, 2024.

Operating Activities

For the year ended December 31, 2025, net cash used in operating activities was $10,792 as compared to net cash used in operating activities of $11,209 in the prior year. The change in operating cash flows was primarily driven by an increase in net loss adjusted for non-cash items (adjustments to reconcile net loss to net cash used in operating activities), partially offset by an increase in accounts receivable due to increased sales.

Investing Activities

For both the year ended December 31, 2025 and December 31, 2024, we used $943 and $761 respectively, to invest in various projects, primarily for the development and enhancement of our new subscription app.

Financing Activities

For the year ended December 31, 2025 and 2024, net cash provided by financing activities was $32,115 and $16,044, respectively. The increase is primarily driven by the fact that we received more from the net proceeds from the issuance of common stock in the current period than in the prior period, partially offset by less long-term borrowings in the current period as compared to the prior period.

Critical Accounting Policies and Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. For a summary of our significant accounting policies, estimates, and methods used in the preparation of the consolidated financial statements, see Part II. Item 8. "Financial Statements and Supplementary Data" - Note 2.

The accounting policies and estimates described below are those we consider most critical in preparing our consolidated financial statements because they require management to make subjective and complex judgments about matters that are inherently uncertain. Actual results may differ from these estimates under different assumptions or conditions.

Sales Returns, Rebates, Discounts, and Allowances

Our contracts include promises to provide rights of return to customers as well as promises to issue discounts and provide rebates or allowances to certain retail channel customers if specified conditions are met. Revenues are reduced in the accompanying consolidated statements of operations and comprehensive income (loss) for anticipated sales returns, discounts, and allowances, based on our analysis of historical sales returns and contractual discounts and allowances. Expected returns and estimated rebates and allowances that have been earned but not yet honored or paid out are included in accrued and other expenses in the accompanying consolidated balance sheets. Estimated discounts that have been earned but not yet honored or paid out are included as a reduction to accounts receivable, net. Actual returns may vary from estimates if we experience a change in actual sales returns or exchange patterns due to unanticipated changes in products or competitive pressures.

Sales return rates, excluding the impact of regulatory actions, have been sufficiently predictable to allow us to estimate expected future returns. We review the actual returns as a percentage of sales to determine the historical rate of return. The historical rate of return is used as a basis for estimating future returns based on current sales. The sales return estimate can be affected by the release of new products and changes to sales channels. Actual returns may vary from estimates if we experience a change in actual sales returns or exchange patterns due to unanticipated changes in products, competitive pressures, or regulatory actions.

Sales rebates, discounts, and allowances provided to our customers have been sufficiently predictable to allow us to estimate expected future discounts and allowances. Discounts and allowances are estimable based on existing and expected promotional programs and contractual terms in place at the time of sale. New promotional programs or changes to existing promotional programs could impact the estimated sales rebates, discounts, and allowances.

Revenue for Contracts with Customers

We generated substantially all of our revenues from the sale of our hardware products, primarily the Owlet Dream Sock, Owlet Cam, and Owlet Monitor Duo. The transaction price is calculated as selling price less the estimate of variable consideration, including future returns, volume rebates, and sales incentives related to current period sales.

Arrangements with Multiple Performance Obligations

We enter into contracts that have multiple performance obligations. Product sales include two performance obligations. The first performance obligation is the delivery of hardware and embedded firmware essential to the functionality of the hardware. Embedded firmware allows the hardware to recognize inputs to the hardware and provide appropriate outputs. The second performance obligation is the implied right to connect the downloadable mobile application, provided free of charge, to the hardware, which enables users to view and access real-time data outputs. The implied right to receive future unspecified application upgrades, added features, firmware updates, and bug fixes, on a when-and-if available basis, are considered part of the embedded firmware, and connection to the downloadable mobile applications performance obligations.

We allocate the transaction price to each performance obligation based on a relative standalone selling price (“SSP”). Our process for determining our SSP considers multiple factors, including an adjusted market assessment and consumer behaviors, and varies depending on the facts and circumstances of each performance obligation. Revenues allocated to the delivery of the hardware and embedded firmware essential to the functionality of the hardware represent substantially all of the arrangements consideration and reflect the our best estimate of the selling price if it was sold regularly on a stand-alone basis. SSP for the mobile application is estimated based on relevant market and consumer data.

Revenues are recognized at the time the related performance obligation is satisfied by transferring control of the promised good or service to a customer. Revenues allocated to the hardware and embedded firmware are recognized at the time of product delivery, provided the other conditions for revenue recognition have been met. This generally occurs upon delivery of the product to a third-party carrier. Revenues allocated to the implied right to access the mobile application and the implied right to receive, on a when-and-if-available basis, future unspecified application upgrades, added features, and bug fixes, are recognized on a straight-line basis over the estimated usage period of the underlying hardware product. The usage period is estimated based on historical user activity and ranges from 10 to 27 months.
We record revenues net of sales tax and variable consideration such as discounts and customer returns. Payment terms are short-term in nature and, as a result, do not have any significant financing components. We record estimated reductions to revenue in the form of variable consideration for customer sales programs, returns, and incentive offerings including rebates, markdowns, promotions, and volume-based incentives.

Consideration payable to a customer, such as cooperative advertising and pricing promotions to retailers and distributors, is recorded as a reduction to revenue. Deferred revenues represent advance payments received from customers prior to performance by us. Sales taxes collected from customers which are remitted to governmental authorities are not included in revenue and are reflected as a liability in the accompanying consolidated balance sheets.

Inventory

Inventory includes material and third-party assembly costs. Inventory is recorded at the lower of cost or net realizable value, with cost being determined using the weighted average cost method. We review inventory for excess supply, obsolescence, and valuations above estimated realizable amounts, and write down inventory to net realizable value when net realizable value does not exceed cost. Substantially all of our inventory consisted of finished goods as of December 31, 2025 and 2024.

Warrant Liability

We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480 and ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to our own shares of common stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-operating gain or loss in the consolidated statements of operations and comprehensive income (loss). See Part II. Item 8. "Financial Statements and Supplementary Data - Note 10" included in this Report for further discussion on fair value considerations.

Redeemable Shares

In connection with the Loan Facility Agreement with WTI, we issued redeemable common shares to WTI. The shares issued to WTI contain an embedded redemption option (the "Redemption Option") such that WTI may elect to force us to redeem the shares that are no longer subject to forfeiture for a price of $8.40 per share. Because the shares are redeemable at the option of the WTI Funds, the shares are recorded in mezzanine equity on the consolidated balance sheets.

The redeemable common shares were initially recorded at their fair value determined using a combination of the value of the our stock on the date of issuance and the theoretic value of a stand-alone put option valued using a Black-Scholes put option model discounted by a present value factor that considers the credit spread between an estimated company specific discount rate and the risk-free rate of return.

Smaller Reporting Company

We qualify as a "smaller reporting company" as defined under the Exchange Act. We will remain a smaller reporting company until (1) as of the last business day of our most recent second fiscal quarter, our prior year's annual revenues are at least $100,000 and our voting and non-voting common stock held by non-affiliates as of such second fiscal quarter end is at least $250,000 or (2) our voting and non-voting common stock held by non-affiliates is at least $700,000 measured on the last business day of our most recent second fiscal quarter. Smaller reporting companies are able to provide simplified executive compensation disclosure and have certain other reduced disclosure obligations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K and are not required to provide the information otherwise required under this Item.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Owlet, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive income (loss), of changes in mezzanine equity and stockholders' equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

Revenue Recognition – Hardware Product Revenue from Retail Customers

As described in Note 2 to the consolidated financial statements, the Company generates substantially all of its revenues from the sale of its hardware products. Revenues are recognized when control of goods is transferred to customers at an amount that reflects the consideration expected to be received by the Company in exchange for those goods. Revenues allocated to the hardware are recognized when conditions for revenue recognition have been met, generally upon delivery of the product to a third-party carrier. The Company recognized revenue of $105.7 million for the year ended December 31, 2025. As disclosed by management, a substantial portion of the Company's revenues relate to the sale of its hardware products to retail customers.

The principal consideration for our determination that performing procedures relating to revenue recognition of hardware product revenue from retail customers is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition. As disclosed by management, material weaknesses existed that impacted this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, such as agreements with the customer, purchase orders, invoices, proof of shipment or delivery, and subsequent cash receipts; (ii) testing a sample of credit memos issued during and subsequent to December 31, 2025 by obtaining and inspecting source documents, such as the credit memo and agreement with the customer; and (iii) testing a sample of outstanding customer invoice balances as of December 31, 2025 by obtaining and inspecting source documents, such as agreements with the customer, purchase orders, invoices, proof of shipment or delivery, and subsequent cash receipts.

/s/ PricewaterhouseCoopers LLP
Salt Lake City, Utah
March 9, 2026

We have served as the Company's auditor since 2020.

Owlet, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 35,461	$ 20,245
Restricted cash	5,550	386
Accounts receivable, net of allowance for credit losses of $723 and $653, respectively	22,931	12,136
Inventory	15,291	10,523
Prepaid expenses and other current assets	2,684	2,823
Total current assets	81,917	46,113
Property and equipment, net	295	102
Right of use assets, net	69	138
Intangible assets, net	1,391	975
Other assets	1,959	2,187
Total assets	$ 85,631	$ 49,515
Liabilities, Mezzanine Equity, and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 11,967	$ 11,281
Accrued and other expenses	19,427	16,378
Current portion of deferred revenues	2,282	1,404
Line of credit	6,932	6,263
Current portion of long-term and other debt	3,635	1,103
Total current liabilities	44,243	36,429
Long-term debt, net	2,463	4,331
Common stock warrant liabilities	3,273	25,343
Other long-term liabilities	197	226
Total liabilities	50,176	66,329
Commitments and contingencies (Note 7)		
Mezzanine equity:		
Series A convertible preferred stock, $0.0001 par value, 11,479 and 11,479 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	7,151	5,151
Series B convertible preferred stock, $0.0001 par value, 9,250 and 9,250 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	4,844	3,452
Redeemable common stock, 562,500 and 750,000 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	4,418	4,334
Total mezzanine equity	16,413	12,937
Stockholders' equity (deficit):		
Common stock, $0.0001 par value, 107,142,857 shares authorized as of December 31, 2025 and December 31, 2024; 26,945,426 and 15,725,783 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	3	2
Additional paid-in capital	326,912	238,442
Accumulated deficit	(307,873)	(268,195)
Total stockholders' equity (deficit)	19,042	(29,751)
Total liabilities, mezzanine equity, and stockholders' equity (deficit)	$ 85,631	$ 49,515

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

Owlet, Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except share and per share amounts)

	Year Ended December 31,	
	2025	**2024**
Revenues	$ 105,708	$ 78,056
Cost of revenues	52,175	38,748
Gross profit	53,533	39,308
Operating expenses:		
General and administrative	29,245	33,967
Sales and marketing	18,473	15,760
Research and development	14,076	9,801
Total operating expenses	61,794	59,528
Operating loss	(8,261)	(20,220)
Other income (expense):		
Interest expense, net	(3,418)	(1,630)
Common stock warrant liability adjustment	(26,571)	9,293
Other income (expense), net	(1,400)	75
Total other income (expense), net	(31,389)	7,738
Loss before income tax provision	(39,650)	(12,482)
Income tax provision	(28)	(54)
Net loss and comprehensive loss	$ (39,678)	$ (12,536)
Accretion on convertible preferred stock	(3,392)	(4,926)
Accretion on redeemable common stock	(84)	(25)
Allocation of net loss attributable to redeemable common stockholders	1,299	270
Net loss attributable to redeemable common stockholders	$ (1,215)	$ (245)
Net loss attributable to common stockholders	$ (41,855)	$ (17,217)
Net loss per share attributable to redeemable common stockholders		
Basic and diluted	$ (2.16)	$ (1.42)
Weighted-average number of shares outstanding used to compute net loss per share attributable to redeemable common stockholders		
Basic and diluted	562,500	172,131
Net loss per share attributable to common stockholders		
Basic and diluted	$ (2.31)	$ (1.57)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders		
Basic and diluted	18,093,925	10,951,270

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

Owlet, Inc.
Consolidated Statements of Changes in Mezzanine Equity and Stockholders' Equity (Deficit)
(in thousands, except share and per share amounts)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Redeemable Common Stock		Common Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance as of December 31, 2023	28,628	$ 7,855	—	$ —	—	$ —	8,797,456	$ 1	$ 218,127	$ (255,659)	$ (37,531)
Issuance of convertible preferred stock	—	—	9,250	2,394	—	—	—	—	—	—	—
Preferred stock issuance costs	—	—	—	(102)	—	—	—	—	—	—	—
Accretion on convertible preferred stock	—	3,765	—	1,160	—	—	—	—	(4,926)	—	(4,926)
Accretion on redeemable common stock	—	—	—	—	—	26	—	—	(25)	—	(25)
Conversion of preferred stock	(17,149)	(6,469)	—	—	—	—	2,499,848	—	6,469	—	6,469
Issuance of common stock related to offering	—	—	—	—	—	—	3,135,136	1	11,600	—	11,601
Common stock issuance costs	—	—	—	—	—	—	—	—	(2,266)	—	(2,266)
Issuance of warrants to underwriter	—	—	—	—	—	—	—	—	382	—	382
RSU to RSA conversion	—	—	—	—	—	—	387,309	—	—	—	—
Issuance of common stock for restricted stock units vesting	—	—	—	—	—	—	812,746	—	—	—	—
Issuance of redeemable common stock	—	—	—	—	750,000	4,308	—	—	—	—	—
Issuance of common stock for employee stock purchase plan	—	—	—	—	—	—	59,325	—	221	—	221
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	33,963	—	143	—	143
Stock-based compensation	—	—	—	—	—	—	—	—	8,717	—	8,717
Net loss	—	—	—	—	—	—	—	—	—	(12,536)	(12,536)
Balance as of December 31, 2024	11,479	$ 5,151	9,250	$ 3,452	750,000	$ 4,334	15,725,783	$ 2	$ 238,442	$ (268,195)	$ (29,751)
Accretion on convertible preferred stock	—	2,000	—	1,392	—	—	—	—	(3,392)	—	(3,392)
Accretion on redeemable common stock	—	—	—	—	—	84	—	—	(84)	—	(84)
Issuance of common stock related to offering	—	—	—	—	—	—	4,825,400	—	32,109	—	32,109
Common stock issuance costs	—	—	—	—	—	—	—	—	(632)	—	(632)
Forfeiture of redeemable common stock	—	—	—	—	(187,500)	—	—	—	—	—	—
Issuance of common stock related to warrant exchange	—	—	—	—	—	—	5,426,429	1	46,883	—	46,884
Issuance of common stock for restricted stock units vesting	—	—	—	—	—	—	418,287	—	—	—	—
Exercise of common stock warrants	—	—	—	—	—	—	405,454	—	3,579	—	3,579
Issuance of common stock for employee stock purchase plan	—	—	—	—	—	—	71,160	—	258	—	258
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	72,913	—	304	—	304
Stock-based compensation	—	—	—	—	—	—	—	—	9,445	—	9,445
Net loss	—	—	—	—	—	—	—	—	—	(39,678)	(39,678)
Balance as of December 31, 2025	11,479	$ 7,151	9,250	$ 4,844	562,500	$ 4,418	26,945,426	$ 3	$ 326,912	$ (307,873)	$ 19,042

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

Owlet, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2025	**2024**
Cash flows from operating activities		
Net loss	$ (39,678)	$ (12,536)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	521	452
Stock-based compensation	9,348	8,633
Provision for credit losses	129	(193)
Common stock warrant liability adjustment	26,571	(9,293)
Impairment of intangible and other assets	46	1,904
Amortization of right of use assets	69	929
Amortization of debt financing costs	2,155	1,095
Accrued warrant exchange transaction costs	41	—
(Gain)/loss on extinguishment of debt	—	418
(Gain)/loss on forgiveness on interest accrued	—	(508)
Write-off of prepaid deposit	347	—
Other adjustments, net	367	414
Changes in assets and liabilities:		
Accounts receivable	(10,971)	2,030
Prepaid expenses and other assets	(1,048)	(30)
Inventory	(4,927)	(4,139)
Accounts payable and accrued and other expenses	5,426	1,322
Lease liabilities	(100)	(1,178)
Other liabilities	—	(769)
Deferred revenue	912	240
Net cash used in operating activities	(10,792)	(11,209)
Cash flows from investing activities		
Purchase of property and equipment	(273)	(35)
Purchase of intangible assets	(114)	(87)
Capitalized internal-use software development costs	(556)	(639)
Net cash used in investing activities	(943)	(761)
Cash flows from financing activities		
Proceeds from issuance of preferred stock and warrants	—	9,250
Issuance costs paid related to preferred stock and warrants	—	(395)
Proceeds from issuance of common stock	32,109	10,590
Issuance costs paid related to common stock	(639)	(587)
Proceeds from short-term borrowings	75,181	48,198
Payments of short-term borrowings	(74,638)	(51,514)
Proceeds from long-term borrowings	—	7,500
Payments of long-term borrowings	(488)	(5,000)
Payments related to debt extinguishment costs	—	(761)
Employee taxes paid related to the net share settlement of stock-based awards	(1,623)	(1,031)
Proceeds related to the issuance of common stock under stock plans	1,670	811
Debt financing costs paid	(174)	(930)
Issuance costs paid related to prior year common stock, preferred stock, and warrants	(276)	(450)
Warrant exchange transaction costs paid	(1,391)	—
Proceeds from exercise of common stock warrants	1,822	—
Other, net	562	363
Net cash provided by financing activities	32,115	16,044
Net change in cash, cash equivalents, and restricted cash	20,380	4,074
Cash, cash equivalents, and restricted cash at beginning of period	20,631	16,557
Cash, cash equivalents, and restricted cash at end of period	$ 41,011	$ 20,631

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

Owlet, Inc.
Consolidated Statements of Cash Flows (continued)
(in thousands)

	Year Ended December 31,	
	2025	**2024**
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 45	$ 30
Cash paid for interest	1,590	4,051
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock in connection with warrant exchange	$ 46,884	$ —
Purchases of property and equipment included in accounts payable	34	—
Purchases of intangible assets included in accounts payable	102	—
Conversion of preferred stock	—	6,469
Accretion on preferred stock and redeemable common stock	3,476	4,951
Issuance of common stock warrants to underwriter	—	382
Equity issuance costs included in accounts payable and accrued liabilities	—	286
Stock-based compensation for software development	97	86

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

Note 1. Description of Business and Basis of Presentation

Organization

Owlet Baby Care Inc. was incorporated on February 24, 2014 as a Delaware corporation. On February 15, 2021, Owlet Baby Care Inc. ("Old Owlet") entered into a Merger Agreement with Sandbridge Acquisition Corporation ("SBG") and Project Olympus Merger Sub, Inc. ("Merger Sub"), whereby on July 15, 2021 Merger Sub merged with and into Old Owlet, with Old Owlet surviving as a wholly owned subsidiary of SBG (the "Merger"). Following the Merger, SBG was renamed Owlet, Inc. ("Owlet", "OWLT", or the "Company").

Owlet is a leading pediatric health platform and the only company globally to offer U.S. FDA-cleared and internationally medically-certified wearable pediatric monitors for home use. Owlet's pediatric products and innovative software combine clinically tested monitoring systems, an integrated video platform, and a simple, easy-to-use app, providing parents with real-time health insights to stay informed on their child's well-being, support restful sleep, and provide peace of mind anywhere.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding financial reporting. All intercompany transactions and balances have been eliminated in consolidation. All dollar amounts, except per share amounts, in the notes are presented in thousands, unless otherwise specified.

Certain prior year amounts have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include those related to revenue recognition (including standalone selling price, usage period of hardware products sold, sales incentives, product returns and implied post contract support and service), allowances for doubtful accounts, write-downs for obsolete or slow-moving inventory, useful lives for intangible assets, impairment assessments for long-lived tangible and intangible assets, warranty obligations, valuation allowances for net deferred income tax assets, and valuation of warrants, redeemable shares, and stock-based compensation.

Risks and Uncertainties

In accordance with ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements included in this Form 10-K are issued.

The Company has historically experienced recurring operating losses, with the exception of the third quarter of 2025, and has generated negative cash flows from operations. The Company had an accumulated deficit of $307,873 as of December 31, 2025, and during the year ended December 31, 2025 and 2024, the Company had negative cash flows from operations of $10,792 and $11,209, respectively. As of December 31, 2025, the Company had $35,461 of cash on hand. As the Company continues to address these financial conditions, management has undertaken the following actions:

- As described in Note 9, Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, in October 2025 the Company completed an offering for the sale of 4,825,400 shares of its common stock at an offering price to the public of $7.15 per share. From this offering, the Company received net proceeds of $32,109 after deducting underwriting discounts and commissions. The Company intends to use the net proceeds of this offering to support continued commercialization and research and development, and for general corporate purposes.

- As described further in Note 9, Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock, in September 2024, the Company issued 3,135,136 shares of its common stock and received net proceeds of $10,590 and in February 2024, the Company consummated a sale of preferred stock and warrants to purchase its common stock for a gross purchase price of $9,250.

- As described in Note 6 Debt and Other Financing Arrangements, in September 2024, the Company entered into a loan facility agreement with WTI Fund X, Inc. and WTI Fund XI, Inc. (collectively "WTI" or "Lenders") for a term loan facility of up to

$15,000 (the "WTI Loan Facility"). In July 2025, WTI granted a 90-day extension, making the Second Tranche Commitment available through November 13, 2025, which was previously available through August 15, 2025. On September 11, 2024, the Company entered into a credit and security agreement (the "Credit Agreement") for an asset-based revolving credit facility (the "ABL Line of Credit") with the financial institutions party thereto from time to time as lenders (collectively, the "Lenders") and ABL OPCO LLC, a Delaware limited liability company, in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), with a maximum revolving commitment amount of up to $15,000, with an additional $5,000 revolving commitment available on September 11, 2025. On June 11, 2025, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment") to, among other things, (i) modify certain financial covenants required to be maintained by the Company's wholly-owned subsidiary, Owlet Baby Care, Inc., a Delaware corporation ("OBCI"), (ii) increase the amount of capital expenditures that may be incurred by OBCI during certain fiscal years, and (iii) expand the eligibility of certain accounts receivable that OBCI can borrow against. As of December 31, 2025, the Company has borrowings of $7,012 under the WTI Loan Facility and $6,932 under the ABL Line of Credit.

The Company believes its existing cash, borrowing capacity under the ABL Line of Credit, and cash provided by operations will be sufficient to meet operating cash flow requirements for at least twelve months from the date of issuance of the December 31, 2025 consolidated financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis and accordingly, do not include any adjustments relating to the recoverability and classification of asset carrying amounts, or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

There can be no assurance that the Company will generate sufficient future cash flows from operations due to potential factors, including but not limited to inflation, recession, or reduced demand for the Company's products. If revenues decrease from current levels, the Company may be unable to further reduce costs, or such reductions may limit its ability to pursue strategic initiatives and grow revenues in the future.

The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of December 31, 2025, substantially all of the Company's cash was held with Silicon Valley Bank and Citibank, and exceeded federally insured limits.

Although the Company's sales and accounts receivable are derived from sales contracts with a large number of customers, its top several customers account for a significant amount of its total sales and make up a correspondingly large portion of its accounts receivable. During the year ended December 31, 2025, one customer accounted for 44% of total net revenues, with no other customers exceeding 10% of total net revenues during that period. This same customer accounted for 36% of the accounts receivable, net balance as of December 31, 2025. During the year ended December 31, 2024, there were two customers who individually represented 10% or more of total net revenues, accounting for 39% and 12% of total net revenues.

The Company's largest customers by total net accounts receivable consisted of the following:

	December 31,	
	2025	**2024**
Three largest customers by total net accounts receivable	67 %	63 %

Note 2. Summary of Significant Accounting Policies and Recent Accounting Guidance

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less from the date of purchase. Cash equivalents consist of money market funds. Restricted cash consists of cash held in escrow accounts related to litigation settlements and cash collateral to secure its current credit card borrowings.

Accounts Receivable

The Company records its accounts receivable at sales value and maintains an allowance for its current estimate of expected credit losses. Provisions for expected credit losses are estimated based on historical experience, assessment of specific risk, review of outstanding invoices, and forecasts about the future. The Company establishes specific reserves for customers in an adverse financial condition and adjusts for its expectations of changes in conditions that may impact the collectability of outstanding receivable. Funds cleared by the processor but not yet settled into the corporate bank account are reported within accounts receivable.

Inventory

Inventory includes material and third-party assembly costs. Inventory is recorded at the lower of cost or net realizable value, with cost being determined using the weighted average cost method. The Company reviews inventory for excess supply, obsolescence, and valuations above estimated realizable amounts, and writes down inventory to net realizable value when net realizable value does not exceed cost. Substantially all of the Company's inventory consisted of finished goods as of December 31, 2025 and 2024.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated economic useful lives of the assets or, for leasehold improvements, over the shorter of the estimated economic useful life or related lease terms as follows:

Furniture and fixtures	3-7 years
Leasehold improvements	2-5 years
Software	2-3 years
Tooling and manufacturing equipment	3 years
Computer equipment	2 years

Expenditures that materially increase values or capacities or extend useful lives of property and equipment are capitalized. Routine maintenance, repairs, and renewal costs are expensed as incurred.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization consist of patents, trademarks, and software development costs and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. Patents and trademarks are amortized over ten years using the straight-line method.

The Company capitalizes certain costs in connection with implementing or developing software for internal use and as part of its platform, which are subject to ASC 350-40, Internal Use Software, when capitalization requirements have been met. Capitalization of such costs begins when the preliminary project stage is completed and it is probable that the project will be completed, and the software will be used to perform the function intended. Any subsequent addition, modification, or upgrade to internal-use software is capitalized to the extent that it enhances the software's functionality or extends its useful life. Costs related to design or maintenance are expensed as incurred. Capitalized costs are included in intangible assets, net, and amortized on a straight-line basis over the estimated useful life of three years.

Leases

The Company leases its office space under an operating lease. For leases that contain rent escalation or rent concession provisions the Company records the total rent payable during the lease term on a straight-line basis over the term of the lease.

The Company has elected the practical expedients to exclude right of use assets and lease liabilities for leases with an initial term of 12 months or less from the balance sheet date, and to combine lease and non-lease components for property leases, which primarily relate to ancillary expenses such as common area maintenance charges and management fees.

Revenue Recognition

The Company generated substantially all of its revenues from the sale of its hardware products, primarily Dream Sock, Dream Sight, and Dream Duo. A growing minority portion of revenues are being generated from subscriptions to its Owlet360 service.

Revenues are recognized when control of goods and services are transferred to customers at the transaction price, an amount that reflects the consideration expected to be received by the Company in exchange for those goods and services. The transaction price is calculated as selling price less the Company's estimate of variable consideration, including future returns, volume rebates, and sales incentives related to current period sales.

The Company applies the following five step-approach to recognizing revenue:

(1) Identify the contract with a customer

(2) Identify the performance obligations in the contract

(3) Determine the transaction price

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

(5) Recognize revenue when or as a performance obligation is recognized

Arrangements with Multiple Performance Obligations

The Company enters into contracts that have multiple performance obligations. Product sales include two performance obligations. The first performance obligation is the delivery of hardware and embedded firmware essential to the functionality of the hardware. Embedded firmware allows the hardware to recognize inputs to the hardware and provide appropriate outputs. The second performance obligation is the implied right to connect the downloadable mobile application, provided free of charge, to the hardware, which enables users to view and access real-time data outputs. The implied right to receive future unspecified application upgrades, added features, firmware updates, and bug fixes, on a when-and-if available basis, are considered part of the embedded firmware, and connection to the downloadable mobile applications performance obligations.

The Company allocates the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). The Company's process for determining its SSP considers multiple factors, including an adjusted market assessment and consumer behaviors, and varies depending on the facts and circumstances of each performance obligation. Revenues allocated to the delivery of the hardware and embedded firmware essential to the functionality of the hardware represent substantially all of the arrangements consideration and reflect the Company's best estimate of the selling price if it was sold regularly on a stand-alone basis. SSP for the mobile application is estimated based on relevant market and consumer data.

Revenues are recognized at the time the related performance obligation is satisfied by transferring control of the promised good or service to a customer. Revenues allocated to the hardware and embedded firmware are recognized at the time of product delivery, provided the other conditions for revenue recognition have been met. This generally occurs upon delivery of the product to a third-party carrier. Revenues allocated to the implied right to access the mobile application and the implied right to receive, on a when-and-if-available basis, added features and bug fixes, are recognized on a straight-line basis over the estimated usage period of the underlying hardware product. The usage period is estimated based on historical user activity and ranges from 10 to 27 months.
The Company records revenues net of sales tax and variable consideration such as discounts and customer returns. Payment terms are short-term in nature and, as a result, do not have any significant financing components. The Company records estimated reductions to revenue in the form of variable consideration for customer sales programs, returns, and incentive offerings including rebates, markdowns, promotions, and volume-based incentives.

Consideration payable to a customer, such as cooperative advertising and pricing promotions to retailers and distributors, is recorded as a reduction to revenue. Deferred revenues represent advance payments received from customers prior to performance by the Company. Sales taxes collected from customers which are remitted to governmental authorities are not included in revenue and are reflected as a liability in the accompanying consolidated balance sheets.

Sales Returns, Rebates, Discounts, and Allowances

The Company's contracts include promises to provide rights of return to customers as well as promises to issue discounts and provide rebates or allowances to certain retail channel customers if specified conditions are met. Revenues are reduced in the accompanying consolidated statements of operations and comprehensive income (loss) for anticipated sales returns, discounts, and allowances, based on the Company's analysis of historical sales returns and contractual discounts and allowances. Expected returns and estimated rebates and allowances that have been earned but not yet honored or paid out are included in accrued and other expenses in the accompanying consolidated balance sheets. Estimated discounts that have been earned but not yet honored or paid out are included as a reduction to accounts receivable, net. Actual returns may vary from estimates if the Company experiences a change in actual sales returns or exchange patterns due to unanticipated changes in products or competitive pressures.

Sales return rates, excluding the impact of regulatory actions, have been sufficiently predictable to allow the Company to estimate expected future returns. The Company reviews the actual returns as a percentage of sales to determine the historical rate of return. The historical rate of return is used as a basis for estimating future returns based on current sales. The sales return estimate can be affected by the release of new products and changes to sales channels. Actual returns may vary from estimates if the Company experiences a change in actual sales returns or exchange patterns due to unanticipated changes in products, competitive pressures, or regulatory actions.

Sales rebates, discounts, and allowances provided to the Company's customers have been sufficiently predictable to allow the Company to estimate expected future discounts and allowances. Discounts and allowances are estimable based on existing and expected promotional programs and contractual terms in place at the time of sale. New promotional programs or changes to existing promotional programs could impact the estimated sales rebates, discounts, and allowances.

Cost of Revenues

Cost of revenues consists of product costs, including contract manufacturing, shipping and handling, depreciation and amortization relating to tooling and manufacturing equipment and software, warranty replacement, fulfillment costs, warehousing, hosting and platform costs, and reserves for excess and obsolete inventory.

Product Warranty

The Company offers a limited warranty for product performance, generally one year from the date of device activation for product sold within the United States, and generally two years from device activation for product sold internationally. The warranty obligation allows the Company to either repair or replace a defective product. The Company accrues for future expected warranty claims and records the amount to cost of revenues at the time of sale. The estimate of future warranty claims is based on historical warranty claim experience and known conditions. Estimated warranty liabilities are included in accrued and other expenses in the accompanying consolidated balance sheets.

Research and Development

Research and development expenses consist primarily of personnel-related expenses, consulting and contractor expenses, prototype materials, and clinical testing. Substantially all of the Company's research and development costs are related to developing new products and services and improving existing products and services. These costs are expensed as incurred, except for research and development expenses that qualify as internal-use software development costs, which are capitalized to the consolidated balance sheet.

Stock-based Compensation

The Company recognizes stock-based compensation expense for service-based employee restricted stock units ("RSUs"), restricted stock awards ("RSAs"), and stock options on a straight-line basis over the requisite service period in the consolidated statements of operations and comprehensive income (loss).

The fair value of RSUs and RSAs is based on the closing price of Owlet's common stock on the grant date. The fair value of stock options and purchase rights under our Employee Stock Purchase Plan ("ESPP") are measured at fair value on the date of grant using the Black-Scholes option pricing model, which requires assumptions and judgments. The Company accounts for forfeitures as they occur.

The assumptions and judgments for stock options valuation included, but were not limited to the following:

- Expected term — The estimate of the expected term of awards was determined in accordance with the simplified method, which estimates the term based on an averaging of the vesting period and contractual term of the option award grant.
- Expected volatility — Since the Company did not have sufficient historical data on the volatility of its ordinary stock, the expected volatility was based on the volatility of similar entities for a period consistent with the expected term of the award. In evaluating similarity, the Company considered factors such as industry, stage of life cycle, and size.
- Risk-free rate — The estimate of the risk-free rate is based on the average of the published applicable year US Treasury Bond rates, as of the date of grant, to align with the expected life.

Advertising

Advertising costs are expensed as incurred and are included in sales and marketing expenses in the consolidated statements of operations and comprehensive loss. Advertising expenses were $10,558 and $7,290 for the years ended December 31, 2025 and December 31, 2024, respectively.

Warrant Liability

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480 and ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own shares of common stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-operating gain or loss in the consolidated statements of operations and comprehensive income (loss). Refer to Note 10 for further discussion on fair value considerations.

Redeemable Shares

In connection with the Loan Facility Agreement with WTI (see Note 6 for further discussion), the Company issued redeemable shares of common stock to WTI. The shares issued to WTI contain an embedded redemption option (the "Redemption Option") such that

WTI may elect to force the Company to redeem the shares that are no longer subject to forfeiture for a price of $8.40 per share. Because the shares are redeemable at the option of the WTI Funds, the shares are recorded in mezzanine equity on the consolidated balance sheets.

The redeemable shares of common stock were initially recorded at their fair value determined using a combination of the value of the Company's common stock on the date of issuance and the theoretical value of a stand-alone put option valued using a Black-Scholes put option model discounted by a present value factor that considers the credit spread between an estimated company specific discount rate and the risk-free rate of return.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Company utilizes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. Classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument,
- Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

The carrying value of the Company's accounts receivable, accounts payable, accrued expenses, short-term debt approximate their fair value due to the short period of time to maturity or repayment.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the book and tax basis of assets and liabilities. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income tax assets are reviewed periodically for recoverability, and valuation allowances are provided when it is more likely than not that some or all of the deferred income tax assets may not be realized.

The Company believes that it has appropriate support for the income tax positions taken on its tax returns, and that its accruals for tax liabilities are adequate for all open tax years, which include 2014 through 2025, based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. Uncertain tax positions are recorded when it is more likely than not that a given tax position would not be sustained upon examination by taxing authorities. The Company's policy for recording interest and penalties related to income taxes, including uncertain tax positions, is to record such items as a component of the provision for income taxes. The Company files income tax returns in the U.S. federal jurisdiction and certain state and local jurisdictions.

Net Loss per Share

Basic and diluted net loss per share of common stock and redeemable common stock is presented in conformity with the two-class method required for participating securities. Under the two-class method, net loss is allocated to each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires net income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company considers its convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the convertible preferred stock as the holders of the Company's convertible preferred stock do not have a contractual obligation to share in the Company's losses.

The Company has redeemable common stock and non-redeemable common stock. The consolidated statements of operations and comprehensive income (loss) include a presentation of income (loss) per redeemable share and income (loss) per non-redeemable share following the two-class method of income per share. Income and losses are shared pro rata between the two classes of shares. Net (loss) income per common share is calculated by dividing the net (loss) income by the weighted average shares of common stock outstanding for the respective period. For a period in which the Company reports a net loss, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Litigation Accounting

From time to time, the Company may be involved in legal and administrative proceedings and claims of various types. The Company records a liability in its consolidated financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. Management reviews these estimates in each accounting period as additional information becomes known and adjusts the loss provision when appropriate. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in the consolidated financial statements. If a loss is probable but the amount of loss cannot be reasonably estimated, the Company discloses the loss contingency and an estimate of possible loss or range of loss (unless such an estimate cannot be made). The Company does not recognize gain contingencies until they are realized. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires, among other things, additional disclosures primarily related to the income tax rate reconciliation and income taxes paid. The expanded annual disclosures are effective for our year ending December 31, 2025, and the Company adopted this standard prospectively. While the adoption of this standard did not have a material impact on the Company's consolidated financial statements, additional disclosures are included in Note 11.

Recently Issued Accounting Guidance

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses. The standard is intended to require more detailed disclosures about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact this standard will have on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, which amended the guidance in ASC 326 to simplify the estimation of credit losses on accounts receivable and contract assets from revenue transactions. The amended guidance allows companies to elect a practical expedient to assume that conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when estimating the expected credit losses of the asset. This update is effective for annual periods beginning after December 15, 2025 and interim periods within those annual periods. Early adoption of this guidance is permitted. Companies that elect the practical expedient are required to apply the amendments prospectively. The Company is currently assessing the timing of adopting this amended guidance and the impact it will have on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amended guidance modernizes the accounting for costs related to internal-use software to more closely align with current software development methods. The guidance removes references to project stages and clarifies when we are required to start capitalizing eligible costs. The new guidance is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The guidance can be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. The Company is currently assessing the impact this amended guidance will have on its consolidated financial statements and related disclosures.

Recent Tax Legislation

The One Big Beautiful Bill Act of 2025 (the “OBBBA”) was signed into law on July 4, 2025. The OBBBA makes changes to the U.S. corporate income tax, including reinstating the option to claim 100% accelerated depreciation deductions on qualified property, with retroactive application beginning January 20, 2025, and immediate expensing of domestic research and development costs, with retroactive application beginning January 1, 2025. The Company determined that the OBBBA did not have a material impact on the consolidated financial statements for the year ended December 31, 2025. The Act includes multiple effective dates, with certain provisions effective in 2026 and 2027. The Company will continue to evaluate the impact of these provisions on our 2026 and subsequent financial statements.

Note 3. Certain Balance Sheet Accounts

Restricted Cash

The Company's restricted cash includes cash held in escrow accounts related to litigation settlements. Under the terms of the *Butala* action settlement agreement (see Note 7), the Company deposited funds into a dedicated escrow account pending final court approval of the settlement and the completion of the claims administration process. The Company's restricted cash also includes cash collateral to secure its current credit card borrowings. Cash as reported on the consolidated statements of cash flows includes the aggregate amounts of cash, cash equivalents, and restricted cash as shown on the consolidated balance sheets and consists of the following:

	December 31,	
	2025	2024
Reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets:		
Cash and cash equivalents	$ 35,461	$ 20,245
Restricted cash:		
Litigation settlement escrow	5,250	—
Cash collateral - credit card facility	300	386
Total cash, cash equivalents, and restricted cash	$ 41,011	$ 20,631

Allowance for Credit and Other Losses

The Company records its accounts receivable at sales value and maintains an allowance for its current estimate of expected credit losses from customers. Provisions for expected credit losses are estimated based on historical experience, assessment of specific risk, review of outstanding invoices, and forecasts about the future. The Company establishes specific reserves for customers in an adverse financial condition and adjusts for its expectations of changes in conditions that may impact the collectability of outstanding receivables.

Changes in the Company's allowance for credit and other losses were as follows:

	Year Ended December 31,	
	2025	2024
Beginning balance	$ 653	$ 3,322
Charges to expense	160	(193)
Charges to revenue	7	38
Write-offs	(97)	(2,514)
Ending balance	$ 723	$ 653

Write-offs for the year ended December 31, 2024 related to a settlement agreement with a former retailer for past due receivables which had previously been charged to the provision for credit losses in a prior period. A benefit was recognized to charges to expense during the year ended December 31, 2024, which represented a partial recovery of the past due receivables in connection with the settlement.

Inventory

Details of inventory were as follows:

	December 31,	
	2025	2024
Raw materials	$ 330	$ 100
Finished goods	14,961	10,423
Total inventory	$ 15,291	$ 10,523

Prepaid expenses and other current assets

For the year ended December 31, 2025, a write-off of $347 related to a prepaid deposit for materials determined to have no alternative future use in the Company's research and development efforts was recorded within research and development expenses.

Property and Equipment, net

Property and equipment consisted of the following:

	December 31,	
	2025	**2024**
Tooling and manufacturing equipment	$ 2,249	$ 2,618
Computer equipment	455	322
Furniture and fixtures	194	289
Software	46	106
Leasehold improvements	3	35
Total property and equipment	2,947	3,370
Less: accumulated depreciation and amortization	(2,652)	(3,268)
Property and equipment, net	$ 295	$ 102

Depreciation and amortization expense on property and equipment was $114 and $306 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the Company allocated $67 and $281, respectively, of depreciation and amortization expense related to tooling and manufacturing equipment within cost of revenues on the consolidated statements of operations and comprehensive income (loss). The remaining depreciation and amortization expense related to property and equipment was recorded within general and administrative expenses.

Intangible Assets, net

The carrying amounts of intangible assets consisted of the following:

	December 31, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks and patents	$ 778	$ (434)	$ 344
Internally developed software	1,447	(400)	1,047
Total intangible assets	$ 2,225	$ (834)	$ 1,391

	December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks and patents	$ 677	$ (346)	$ 331
Internally developed software	725	(81)	644
Total intangible assets	$ 1,402	$ (427)	$ 975

Amortization expense of intangible assets was $407 and $147 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the Company recorded $319 and $81, respectively, of amortization expense related to internally developed software within cost of revenues on the consolidated statements of operations and comprehensive income (loss). The remaining amortization expense related to trademarks and patents was recorded within general and administrative expenses.

As of December 31, 2025, the estimated future amortization expenses and reconciliation to total intangible assets consisted of the following:

Year Ended December 31,	Amount
2026	$ 466
2027	374
2028	127
2029	31
2030	23
Thereafter	41
Total future amortization expenses	$ 1,062
Intangible assets not yet subject to amortization	329
Total intangible assets	$ 1,391

In 2021, the Company began work on an internally developed software project and during 2021 and 2022 total costs of $1,873 were capitalized within intangible assets on the balance sheet. Due to financial constraints the Company was experiencing in 2022, work on the project was paused and each subsequent period the Company reconsidered the probability that the project would be resumed when the Company's financial condition allowed, and whether any technological developments had changed the prospects for the project's eventual success and recovery of the carrying amount of the asset. Because the software was still in development and not ready for general release the Company did not recognize any amortization for the year ended December 31, 2024.

In September of 2024, the Company made the decision to extend the pause of this particular software development project indefinitely, indicating that the carrying amount of the asset was unlikely to be recoverable. The Company recognized $1,873 of impairment charges during the year ended December 31, 2024, to fully impair that particular internally developed software project, which was recorded within general and administrative expenses on the consolidated statement of operations and comprehensive income (loss). Impairment charges related to other intangible assets were $46 and $24 for the years ended December 31, 2025 and 2024, respectively.

Accrued and Other Expenses

Accrued and other expenses consisted of the following:

	December 31,	
	2025	**2024**
Accrued payroll	$ 4,206	$ 3,639
Accrued sales discounts	3,881	1,773
Accrued sales returns	1,415	902
Accrued legal settlements	5,998	5,343
Other	3,927	4,721
Total accrued and other expenses	$ 19,427	$ 16,378

Changes in accrued warranty were as follows:

	Year Ended December 31,	
	2025	**2024**
Accrued warranty, beginning of period	$ 291	$ 782
Settlements of warranty claims during the period	(898)	(754)
Provision for warranties issued during the period	710	1,615
Changes in provision for pre-existing warranties	254	(1,352)
Accrued warranty, end of period	$ 357	$ 291

Note 4. Leases

Leases are determined at inception by assessing whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Owlet's leases consist of a lease for corporate offices and has a remaining lease term of 1.3 years with options for renewal. Renewal and termination options have not been included in the lease term, as it is not reasonably certain that such options will be exercised. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Owlet uses its incremental borrowing rate, based on the information available at the lease commencement date, to determine the present value of lease payments. There were no finance leases during the years ended December 31, 2025 and December 31, 2024.

Income from subleased properties is recognized on a straight-line basis and presented as a reduction of costs, allocated among operating expense line items in the Company’s consolidated statements of operations and comprehensive income (loss). In addition to sublease rent, variable non-lease costs such as common area maintenance and utilities are charged to subtenants over the duration of the lease for their proportionate share of these costs. These variable non-lease income receipts are recognized in operating expenses as a reduction to costs incurred by the Company in relation to the head lease.

The following table summarizes the Company's right-of-use assets, liabilities, and other information about the Company's leases (dollars in thousands):

	December 31,	
	2025	2024
Right of use assets, net	$ 69	$ 138
Accrued and other expenses	$ 63	$ 83
Other long-term liabilities	24	87
Total lease liabilities, net	$ 87	$ 170
Weighted average remaining lease term	1.3 years	2.1 years
Weighted average discount rate	14.5%	13.5%

Operating lease costs are recognized on a straight-line basis over the lease term. Total operating lease costs were $90 and $998 for the years ended December 31, 2025 and 2024, respectively, which included immaterial amounts related to short-term and variable lease costs.

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities	$ 100	$ 1,178
Right of use assets obtained in exchange for new operating lease liabilities	—	130

The following table shows the future maturities of lease liabilities for leases in effect as of December 31, 2025:

Year Ended December 31,	Amount
2026	$ 71
2027	24
Total lease payments	95
Less: imputed interest	(8)
Total	$ 87

As of December 31, 2025, the Company had no sublease arrangements, as all sublease agreements ended in 2024. The Company recognized sublease income of $0 and $765 for the years ended December 31, 2025 and 2024, respectively.

Note 5. Deferred Revenues

Deferred revenues relate to performance obligations for which payments are received from customers prior to the satisfaction of the Company's obligations to its customers. Deferred revenues primarily consist of amounts allocated to the mobile application, unspecified upgrade rights, added features, bug fixes, content, and subscription services and are recognized over the service period of the performance obligations, which ranges from 1 to 27 months.

The Company recognized $1,374 and $1,134 of revenue during the years ended December 31, 2025 and 2024, respectively, that was included in the deferred revenue balance at the beginning of the respective period. Revenue for the year ended December 31, 2025 included a reduction of revenue of $451 relating to the correction of immaterial misstatements from previous periods. Revenue for the year ended December 31, 2024 included $330 relating to the correction of immaterial misstatements from previous periods.

Note 6. Debt and Other Financing Arrangements

The Company's indebtedness consisted of the following:

	December 31,	
	2025	2024
Term loan facility payable to WTI, net	$ 5,609	$ 4,819
Line of credit	6,932	6,263
Financed insurance premium	489	615
Total debt	13,030	11,697
Less: current portion	(10,567)	(7,366)
Total long-term debt, net	$ 2,463	$ 4,331

The carrying value of the Company's long-term debt, net approximate its fair value.

WTI Loan Facility

On September 11, 2024, (the "Effective Date"), OBCI, as the borrower, entered into a Loan Facility Agreement (the "Loan Facility Agreement") with WTI Fund X, Inc. and WTI Fund XI, Inc. (collectively, "WTI") for a term loan facility of up to $15,000 (the "WTI Loan Facility").

The WTI Loan Facility consists of two tranches. The first tranche of $10,000 was available at closing and through September 30, 2024, with $2,500 of the first tranche availability extendable until December 31, 2024 (the "First Tranche Commitment"). The second tranche of $5,000 (the "Second Tranche Commitment," or together with the First Tranche Commitment, the "Loan Commitments") per the initial Loan Facility Agreement was available through August 15, 2025 and upon achievement of (a) at least $48,600 in revenue for the period that commenced October 1, 2024 and ended June 30, 2025 (the "Second Tranche Condition Period"), (b) total cash burn during the Second Tranche Condition Period not to exceed $600 for such period, (c) receipt by the Company of at least $6,000 of net proceeds from an equity financing during a period commencing on the closing date and ending on the second tranche borrowing date, and (d) receipt by WTI of the Company's then-current, board-approved operating and financing plan to WTI's satisfaction, as well as compliance with certain reporting conditions. As of December 31, 2025, the Company was in compliance with all covenants under the WTI Loan Facility.

The Company initiated its first drawdown under the WTI Loan Facility of $7,500 (the "Initial Loan") shortly after finalizing the Loan Facility Agreement in September 2024. WTI and the Company agreed to extend the remaining $2,500 of the First Tranche Commitment until March 31, 2025. The Company ultimately elected not to draw on the remainder of the First Tranche Commitment and, as a result, 62,500 unvested shares of the redeemable common stock described below were forfeited on March 31, 2025. In July 2025, WTI granted a 90-day extension to make the Second Tranche Commitment available through November 13, 2025. The terms of the Loan Facility Agreement were otherwise not modified in connection with the extension. The Company ultimately elected not to draw on the Second Tranche Commitment and, as a result, 125,000 unvested shares of redeemable common stock were forfeited on November 13, 2025.

Interest on the outstanding principal amounts under the WTI Loan Facility accrues at a rate per annum equal to the sum of the prime rate plus 3.5%, with a floor of 12%. Commencing on November 1, 2025 through maturity on January 1, 2028, the Company is required to make monthly interest and principal payments. Loans under the WTI Loan Facility also accrue 2.5% in payment-in-kind interest ("PIK Interest") compounded monthly, and PIK Interest payments will be due and payable upon maturity of the loans. The interest rate on the outstanding principal amounts under the WTI Loan Facility for the year ended December 31, 2025 was 12%. Accrued coupon interest and accrued payment-in-kind interest ("PIK interest") are recorded within accrued and other expenses and within long-term debt, net, respectively on the consolidated balance sheets.

As partial consideration for the availability and funding of the WTI Loan Facility, the Company and WTI Fund X, LLC ("Fund X") and WTI Fund XI, LLC ("Fund XI", and together with Fund X, the "WTI Funds") entered into a Stock Issuance Agreement (the "WTI Stock Issuance Agreement"), dated as of the Effective Date. Pursuant to the WTI Stock Issuance Agreement, the Company issued to the WTI Funds an aggregate of 750,000 shares of redeemable common stock on the Effective Date, of which 187,500 shares of the redeemable common stock have been forfeited as described above.

The shares issued to WTI pursuant to the WTI Stock Issuance Agreement contain an embedded redemption option (the "Redemption Option") such that WTI may elect to force the Company to redeem the shares that are no longer subject to forfeiture for a price of $8.40 per share. The Redemption Option may be exercised in whole or in part, at any time, from time to time, during the period commencing on the first trading day following the fifth anniversary of the Effective Date and continuing through the date which is 10 years after the Effective Date, subject to certain acceleration provisions set forth in the WTI Stock Issuance Agreement. Because the shares are redeemable at the option of the WTI Funds, the shares are recorded in mezzanine equity on the consolidated balance sheets. The redeemable common shares were initially recorded at their fair value of $7.66 per share, which was an aggregate value of $4,308. The value of the redeemable common shares was determined using a combination of the value of the Company's stock on the date of issuance and the theoretical value of a stand-alone put option valued using a Black-Scholes put option model discounted by a present

value factor that considers the credit spread between an estimated Company specific discount rate and the risk-free rate of return. Because the shares are required to be redeemed at the option of WTI, based solely on the passage of time, and provided WTI did not elect to otherwise sell or transfer the shares beforehand, the carrying value of the shares will accrete to their redemption value of $8.40 per share from the issuance date through September 11, 2029, the date the Redemption Option first becomes exercisable.

The Company allocated the lender fees (including the fair value of the vested shares) and third-party debt financing costs between the Initial Loan and the remaining, undrawn Loan Commitments. The costs allocated to the Initial Loan are accounted for as a discount and will be amortized across the term of the Initial Loan using the effective interest method. The costs allocated to the remaining, undrawn Loan Commitments were accounted for as loan commitment assets, which were amortized to interest income (expense), net using the straight-line method over the commitment periods, due to uncertainty about the Company's intent to access the Loan Commitments. The unamortized portion of the loan commitment assets was $0 and $809 as of December 31, 2025 and 2024, respectively, and is recorded within Other assets on the consolidated balance sheets.

The Company recognized $1,087 and $256 of interest expense related to the amortization of debt financing costs of the WTI Loan Facility and $809 and $764 of interest expense related to the amortization of the loan commitment assets during the years ended December 31, 2025 and December 31, 2024, respectively.

Details of the WTI Loan Facility were as follows:

	December 31,	
	2025	**2024**
Principal outstanding	$ 7,012	$ 7,500
Unamortized debt financing costs	(1,652)	(2,739)
Accrued PIK Interest	249	58
Net carrying value	$ 5,609	$ 4,819

ABL Line of Credit

On September 11, 2024, the Company, as guarantor, and its wholly-owned subsidiary, Owlet Baby Care, Inc. ("OBCI"), as borrower, entered into a credit and security agreement (the "Credit Agreement") with the financial institutions party thereto from time to time as lenders (collectively the "Lenders") and ABL OPCO LLC, a Delaware limited liability company, in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

The Credit Agreement provides for an asset-based revolving credit line (the "ABL Line of Credit") with an initial maximum principal amount of up to $15,000, which increased to $20,000 on September 11, 2025 (the "Revolving Commitment"). The ABL Line of Credit is collateralized by substantially all of the Company's assets. Loans and other obligations under the Credit Agreement bear interest at a rate per annum equal to the 1-month Secured Overnight Financing Rate (subject to a floor of 3.5%) plus a margin, which varies between 7.5% and 8.5% depending on the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA"), provided that the interest rate shall not exceed the maximum rate permitted under applicable law.

On December 31, 2025, there was $6,932 of outstanding borrowings under the Credit Agreement, which is recorded as a current liability on the consolidated balance sheet based on the Company's intent and ability to repay the outstanding borrowings in the near term. The remaining borrowing base availability under the Credit Agreement was $9,897 as of December 31, 2025

The ABL Line of Credit matures on September 10, 2027 (the "Maturity Date"). If for any reason the Credit Agreement is terminated or all outstanding loans and other obligations are paid in full and the ABL Line of Credit is terminated before the Maturity Date, the Company will be obligated to pay a prepayment fee equal to a percentage of the then-current Revolving Commitment, which percentage decreases on certain anniversary of the closing date.

The Credit Agreement contains representations, warranties, covenants, and events of default customary for agreements of this type. On June 11, 2025, the Company and OBCI, entered into a First Amendment to the Credit Agreement (the "First Amendment") with the Lenders and the Administrative Agent. The First Amendment amends the Credit Agreement to (among other things) (i) modify certain financial covenants, including EBITDA covenants, required to be maintained by OBCI, (ii) increase the amount of capital expenditures that may be incurred by OBCI during certain fiscal years, and (iii) expand the eligibility of certain accounts receivable that OBCI can borrow against. Apart from the aforementioned changes, no modifications were made to other covenants, including the liquidity covenant. The liquidity covenant requires the Company to maintain liquidity of $4,000. Liquidity is defined as the sum of (x) Undrawn Availability, as defined in the Credit Agreement, on the asset-based line of credit, plus (y) unrestricted cash and funds held in deposit accounts. In addition, if the liquidity falls below $9,000, the Company is then subject to a minimum trailing-twelve-months EBITDA covenant as defined in the Credit Agreement. As of December 31, 2025, the Company was in compliance with all covenants under the Credit Agreement.

The unamortized portion of debt financing costs related to the Credit Agreement as of December 31, 2025 and December 31, 2024 was $525 and $657 respectively, and is recorded as a loan commitment asset within other assets on the consolidated balance sheets. These costs are amortized straight-line over the term of the Credit Agreement and recorded within interest income (expense), net on the consolidated statements of operations and comprehensive income (loss).

The Company recognized $259 and $74 of interest expense related to the amortization of the loan commitment assets during the year ended December 31, 2025 and December 31, 2024, respectively.

Financed Insurance Premiums

In 2025, the Company renewed a number of its insurance policies and entered into several new short-term commercial premium finance agreements with premium finance companies totaling $886 to be paid within one year, accruing interest at a weighted average rate of 8.4% As of December 31, 2025, the remaining principal balance on the combined financed insurance premiums was $489.

Future Aggregate Maturities

As of December 31, 2025, future aggregate maturities of the WTI Loan Facility and Financed Insurance Premium payables were as follows:

Year Ended December 31,	Amount
2026	$ 3,635
2027	3,550
2028	565
Total	$ 7,750

Note 7. Commitments and Contingencies

Purchase and Other Obligations

The Company entered into a services and license agreement for cloud platform services in June 2024. The Company has a purchase obligation of $6,739 to be paid over a 48-month period beginning in June 2024 and $3,172 remains to be paid at December 31, 2025.

In February 2023, the Company entered into an agreement with a significant vendor to pay $3,000 of interest over 36 months with respect to past due payables. The present value of the future payments was expensed and included within interest expense, net. In January 2024, the agreement was amended and the schedule of interest payments was modified from 36 months to 28 months, but the amount of interest payable was unchanged. In September 2024, the agreement was amended again, allowing the Company to terminate the agreement with a final interest payment of $623, which was then fully settled in September 2024. The reduction in the total cumulative payment to $2,206 resulted in the Company recording a reduction of interest expense at termination of $508.

Litigation

The Company is involved in legal proceedings from time to time arising in the normal course of business. While any outcome related to such legal proceedings cannot be predicted with certainty, other than the matters discussed below, the Company believes that the outcome of these proceedings will not have a material impact on the Company's financial position, results of operations, or liquidity.

In November 2021, two putative class action complaints were filed against the Company in the U.S. District Court for the Central District of California, the first captioned *Butala v. Owlet, Inc*., Case No. 2:21-cv-09016, and the second captioned *Cherian v. Owlet, Inc*., Case No. 2:21-cv-09293. Both complaints alleged violations of the Securities Exchange Act of 1934 ("Exchange Act") against the Company and certain of its officers and directors on behalf of a putative class of investors who: (a) purchased the Company's common stock between March 31, 2021 and October 4, 2021 ("Section 10(b) Claims"); or (b) held common stock in Sandbridge Acquisition Corporation ("SBG") as of June 1, 2021, and were eligible to vote at SBG's special meeting held on July 14, 2021 ("Section 14(a) Claims"). Both complaints allege, among other things, that the Company and certain of its officers and directors made false and/or misleading statements and failed to disclose certain information regarding the FDA's likely classification of Smart Sock as a medical device requiring marketing authorization.

On September 8, 2023, the Court ruled that while the *Butala* and *Cherian* cases were consolidated, there would be two distinct and separate classes to represent the Section 10(b) Claims and Section 14(a) Claims, respectively, and appointed lead plaintiffs and lead counsel for each class. Amended complaints were filed for each class on November 21, 2023, and then further amended in consolidated filings on December 22, 2023. The Company filed motions to dismiss the complaints on February 9, 2024 on behalf of itself and the named officers and directors. The plaintiffs filed oppositions to the motions to dismiss on March 24, 2024, and the Company filed replies in support of the motions to dismiss on May 10, 2024. On August 5, 2024, the Court denied Owlet's and its officers' motions to dismiss the Section 10(b) Claims and the Section 14(a) Claims. On September 24, 2024, the Court entered a

scheduling order in the case, setting trial to begin on February 17, 2026. On September 26, 2024, the Court granted Owlet's and its officers' motion for reconsideration regarding the Section 10(b) Claims and dismissed all claims arising out of statements made prior to the merger.

Following mediation, the parties to the *Butala* action reached agreements in principle to settle both the Section 10(b) Claims and the Section 14(a) Claims. The Section 10(b) Claims would be resolved for $3,500 and the Section 14(a) Claims would be resolved for $1,750. On January 31, 2025, the plaintiffs filed motions seeking preliminary approval of the settlements of the Section 10(b) Claims and Section 14(a) Claims. On September 15, 2025, the Court granted preliminary approval of the settlement of the Section 14(a) Claims. On September 29, 2025, the Court granted preliminary approval of the settlement of the Section 10(b) Claims. A final fairness hearing on both settlements was originally scheduled for February 6, 2026, and was subsequently rescheduled by the Court to February 25, 2026. The fairness hearing was held on February 25, 2026, and final approval of the settlements remains pending. In accordance with ASC 450, as these amounts became probable and estimable, the Company recognized $5,250 of general and administrative expense in the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2024 and the related liability was recorded in accrued and other expenses on the consolidated balance sheet at December 31, 2024. In October 2025, the Company paid cash in full settlement for both the Section 14(a) Claims and the Section 10(b) Claims and paid out the amounts to the escrow agent required for their resolution. The Company paid $3,500 cash in full settlement of the Section 10(b) Claims. In relation to the Section 14(a) Claims, the Company paid $591 in cash, while the Company's insurance provider contributed the other $1,159, in full settlement of the Section 14(a) Claims. The insurance portion of this settlement was recorded as an insurance loss recovery in general and administrative expense on the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2025. For both the Section 10(b) Claims and the Section 14(a) Claims, the total cash paid to the escrow agent was $5,250, which includes the amount paid by the Company's insurance provider, and was classified as restricted cash as of December 31, 2025. The related liability is recorded in accrued and other expenses on the consolidated balance sheet as of December 31, 2025.

Further, on August 26, 2024 and October 3, 2024, investors filed in the U.S. District Court for the Central District of California, derivatively on behalf of the Company, complaints asserting claims for violations of Section 14(a) of the Exchange Act, as well as state law claims, including breach of fiduciary duty, unjust enrichment and waste of corporate assets. One complaint (captioned *Janet Vargas, Derivatively on Behalf of Nominal Defendant Owlet, Inc.*, Case No. 2:24 cv-07258-FLA-PVC) asserts claims against twelve of the Company's current or former directors and officers and six current or former directors and officers of Sandbridge Acquisition Corporation. The other (captioned *Nathan Capleton, Derivatively on Behalf of Nominal Defendant Owlet, Inc.*, Case No. 2:24 cv-08536-JAK-MAA) asserts claims against eleven of the Company's current or former directors. Both complaints leverage the allegations made in one of the securities class action complaints. Neither complaint specifies the damages claimed in the action.

On December 13, 2024, these two complaints were consolidated into a single action captioned *Vargas v. Workman, et al.*, No. 2:24-cv-07258-FLA (C.D. Cal.) On February 7, 2025, the plaintiffs filed an amended consolidated complaint asserting the claims previously made in the two derivative complaints. The parties in the Vargas action reached agreements in principle to settle, and plaintiffs filed a joint Notice of Settlement with the Court on March 3, 2025. On March 6, 2025, the Court vacated deadlines in the Vargas action in light of the plaintiffs' settlement notice, and set April 2, 2025 as the deadline for plaintiffs to file a motion for preliminary approval of the settlement. On March 31, 2025, the plaintiffs filed a joint stipulation with the Court to extend that deadline to April 9, 2025. The Court so ordered the stipulation on April 2, 2025, and the plaintiffs filed the motion for preliminary approval of the settlement on April 9, 2025. On September 10, 2025, the Court granted preliminary approval of the settlement. A final fairness hearing on the settlement was originally scheduled for February 6, 2026, and was subsequently rescheduled by the Court to February 25, 2026. The fairness hearing was held on February 25, 2026, and final approval of the settlement remains pending. The parties have agreed to specific corporate governance reforms Owlet would implement and to an unopposed request to the Court for $675 in attorneys' fees for securing such reforms.

In accordance with ASC 450, as these amounts have become probable and estimable, the Company recorded $675 of general and administrative expense on the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2025. The related liability is recorded in accrued and other expenses on the consolidated balance sheet as of December 31, 2025. The Company expects to pay this expense in the first quarter of 2026.

Indemnification

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless, and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has never incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by Delaware corporate law. The Company currently has directors' and officers' insurance coverage that may reduce its exposure and enables the Company to recover a portion of any future amounts paid.

Note 8. Stock-based Compensation

2021 Incentive Award Plan

Effective February 12, 2021, the Board of Directors approved the adoption of the 2021 Incentive Award Plan (as amended, the "2021 Plan") as a successor to the 2014 Equity Incentive Plan (the "2014 Plan"), which permits the Company to grant options, stock appreciation rights, restricted stock, restricted stock units, performance bonus, performance stock unit, dividend equivalents, or other stock or cash based awards to employees, directors, or consultants. Shares remaining for issuance, forfeited, expired, or other manner available to issue under terms of the 2014 Plan roll over to and become available for awards under the 2021 Plan. As of December 31, 2025, 4,150,369 shares were authorized for issuance under the 2021 Plan. In addition, the shares authorized for the 2021 Plan may be increased on an annual basis beginning January 1, 2022, in an amount equal to 5% of the outstanding common stock on the last day of the immediately preceding fiscal year for a period of 10 years.

As of December 31, 2025, a total of 2,805,976 shares of common stock are reserved for issuance and 168,331 shares are available for future grants under the 2021 Plan.

Employee Stock Purchase Plan

On January 1, 2022, the Company began offering an ESPP. The ESPP allows eligible employees to contribute a portion of their eligible earnings toward the semi-annual purchase of the Company's shares of common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the lower closing stock price on the first or last day of the six-month purchase period.

Stock Options

The following is a summary of stock option information and weighted average exercise prices:

	Year Ended December 31,			
	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at January 1	427,555	$ 17.02	463,168	$ 16.03
Granted	—	—	—	—
Exercised	(72,913)	4.16	(33,963)	4.21
Canceled/Forfeited	(93,176)	41.96	(1,650)	4.21
Expired	(24,245)	99.82	—	—
Outstanding at December 31	237,221	2.71	427,555	17.02
Exercisable at December 31	237,221	$ 2.71	427,040	$ 16.92

The grant date fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model.

Stock-based compensation expense related to options was $1 and $898 during the years ended December 31, 2025 and December 31, 2024, respectively. Generally, employees are subject to four year vesting terms of 25% after one year and monthly thereafter, with a maximum term of 10 years.

The intrinsic value of a stock option is the amount by which the current market value of the underlying stock exceeds the exercise price of the option. The total intrinsic value of options exercised was $247 during 2025 and $11 during 2024. At December 31, 2025, options outstanding, vested, and exercisable had an intrinsic value of $3,198 with a weighted average remaining life of 1.9 years. At December 31, 2024, options outstanding, vested, and exercisable had an intrinsic value of $442 with a weighted average remaining life of 3.5 years.

The total grant date fair value of options vested during 2025 and 2024 was $29 and $377, respectively. No options were granted during the years ended December 31, 2025 and December 31, 2024. Cash received from stock options exercised during 2025 and 2024 was $304 and $143, respectively.

Restricted Stock Units

The following is a summary of RSU information and weighted average grant date fair values for the Company's RSUs:

	Year Ended December 31,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Unvested at January 1	1,451,643	$ 5.84	1,464,073	$ 7.64
Granted	1,210,885	8.27	1,338,850	4.62
Vested	(404,189)	8.96	(868,981)	7.08
Canceled/Forfeited[1]	(64,584)	5.54	(482,299)	5.71
Unvested at December 31	2,193,755	$ 6.71	1,451,643	$ 5.84

[1] *Includes 352,093 RSUs converted to RSAs in 2024, accounted for as a cancellation of RSUs with a replacement award of RSAs.*

RSUs are valued at the market value on the date of grant and compensation expense for employees is expensed over the vesting period. RSUs are generally subject to a four year vesting term with 25% vesting after one year and quarterly thereafter, or on a two year vesting term with 50% after one year and the remaining after the second year, or a one year vesting term with 100% after one year, depending on grant reason. RSU grants to directors typically vest at the earlier of one year from the date of grant or the next annual shareholder meeting and, in certain circumstances, vest immediately.

Stock-based compensation expense related to RSU grants was $8,376 and $7,133 during the years ended December 31, 2025 and December 31, 2024, respectively. The aggregated fair value of RSUs granted during the years ended December 31, 2025 and 2024 was $10,014 and $6,192, respectively. The aggregated fair value of RSUs vested during the years ended December 31, 2025 and 2024 was $3,621 and $6,154, respectively.

Restricted Stock Awards

The following is a summary of RSA information and weighted average grant date fair values for the Company's RSAs:

	Year Ended December 31,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Unvested at January 1	326,153	$ 0.39	—	$ —
Granted	—	—	387,309	0.40
Vested	(326,153)	0.39	(61,156)	0.40
Forfeited	—	—	—	—
Unvested at December 31	—	$ —	326,153	$ 0.39

During the year ended December 31, 2024, the Company modified certain RSU awards for 11 employees and exchanged the RSUs previously granted for RSAs that vest within six months of the date of modification. The RSAs are valued at the market value on the date of grant. There were no RSAs granted for the year ended December 31, 2025.

As a result of the modification, the Company recognized $45 and $108 of incremental stock-based compensation expense during the year ended December 31, 2025 and December 31, 2024. The aggregated incremental fair value of RSAs vested during the year ended December 31, 2025 and December 31, 2024 was $129 and $24, respectively.

Performance Stock Units

The following is a summary of PSU information and weighted average grant date fair values for the Company's PSUs:

	Year Ended December 31,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Unvested at January 1	56,391	$ 36.40	71,428	$ 36.40
Granted	375,000	11.96	—	—
Vested	(14,098)	36.40	—	—
Forfeited	(42,293)	36.40	(15,037)	36.40
Unvested at December 31	375,000	$ 11.96	56,391	$ 36.40

The PSU awards function in the same manner as restricted stock units except that vesting terms are based on achievement of performance measures, such as the achievement of certain cumulative net revenue targets. PSUs are recognized as expense following a graded vesting schedule with their performance re-assessed and updated on a quarterly basis, or more frequently as changes in facts and circumstances warrant.

Stock-based compensation expense related to PSU grants was $569 and $74 during the years ended December 31, 2025 and December 31, 2024, respectively. The aggregated fair value of PSUs granted during the year ended December 31, 2025 was $4,485. The aggregated fair value of PSUs vested during the year ended December 31, 2025 was $513. There were no PSU grants or PSUs that vested during the year ended December 31, 2024.

Summary of Employee Stock Purchase Plan Shares

Employees purchased 71,160 shares at an average price of $3.62 during the year ended December 31, 2025, and 59,325 shares at an average price of $3.71 during the year ended December 31, 2024. The intrinsic value of shares purchased was $234 and $51, respectively, for the years ended December 31, 2025 and 2024. The intrinsic value is calculated as the difference between the market value on the date of purchase and the purchase price of the shares.

Stock-based Compensation Expense

Total stock-based compensation was recognized as follows:

	Year Ended December 31,	
	2025	2024
General and administrative	$ 5,613	$ 5,148
Sales and marketing	1,583	1,540
Research and development	2,152	1,945
Total stock-based compensation	$ 9,348	$ 8,633

As of December 31, 2025, the Company did not have any unrecognized stock-based compensation costs related to non-vested options or RSAs, $8,581 of unrecognized stock-based compensation costs related to unvested RSUs that will be recognized over a weighted average period of 0.95 years, and $3,538 of unrecognized stock-based compensation costs related to unvested PSUs that will be recognized over a weighted average period of 2.2 years.

For the years ended December 31, 2025 and 2024, the Company capitalized $97 and $86, respectively, of stock-based compensation attributable to internally developed software.

Note 9. Common Stock Issuance, Redeemable Common Stock, Common Stock Warrants, and Convertible Preferred Stock

October 2025 Offering

On October 23, 2025, the Company completed an underwritten public offering in which it issued and sold 4,196,000 shares of its common stock at a price of $7.15 per share. Subsequently, the underwriters exercised their over-allotment option for an additional 629,400 shares, which settled after the initial closing and increased the total shares issued in the offering to 4,825,400. From this offering, the Company received net proceeds of $32,109 after deducting underwriting discounts and commissions.

The offering expenses with third parties were $639, of which $0 in issuance costs that were unpaid as of December 31, 2025. The issuance costs associated with the October 2025 Offering were recorded as a reduction to additional paid-in capital on the consolidated balance sheet.

September 2024 Offering

On September 11, 2024, the Company completed an underwritten public offering in which it issued and sold 3,135,136 shares of its common stock at a price of $3.70 per share. The net proceeds received by the Company were $10,590 after deducting underwriting discounts and commissions. The shares were issued pursuant to the Company's registration statement on Form S-3 (File No. 333-281556), filed by the Company with the SEC on August 14, 2024, which was declared effective on August 23, 2024. The Company provided the underwriter a discount of 7% off the offering price.

In addition to the underwriter discount, the offering expenses with third parties were $863. The Company also reimbursed the underwriters for $198 in fees and expenses, including legal expenses, out-of-pocket expenses, and clearing expenses. The issuance costs associated with the September 2024 Offering were recorded as a reduction to additional paid-in capital on the consolidated balance sheet.

The Company also issued, as a portion of the underwriting compensation payable to the underwriter, a warrant to purchase up to 125,405 shares of common stock (which was subsequently transferred to certain affiliates of the underwriter, the "Titan Warrants"). The Titan Warrants are accounted as a nonemployee stock-based award as it represents compensation for underwriter services. The compensation cost associated with the Titan Warrants was $382, and was recorded as a direct and incremental issuance cost of the associated common stock offering that was earned upon the closing and issuance of the common stock. The Titan Warrants are classified as equity and included within additional paid-in capital on the consolidated balance sheets.

The Titan Warrants became exercisable on March 13, 2025 at an exercise price of $4.63 and have a term of five years from such initial exercise date. As of December 31, 2025, 30,097 of the Titan Warrants have been exercised.

Redeemable Common Stock

As discussed in Note 6, in September 2024 as partial consideration for the availability and funding of the WTI Loan Facility, the Company issued to the WTI Funds an aggregate of 750,000 shares of common stock. The Company also granted the WTI Funds the Redeemable Option discussed in Note 6. The vested shares are recorded in mezzanine equity on the consolidated balance sheets and are being accreted to the redemption value at the date the redemption feature first becomes exercisable. As discussed in Note 6, 62,500 unvested shares of redeemable common stock were forfeited on March 31, 2025, and 125,000 unvested shares of redeemable common stock were forfeited on November 13, 2025.

August 2024 Exchange

On August 20, 2024, holders of the Series A convertible preferred stock of the Company elected to convert an aggregate of 15,721 shares of Series A convertible preferred stock in exchange for an aggregate of 2,291,686 shares of the Company's common stock, all as in accordance with the terms of the Certificate of Designation relating to the Series A convertible preferred stock. As of December 31, 2025, the redemption value for the remaining Series A convertible preferred stock is $11,479.

February 2024 Offering

On February 25, 2024, the Company entered into a private placement investment agreement with certain investors, pursuant to which the Company issued and sold to the investors (i) an aggregate of 9,250 shares of the Company's Series B convertible preferred stock, par value $0.0001 per share and (ii) warrants to purchase an aggregate of 1,799,021 shares of the Company's common stock, par value $0.0001 per share (the "Series B Warrants"), for an aggregate gross purchase price of $9,250.

The Series B convertible preferred stock is convertible into common stock at the option of the holder at any time after February 29, 2024 and ranks, with respect to dividend rights, rights of redemption and rights upon a liquidation event, (i) equal to the Company's Series A convertible preferred stock, (ii) senior to the common stock and all other classes or series of equity securities of the Company established after February 29, 2024, unless such shares or equity securities expressly provide that they rank in parity with or senior to the Series B convertible preferred stock with respect to dividend rights, rights of redemption or rights upon a liquidation event, (iii) on parity with each class or series of equity securities of the Company established after February 29, 2024, the terms of which expressly provide that it ranks on parity with the Series B convertible preferred stock with respect to dividend rights, rights of redemption and rights upon a liquidation event and (iv) junior to each class or series of equity securities of the Company established after February 29, 2024, the terms of which expressly provide that it ranks senior to the Series B convertible preferred stock with respect to dividend rights, rights of redemption and rights upon a liquidation event. Except as otherwise provided in the certificate of designation relating to the Series B convertible preferred stock or as required by law, holders of shares of Series B convertible preferred stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote with the holders

of common stock) on an as-converted to common stock basis at any annual or special meeting of stockholders of the Company, and not as a separate class.

At any time from and after March 1, 2029, the holders of at least a majority of the then outstanding shares of Series B convertible preferred stock may specify a date and time or the occurrence of an event by vote or written consent that all, and not less than all, of the outstanding shares of Series B convertible preferred stock will automatically be: (i) converted into shares of common stock at a conversion rate of 129.6596 per share, (ii) subject to certain exceptions and limitations, redeemed for an amount per share of Series B preferred stock equal to the liquidation preference of one thousand dollars per share, plus all accrued or declared but unpaid dividends as of the redemption date and time or (iii) a combination of the foregoing.

Subject to certain exceptions, upon the occurrence of a fundamental change, voluntary or involuntary liquidation, dissolution or winding-up of the Company, the Company will be required to pay an amount per share of Series B convertible preferred stock equal to the greater of (i) one thousand dollars per share or (ii) the consideration per share of Series B convertible preferred stock as would have been payable had all such shares been converted to common stock immediately prior to the liquidation event, plus, in each case, the aggregate amount of all declared but unpaid dividends thereon to the date of final distribution to the holders of Series B convertible preferred stock. As of December 31, 2025, the redemption value for Series B convertible preferred stock is $9,250. None of the Series B convertible preferred stock had been converted as of December 31, 2025.

Each of the Series B Warrants sold in the private placement offering was exercisable for one share of common stock at an exercise price of $7.71 per share, was immediately exercisable, and had an expiration date of March 1, 2029. As the Series B Warrants could require cash settlement in certain scenarios, the warrants were classified as liabilities upon issuance and were initially recorded at an aggregate estimated fair value of $6,856. The total proceeds from the offering were first allocated to the liability classified warrants, based on their fair values, with the residual $2,394 allocated to the Series B convertible preferred stock. The Series B convertible stock accreted to its redemption value, starting from the issuance date to the date at which the shares become redeemable on March 1, 2029. Accretion was recorded as a deemed dividend. There are no outstanding Series B Warrants as of December 31, 2025, as they have all been exchanged for newly issued shares of the Company's common stock, see *Exchange Agreement - Series A and Series B Warrants* below.

The Company incurred $395 of issuance costs related to the offering. Issuance costs allocated to the preferred stock of $102 were recorded as a reduction to the Series B convertible preferred stock. Issuance costs allocated to the liability classified warrants of $293 were recorded as an expense within general and administrative expenses on the consolidated statement of operations and comprehensive income (loss).

February 2023 Offering

On February 17, 2023 the Company entered into private placement investment agreements with certain investors, pursuant to which the Company issued and sold to the investors (i) an aggregate of 30,000 shares of the Company’s Series A convertible preferred stock, par value $0.0001 per share and (ii) warrants to purchase an aggregate of 7,871,712 shares of the Company’s common stock (“Series A Warrants”) for an aggregate purchase price of $30,000.

The Series A convertible preferred stock is convertible into common stock at the option of the holder at any time after February 17, 2023 and ranks, with respect to dividend rights, rights of redemption and rights upon a liquidation event, (i) senior to the common stock and all other classes or series of equity securities of the Company established after February 17, 2023, unless such shares or equity securities expressly provide that they rank in parity with or senior to the Series A convertible preferred stock with respect to dividend rights, rights of redemption or rights upon a liquidation event, (ii) on parity with each class or series of equity securities of the Company established after the February 17, 2023, the terms of which expressly provide that it ranks on parity with the Series A convertible preferred stock with respect to dividend rights, rights of redemption and rights upon a liquidation event and (iii) junior to each class or series of equity securities of the Company established after February 17, 2023, the terms of which expressly provide that it ranks senior to the Series A convertible preferred stock with respect to dividend rights, rights of redemption and rights upon a liquidation event. Except as otherwise provided in the certificate of designation relating to the Series A convertible preferred stock or as required by law, holders of shares of Series A convertible preferred stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote with the holders of common stock) on an as-converted to common stock basis at any annual or special meeting of stockholders of the Company, and not as a separate class.

At any time from and after February 17, 2028, the holders of at least a majority of the then outstanding shares of Series A convertible preferred stock may specify a date and time or the occurrence of an event by vote or written consent that all, and not less than all, of the outstanding shares of Series A preferred stock will automatically be: (i) converted into shares of common stock at a conversion rate of 145.7726 per share (the "Conversion Rate"), (ii) subject to certain exceptions and limitations, redeemed for an amount per share of Series A preferred stock equal to the liquidation preference of one thousand dollars per share, plus all accrued or declared but unpaid dividends as of the redemption date and time or (iii) a combination of the foregoing.

Subject to certain exceptions, upon the occurrence of a fundamental change, voluntary or involuntary liquidation, dissolution or winding-up of the Company, the Company will be required to pay an amount per share of Series A convertible preferred stock equal to

the greater of (i) one thousand dollars per share or (ii) the consideration per share of Series A convertible preferred stock as would have been payable had all such shares been converted to common stock immediately prior to the liquidation event, plus, in each case, the aggregate amount of all declared but unpaid dividends thereon to the date of final distribution to the holders of Series A convertible preferred stock.

Each of the Series A Warrants sold in the private placement offering is exercisable for one share of common stock at an exercise price of $4.66 per share, is immediately exercisable, and will expire on February 17, 2028. As the Series A Warrants could require cash settlement in certain scenarios, the warrants were classified as liabilities upon issuance and were initially recorded at an aggregate estimated fair value of $26,133. The total proceeds from the offering were first allocated to the liability classified warrants, based on their fair values, with the residual $3,867 allocated to the Series A convertible preferred stock. The Series A convertible stock is accreting to its redemption value, starting from the issuance date to the date at which the shares become redeemable on February 17, 2028. Accretion will be recorded as a deemed dividend. There are 265,597 outstanding Series A Warrants as of December 31, 2025, as the majority of the previously outstanding Series A Warrants have been exchanged for newly issued shares of the Company's common stock, See *Exchange Agreement - Series A and Series B Warrants* below.

The Company incurred $1,963 of issuance costs related to the offering. Issuance costs allocated to the preferred stock of $253 were recorded as a reduction to the Series A convertible preferred stock. Issuance costs allocated to the liability classified warrants of $1,710 were recorded as an expense within general and administrative expenses on the consolidated statement of operations and comprehensive income (loss).

SBG Common Stock Warrants

As a result of the merger completed with SBG on July 15, 2021 (the “Merger”), the Company continues to record liabilities for warrants issued by SBG prior to the Merger.

Pursuant to the SBG initial public offering, SBG sold warrants to purchase an aggregate of 821,428 shares of the Company’s common stock at a price of $161.00 per share (“SBG Public Warrants”). Following the closing of the Initial Public Offering on September 17, 2020, the Company completed the sale of warrants to purchase an aggregate of 471,428 shares of the Company’s common stock at a price of $161.00 per share in a private placement to Sandbridge Acquisition Holdings LLC (the “SBG Private Placement Warrants”). Together, the SBG Public Warrants and SBG Private Placement Warrants are referred to as the “SBG Common Stock Warrants.” The SBG Public Warrants became exercisable 12 months from the closing of the Initial Public Offering. The SBG Common Stock Warrants will expire five years after the completion of the Merger or earlier upon redemption or liquidation. None of the SBG Common Stock Warrants have been exercised as of December 31, 2025.

See Part II, Item 8 “Financial Statements and Supplementary Data - Note 3 to the Consolidated Financial Statements - Merger” in the Annual Report on Form 10-K for the year ended December 31, 2022 for more information.

SVB Warrants

In March 2023, the Company granted Silicon Valley Bank, now a division of First Citizens Bank and Trust Company (“SVB”) a warrant to purchase 10,714 shares of the Company’s common stock at a price of $5.32 per share, expiring on March 27, 2035 (the “SVB Warrants”) in connection with the first amendment to the Third Amended and Restated Loan and Security Agreement (as amended) between the Company and SVB (as amended, the “LSA”). On September 11, 2024, the LSA was terminated with no obligations outstanding thereunder. The SVB Warrants, which were valued at $43, are classified as equity and included within additional paid-in capital on the consolidated balance sheets. None of the SVB Warrants have been exercised as of December 31, 2025.

Common Stock Warrants

The following table summarizes issuable shares of the Company’s common stock based on warrant activity for the year ended December 31, 2025:

	December 31, 2024	Shares Purchased by Exercise	Shares Issued per Exchange Transaction	December 31, 2025
SBG Public Warrants	821,428	—	—	821,428
SBG Private Placement Warrants	471,428	—	—	471,428
Series A Warrants [1]	7,871,712	(390,378)	(4,412,930)	265,597
Series B Warrants [2]	1,799,021	—	(1,013,499)	—
SVB Warrants	10,714	—	—	10,714
Titan Warrants [3]	125,405	(15,076)	—	95,308
Total	11,099,708	(405,454)	(5,426,429)	1,664,475

[1] *Each warrant exchanged was at an approximate ratio of 0.61 shares of common stock.*
[2] *Each warrant exchanged was at an approximate ratio of 0.56 shares of common stock.*
[3] *Warrants were exercised via cashless exercise, therefore the $4.63 exercise price was settled in shares.*

Exchange Agreement - Series A and Series B Warrants

On August 7, 2025, the Company and certain holders (the "Holders") of the Company's Series A Warrants and Series B Warrants entered into an Exchange Agreement, in which the Holders agreed to exchange with the Company their Series A Warrants relating to an aggregate of 7,215,737 shares of common stock and, if applicable, their Series B Warrants relating to an aggregate of 1,799,021 shares of common stock, for an aggregate of 5,426,429 newly issued shares (collectively, the "Exchange Shares") of common stock (collectively, the "Exchanges"). On October 10, 2025 the Company consummated the Exchange Agreement and the issuance of the Exchange Shares. During the year, the Company made mark to market adjustments to adjust the Series A and Series B warrants subject to the exchange to their fair value through the modification date on August 7, 2025. On the modification date, the fair value of the warrants were adjusted to reflect the fair value of the Exchange Shares, and were subsequently marked to their fair value up to the exchange date. This resulted in a year-to-date fair value adjustment of $23,278 for the year ended December 31, 2025 within common stock warrant liability adjustment on the consolidated statement of operations and comprehensive income (loss). Upon completing the Exchange, the Company recorded a decrease in the common stock warrant liabilities of $46,884, and issued 5,426,429 shares of common stock at a fair value of $46,884.

As part of the Exchange Agreement, the Black-Scholes Model was used to value the Series A and Series B Warrants subject to that agreement, and derive the number of shares of common stock that would ultimately be exchanged for those warrants upon execution of the agreement. A number of key inputs were used in the Black-Scholes valuation, including the following: (1) the maturity dates for each of the Series A Warrants and the Series B Warrants, which were February 17, 2028 and March 1, 2029, respectively, and were determined by reference to the terms of the Series A Warrants and the Series B Warrants; (2) the per share exercise prices for each of the Series A Warrants and the Series B Warrants, which were $4.66 and $7.71, respectively, and were determined by reference to the terms of the Series A Warrants and the Series B Warrants; (3) a stock price reference price of $7.26, which represented the 60-day volume-weighted average price of the Company's common stock as of August 1, 2025; (4) a realized term volatility of 80% for each of the Series A Warrants and the Series B Warrants, which represented the realized volatility consistent with the remaining term of the Series A Warrants; (5) a dividend rate of 0%, which was determined to be appropriate because the Company does not currently pay dividends; and (6) risk-free rates for the Series A Warrants and the Series B Warrants of 3.41% and 3.37%, respectively, which represent the Secured Overnight Funding Rates, as published by Bloomberg and interpolated for the remaining term of the Series A Warrants and Series B Warrants.

As a result of the inputs provided above, the Black-Scholes Model indicated (1) a valuation for the Series A Warrants of $4.44 per each share of common stock issuable under the Series A Warrants and (2) a valuation for the Series B Warrants of $4.09 per share of common stock issuable under the Series B Warrants. This valuation also implied an approximate exchange ratio of 0.61 shares of common stock for each share of common stock issuable under the Series A Warrants and an approximate exchange ratio of 0.56 shares of common stock for each share of common stock issuable under the Series B Warrants. Based on the indicated valuation produced by the Black-Scholes Model and the aggregate ownership of the participating holders of the Series A Warrants and the Series B Warrants (which information was provided by the Company), it was calculated that an aggregate of 4,412,930 and 1,013,499 shares of common stock were issued to the participating holders of the Series A Warrants and Series B Warrants, respectively, in exchange for such warrants. The warrants were then revalued on the modification date to their fair value of the 5,426,429 shares to be issued upon completion of the exchange based on our common stock price as of August 7, 2025. The final fair value adjustment was recorded to adjust the Exchange Shares to fair value based on our common stock price as of October 10, 2025, the date the shares were ultimately issued.

Apart from the aggregate 4,412,930 common shares issued to Series A Warrant holders as part of the Exchange Agreement, as of December 31, 2025 there were 265,597 Series A Warrants that were not subject to the terms of the Exchange Agreement and, as of December 31, 2025, represented 265,597 shares of issuable common stock according to the original terms of the Series A Warrants. Refer to Note 10, Fair Value Measurements, for further discussion on fair value considerations.

Earnout Shares

Following the Merger, 200,536, shares of common stock held by certain former equity holders of SBG are subject to vesting and forfeiture conditions (the "Earnout Shares"). Of the 200,536 earnout shares, 100,268 shares will vest at such time as a $175.00 stock price level is achieved and 100,268 will vest at such time as a $210.00 stock price level is achieved, in each case, on or before the fifth anniversary of the Closing of the Merger. The ‘‘stock price level’’ will be considered achieved only (a) when the closing price of a share of Owlet common stock on the NYSE is greater than or equal to the applicable price for any 20 trading days within a 30 trading day period or (b) the price per share of Owlet common stock paid in certain change of control transactions following the Closing is greater than or equal to the applicable price. Earnout shares subject to vesting pursuant to the above terms that do not vest in accordance with such terms shall be forfeited and canceled for no consideration. The earnout shares are not redeemable. As the vesting event has not yet been achieved, these shares of Owlet common stock, which are issued and outstanding, are treated as contingently recallable and have been excluded from the denominator for the purposes of calculating basic and diluted net loss per share. See Note 12 for further discussion on the calculation of basic and diluted net loss per share.

The Company evaluated the earnout shares and concluded that they meet all conditions for equity classification. Because the settlement provisions in the agreement governing the earnout shares either include a fixed exercise price or involve the fair value of the entity's stock, the earnout shares are considered indexed to the Company's common stock. Because the Merger is accounted for as a reverse recapitalization, the issuance of the earnout shares has been treated as a deemed dividend, and since Owlet does not have retained earnings, the issuance is recorded within additional-paid-in-capital (“APIC”) and has a net zero impact on APIC.

Note 10. Fair Value Measurements

The Company’s assets and liabilities measured and reported in the financial statements at fair value on a recurring basis were as follows:

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Balance**
Assets:				
Money market funds	$ 17,398	$ —	$ —	$ 17,398
Total assets	$ 17,398	$ —	$ —	$ 17,398
Liabilities:				
SBG Public Warrants	$ —	$ —	$ —	$ —
SBG Private Placement Warrants	—	—	—	—
Series A Warrants	—	—	3,273	3,273
Total liabilities	$ —	$ —	$ 3,273	$ 3,273

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Balance**
Assets:				
Money market funds	$ 8,223	$ —	$ —	$ 8,223
Total assets	$ 8,223	$ —	$ —	$ 8,223
Liabilities:				
SBG Public Warrants	$ —	$ —	$ 5	$ 5
SBG Private Placement Warrants	—	—	2	2
Series A Warrants	—	—	20,750	20,750
Series B Warrants	—	—	4,586	4,586
Total liabilities	$ —	$ —	$ 25,343	$ 25,343

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

The SBG Public Warrants and SBG Private Placement Warrants as of December 31, 2025 are presented as Level 3 measurements, relying on unobservable inputs reflecting the Company’s own assumptions. Level 3 measurements, which are not based on quoted prices in active markets, introduce a higher degree of subjectivity and may be more sensitive to fluctuations in stock price, volatility rates, and U.S. Treasury Bond rates.

The Company measured the fair value of both the SBG Public Warrants and the SBG Private Placement Warrants as of December 31, 2025 and December 31, 2024 using the Black-Scholes option pricing model with the following assumptions:

SBG Common Stock Warrants - Black-Scholes Inputs	December 31, 2025	December 31, 2024
OWLT stock price	$ 16.19	$ 4.45
Exercise price of warrants	$ 161.00	$ 161.00
Term in years	0.54	1.54
Risk-free interest rate	3.58 %	4.21 %
Volatility	80.00 %	90.00 %

The Series A Warrants presented as Level 3 measurements rely on unobservable inputs reflecting the Company's own assumptions.

The Company measured the fair value of the Series A Warrants as of December 31, 2025 and December 31, 2024, using the Black-Scholes option pricing model with the following assumptions:

Series A Warrants - Black-Scholes Inputs	December 31, 2025	December 31, 2024
OWLT stock price	$ 16.19	$ 4.45
Exercise price of warrants	$ 4.66	$ 4.66
Term in years	2.13	3.13
Risk-free interest rate	3.48 %	4.28 %
Volatility	75.00 %	90.00 %

The Series B Warrants presented as Level 3 measurements rely on unobservable inputs reflecting the Company's own assumptions.

The Company measured the fair value of the Series B Warrants as of December 31, 2024 using the Black-Scholes option pricing model with the following assumptions:

Series B Warrants - Black-Scholes Inputs	December 31, 2024
OWLT stock price	$ 4.45
Exercise price of warrants	$ 7.71
Term in years	4.16
Risk-free interest rate	4.33 %
Volatility	90.00 %

The following table presents a reconciliation of the Company's SBG Public Warrants, SBG Private Placement Warrants, Series A Warrants, and Series B Warrants (together, the "Level 3 Warrants") measured at fair value on a recurring basis as of December 31, 2024 and December 31, 2025:

	Level 3 Warrants
Balance as of December 31, 2023	$ 27,781
Balance as of Issuance of Series B Warrants	6,855
Balance as of Change in fair value included within common stock warrant liability adjustment	(9,293)
Balance as of December 31, 2024	25,343
Change in fair value included within common stock warrant liability adjustment	26,571
Exercise of common stock warrants	(1,757)
Common stock warrants exchanged for equity	(46,884)
Balance as of December 31, 2025	$ 3,273

There were no transfers between Level 1 and Level 2 in the periods reported. The SBG Public Warrants and SBG Private Placement Warrants were transferred into Level 3 in 2023, as discussed above.

Equity-Classified Warrants

The fair value of the Titan Warrants at issuance on September 11, 2024 was $382. The Company measured the fair value of the Titan Warrants at issuance on September 11, 2024, using the Black-Scholes option pricing model with the following assumptions:

Titan Warrants - Black-Scholes Inputs	September 11, 2024
OWLT stock price	$ 4.35
Exercise price of warrants	$ 4.63
Term in years	5.50
Risk-free interest rate	3.47 %
Volatility	85.00 %

Mezzanine-Classified Redeemable Common Stock

As described in Note 6, the vested shares issued to the WTI Funds are contingently redeemable at the option of the holder during the put period and are recorded in mezzanine equity on the consolidated balance sheets. The vested redeemable shares of common stock were recorded at their fair value of $7.66 per share, which was an aggregate value of $4,308. The value of the redeemable shares of common stock was determined using a combination of the value of the Company's stock on the date of issuance and the theoretic value of a stand-alone put option valued using a Black-Scholes put option model discounted by a present value factor that considers the credit spread between an estimated Company specific discount rate and the risk-free rate of return. The valuation model used the following assumptions:

Redeemable Common Stock - Valuation Inputs	September 11, 2024
Common stock value per share	$ 4.35
Put price	$ 8.40
Term in years	5.00
Risk-free interest rate	3.42 %
Volatility	85.00 %
Credit spread	9.27 %
Present value discount	63.49 %

Note 11. Income Taxes

Income tax expense for the years ended December 31, 2025 and 2024 was $28 and $54, respectively.

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2, Summary of Significant Accounting Policies and Recent Accounting Guidance, the reconciliation of the federal statutory income tax rate to the Company's effective tax rate for the year ended December 31, 2025 was as follows:

	Year Ended December 31, 2025	
	Amount	Percent
US federal statutory tax rate	$ (8,327)	21.0 %
State and local income taxes, net of federal income tax effect [1]	24	(0.1)%
Change in valuation allowance	937	(2.4)%
Nondeductible items:		
Stock-based compensation	1,067	(2.7)%
Warrant (benefit) expense [2]	5,579	(14.1)%
Transaction costs [3]	301	(0.8)%
Other permanent differences	447	(1.0)%
Effective tax rate	$ 28	(0.1)%

[1] *State taxes in Texas made up the majority (greater than 50%) of the tax effect in this category.*

(2) *Represents a permanent item attributed to common stock warrant mark-to-market adjustments.*
(3) *Represents costs associated with the October 2025 warrant exchange.*

The reconciliation of taxes at the federal statutory rate to the provision for income taxes for the year ended December 31, 2024 in accordance with the guidance prior to the adoption of ASU 2023-09 was as follows:

	Year Ended December 31, 2024
	Amount
Federal income tax at statutory rates	$ (2,637)
State income tax at statutory rates	(300)
Change in valuation allowance	3,958
Warrant (benefit) expense [1]	(1,952)
Transaction costs [2]	80
Stock-based compensation	865
Other	40
Total income tax provision	$ 54

(1) *Represents a permanent item attributed to common stock warrant mark-to-market adjustments.*
(2) *Represents costs associated with the February 2024 preferred stock offering.*

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2. Summary of Significant Accounting Policies and Recent Accounting Guidance, cash paid for income taxes, net of refunds, during the year ended December 31, 2025 was as follows:

	Year Ended December 31, 2025
Federal	$ —
State:	
Texas	45
Foreign	—
Total cash paid for income taxes, net of refunds	$ 45

Significant components of the Company's deferred income tax assets (liabilities) are as follows:

	December 31,	
	2025	2024
Deferred tax assets:		
Accrued liabilities	$ 1,767	$ 1,408
Stock-based compensation	1,720	1,858
163(j) Interest expense limitation	2,811	2,137
Net operating loss carryforwards	49,119	46,734
174 capitalization	2,867	4,486
Lease liability	21	42
Other	983	1,226
Litigation settlement	1,198	1,312
Total deferred income tax assets	$ 60,486	$ 59,203
Deferred tax liabilities:		
ROU asset	(17)	(34)
Other	(52)	(109)
Intangibles	(177)	—
Total deferred tax liabilities	(246)	(143)
Valuation allowance	$ (60,240)	$ (59,060)
Net deferred tax asset (liability)	$ —	$ —

As of December 31, 2025, the Company had $42,152 of federal and $6,967 of state net operating loss carry-forwards available to offset future taxable income, some of which, if not utilized, will begin to expire in 2034 for federal and 2036 for state purposes.

Accounting standards require that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses the realization is more likely than not. Realization of the future tax benefits from the net operating losses or credit carryforwards, if any, is dependent on the Company’s ability to generate sufficient taxable income within the applicable carryforward period. The Company has established a full valuation allowance due to historical cumulative losses and the uncertainty of its ability to generate sufficient taxable income to realize the deferred tax assets.

As of December 31, 2025, the Company recorded a valuation allowance of $60,240 for the portion of the deferred tax assets that we do not expect to be realized. Due to the Company's history of losses in the U.S., the net cumulative deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by $1,180 in the year ended December 31, 2025.

The utilization of the net operating loss carryforwards could be subject to annual limitations under Section 382 of the Internal Revenue Code. Section 382 imposes limitations on a corporation’s ability to utilize its NOL carryforwards if it experiences an “ownership change.” In general terms, an ownership change results from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three-year period. Additionally, net operating losses utilized after 2017 would be limited to 80% of taxable income in years in which NOL carryforwards would be utilized.

Uncertain tax positions are recorded when it is more likely than not that a given tax position would not be sustained upon examination by taxing authorities. Based on positions taken in the Company’s tax filings, the Company has concluded that there are no significant uncertain tax positions, and there are no material amounts of unrecognized tax benefits.

We file income tax returns in the U.S. and various state jurisdictions. The Company's returns for 2014 and subsequent tax years remain subject to examination and all net operating losses generated to date are subject to adjustment for U.S. federal and state income tax purposes.

Note 12. Net Loss per Share

Basic and diluted net loss per share of common stockholders is presented in conformity with the two-class method required for participating securities. Under the two-class method, net loss is allocated to each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires net income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company considers its convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the convertible preferred stock as the holders of the Company's convertible preferred stock do not have a contractual obligation to share in the Company's losses.

As discussed in Note 9, the Company issued redeemable common stock in connection to the WTI loan. The consolidated statements of operations and comprehensive income (loss) include a presentation of income (loss) per redeemable share and income (loss) per non-redeemable share following the two-class method of income per share. Income and losses are shared pro rata between the two classes of shares. Net (loss) income per common share is calculated by dividing the net (loss) income by the weighted average shares of common stock outstanding for the respective period. For a period in which the Company reports a net loss, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share amounts):

	Year Ended December 31,			
	2025		2024	
	Redeemable Common Stock	Common Stock	Redeemable Common Stock	Common Stock
Numerator:				
Allocation of net loss attributable to common stockholders	$ (1,299)	$ (41,771)	$ (270)	$ (17,192)
Accretion on redeemable common stock	84	(84)	25	(25)
Allocated net loss attributable to common stockholders, basic and diluted	$ (1,215)	$ (41,855)	$ (245)	$ (17,217)
Denominator:				
Weighted average common shares outstanding, basic	562,500	18,093,925	172,131	10,951,270
Net loss per share attributable to common stockholders, basic and diluted	$ (2.16)	$ (2.31)	$ (1.42)	$ (1.57)

The following table summarizes the common stock equivalents of potentially dilutive outstanding securities excluded from the computation of diluted net loss per share due to their anti-dilutive effect:

	December 31,	
	2025	2024
Stock options	237,221	427,555
RSUs	2,193,755	1,451,643
RSAs	—	326,153
PSUs	375,000	56,391
ESPP shares committed	34,787	26,917
Common stock warrants	1,664,475	11,099,708
Preferred stock	2,872,668	2,872,668
Total	7,377,906	16,261,035

The Company's 200,536 unvested earnout shares were excluded from the calculation of basic and diluted per share calculations as the vesting conditions have not yet been met as of December 31, 2025.

Note 13. Segments

The Company operates as a single operating segment. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. All significant operating decisions are based upon analysis of the Company as one operating segment, which is the same as its reporting segment to allocate resources, make operating decisions, and evaluate financial performance.

The CODM considers consolidated net loss to be the financial measure of segment profit and loss for monitoring budget versus actual results, perform variance analysis, and forecast future performance.

The CODM considers the impact of the significant segment expenses on net income, which are the same expenses presented on the consolidated statements of operations and comprehensive income (loss), with the impact of stock-based compensation removed from the operating expense categories and presented separately when making operating decisions.

The measure of segment assets is reported on the consolidated balance sheets as total assets. The CODM does not review segment assets at a level other than that presented in the Company's consolidated balance sheets.

Revenue by geographic area is based on the delivery address of the customer and is summarized as follows:

	Year Ended December 31,	
	2025	2024
United States	$ 86,521	$ 62,933
United Kingdom	5,912	5,183
Other	13,275	9,940
Total revenues	$ 105,708	$ 78,056

Other than the United States, no individual country exceeded 10% of total revenues for either of the years ended December 31, 2025 and December 31, 2024.

The Company's long-lived assets are composed of property and equipment and right of use assets, net, and are summarized by geographic area as follows:

	December 31,	
	2025	2024
United States	$ 207	$ 167
International	157	73
Total long-lived assets, net	$ 364	$ 240

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of December 31, 2025, the effectiveness of our disclosure controls and procedures. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of December 31, 2025 due to the material weaknesses in our internal control over financial reporting described below.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025 based on the guidelines established in the *Internal Control—Integrated Framework* (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2025 because of the material weaknesses described below.

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 the company's 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 financial reporting requirements. This material weakness contributed to the following material weaknesses:

- We did not design and maintain effective controls over the segregation of duties related to journal entries. Specifically, certain personnel have the ability to both create and post journal entries within the Company's general ledger system. This material weakness did not result in any adjustments to the consolidated financial statements.

- We did not design and maintain effective controls over the accounting for the accuracy and existence of inventory, nor controls which verified the completeness and accuracy of accrued liabilities. Each of these material weaknesses resulted in immaterial adjustments within the year ended December 31, 2022 and the accrued liabilities material weakness resulted in immaterial adjustments within the year ended December 31, 2024, and in the interim periods ended March 31, 2025 and June 30, 2025.

- We did not design and maintain effective controls over the accounting for debt and equity arrangements, including convertible preferred stock, warrant arrangements, and stock-based compensation modifications. Each of these material weaknesses resulted in material adjustments to several account balances and disclosures in the consolidated financial statements as of and for the year ended December 31, 2019, and immaterial adjustments for the year ended December 31, 2024 and the interim period ended September 30, 2025.

- We did not design and maintain effective controls over 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 IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately, (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate Company personnel, (iii) computer operations controls to ensure that critical batch jobs are monitored, and data backups are authorized and monitored, and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements. This material weakness did not result in any adjustments to the consolidated financial statements.

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

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on management's assessment regarding internal control over financial reporting due to an exemption established by the SEC for non-accelerated filers.

Remediation of a Previously Reported Material Weakness in Internal Control Over Financial Reporting

As previously reported in our Form 10-Q for the period ending September 30, 2025, we identified material weaknesses in our internal control over financial reporting. One of the material weaknesses previously identified included the following:

- We did not design and maintain effective controls related to the review of the statement of cash flows.

In response to this identified material weakness, our management, with the oversight of the Audit Committee of our board of directors, has been actively engaged in remediating the above material weakness. During the year ended December 31, 2025, we implemented remediation measures designed to remediate this material weakness, including the following:

- Implementation of a detailed checklist of procedures to be performed by the reviewer of the cash flow statement.

Management has concluded that the remediation measures described above related to the review of the cash flow statement have been designed, implemented, and operated effectively for a sufficient period of time for management to conclude, based on the results of our testing over the design and operating effectiveness of these controls, that the previously identified material weakness has been remediated as of December 31, 2025.

Remediation Plan

We have been in the process of executing our plan to remediate the material weaknesses. The remediation measures are ongoing, and although not all inclusive, remediation measures include hiring additional accounting and financial reporting personnel and implementing additional policies, procedures and controls, all of which have and will continue to result in future costs for the Company.

During the quarter ended December 31, 2025, we took actions to design and implement the controls we believe are necessary to remediate the material weaknesses related to debt and equity arrangements, including convertible preferred stock, warrant arrangements, and stock-based compensation modifications. We also enhanced the design of our internal controls over the accuracy and existence of inventory, which included enhancements to the design of our year-end inventory observation control.

During the quarter ended December 31, 2025, we enhanced the design of IT general controls for information systems that are relevant to the preparation of our consolidated financial statements, and we believe we have designed and implemented the internal controls necessary to remediate the related material weakness. We designed and implemented a segregation of duties control whereby we identify, evaluate, and address key segregation of duties conflicts.

The material weaknesses will not be considered remediated until our remediation plan has been completed, 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. As we continue to make progress towards remediation of these material weaknesses, we may determine the need to make further enhancements to the design of these controls.

Notwithstanding the above, our management believes that the consolidated financial statements included in this Annual Report on Form 10-K present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

As described in the "Remediation Plan" section above, there have been changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended December 31, 2025 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

(a) Insider Trading Arrangements and Policies.

During the three months ended December 31, 2025, no director or "officer" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this item is incorporated by reference to the information included in the Company's definitive proxy statement for the Company's 2025 annual meeting of stockholders (the "definitive proxy statement") , which will be filed with the Commission not later than 120 days after the close of the fiscal year covered by this Annual Report.

Item 11. Executive Compensation.

Information required by this item is incorporated by reference to the information included in the Company's definitive proxy statement, which will be filed with the Commission not later than 120 days after the close of the fiscal year covered by this Annual Report.

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

Information required by this item is incorporated by reference to the information included in the Company's definitive proxy statement, which will be filed with the Commission not later than 120 days after the close of the fiscal year covered by this Annual Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by this item is incorporated by reference to the information included in the Company's definitive proxy statement, which will be filed with the Commission not later than 120 days after the close of the fiscal year covered by this Annual Report.

Item 14. Principal Accountant Fees and Services.

Information required by this item is incorporated by reference to the information included in the Company's definitive proxy statement, which will be filed with the Commission not later than 120 days after the close of the fiscal year covered by this Annual Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Documents filed as part of this report

1) Financial Statements

The following consolidated financial statements are included in Part II, Item 8 of this Annual Report on Form 10-K:

2) Financial Statement Schedules

All financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

3) Exhibits

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
2.1†	Merger Agreement, dated as of February 15, 2021, by and among the Registrant, Project Olympus Merger Sub, Inc. and Owlet Baby Care Inc.	8-K	001-39516	2.1	2/16/2021
3.1	Second Amended and Restated Certificate of Incorporation of Owlet, Inc.	10-K	001-39516	3.1	3/8/2024
3.2	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation of Owlet, Inc.	8-K	001-39516	3.1	7/7/2023
3.3	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation of Owlet, Inc.	8-K	001-39516	3.1	10/14/2025
3.4	Certificate of Designation of Series A Convertible Preferred Stock of Owlet, Inc.	8-K	001-39516	3.1	2/21/2023
3.5	Certificate of Designation of Series B Convertible Preferred Stock of Owlet, Inc.	8-K	001-39516	3.1	3/4/2024
3.6	Amended and Restated Bylaws of Owlet, Inc.	8-K	001-39516	3.1	11/12/2024
4.1	Warrant Agreement, dated September 14, 2020, between Sandbridge Acquisition Corp. and Continental Stock Transfer & Trust Company.	8-K	001-39516	4.1	9/18/2020
4.2	Specimen Warrant Certificate.	S-1	333-24832	4.4	9/1/2020
4.3	Form of Warrant to Purchase Shares of Class A Common Stock.	8-K	001-39516	4.1	2/21/2023
4.6	Representative's Purchase Warrant, dated as of September 13, 2024	8-K	001-39516	4.1	9/13/2024
4.7*	Description of Securities Registered Pursuant to Section 12 of the Exchange Act.				
10.1+	Owlet, Inc. 2021 Incentive Award Plan, as amended.	S-8	333-281623	99.1	8/16/2024
10.1(a)+	Amendment No. 2 to the Owlet, Inc. 2021 Incentive Award Plan, as amended.	DEF 14A	001-39516	Appendix A	9/10/2025
10.1(b)+	Form of Owlet, Inc. 2021 Incentive Award Plan Stock Option Grant Notice.	S-8	333-259663	99.1(a)	9/20/2021
10.1(c)+	Form of Owlet, Inc. 2021 Incentive Award Plan Restricted Stock Unit Award Grant Notice.	S-8	333-259663	99.1(b)	9/20/2021
10.1(d)+	Form of Owlet, Inc. 2021 Incentive Award Plan Restricted Stock Award Grant Notice.	8-K	001-39516	10.6	11/14/2024
10.2+	Owlet, Inc. 2021 Employee Stock Purchase Plan.	8-K	001-39516	10.6	7/21/2021
10.3+	Owlet Baby Care Inc. 2014 Equity Incentive Plan.	8-K	001-39516	10.7	7/21/2021
10.3(a)+	Form of Owlet Baby Care Inc. Stock Option Grant Notice under the 2014 Equity Incentive Plan.	8-K	001-39516	10.7(a)	7/21/2021
10.3(b)+	Form of Restricted Stock Grant Agreement Award Notice under the 2014 Equity Incentive Plan.	S-4	333-254888	10.7(b)	3/31/2021
10.3(c)+	Form of Restricted Stock Unit Award Agreement under the 2014 Equity Incentive Plan.	S-4	333-254888	10.7(c)	3/31/2021
10.4+	Form of Indemnification Agreement.	S-4	333-254888	10.16	5/28/2021

10.5+	Amended and Restated Offer of Employment Letter, dated as of March 29, 2021, by and between Owlet, Inc. and Kurt Workman.	S-4	333-254888	10.9	3/31/2021
10.7††	Amended and Restated Registration Rights Agreement, by and among Owlet, Inc. and the holders party thereto.	8-K	001-39516	10.2	7/21/2021
10.9	Sponsor Letter Agreement, dated as of February 15, 2021, by and among Sandbridge Acquisition Holdings, LLC, certain initial stockholders of Sandbridge and Owlet, Inc.	8-K	001-39516	10.2	2/16/2021
10.10	Amended and Restated Stockholders Agreement, dated February 17, 2023, by and among Owlet, Inc., Eclipse Ventures Fund, L.P., Eclipse Continuity Fund I, L.P. and Eclipse Early Growth Fund I, L.P.	8-K	001-39516	10.3	2/21/2023
10.11	Investment Agreement, dated February 17, 2023, by and among Owlet, Inc. and the investors listed on Schedule I thereto (Institutional Accounts).	8-K	001-39516	10.1	2/21/2023
10.12	Investment Agreement, dated February 17, 2023, by and among Owlet, Inc. and the investors listed on Schedule I thereto (Excluded Investors).	8-K	001-39516	10.2	2/21/2023
10.13+	Owlet, Inc. Executive Change in Control Severance Plan	10-Q	001-39516	10.5	8/14/2023
10.14+	Owlet, Inc. Amended and Restated Non-Employee Director Compensation Program.	8-K	001-39516	10.1	10/6/2025
10.15+	Amended and Restated Offer Letter, dated September 30, 2025, between Owlet, Inc. and Jonathan Harris.	8-K	001-39516	10.2	10/6/2025
10.16	Investment Agreement, dated February 25, 2024, by and among Owlet, Inc. and the investors listed on Schedule I thereto (Series B Convertible Preferred Stock)	8-K	001-39516	10.1	2/26/2024
10.17††	Credit and Security Agreement, by and among Owlet, Inc., Owlet Baby Care, Inc., the financial institutions party thereto from time to time as lenders, and ABL OPCO LLC, in its capacity as administrative agent for the Lenders, dated as of September 11, 2024.	8-K	001-39516	10.1	9/11/2024
10.17(a)	First Amendment to the Credit and Security Agreement, dated June 11, 2025, by and among Owlet, Inc., Owlet Baby Care, Inc., the financial institutions party thereto from time to time as lenders, and ABL OPCO LLC, in its capacity as administrative agent for the Lenders.	8-K	001-39516	10.1	6/16/2025
10.18	Letter Agreement, by and among ABL OPCO LLC, Owlet, Inc. and Owlet Baby Care, Inc., dated as of September 11, 2024	8-K	001-39516	10.2	9/11/2024
10.19††	Loan and Security Agreement, by and among Owlet, Inc., Owlet Baby Care Inc., WTI Fund X, Inc., dated as of September 11, 2024	8-K	001-39516	10.3	9/11/2024
10.20	Stock Issuance Agreement, by and among Owlet, Inc., WTI Fund X, LLC and WTI Fund XI, LLC, dated as of September 11, 2024	8-K	001-39516	10.4	9/11/2024
10.21+	Promotion Letter between Owlet, Inc. and Amanda Twede Crawford	10-Q	001-39516	10.7	11/14/2024
10.23††	Exchange Agreement, dated as of August 7, 2025, by and among Owlet, Inc. and the holders thereto.	8-K/A	001-39516	10.1	8/13/2025
19.1	Insider Trading Compliance Policy.	10-K	001-39516	19.1	3/11/2025
21.1	List of Subsidiaries of Owlet, Inc.	10-K	001-39516	21.1	3/11/2025
23.1*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation	10-K	001-39516	97.1	3/8/2024
101.INS*	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

*Filed herewith
**Furnished herewith.
+Indicates management contract or compensatory plan
†The annexes, schedules, and certain exhibits to this Exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the SEC upon request.
††Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Owlet, Inc.

Date: March 9, 2026

By: /s/ Jonathan Harris

Jonathan Harris
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Jonathan Harris **Jonathan Harris**	President and Chief Executive Officer (Principal Executive Officer)	March 9, 2026
/s/ Kurt Workman **Kurt Workman**	Executive Chairman of the Board of Directors	March 9, 2026
/s/ Amanda Crawford **Amanda Crawford**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 9, 2026
/s/ Lior Susan **Lior Susan**	Director	March 9, 2026
/s/ Zane M. Burke **Zane M. Burke**	Director	March 9, 2026
/s/ Laura J. Durr **Laura J. Durr**	Director	March 9, 2026
/s/ Melissa A. Gonzales **Melissa A. Gonzales**	Director	March 9, 2026
/s/ John C. Kim **John C. Kim**	Director	March 9, 2026
/s/ Amy N. McCullough **Amy N. McCullough**	Director	March 9, 2026
/s/ Marc F. Stoll **Marc F. Stoll**	Director	March 9, 2026

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