Owlet, Inc.
Q2 Earnings

August 12, 2024



Disclaimer

Forward-Looking Statements

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Forward-looking statements are based on the Company's expectations at the time such statements are made, 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 claims the protection of the safe harbor for forward-looking statements contained in 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 our 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 regulatory pathway for Owlet's products, including submissions to, actions taken by and decisions and responses from regulators, such as the FDA and similar regulators outside of the United States, as well as Owlet's ability to obtain and maintain regulatory approval or certification for our products and other regulatory requirements and legal proceedings; (ii) Owlet's competition and the Company's ability to profitably grow and manage growth; (iii) the Company's ability to enhance future operating and financial results or obtain additional financing to continue as a going concern; (iv) Owlet's ability to obtain additional financing in the future, as well risks associated with the Company's current loan and debt agreements, including compliance with debt covenants, restrictions on the Company's access to capital, the impact of the Company's overall debt levels and the Company's ability to generate sufficient future cash flows to meet Owlet's debt service obligations and operate Owlet's business; (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, including but not limited to requirements concerning privacy and data protection, breaches and loss, as well as other risks associated with Owlet's digital platforms and technologies; (vii) Owlet's ability to maintain relationships with customers, manufacturers and suppliers and retain Owlet's management and key employees; (viii) Owlet's ability to upgrade and maintain its information technology systems; (ix) changes in applicable laws or regulations; (x) 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, such as health epidemics or pandemics, macro-economic uncertainties, social unrest, hostilities, natural disasters or other catastrophic events; (xi) the possibility that Owlet may be adversely affected by other economic, business, regulatory, competitive or other factors, such as changes in discretionary consumer spending and consumer preferences; and (xii) 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, 2023, as updated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, 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. Except as required by law, the Company assumes no obligation to update any forward-looking statements after the date of this presentation, 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.

Unless otherwise indicated, information contained in this presentation concerning our industry and the markets in which Owlet, Inc. operates, including its general expectations, market position and market opportunity, is based on its management's estimates and research, as well as industry and general publications and research, surveys and studies conducted by third parties. While Owlet believes the information from these third-party publications, research, surveys and studies is reliable, it does not guarantee the accuracy or completeness of such information, and Owlet has not independently verified this information. Management's estimates are derived from publicly available information, their knowledge of the company's industry and their assumptions based on such information and knowledge, which they believe to be reasonable. This data involves a number of assumptions and limitations which are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Owlet's periodic reports filed with the SEC under the captions "Forward Looking Statements," "Risk Factor Summary" and "Risk Factors." These and other factors could cause Owlet's future performance and market expectations to differ materially from its assumptions and estimates.

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In addition to the financial measures presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), this presentation also includes certain non-GAAP financial measures, including EBITDA, adjusted EBITDA, adjusted net loss and adjusted net loss per share. The Company uses such non-GAAP financial measures as internal measures of business operating performance and as performance measures for benchmarking against the Company's peers and competitors. The Company believes its presentation of EBITDA, adjusted EBITDA, adjusted net loss and adjusted net loss per share provide 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. The Company believes that these non-GAAP financial measures are important supplemental measures of operating performance because they exclude 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 the Company's future operating performance. The Company believes investors, analysts and other interested parties use EBITDA, adjusted EBITDA, adjusted net loss and adjusted net loss per share in evaluating issuers, and the presentation of these measures facilitates a comparative assessment of the Company's operating performance in addition to the Company's performance based on GAAP results. The Company's non-GAAP financial measures should not be considered as an alternative to net loss or net loss per share 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 the Company's future results will be unaffected by unusual or non-recurring items. EBITDA is defined as net loss adjusted for income tax provision and interest expense, and depreciation and amortization. Adjusted EBITDA is defined as net loss adjusted for income tax provision, interest expense, interest expense from contingent beneficial conversion feature, interest income, depreciation and amortization, restructuring costs, warrant liability adjustments, gain on loan forgiveness, stock-based compensation and transaction costs. Adjusted net loss is defined as net loss adjusted for restructuring costs, common stock warrant liability adjustments, stock-based compensation and transaction costs. Adjusted net loss per share is defined as adjusted net loss divided by the weighted-average shares of common stock outstanding. EBITDA, adjusted EBITDA, adjusted net loss and adjusted net loss per share are not recognized terms under GAAP, and the Company's presentation of these non-GAAP \measures does not replace the presentation of the Company's financial results in accordance with GAAP. Because all companies do not use EBITDA, adjusted EBITDA, adjusted net loss and adjusted net loss per share (and similarly titled financial measures) in the same way, those measures as used by other companies may not be consistent with the way the Company calculates such measures. The non-GAAP financial measures included in this presentation should not be construed as substitutes for or better indicators of the Company's performance than the most directly comparable GAAP financial measures. A reconciliation of the Company's guidance with respect to non-GAAP financial measures to the most directly comparable GAAP financial measure cannot be provided without unreasonable efforts and is not provided herein because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, the amounts of which could be material.

Owlet’s Q2 Update

Our Story

How it started

Since Owlet's founding in 2013, our shared love for every baby compels us to ***solve the unsolvable***...



Parents around the world have the same questions and concerns for their children

140M Babies Born Each Year Globally[(1)]

Safety

Are they breathing?



Sickness

When should I call my doctor?



Sleep

Will we ever sleep again?



Sources:

(1) 2022 - https://population.un.org/wpp/Download/

Leading to the highest rate of primary & urgent care utilization

126M
Pediatric Visits in the US/year 2016 [3]

94%
Peace of Mind
Treat & Release for infants 0-1 [1]

Inconvenient process just to know if baby is okay



Long Travel and Wait Times



Exposure to Sickness
$931-$1431 ER Visit [2]



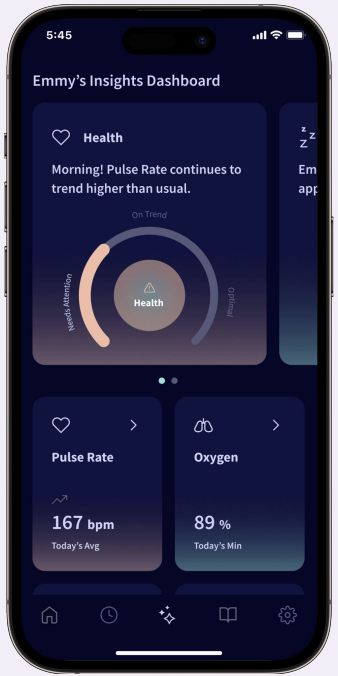
Is Baby Okay?

What if these concerns could be addressed in the home?

1) https://www.ncbi.nlm.nih.gov/books/NBK526418/table/sb242.tab2/?report=objectonly - 2015
2) https://academic.oup.com/healthaffairsscholar/article/1/1/qxad015/7203731
3) https://www.graham-center.org/content/dam/rgc/documents/publications-reports/reports/PrimaryCareChartbook2021.pdf (page 19 & 20) - 2021

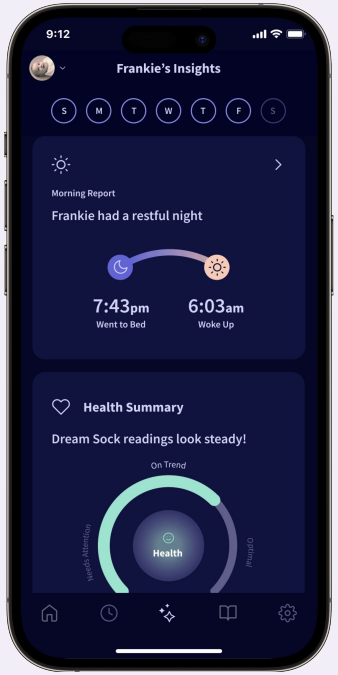
Unlocking the value of our data with ‘Owlet Care’ our new subscription service





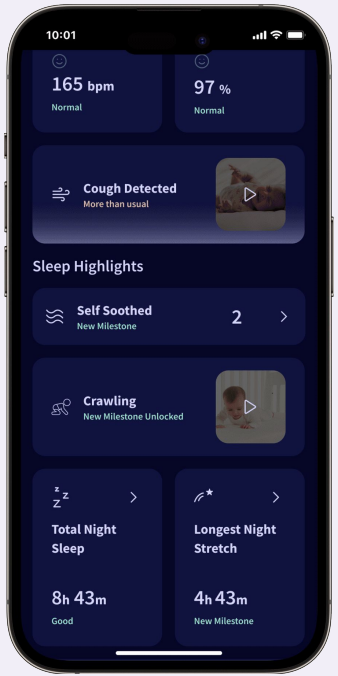
Health

Understand baby’s trends, their normal and when to seek attention.



Sleep

Start each day with confidence with actionable, age-appropriate sleep insights and comparisons.



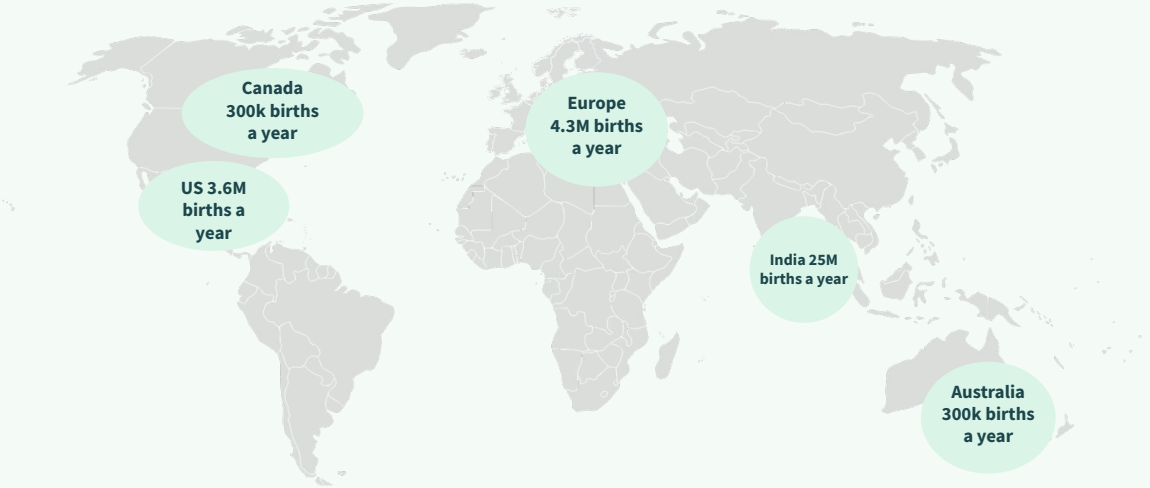
Cam

Gain a holistic understanding of your baby's day by identifying the external factors affecting sleep.

Over **70M Adults** have a wearable to track their health. **Parents want** the same information for their children.

(1) https://www.nhlbi.nih.gov/news/2023/study-reveals-wearable-device-trends-among-us-adults#:~:text=Almost%20one%20in%20three%20Americans,Health%20Information%20National%20Trends%20Survey.

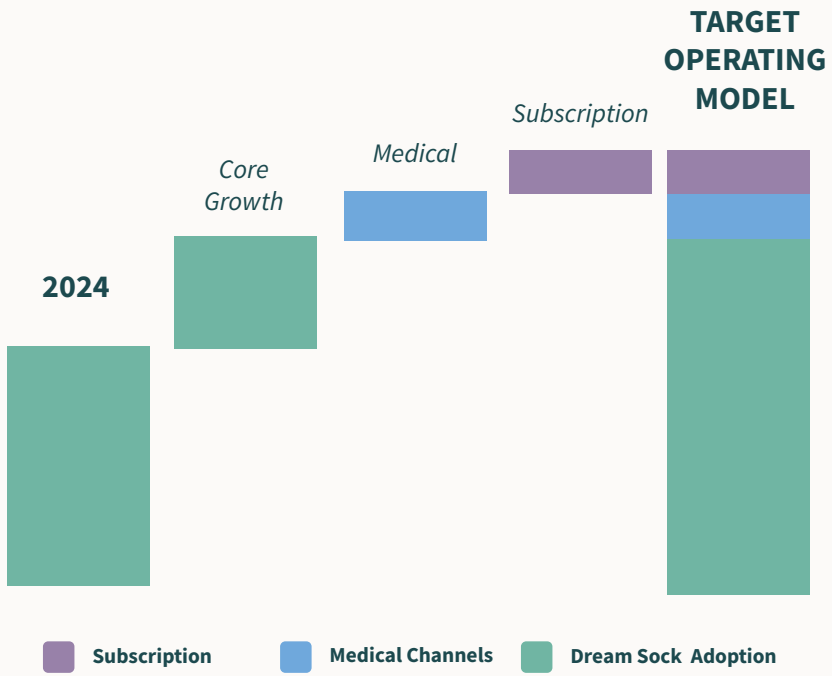
The opportunity for Owlet is a global one, and it's BIG…
Every Baby = 140M babies/year



Owlet sees significant potential for growth through driving increased penetration in the US and expanding its distribution footprint globally.

https://population.un.org/wpp/Download/Standard/MostUsed/

Accelerating Growth & Profitability



KEY AREAS OF GROWTH

- Adoption from FDA & EU med device authorizations
- Medical Channels
- Subscription

MARGIN CONTRIBUTION

Medical Channels and Subscription both add significant margin opportunities for the business

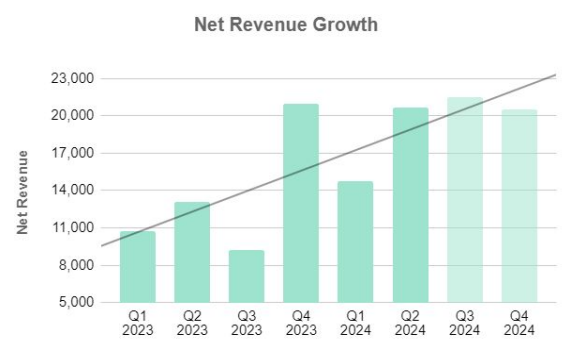
Q2 2024 Highlights

$20.7M Net Revenue
(+58% YOY)

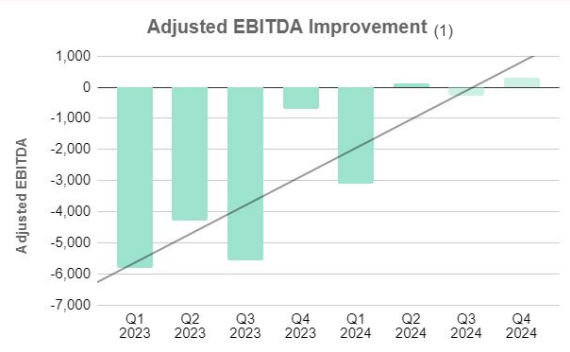
50% Gross Margin
(+1000 BPS YOY)

$0.1M Adjusted EBITDA (1)
(vs. loss of $4.3M PY)









Owlet has gained operational leverage from growing demand, margin improvement and lean operating expenses.

(1) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is defined as net loss adjusted for income tax provision, interest expense, interest expense from contingent beneficial conversion feature, interest income, depreciation and amortization, restructuring costs, warrant liability adjustments, gain on loan forgiveness, stock-based compensation, and transaction costs.

2024 Outlook

	FY '23 A	Q1 '24 A	Q2 '24 A	Q3/4 '24 E	FY '24 E	Full YOY Growth
Net Revenue	$54M	$14.8M	$20.7M	$37-42M	$72.5-$77.5M	34-43%
Gross Margin	$22.6M	$6.6M	$10.3M	$17-$21M	$33.9-$37.9M	50-68%
Gross Margin %	42%	44%	50%	46-50%	47-49%	500-700 BPS
Adjusted EBITDA (loss)/income[(1)]	($16.3M)	($3.1M)	$0.1M	($3M)-$0	($6M)-($3M)	63-82%

(1) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is defined as net loss adjusted for income tax provision, interest expense, interest expense from contingent beneficial conversion feature, interest income, depreciation and amortization, restructuring costs, warrant liability adjustments, gain on loan forgiveness, stock-based compensation, and transaction costs.

Thank You