Owlet, Inc.
Q3 2024 Financial Results

November 13, 2024



Conference Call

Speakers

- Kurt Workman, Co-Founder and CEO
- Jonathan Harris, President and CRO
- Amanda Twede Crawford, CFO
- Jay Gentzkow, VP Investor Relations

Webcast

- Domestic Callers: (833) 470-1428
- International Callers: (404) 975-4839; Access Code: 626609
- Webcast Archive Available: investors.owletcare.com

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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 September 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.

Non-GAAP Financial Measures

In addition to the financial measures presented in this release in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has included certain non-GAAP financial measures in this release, 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 the Company's current business and enables investors to better understand and evaluate its 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 the Company's core operating performance and highlight trends in its 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, net 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, intangible asset impairment, 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, transaction costs, and intangible asset impairment. 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 release should not be construed as substitutes for or better indicators of the Company's performance than the most directly comparable GAAP financial measures. See the reconciliation tables that accompany this release for additional information regarding certain of the non-GAAP financial measures included herein. 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 Business Update

Owlet Business Update | Third Quarter 2024

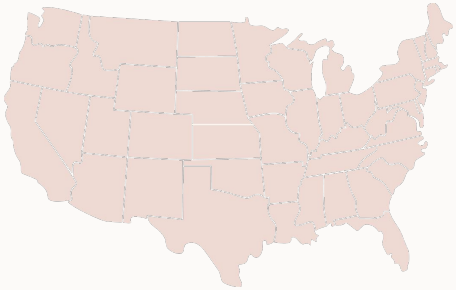
Net Revenue	Gross Margin	Adj. EBITDA
$22.1M	52.2%	$0.6M
Growth of 141% y/y	Expanded 1,590 bps y/y	Improved $6.1M y/y

Business Highlights

- Consistently delivering on key financial goals
  - Triple-digit revenue growth y/y
  - Significant gross margin expansion
  - Second consecutive quarter of adj. EBITDA profitability
- Record setting Amazon events: Prime Day (July) and Prime Big Deal Days (October)
- Added 5 new DMEs to support expansion in medical & healthcare channels
- Owlet Subscription launched Beta version to thousands of caregivers in Q3’24
  - Early results and feedback validating the opportunity including 85% renewal rate

Drive Global Adoption of Dream Sock

U.S. Market Penetration



~10%

Over the past year, of the estimated U.S.-born babies, **only ~10%** have an Owlet product.

We believe **EVERY BABY** will have access to health monitoring, reimbursed by insurance in the future.







Every Baby

Drive Global Adoption of Dream Sock



International Expansion

Today, Owlet is only available to
~4 million babies outside of the US.

There are ~**140 million** babies born worldwide every year.



Massive International Opportunity

Expand Medical + Healthcare Channels



Today, Owlet is out of pocket.

We're moving into **reimbursement** and the ability for physicians to send BabySat home with caregivers.

BabySat price is $**599**, **2x higher** than Dream Sock.



Acute & Chronic

570k(1)

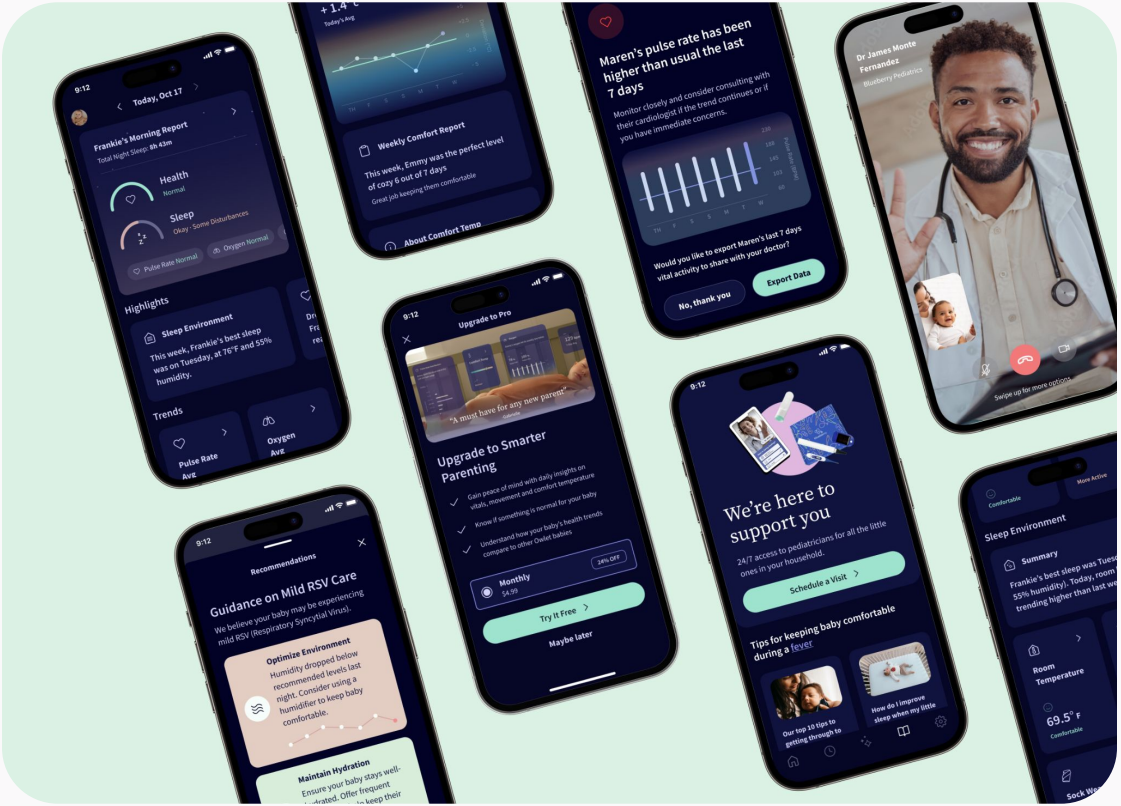
Medical Condition Cases That May Benefit from Monitoring

(1) See appendix

Pediatric Health Subscription

Owlet was previously a one-time sale.

We’re launching Owlet Subscription, creating the potential to **double LTV** per customer.



Owlet is Redefining the Pediatric Care Market with Leading Hardware, Medical Approvals, and Infant Health Data

#1 Monitor

Largest distribution.
Most engaged community & brand affinity.



First Medical Clearances

First OTC authorization,
Rx Clearance and CE Med.



Pediatric Health Data

Massive data set of infant health and sleep ready for integration with care.



Financial Highlights

Financial Highlights | Third Quarter 2024

Net Revenue

$22.1M

Growth of 141% y/y

Gross Margin

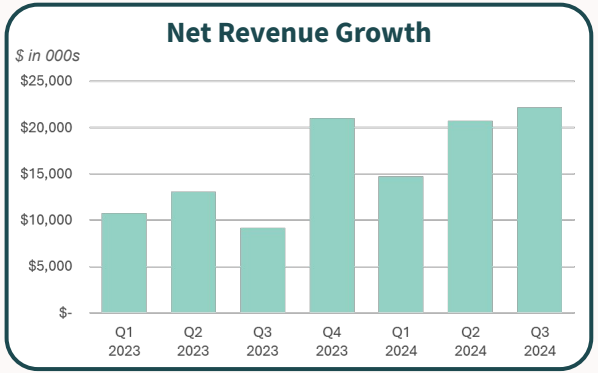
52.2%

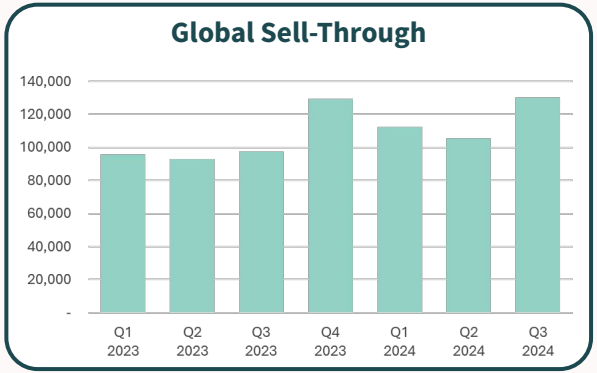
Expanded 1,590 bps y/y

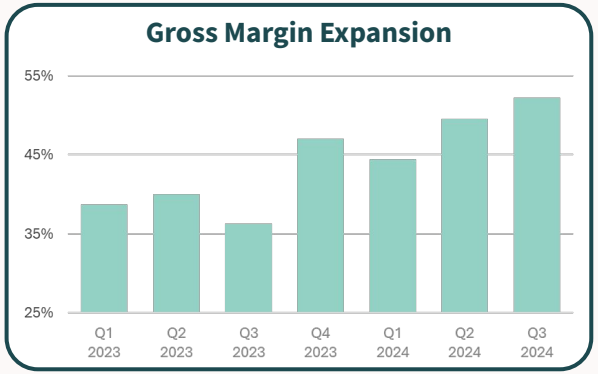
Adj. EBITDA(1)

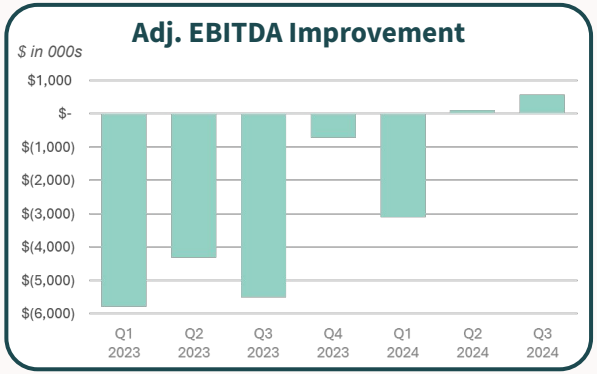
$0.6M

Improved $6.1M y/y









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, intangible asset impairment, restructuring costs, warrant liability adjustments, gain on loan forgiveness, stock-based compensation, and transaction costs.

Financial Updates

Key Developments

- Strengthened cash & cash equivalents position to $21.5M as of September 30, 2024
  - Successfully completed $11.6M follow-on equity offering
  - Engages new group of supportive investors as we hit an inflection point for Owlet's long-term opportunity
- Successfully completed comprehensive debt restructuring for total gross proceeds of up to $35M
  - Upsized asset-based line of credit for up to $20M dollars
  - Refinanced term loan for up to $15M
- Combination equity follow-on offering and debt restructuring bolsters balance sheet health and increases operational flexibility

2024 Financial Outlook

2024 Financial Outlook – Update

	FY 2023 A		FY 2024 E	*Growth Y/Y*
Net Revenue	$54.0M	Raising low-end of range $1.5M	$74M – $77.5M	*37% – 43%*
Gross Profit	$22.6M	Raising low end of range $1.6M	$35.5M – $37.9M	*57% – 68%*
Gross Margin %	41.8%		48% – 49%	*610 – 710 bps*
Adj. EBITDA(1)	$(16.3)M	Raising low end of range $1M	$(5)M – $(3)M	*69% – 82%*

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Thank You

Appendix

Acute & Chronic Medical Conditions

Respiratory issues – #1 reason for pediatric ER visits[9]



3.6 million babies a year are born in the US [6]

400K+ per year
Babies are born premature and or discharged from the NICU [8]



50-80k per year
2.1M RSV outpatient visits with 50-80K hospitalizations [1], [2], [3], [5]



80-100K per year
Infants born annually with significant Arrhythmias [7]



40K per year
Babies would benefit from monitoring because of Congenital Heart Disease (CHD) [4]



1 - The burden of respiratory syncytial virus infection in young children. , 2 - Respiratory Syncytial Virus–Associated Hospitalizations Among Young Children: 2015–2016. , 3 - Respiratory Syncytial Virus–Associated Hospitalization Rates among US Infants: A Systematic Review and Meta-Analysis. , 4 - https://www.childrensheartfoundation.org/about-chds/chd-facts.html#:~:text=Each%20year%20approximately%2040%2C000%20babies,1%20child%20every%2015%20minutes. , 5- https://www.cdc.gov/rsv/php/surveillance/index.html#:~:text=Each%20year%20in%20the%20United,younger%20than%205%20years%20old. , 6 - https://pubmed.ncbi.nlm.nih.gov/38625869/ , 7 – https://pubmed.ncbi.nlm.nih.gov/33421423/#:~:text=The%20cumulative%20incidence%20of%20tachyarrhythmia,%25%20vs%202.4%25%3B%20P%20%3D%20. 8 - https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5524203/ 9 - https://www.ncbi.nlm.nih.gov/books/NBK526418/