Risk Factors Comparison 2024-03-08 to 2023-04-06 Form: 10-K

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Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected ~~. The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations~~ . 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. We were organized in 2014 and began selling our Smart Sock in 2015, our Owlet Cam in 2018, and launched our Dream Sock in January 2022. Accordingly, we have a limited operating history, which makes an evaluation of our future prospects difficult. 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 need to make business decisions that could adversely affect our operating results, such as modifications to our pricing strategy, business structure or operations. We have not been profitable to date, and operating losses could continue, which could materially and adversely affect our business, financial condition and results of operations, including our ability to continue as a going concern. The success of our business depends on our ability to increase revenues to offset expenses. We experienced year over year revenue declines in 2022 compared to 2021, and since our inception, we have incurred recurring operating losses, generated negative cash flows from operations, and financed our operations principally through equity investments and borrowings. Those factors, coupled with our current cash balance and **current debt obligations** ~~noncompliance with one of our revenue covenants~~ , raise substantial doubt as to our ability to continue as a going concern. Any measures we undertake to address these financial conditions may not be successful. For example, we have undertaken cost- saving measures and implemented a company- wide restructuring program, which significantly reduced our employee headcount and is expected to reduce our operating spend and improve cost efficiency. These cost- saving and restructuring actions include reductions in consulting and outside services and marketing programs and prioritizations and sequencing of research and development projects. Future profitability is difficult to predict with certainty, and failure to achieve profitability could materially and adversely affect our overall value and ability to obtain additional financing and capital. There can be no assurance that the Company will generate sufficient future cash flows from operations due to various potential factors, including but not limited to inflation, recession or decreased demand for our products. If our revenues further 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. Also, there can be no assurance as to whether or when we will be able to obtain additional debt or equity financing on acceptable terms. 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. Prior to the receipt of the Warning Letter described below, we experienced rapid growth. For example, our revenue increased from $ 54. 4 million for the nine months ended September 30, 2020 to $ 78. 4 million for the nine months ended September 30, 2021, and the number of our full- time employees increased from 111 as of December 31, 2020 to 200 as of December 31, 2021. Following receipt of the Warning Letter, our revenue decreased from $ 75. ~~2~~ **8** million for the year ended December 31, 2021 to $ 69. 2 million for the year ended December 31, 2022 **, and decreased to $ 54. 0 million for the year ended December 31, 2023** . Further, as part of a restructuring program implemented in the third quarter of 2022 to increase cost efficiencies across the organization, we commenced a workforce reduction of 74 employees, and as of December 31, 2022 the number of our full- time employees decreased to 106 **. As of December 31, 2023, the number of full- time employees was 76** . 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. Fluctuations in our growth have placed significant demands on our management, financial, operational, technological and at the time of other resources, and we expect that such fluctuations will continue to place significant demands on our management and other resources and will require us to continue developing and improving our operational, financial and other internal controls. Any growth strategy that we may decide to execute will require that we: • 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** ~~increases~~ **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. In addition, we also expect to continue to incur additional legal, accounting, and other expenses as a public company. 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 common stock and warrants. 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 ~~also~~ 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, if approved. 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 before we can validate the productivity of those employees. In addition, we may not be able to hire new employees quickly enough to meet our needs 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. ~~We may not successfully execute~~ **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** ~~or~~ **our** ~~achieve~~ **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~~ **there** ~~expected benefits of our restructuring~~ **is a possibility that the current U. S. immigration visa** program **may be significantly overhauled,** and ~~other~~ -- **the** ~~cost~~ **number of H1** - ~~saving measures we may take in~~ **B visas available, as well as the process to obtain** ~~the~~ **them** ~~future~~ , ~~and our efforts~~ may **be subject to significant change. Any** ~~result~~ **resulting** ~~in further actions~~ **changes to this visa program could impact our ability to recruit, hire** and ~~may materially and adversely affect~~ **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** ~~and results of operations. In July 2022, we implemented a company- wide restructuring program designed to position the Company for long- term profitable growth by prioritizing the sell- through of our products to end consumers, obtaining required marketing authorizations from applicable regulatory authorities and certifications from notified bodies and managing our liquidity. The program included streamlining our organizational structure in response to current business conditions, reducing our operating expenses and conserving our cash resources. The restructuring program was based on various estimates, assumptions and forecasts, which were subject to known and unknown risks and uncertainties, including but not limited to assumptions regarding cost savings, cash burn rate, access to restricted cash, gross profit improvements and effectiveness of reduced marketing spend. Accordingly, we face risks of not being able to fully realize the cost savings, enhanced liquidity and other benefits anticipated from the restructuring program. Additionally, implementation of any cost- saving initiatives or cash preservation strategies may~~ be **adversely affected** ~~costly and disruptive to our business, the expected costs and charges may be greater than we forecasted, and the estimated cost savings may be lower than we forecasted. If we don' t pay our vendors timely, they may cease providing services or products that we need to operate our business~~ . We will need to raise additional capital in the future in order to execute our strategic plan, which may not be available on terms acceptable to us, or at all. We have experienced recurring losses from operations and negative cash flows from operations, and we expect to continue operating at a loss for the foreseeable future. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~222~~ **255** . ~~8~~ **7** million and cash and cash equivalents of $ ~~11~~ **16** . ~~2~~ **6** million. Year over year declines in revenue, our low, current cash balance, recurring operating losses, and negative cash flows from operations since inception raise substantial doubt about our ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued. While we were able to announce the closing of a private equity offering in February 2023 which provided an infusion of capital of $ 30. 0 million and ~~as of March 27, 2023~~ we were able to amend our existing debt and line of credit held by Silicon Valley Bank, now a division of First Citizens Bank and Trust Company (" SVB "), **as of March, 27, 2023, August 10, 2023, and November 13, 2023,** we anticipate needing to raise additional capital to fund our future operations in order to remain as a going concern. There can be no assurance that we will be able to obtain additional funding on acceptable terms, if at all. To the extent that we raise additional capital through future equity offerings, the ownership interest of common stockholders will be diluted, which dilution may be significant. However, we cannot guarantee that we will be able to obtain any or sufficient additional funding or that such funding, if available, will be obtainable on terms satisfactory to us. Failure to secure additional funding may require us to modify, delay or abandon some of our planned future development, or to otherwise enact further operating cost reductions, which could have a material adverse effect on our business, operating results, financial condition and ability to achieve our intended business objectives. Substantial doubt about our ability to continue as a going concern may materially and adversely affect the price per share of our common stock, and it may be more difficult for us to obtain financing. If potential investors decline to participate in any future financings due to such concerns, our ability to increase our cash position may be limited. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations. We have prepared our consolidated financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our consolidated financial statements included in this Report do not include any adjustments to reflect the possible inability to continue as a going concern within one year after the date of the filing of this Report. If we are unable to continue as a going concern, you could lose all or part of your investment. ~~We~~ **In addition, we maintain our cash in bank deposit accounts which, at times, exceed federally insured limits. As of December 31, 2023, we** maintain the majority of our cash and cash equivalents in accounts with primarily SVB ~~,~~ and **Citibank, and** ~~our deposits at SVB exceed~~ **exceeded federally** insured limits. ~~Recently~~ **In March 2023** , we ~~have~~ worked closely with SVB during its announced ~~March 2023~~ reconstitution as a FDIC bridge bank and its sale to First Citizens Bank & Trust Company. SVB has publicly confirmed that its depositors will have access to their funds in this process and we have also recently completed an amendment to our Third

Amended and Restated Loan and Security Agreement in order to have SVB waive certain events of default, defer payments and improve our access to borrowing on our line of credit. ~~While we anticipate that SVB shall continue to operate as a division of First Citizens, there could be risks in this transition.~~ In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position. We will still need additional funding to fund our operations, but additional funds may not be available to us on acceptable terms on a timely basis, if at all. We may seek funds through borrowings or ~~through~~ 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 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; • ~~the duration and severity of the COVID-19 pandemic and its impact on our business and financial markets generally; •~~ 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. Additional funds may not be available to us on acceptable terms on a timely basis, if at all. 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. ~~We ceased distribution of the Smart Sock in the U. S. in October 2021 following receipt of a Warning Letter from the FDA, and we will not be able to market and sell the Smart Sock with the same features and claims unless and until we receive marketing authorization from the FDA. Moreover, although we launched a new product called the Dream Sock in the U. S. without the notification features that were the subject of the Warning Letter, the FDA asserted that the Dream Sock has certain features that classify it as a medical device that requires FDA marketing authorization. On October 1, 2021, we received a Warning Letter from the FDA in which the FDA asserted that the Smart Sock is a medical device requiring marketing authorization from the FDA due to its marketing and functionality in measuring blood oxygen saturation and pulse rate, and providing an alarm to notify users that these measurements are outside of preset values. Prior to receipt of the Warning Letter, we were dependent on sales of the Smart Sock in the U. S. for a majority of our revenue and expected to continue to be dependent for the foreseeable future. Following receipt of the Warning Letter, we ceased distribution of the Smart Sock in the U. S., and we have been in communications with the FDA regarding our plans to pursue marketing authorization for the notification features that were the subject of the Warning Letter. Although the FDA has not requested or required that we recall Smart Sock products that had already been distributed prior to our decision to cease distribution, we cannot assure you that the FDA's position regarding a recall will not or cannot change. Any such recall could have a material adverse effect on our business, financial condition and results of operations. We may not be successful in our efforts to obtain marketing authorization from the FDA for the features of the Smart Sock that the FDA has asserted are medical device features requiring marketing authorization, and even if we do, it may take significantly longer than we anticipate. The FDA marketing authorization process can be expensive, lengthy and uncertain. For example, the process of pursuing and obtaining clearance of a premarket notification under Section 510 (k) of the FDCA, also known as a 510 (k) clearance, usually takes from three to 12 months, but can take longer. The process of obtaining marketing authorization via a de novo classification can be more costly and uncertain than the 510 (k) clearance process and can often take over a year from the time the application is submitted to the FDA. Despite the time, effort and cost, a device may not obtain marketing authorization by the FDA. Any delay or failure to obtain necessary regulatory marketing authorizations would harm our business. Furthermore, even if we are granted such marketing authorization, it may include significant limitations on the uses, which may limit the potential commercial market for the device. Although we have ceased distribution of the Smart Sock in the United States, we have launched and are marketing a new product, the Dream Sock, which we did not believe would be regulated by the FDA as a medical device based on the device's functionality and claims, including that the device does not have the Smart Sock's notification features. The FDA informed us that the FDA believes that although sleep quality and tracking functions for healthy infants within the Dream Sock are not device functions, certain features of the Dream Sock — namely its display of pulse rate and blood oxygen saturation, even without any notifications or alarms when those measures fall outside preset values — are medical device features requiring marketing authorization. We advised the FDA of our plan to submit a de novo classification request for marketing authorization with respect to the Dream Sock's heart rate and oxygen displays, along with certain new features not currently offered for the Dream Sock (namely, notifications or alarms when these measures fall outside of preset values) and we submitted this application in December 2022. The FDA indicated to us that it does not anticipate the need for enforcement action pending a decision on the marketing application, which was submitted timely, provided that the FDA does not determine that a change in enforcement approach is appropriate, for reasons such as if new information changes the FDA's assessment of the risk or if the marketing application is deleted or withdrawn by us. Despite our timely submission, if the FDA changes its enforcement approach to the Dream Sock or if we are unable to obtain marketing authorization, we may be required to recall product that has already been distributed or otherwise cease distribution of or~~

~~otherwise be restricted from selling the product as currently designed with these specific display features until after marketing authorization from the FDA has been received. We could also be subject to regulatory enforcement action. In addition, we may be required to modify the product' s functionality or limit our marketing claims for the product, whether or not we obtain such marketing authorization. In any such event, our business could be substantially harmed.~~ If any governmental authority or notified body were to require marketing authorization or similar certification for any product that we sell **for which we have not obtained such marketing authorization or certification** , we could be subject to regulatory enforcement actions and / or be required to cease selling or recall the product pending receipt of marketing authorization or similar certification from such other governmental authority or notified body, which can be a lengthy and time- consuming process, harm financial results and have long- term negative effects on our operations. We currently sell the Smart Sock and Dream Sock in certain countries outside of the U. S., and we have not obtained any medical device marketing authorization, approval, or certification from any ~~other~~ governmental authority or notified body **, other than from the FDA for the Dream Sock and BabySat** . In response to inquiries from the FDA and regulatory authorities in other jurisdictions regarding the marketing of the Smart Sock and Dream Sock **(in the case of the FDA, prior to ceasing distribution of the Smart Sock and prior to our recent marketing authorization for the Dream Sock Health Notifications features)** , we have communicated our beliefs that such products are not medical devices that require medical device or similar marketing authorization or certification from such other regulatory authorities or notified bodies. However, certain regulatory authorities have expressed that they do not agree with that conclusion and in some instances have required us to obtain marketing authorization, such as a clearance or approval, or other certification to continue to sell the product. For example, **we have been marketing and selling Smart Sock** in ~~addition to our communications with~~ the ~~FDA, the~~ **United Kingdom (" UK"). The** Medicines and Healthcare products Regulatory Agency (" MHRA "), the regulatory authority responsible for the United Kingdom (" UK ") medical device market, has asserted that the Smart Sock requires certification by ~~a notified~~ **an approved** body and subsequent registration as a medical device in the UK, but has indicated it will allow us to continue to market the Smart Sock in the UK while we are working towards that certification and registration **until the end of 2022. We requested an extension to that grace period and have continued to communicate with MHRA to provide updates regarding our continuing efforts to obtain certification** , **including our submission in June 2023 to our UK approved body, i. e., an independent organization designated by the MHRA, for their review of Dream Sock with Health Notifications (to replace our marketing of the Smart Sock). The MHRA** ~~as~~ **has** ~~long~~ **responded to our communications but** ~~as~~ **has not affirmatively extended the grace period for marketing Smart Sock. If the MHRA determines that** we are ~~progressing on~~ **not permitted to continue marketing Smart Sock notwithstanding our request to extend the grace period, we may have to cease distribution of the product in the UK and could be subject to enforcement action. Moreover, there is no assurance** that ~~certification with our notified body and providing monthly updates to MHRA. Our efforts may be unsuccessful, and~~ we **will** ~~may not~~ be able to obtain ~~such~~ **in a timely manner the marketing authorization or** certification **for Dream** ~~and may not be able to register the Smart~~ Sock **with Health Notifications** ~~as a medical device~~ , ~~at~~ which ~~point~~ we **intend** ~~would be required~~ to ~~cease marketing~~ --- **market** ~~the Smart Sock~~ in the UK **if and when registered** . In addition, Owlet has been corresponding with the Medical Devices Directorate, Canada' s medical device regulatory authority within Health Canada, regarding the device classification requirements of the Smart Sock and Dream Sock. As a result of these exchanges, Owlet ceased selling and advertising the Smart Sock in Canada on December 10, 2021. ~~Currently~~ **We have** , **however, marketed and sold** ~~the Company is in the process of exchanging information regarding the~~ Dream Sock **in Canada since January 2022. Health Canada** , ~~which~~ **the regulatory authority responsible for the Canadian medical device market, initially asserted that the Dream Sock was a medical device that can no longer be sold in Canada unless a relevant license has been issued. In the second half of 2022, we responded with our position that the Dream Sock** is ~~being sold in~~ **not a medical device, and Health** Canada ~~,~~ **has not affirmatively concluded that it agrees** ~~for~~ **or** ~~device classification purposes under~~ **disagrees with our position. If Health Canada does not agree with our position, we may be required to cease distribution of the product into the** Canadian ~~regulation~~ **market and may be subject to enforcement action** . Obtaining authorization or certification to sell **any of** ~~the Smart Sock or~~ **our products** ~~Dream Sock~~ as medical devices is a time- consuming and costly process and we may be precluded from selling ~~these~~ **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. Our products rely on mobile applications to function and we rely on Apple' s App Store and the Google Play Store for distribution of our mobile applications. Our products rely on the installation of our mobile applications to function properly. 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 very broad and subject to interpretation and frequent changes, 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. 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. **If Apple removes our** ~~As a result, we have designed a new mobile application~~ **applications from** ~~called the Dream App that is currently available for Dream Sock and Owlet Cam users in the U. S. on~~ the App Store ~~and~~ **or Google removes our applications from the** Google Play Store ~~. However~~ , ~~in the event that Apple determines the Dream App implicates the functionalities and claims that the FDA asserted rendered the Smart Sock a medical device in the Warning Letter, Apple may remove the Dream App from the App Store. If Apple removes the Dream App from the App Store or~~ **our** ~~Google removes the Dream App from the Google Play Store, our Dream Sock and Dream Duo~~ products would not function as intended, and we may be required to recall our products, issue refunds and accept returns, and we may be subject to costly litigation. 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 top three retail customers represented ~~50~~ **46** % of our revenue for the year ended December 31, ~~2021~~ **2022** and ~~46~~ **55** % for the year ended December 31, ~~2022~~ **2023** . These retailers work with us on a non- exclusive basis. If we are unable to establish, maintain or grow these relationships over time, or if these relationships grow more slowly than we anticipate, we are likely to fail to recover these costs and 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. 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 consolidate their operations, reducing the overall number of locations in which they sell our products and services. Historically, we have had retail customers declare bankruptcy and stop operations, negatively affecting our sales and business. If regulatory actions such as the Warning Letter we received in October 2021 regarding the regulatory status of the Smart Sock are threatened or taken against us or our products, retailers may stop carrying **and return** our products ~~. After this Warning Letter, U. S. retailers suspended U. S. sales of the Smart Sock and Owlet Monitor Duo. In response to the Warning Letter, our retail customers have returned or are returning existing inventory of the Smart Sock and Owlet Monitor Duo~~ . Such returns have had, and may ~~continue to~~ 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. Identifying retailers, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their products or services. If we are unsuccessful in establishing, or maintaining or strengthening our relationships with third parties, 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 customer use of our services or increased revenue. **Our** ~~If our~~ distributors or retail customers **may** experience financial difficulties ~~due to various factors~~ , **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. 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 in 2022 were 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 **. 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** . We currently rely on a single manufacturer for the assembly of our Smart Sock and Dream Sock products and a single manufacturer for the assembly of our Owlet Cam. We will likely rely on single manufacturers for future products we may develop. If we encounter manufacturing problems or delays, we may be unable to promptly transition to alternative manufacturers and our ability to generate revenue will be limited. We have no manufacturing capabilities of our own. We currently rely on a single manufacturer located in Thailand, Benchmark, for the manufacture of our Owlet Sock products. Additionally, we currently rely on a separate single manufacturer located in China, Shenzhen Aoni Electronic, for the manufacture of our Owlet Cam. We expect to rely on limited manufacturers for future products we may develop. For ~~example, we have relied upon and expect to continue to rely upon a single manufacturer for the supply of the Owlet Band, a product that we are developing and may commercially launch in the future. 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. While our existing manufacturers have generally met our demand requirements on a timely basis in the past, their ability and willingness to continue to do so going forward may be limited for several reasons, including our relative importance as a customer of each manufacturer or their respective ability to provide assembly services to manufacture our products, which may be affected by the COVID- 19 pandemic or other natural or man-made disasters. Earthquakes are of particular significance since our headquarters are located in an earthquake- prone area. We are also vulnerable to damage from other types of disasters, including power loss, attacks from extremist or terrorist organizations, epidemics, communication failures, fire, floods and similar events. **Certain of these events may be exacerbated by climate change; for more information, see our risk factor titled " We are subject to a series of risks regarding climate change. "** Furthermore, 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. 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. ~~We may also encounter defects in materials or workmanship, which could lead to a failure to adhere to regulatory requirements. Any defects could delay operations at our contract manufacturers' facilities, lead to regulatory fines or halt or discontinue manufacturing indefinitely.~~ Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations **. Our products must be manufactured in accordance with federal, state and foreign regulations, and we or any of our suppliers could be forced to recall products or terminate production 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. 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 . If we are unable to obtain key materials and components from sole or limited source suppliers, we will not be able to deliver our products to customers. We are currently devoting substantial resources to the development of new or advanced products and services. However, we may not be able to complete development on a timely basis, or at all. In addition, some of our products and products in development **are** ~~may be~~ regulated by the FDA ~~or~~ **and** foreign regulatory agencies as medical devices, which ~~may require~~ **requires** marketing authorization or similar certification from applicable regulatory authorities or notified bodies, including marketing authorization from the FDA, prior to commercialization. Our products and services, particularly those needing to meet FDA or other regulatory standards, may have higher manufacturing costs than legacy products and services, which could negatively impact our gross margins and operating results during these stages, without guarantees we will be able to successfully commercialize any such products. If we successfully develop such products and services, we must still successfully manage their introductions to the market. Products and services that are not well- received by the market may lead to excess inventory and discounting of our existing products and services. Inventory levels in excess of consumer demand may result in inventory write- downs or write- offs and the sale of inventory at discounted prices may affect our gross margin and could impair the strength of our brand. Reserves and write- downs for rebates, promotions and excess inventory are recorded based on our forecast of future demand. Actual future demand could be less than our forecast, which may result in additional reserves and write- downs in the future, or actual demand could be stronger than our forecast, which may result in increased shipping costs and a reduction to previously recorded reserves and write- downs in the future and increase the volatility of our operating results. Introductions of new or advanced products and services could also adversely impact the sales of our existing products and services to consumers. For instance, the introduction or announcement of new or advanced products and services may shorten the life cycle of our existing products or reduce demand, thereby reducing any benefits of successful product or service introductions and potentially leading to challenges in managing write- downs or write- offs of inventory of existing products and services. We have in the past experienced challenges managing the inventory of our products, which has led and may in the future lead to increased shipping costs for air freight in order to fulfill customer orders in a timely manner, which has affected our gross margin. 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 will be required to increase production proportionally. Adapting to changes in demand inherently lags behind the actual changes because it takes time to identify the change the market is undergoing and to implement any measures taken as a result. Finally, capacity adjustments are inherently risky because there is imperfect information, and 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 in the future to identify 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. Some of our products and services are in development or have been recently introduced into the market and may not achieve market acceptance, which could limit our growth and adversely affect our business, financial condition and results of operations. Our portfolio of products and services continues to expand, and we are investing significant resources to enter into, and in some cases create, new markets for these products and services. We are continuing to invest in sales and marketing resources to achieve market acceptance of these products and services, but our technologies may not achieve general market acceptance. New products and services, such as the Dream Sock, may also fail to achieve the market acceptance that our existing products and services, such as the Smart Sock, have historically achieved. The degree of market acceptance of these products and services will depend on a number of factors, including: • perceived benefits from and safety of our products and services; • perceived cost effectiveness of our products and services; • our ability to obtain any required marketing authorizations or certifications for our products and services and the label requirements of any marketing authorizations or certifications we may obtain; • coverage and reimbursement available through government and private healthcare programs for using some of our products and services; and • introduction and acceptance of competing products and services or technologies. If our products and services do not gain market acceptance or if our customers prefer our competitors' products and services, our potential revenue growth would be limited, which would adversely affect our

business, financial condition and results of operations. If we are unable to successfully develop and effectively manage the introduction of new products and services, our business may be adversely affected. We must successfully manage introductions of new or advanced products, such as ~~the~~ BabySat and ~~our~~ Dream Sock with Health Notifications, and services, such as the development of our software platform. Development of new products and services requires the expenditure of considerable time and resources, but we may not be able to successfully develop and introduce such products on a timely basis, or at all. Products and services that are not well- received by the market may lead to excess inventory and discounting of our existing products and services. Inventory levels in excess of consumer demand may result in inventory write- downs or write- offs and the sale of inventory at discounted prices, may affect our gross margin and could impair the strength of our brand. Reserves and write-downs for rebates, promotions and excess inventory are recorded based on our forecast of future demand. Actual future demand could be less than our forecast, which may result in additional reserves and write- downs in the future, or actual demand could be stronger than our forecast, which may result in increased shipping costs and a reduction to previously recorded reserves and write- downs in the future and increase the volatility of our operating results. ~~Introductions of new or advanced products and services could also adversely impact the sales of our existing products and services to consumers. For instance, the introduction or announcement of new or advanced products and services may shorten the life cycle of our existing products or reduce demand, thereby reducing any benefits of~~ successful product or service introductions and potentially leading to challenges in managing write- downs or write- offs of inventory of existing products and services. In addition, some of our products are regulated by the FDA ~~or~~ **and** foreign regulatory agencies as medical devices **and** ~~, which will~~ require marketing authorization from the FDA ~~or~~ **and** similar marketing authorization or certification from other applicable regulatory authorities or notified bodies prior to commercialization. New products, particularly those products needing to meet FDA or other regulatory requirements, may have higher manufacturing costs than legacy products, which could negatively impact our gross margins and operating results. Accordingly, if we fail to effectively manage introductions of new or advanced products and services, our business may be adversely affected. We have in the past experienced challenges managing the inventory of our products, which has led and may in the future lead to increased shipping costs for air freight in order to fulfill customer orders in a timely manner, which has affected our gross margin and could impair the strength of our brand. 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 paid search, digital display advertising, email marketing, affiliate marketing, 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 or 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. Our marketing efforts may not result in increased sales of our products and services. Further, web and mobile browser developers, such as Apple, Microsoft or 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 collect information that allows us to attribute consumer actions on advertisers' websites to the effectiveness of advertising campaigns run by us. For example, Apple launched its Intelligent Tracking Prevention (" ITP ") feature in its Safari browser.

ITP blocks some or all third- party cookies by default on mobile and desktop and ITP has become increasingly restrictive over time. Apple' s related Privacy- Preserving Ad Click attribution, intended to preserve some of the functionality lost with ITP, would limit cross- site and cross- device attribution, prevent measurement outside a narrowly- defined attribution window, and prevent ad re- targeting and optimization. Similarly, Google ~~recently~~ **has** announced that it plans to stop supporting third- party cookies in its Google Chrome browser **by the end of 2024** . Google has also put forth a new initiative called the Privacy Sandbox, which is meant to curtail improper tracking while continuing to allow ad targeting within Google Chrome. Under Google' s Privacy Sandbox initiative, cookies will be replaced by five browser application programming interfaces (" APIs ") that will allow advertisers to receive aggregated data without using cookies. Google Privacy Sandbox is still being developed, but if it is adopted, could require us to make changes to how we collect information on our consumers and our marketing activities. Further, Apple **has implemented a** ~~announced certain changes, including introducing an AppTrackingTransparency~~ framework ~~that will limit~~ **called " App Tracking Transparency ", which gives users of Apple products more control over the way** ~~the~~ **their** ~~ability of~~ **data is tracked in** mobile applications ~~to~~ **, and** ~~request~~ **requires mobile applications to ask users for permission if they would like to track activity across other companies' apps and websites via** an iOS device' s advertising identifier ~~and~~ **. This** may also affect our ability to track consumer actions. 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. 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. 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 our Smart Sock, 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 ~~its~~ **any** determination that any of our products ~~is a medical device that~~ is not in compliance with applicable requirements, such as occurred in the FDA' s October 1, 2021 Warning Letter with respect to the Smart Sock, 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. Operations in international markets will 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. 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. 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 including, for example, the U. S., UK and EU sanctions relating to the Russian Federation, Ukraine and the Republic of Belarus initially implemented in February 2022; • evolution in regulatory landscapes, such as on account of the UK leaving the EU, and uncertainties that arise from such evolution; • pricing pressure; • 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. We face and expect to face increasing competition from other companies, many of which have substantially greater resources than we do. If we do not successfully develop and commercialize enhanced or new products and services that remain competitive with products and services or alternative technologies developed by others, 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 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 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 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. If we do not successfully adapt **and advance** our products and services and applications, we could ~~lose revenue opportunities and customers~~ **see increased competition from our competitors who use our medical devices as predicates** . **Because** ~~Furthermore, in the event any of~~ our products ~~is~~ **that are** regulated as ~~a~~ medical ~~device~~ **devices** ~~and obtains~~ **now have** marketing **authorizations from the FDA, one or more of our competitors may develop and obtain** authorization ~~from the FDA or~~ **for** similar ~~marketing authorization or certification from comparable foreign regulatory authorities or notified bodies, one or more of our competitors may develop~~ products that compete **with ours** . For example, in the U. S., **using** ~~if any of~~ our ~~products is regulated as a medical device that is subject to and that obtains~~ marketing ~~authorization~~ **authorizations** ~~pursuant to the 510 (k) clearance or~~ **for** ~~de novo classification pathways~~ **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. ~~Global health developments and economic uncertainty resulting from COVID- 19 have adversely impacted, and may continue to adversely impact, our business, results of operations, cash flows and financial position. Our operations, revenues and overall financial condition have been, and may continue to be, negatively impacted by the fear of exposure to or actual effects of the COVID- 19 pandemic, or by reactions of the private sector, governments and the public in an effort to contain the spread of COVID- 19 or variants of COVID- 19 or address its impacts. This includes, but is not limited to, disruption of global financial markets, a recession or market correction, unemployment rates, disruption to global supply chains, facilities closures and production suspensions. The extent to which these events may continue to impact our business, financial condition, cash flows and results of operations will depend on factors beyond our knowledge or control, including the duration and severity of any outbreak of COVID- 19 and any variant strains thereof, as well as third- party or governmental actions taken to contain its spread and mitigate its public health effects. The overall economic impact brought by and the duration of the COVID- 19 pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, affecting our ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from the any outbreaks of COVID- 19 or variants thereof could materially affect our business and the value of our common stock. The COVID- 19 pandemic has also resulted in a significant increase in unemployment in the U. S. which may continue even after the pandemic subsides. The occurrence of any such events may lead to reduced disposable income which could adversely affect the number of our products and services sold after the pandemic has subsided.~~ 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 litigation has often been brought against a company following a decline in the market price of its securities. In November 2021, ~~we and certain of our executive officers and directors were named as defendants in~~ two **putative** ~~pending purported securities~~ class action ~~lawsuits. The~~ complaints were filed **against us in the U. S. District Court for the Central District of California. Both complaints alleged violations of the Exchange Act against the Company and certain of our officers and directors** on behalf of ~~all~~ **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 SBG as of June 1, 2021, and were eligible to vote ~~in the~~ **at SBG' s** ~~Special~~ **special** ~~Meeting~~ **meeting** held on July 14, 2021 **(" Section 14 (a) Claims ")** . ~~The~~ **Both** complaints ~~alleged~~ **allege, among other things,** that we and certain ~~executive~~ **of our** officers and directors made false and / or misleading statements and failed to disclose certain information regarding the FDA' s likely classification of the **Owlet** Smart Sock as a medical device requiring marketing authorization **. On September 8, 2023, the Court ruled that while the two 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. An amended complaint was filed for both classes on November 21, 2023, and then further amended and consolidated filings by the plaintiffs' counsel on December 22, 2023. The Company intends to vigorously defend itself against these claims and filed on February 9, 2024 motions to dismiss the cases in response to these complaints, on behalf of itself and the named officers and directors** . 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 this or other lawsuits on similarly unfavorable terms, which could have a material adverse effect on our business, financial condition, results of operations or stock price. Our business and operations may suffer in the event of **IT** ~~information technology~~ 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 those of our users, customers, partners, suppliers and third- party service providers are vulnerable to ~~attack~~ **numerous** and ~~damage~~ **evolving cybersecurity risks that threaten the confidentiality, integrity and availability of** ~~or our~~ ~~interruption~~ **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 consequences or expense in the future. As a result of the ~~COVID- 19 pandemic and 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 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** ~~information technology~~ 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. 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. We currently host our products and services, serve our customers and support our operations in the U. S. 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 the Owlet Cam. 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; for more information, see our risk factor titled " We are subject to a series of risks regarding climate change. "** The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities 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 if there are disruptions or interference with such providers. 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. 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. 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. Our loan and security agreement contains 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 and security agreement with Silicon Valley Bank, now a division of First Citizens Bank & Trust Company, contains various affirmative and negative covenants and restrictions that limit our ability to engage in specific types of transactions, including: • conveying, selling, leasing, transferring, or otherwise disposing of certain assets; • consolidating, merging, selling or otherwise disposing of all or substantially all of our assets or acquiring all or substantially all of the capital stock or property of another person; • incurring specified types of additional indebtedness (including guarantees or other contingent obligations); and • paying dividends on, repurchasing or making distributions in respect of any capital stock or making other restricted payments, subject to specified exceptions. In addition, under the loan and security agreement, we are required to satisfy and maintain certain financial ratios, including financial maintenance covenants. A breach of any of these ratios or covenants, including as a result of events beyond our control, would result in a default under the loan and security agreement. Upon the occurrence of an event of default, SVB could elect to declare all amounts outstanding under the loan and security agreement immediately due and payable, terminate all commitments to extend further credit and pursue legal remedies for recovery, all of which could adversely affect our business and financial condition. While as of March 27, 2023, **and on November 13, 2023,** we were able to amend our existing debt and line of credit held SVB to have SVB waive certain stated events of default under that agreement and expand our access to capital, we cannot assure that in the future we will always be able to satisfy and maintain all bank covenants. As of December 31, ~~2022~~ **2023** , $ ~~8~~ **5** . 0 million in aggregate principal amount was outstanding under the **term** loan. See Part II. Item 8." Financial Statements and Supplementary Data- Note 7," included in this Report. Changes in tax laws may impact our future financial position and results of operations. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. For example, the U. S. government may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, an increase in the tax rate applicable to the global intangible low- taxed income and elimination of certain exemptions, and the imposition of minimum taxes or surtaxes on certain types of income. No specific U. S. tax legislation has been proposed at this time and the likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or our customers, including as a result of related uncertainty, these changes may materially and adversely affect our business, financial condition, results of operations and cash flows. 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. 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, including in connection with this Merger and 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 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. As previously reported, in connection with the re- issuance of our consolidated financial statements as of and for the fiscal year ended December 31, 2019, we identified material weaknesses in our internal control over financial reporting. **Further, during the year ended December 31, 2022, we identified additional material weaknesses to our internal control over financial reporting.** These identified material weaknesses in our internal control over financial reporting continued to exist as of December 31, ~~2022~~ **2023** ~~. Further, during the year ended December 31, 2022, we identified additional material weaknesses to our internal control over financial reporting~~ . 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 additional 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 that were recorded as out- of- period adjustments within the year ended December 31, 2022. • We did not design and maintain effective controls over the accounting for convertible preferred stock and warrant arrangements. Further, we did not design and maintain effective controls to verify the completeness and accuracy of sales returns and accrued sales tax. 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. The sales returns material weakness also resulted in immaterial adjustments to revenue and accrued and other expenses as of and for the year ended December 31, 2022. • 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. 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 an emerging growth company **and cease to be a non- accelerated filer** , our independent registered public accounting firm will also be required, pursuant to Section 404 (b) of the Sarbanes- Oxley Act, to attest to the effectiveness of our internal control over financial reporting in each annual report on Form 10- K to be filed with the SEC. We are required to disclose material changes made in our internal control over financial reporting on a quarterly basis. Failure to comply with the Sarbanes- Oxley Act could potentially subject us to sanctions or investigations by the SEC, the stock exchange on which our securities are listed or other regulatory authorities, which would require additional financial and management resources. We are in the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our testing and any required remediation in a timely fashion. 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 classification for our Dream Sock with Health Notifications, 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 conditions, which could subject us to new risks. 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 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 classification, another form of marketing authorization, from the FDA for our Dream Sock with Health Notifications. 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, for our BabySat product, the 510 (k) clearance limits distribution of this product to prescription use- only. in the direct- to- consumer model we utilize to distribute the Dream Sock and Owlet Cam (as well as Smart Sock, in certain countries outside of the United States), consumers purchase our products directly from us or one of our retailers, and we will not be able to utilize this model to distribute BabySat in accordance with its prescription- required marketing authorization. Though we are currently exploring a number of new distribution channels, including working with durable medical equipment distributors, healthcare institutions, and other healthcare payor and provider channels, we may not be successful in identifying, or implementing with our current resources, an appropriate distribution channel. 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. 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. **In June** ~~During the year ended December 31, 2022~~ **2023** , **we received 510 (k) clearance from** the FDA ~~informed the Company that certain features of the Dream Sock – namely its~~ **for BabySat, a prescription use- only pulse oximeter indicated for use in measuring and** ~~display~~ **displaying functional oxygen saturation** of **arterial hemoglobin and** pulse rate and **for spot- checking and / or continuous monitoring** ~~blood oxygen saturation are medical device features requiring marketing authorization. The Company advised the FDA~~ of ~~its plan~~ **well- perfused patients, greater than one month old up** to ~~submit a~~ **18 months old and weighing between 6 and 30 pounds, in the home environment. In November 2023, we obtained** de novo classification ~~request~~ for ~~marketing authorization, which was submitted by the Company in December 2022 and accepted for substantive review by the FDA. The FDA has indicated that it does not anticipate the need for enforcement action pending a decision on the marketing application. If the FDA changes its enforcement approach to~~ the Dream Sock ~~pending~~ **with Health Notifications. As such, both of these products are regulated as medical devices by** the FDA ~~' s review and decision on the application~~ , ~~or if~~ **and we must continue to maintain compliance with medical device requirements with respect to** the ~~FDA does not grant~~ **manufacture, sale,** marketing ~~authorization for~~ **, and distribution of** these ~~features, we may be required to recall product~~ **products** ~~or otherwise be restricted from selling the product as currently designed with these specific display features until after FDA marketing authorization has been received~~ . 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, de novo classification, or approval of a PMA application, depending on the type of 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. In the PMA process, the FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, pre- clinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life- sustaining, life- supporting or implantable devices. However, some devices are automatically subject to the PMA pathway regardless of the level of risk they pose because they have not previously been classified into a lower risk class by the FDA. Manufacturers of these devices may request that the FDA review such devices in accordance with the de novo classification procedure, which allows a manufacturer whose novel device would otherwise require the submission and approval of a PMA prior to marketing to request down- classification of the device on the basis that the device presents low or moderate risk. If the FDA agrees with the down classification, the applicant will then receive authorization to market the device. This device can then be used as a predicate device for future 510 (k) submissions. Modifications to products that are approved through a PMA application may require FDA approval. Similarly, certain modifications made to products cleared through a 510 (k) premarket notification or de novo classification may require a new 510 (k) clearance. The PMA approval, de novo classification, and the 510 (k) clearance process can be expensive, lengthy and uncertain. The FDA' s 510 (k) clearance process usually takes from three to 12 months, but can last longer. The process of obtaining a PMA is much more costly and uncertain than the 510 (k) clearance process and generally takes from one to three years, or even longer, from the time the application is filed with the FDA. In addition, a PMA and de novo classification generally 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. In addition, if the study involves a significant risk device, we are required to obtain the FDA' s approval of the study under an Investigational Device Exemption (" IDE "). 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. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Our future clinical trial results may not be successful. 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, failure to demonstrate a benefit from using a drug, 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. ~~In addition, we believe that some of the products we plan to market could be subject to an FDA enforcement discretion policy, meaning that even if the products are medical devices, they are not subject to FDA premarket or post- market regulatory requirements. For example, 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. 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. Specifically, the FDA has issued guidance explaining that for such low- risk products, FDA does not intend to examine whether the product constitutes a medical device, and if the product is a medical device, whether the product complies with the premarket review and post- market regulatory requirements of the FDCA. As such, if a medical device falls within the definition of a " low risk general wellness product, " the product may nevertheless be subject to enforcement discretion under the FDA' s compliance policy for such products, meaning that the FDA will not enforce its medical device authorities with respect to that product. To the extent that we pursue the marketing of any products as a " low risk general wellness product, " the FDA may disagree that the product qualifies and may determine that the product is a medical device requiring marketing authorization. If the FDA makes this determination with respect to any product that we believe is a device but qualifies for enforcement discretion, we could be required to cease commercial distribution of the product or recall the product pending receipt of any required marketing authorization, and we could be subject to enforcement action, litigation, and negative publicity as a result, any of which could materially, adversely affect our business.~~ 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 approval or other marketing authorization for these products through the 510 (k), de novo classification or PMA 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. ~~Disruptions at the FDA, other agencies or notified bodies caused by funding shortages or global health concerns could hinder their ability to hire, retain, or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, cleared or approved, or commercialized in a timely manner, or at all, which could negatively impact our business. The ability of the FDA, other agencies and notified bodies to review and authorize or certify for marketing new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory and policy changes, agency' s or notified body' s~~

~~ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the agency' s or notified body' s ability to perform routine functions. Average review times at the FDA and other agencies and notified bodies have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA, other agencies and notified bodies may also slow the time necessary for new medical devices or modifications to be reviewed and / or cleared, approved or certified by necessary agencies or notified bodies, which would adversely affect our business. For example, over the last several years, the U. S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. Separately, in response to the global COVID- 19 pandemic, the FDA postponed most inspections of domestic and foreign manufacturing facilities at various points. Even though the FDA has since resumed standard inspection operations of domestic facilities where feasible, the FDA has continued to monitor and implement changes to its inspectional activities to ensure the safety of its employees and those of the firms it regulates as it adapts to the evolving COVID- 19 pandemic, and any resurgence of the virus or emergence of new variants may lead to further inspectional delays. Regulatory authorities outside the United States may adopt similar policy measures in response to the COVID- 19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business. In the EU, notified bodies must be officially designated to certify products and services in accordance with the MDR. While several notified bodies have been designated the COVID- 19 pandemic has significantly slowed down their designation process and the current designated notified bodies are facing a large amount of requests with the new regulation as a consequence of which review times have lengthened although a new regulation amending the EU MDR was recently adopted in March 2023, extending existing transitional provisions. This situation could significantly impact the ability of notified bodies to timely review and process our regulatory submissions, which could have a material adverse effect on our business in the EU and EEA (which consists of the 27 EU member states plus Norway, Liechtenstein and Iceland).~~ We are expanding into international markets, and we will be required to obtain and maintain regulatory authorizations, including clearances or approvals, or other certifications in order to commercialize certain of our products in certain international markets. Failure to obtain such regulatory authorizations or certifications in relevant foreign jurisdictions may prevent us from marketing medical device products abroad. We currently market and intend to continue to market our products and services internationally. We expect certain of our pipeline products to be regulated as medical devices, and we have received communications from certain regulatory authorities inquiring as to the regulatory status of our Smart Sock, and whether such product is regulated as a medical device in such jurisdictions. In these communications, some regulatory authorities have asserted that the Smart Sock is a medical device that must comply with medical device requirements in those jurisdictions. **See " If any governmental** ~~For example, Health Canada, Canada' s medical device regulatory~~ authority ~~, has also determined that the Smart Sock meets the definition of a medical device that requires a medical device license. We plan to pursue a medical device license for~~ - **or** ~~the Smart Sock from Health Canada. In addition, the MHRA, the regulatory authority responsible for the UK medical device market, has asserted that the Smart Sock requires certification by a~~ notified body **were** ~~and subsequent registration as a medical device in the UK, but has indicated it will allow us~~ to **require** ~~continue to market~~ **marketing authorization or similar certification for any product** ~~the Smart Sock in the UK while we are working towards~~ that **we sell for which we have not obtained such marketing authorization or** certification ~~and registration~~ , ~~as long as~~ we ~~are progressing on that~~ **could be subject to regulatory enforcement actions and / or be required to cease selling or recall the product pending receipt of marketing authorization or similar** certification ~~with~~ **from such other governmental authority** ~~our~~ - **or** notified body ~~and providing monthly updates to MHRA. We plan to pursue such certification and registration for the Dream Sock with Health Notifications in the UK~~ , **which can** ~~but we may not~~ be ~~able to obtain certification by~~ a **lengthy** ~~notified body and subsequent registration as a medical device in the UK, at which point we may be required to cease marketing the Smart Sock in the UK, unless the MHRA grants us an~~ **and** ~~extension~~ **time-consuming process, harm financial results and have long- term negative effects on our operations** . ~~Elsewhere in~~ **" In** Europe, we can generally market a medical device only if we receive a certification by a notified body, i. e., an independent organization accredited or designated by an EU member state or a marketing authorization from other foreign regulatory authorities (and meet certain pre- marketing requirements) and, in some cases, pricing approval, from the appropriate regulatory authorities. The path to market varies among international jurisdictions and may require additional or different product testing than required to obtain FDA marketing authorization. We may be unable to obtain foreign certifications or marketing authorizations on a timely basis, if at all, and we may also incur significant costs in attempting to obtain foreign certifications or marketing authorizations. In order to sell medical devices in the EU, products must comply with the general safety and performance requirements of the EU Medical Devices Regulation (2017 / 745 or " MDR "). Compliance with these requirements is a prerequisite to be able to affix the European Conformity (" CE ") mark to medical devices, without which they cannot be sold or marketed in the EU. All medical devices placed on the market in the EU must meet the general safety and performance requirements laid down in Annex I to the MDR 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. Medical devices 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. To demonstrate compliance with the general safety and performance requirements, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. 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, metrology or reuse aspects), a conformity assessment procedure requires the intervention of a notified body. The notified body would typically audit and examine the technical file and the quality system for the manufacture, design and final inspection of our devices. If satisfied that the relevant product conforms to the relevant 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. If we fail to comply with applicable laws and regulations, we would be unable to affix the CE mark to any medical devices, which would prevent us from selling them within the EU. These modifications are likely to have an effect on the way we conduct our business in the EU. For example, as a result of the transition towards the new regime, notified body review times have lengthened, and product future introductions or modifications could be delayed or canceled despite the new regulation extending the existing transitional provisions, which could adversely affect our ability to grow our business and our future products. The aforementioned EU rules are generally applicable in the EEA. Non- compliance with the above requirements would also prevent us from selling medical devices in these countries. In addition, marketing authorization by the FDA does not ensure marketing authorization, including clearance or approval, or other certification by foreign regulatory authorities or notified bodies. However, a failure to obtain such marketing authorization by the FDA may have a negative impact on our ability to obtain any necessary marketing authorizations, including clearances or approvals, or similar certifications in foreign jurisdictions. Moreover, 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 foreign 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, foreign 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, internationally. Following Brexit, EU laws no longer apply directly in Great Britain. The regulations on medical devices in Great Britain continue to be based largely on the three EU Directives which preceded the EU MDR, as implemented into national law. However, under the terms of the Protocol on Ireland / Northern Ireland, the EU MDR does apply to Northern Ireland. Consequently, there are currently different regulations in place in Great Britain as compared to both Northern Ireland and the EU, respectively. Ongoing compliance with both sets of regulatory requirements may result in increased costs for our business. Furthermore, the UK Government is currently drafting amendments to the existing legislation which is likely to result in further changes to the Great Britain regulations in the near future. For example, subject to transitional periods for validly-certified devices, the new Great Britain regulations are likely to require medical devices placed on the Great Britain market to be " UKCA " certified by a UK approved body in order to be lawfully placed on the market. The UK Government has stated that the amended regulations are likely to apply from July 2024; understanding and ensuring compliance with any new such requirements is likely to lead to further complexity and increased costs to our business. If there is insufficient UK approved body capacity, there is a risk that our product certification could be delayed which might impact our ability to market products in Great Britain after the respective transition periods. We have relied and expect to continue to rely on third parties to conduct our nonclinical 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 plan to continue to rely upon third parties for execution of our nonclinical 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 nonclinical 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 nonclinical 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. 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 cannot 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. 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 parties to manufacture our products. Failure of those third parties to provide us with sufficient quantities of our products, in compliance with applicable regulatory requirements, or to do so at acceptable quality levels or

prices could adversely impact our business. We do not currently have nor do we plan to acquire the infrastructure or capability internally to completely manufacture our commercial products or our development- stage products, and we lack the resources and the capability to manufacture any of our current or future products in the future. We do not control the manufacturing process of, and are completely 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 Quality System Regulation (" QSR "). 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 no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. 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 or inability to export to certain foreign countries; 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 rely on third- party manufacturers to purchase from third- party suppliers the materials necessary to produce our products. There are a limited number of suppliers for raw materials that are used in the manufacture of our products and that we anticipate will be able to supply materials for the production of our future products, and there may be a need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. If our manufacturers or we are unable to purchase these raw materials, the commercial launch of any medical device products we may seek to develop would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of such products, if authorized for marketing. We expect to continue to depend on third- party contract manufacturers for the foreseeable future. We have not entered into long- term agreements with our current contract manufacturers or with any alternate suppliers, and we may be unable to enter into such an agreement or do so on commercially reasonable terms. 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. 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 ~~, including, most recently in September 2022~~ . 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 would permit 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. 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. 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 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. 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 approval, certification or clearance to market a device, we have ongoing responsibilities under FDA regulations and applicable foreign laws and regulations. The FDA, state and foreign regulatory authorities 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, 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. "** 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. 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 (" CCPA ") ~~went into effect on January 1, 2020. The CCPA~~ creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data ~~. The CCPA provides for civil penalties for violations~~ , ~~as well as a private right of action for data breaches that has increased the likelihood of, and risks associated with data breach litigation. Further, the California Privacy Rights Act (" CPRA ") generally went into effect on January 1, 2023 in California and significantly amends the CCPA. It~~ imposes additional data protection obligations on covered businesses, including ~~additional consumer rights processes,~~ limitations on data uses, ~~new~~ audit requirements ~~for higher risk data~~ , and opt outs for certain uses of ~~sensitive~~ data **and** ~~. It also~~ creates a ~~new California~~ data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. **The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that has increased the likelihood of, and risks associated with data breach litigation.** Additional ~~compliance investment and potential business process changes may be required.~~ Similar laws have **been** passed ~~in Virginia, Connecticut, Utah and Colorado, and have been proposed~~ 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. 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 ~~HIPAA, the CCPA, the CPRA~~ 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** ~~and many state Attorneys General continue~~ to **initiate** ~~enforce~~ **enforcement actions** ~~federal and state consumer protection laws~~ against ~~companies for online collection~~ **entities that make deceptive statements about privacy and data sharing in privacy policies** , **fail to limit third- party** use **of personal health information** , ~~dissemination and security~~ **fail to implement policies to protect personal health information or engage in other unfair** practices that **harm customers** ~~appear to be unfair or deceptive. For~~ **or** ~~example,~~ **that may violate Section 5 (a) of the FTC Act.** ~~according~~ **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. For example, the **General Data Protection Regulation (" GDPR ")** went into effect in May 2018 and imposes strict requirements for processing the personal data of individuals within the EEA, including in relation to use, collection, analysis, and transfer (including cross- border transfer) of such personal data. ~~The~~ **Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to € 20 million or 4 % of the annual global revenues of the noncompliant company, 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, enforcement notices, assessment notices (for a compulsory audit) and / or civil claims (including class actions). Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EEA and the United States remains uncertain. Case** law **from** ~~is also developing rapidly and, in July 2020,~~ the Court of Justice of the ~~EU~~ **European Union** (" CJEU ") ~~limited how organizations could lawfully~~ **states that reliance on the standard contractual clauses- a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism- alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case- by- case basis. On July 10, 2023, the European Commission adopted its Adequacy Decision in relation to the new EU- US Data Privacy Framework (" DPF"), rendering the DPF effective as a GDPR transfer mechanism to U. S. entities self- certified under the DPF. We currently rely on the EU standard contractual clauses and the UK Addendum to the EU standard contractual clauses and the UK International Data Transfer Agreement and the DPF as relevant to** transfer personal data ~~from~~ **outside** the EEA ~~to~~ **and** the **UK, including to** ~~U. S. by invalidating~~ the ~~Privacy Shield for purposes of~~ **United States, with respect to both intragroup and third party transfers. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and** international transfers **to the United States** and **to** ~~imposing further restrictions on the~~ **other** ~~use of~~ **jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As a result, we may have to make certain operational changes and we will have to implement revised** standard contractual clauses **and other relevant documentation for existing data transfers within required time frames. Since the beginning of 2021, after the end of the transition period following the UK' s departure from the European Union, we are also subject to the United Kingdom General Data Protection Regulation and Data Protection Act 2018** (**collectively, the** " ~~SCCs~~ **UK GDPR** ") ~~. In March 2022~~ , **which imposes separate but similar obligations to** ~~the~~ **those under the GDPR and comparable penalties, including fines of up to £ 17. 5 million or 4 % of a noncompliant company' s global**

annual revenue for the preceding financial year, whichever is greater. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U. S. **entities self** ~~and EU announced a new regulatory regime intended to replace the invalidated regulations; however, this new EU-~~ **certified under** ~~U. S. Data Privacy Framework has not been implemented beyond an executive order signed by President Biden on October 7, 2022 on Enhancing Safeguards for United States Signals Intelligence Activities. European court and regulatory decisions subsequent to~~ the **UK Extension** ~~CJEU decision of July 2020 have taken a restrictive approach~~ to **the DPF** ~~international data transfers~~. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business ~~. The GDPR imposes strict obligations on the ability to process health- related and other personal data of individuals within the EEA, including in relation to use, collection, analysis, and transfer (including cross- border transfer) of such personal data. The law is also developing rapidly and, in July 2020, the Court of Justice of the EU (" CJEU ") limited how organizations could lawfully transfer personal data from the EEA to the U. S~~ . 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** ~~To the extent we market any medical devices or other healthcare products and services, our~~ relationships with customers, physicians and third- party payors may be subject, directly or indirectly, 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** ~~To the extent we market~~ any medical devices or other healthcare products and services **we offer** , our relationships with healthcare customers, physicians, and third- party payors may be subject, directly or indirectly, 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. 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 claim includes 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 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 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. 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, or any arrangements with physicians, 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, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, any regulatory approvals or certifications (as applicable) and commercialization of our products outside the U. S. will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws. 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 our current products, including the Dream Sock, Smart Sock and Owlet Cam, 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. We are actively developing a strategy to enable healthcare providers to obtain reimbursement for products for which we successfully obtain FDA authorization and similar foreign authorization or certification (when applicable), including for BabySat, or the services associated with such products. However, this new strategy may not be successful as payors may refuse to provide coverage and reimbursement for these products even if we obtain FDA authorization and similar foreign authorization or certification (when applicable). 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. 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. 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. Given the evolving nature of the healthcare industry and on- going healthcare cost reforms, the likelihood of success of our new commercial strategy is, and will continue to be, subject to changes in the level of third- party payor coverage and reimbursement for these products and services. 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. Prior to the Supreme Court' s decision, President Biden issued an executive order initiating a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare. It is unclear how 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. While the ~~regulation~~ **Regulation** entered into force in January 2022, it will only begin to apply from January 2025 onwards, with preparatory and implementation- related steps to take place in the interim. Once ~~the regulation becomes~~ applicable, it will have a phased implementation depending on the concerned products. This ~~regulation~~ **Regulation** ~~which entered into force in January 2022~~ intends to boost cooperation among EU member states in assessing health technologies, including ~~some~~ **certain high- risk** medical devices, and ~~providing~~ **provide** the basis for cooperation at the EU level for joint clinical assessments in these areas. **It** ~~The regulation foresees a three- year transitional period and~~ 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 ~~most~~ **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 implant system. 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 CPSC consumer product 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, all manufacturers placing medical devices on the market in the EU are legally required to immediately report any serious incidents and field safety corrective actions involving products produced or sold by the manufacturer to the relevant authority in those jurisdictions where any such incident occurred. As to general consumer products, where manufacturers and distributors know or ought to know that a product that they have placed on the market poses risks to the consumer that are incompatible with the general safety requirements, they shall immediately inform the relevant authority in the relevant jurisdictions. 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. 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 ~~. Changes to government immigration regulations may materially affect our workforce and limit our supply of qualified professionals, or increase our cost of securing workers. 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, there is a possibility that the current U. S. immigration visa program may be significantly overhauled, and the number of H1- B visas available, as well as the process to obtain them, may be subject to significant change. Any resulting 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~~ . Changing laws and increasingly complex corporate governance and public disclosure requirements could have an adverse effect on our business and operating results. Changing laws, regulations and standards relating to corporate governance and public disclosure and new regulations issued by the SEC and the New York Stock Exchange (" NYSE") have and will create additional compliance requirements for us. For example, the Dodd- Frank Act includes provisions regarding, among other things, advisory votes on named executive officer compensation and " conflict minerals " reporting. Complying with these rules and regulations has increased and will increase our legal and financial compliance costs, make some activities more difficult, time- consuming or costly and increase demand on our systems and resources. As a result, management' s attention may be diverted from other business concerns, which could adversely affect our business, financial condition and results of operations. We may also need to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses. To maintain high standards of corporate governance and public disclosure, we have invested in, and intend to continue to invest in, reasonably necessary resources to comply with evolving standards. In addition, stockholder litigation surrounding executive compensation and disclosure of executive compensation has increased with the passage of the Dodd- Frank Act. Furthermore, our stockholders may not continue to approve our advisory vote on named executive officer compensation that is required to be voted on by our stockholders annually pursuant to the Dodd- Frank Act. If we are involved in a lawsuit related to compensation matters or any other matters not covered by our directors' and officers' liability insurance, we may incur significant expenses in defending against such lawsuits, or be subject to significant fines or required to take significant remedial actions, each of which could adversely affect our business, financial condition and results of operations. Changes in the regulation of the internet could adversely affect our business. Laws, rules and regulations governing internet communications, advertising and e- commerce are dynamic, and the extent of future government regulation is uncertain. Federal and state regulations govern various aspects of our online business, including intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, marketing and advertising, user privacy and data security, search engines and internet tracking technologies. Governmental authorities continue to evaluate the privacy implications inherent in the use of third- party " cookies " and other methods of online tracking for behavioral advertising and other purposes. In the U. S., federal and state governments have enacted, and may in the future enact, legislation or regulations impacting the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, limits on behavioral or

targeted advertising and / or means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the decreased effectiveness or use of third- party cookies and other methods of online tracking, targeting or re- targeting. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new consumers on cost- effective terms and consequently, materially and adversely affect our business, financial condition and results of operations. Further, in the EU and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an EU regulation known as the ePrivacy Regulation, which will significantly increase fines for non- compliance. In the EU and the UK, informed consent is required for the placement of a cookie or similar technologies on a user' s device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre- checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators' recent guidance are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Future taxation on the use of the internet or e- commerce transactions could also be imposed. Existing or future regulation or taxation could increase our operating expenses and expose us to significant liabilities. To the extent any such regulations require us to take actions that negatively impact us, they could have a material adverse effect on our business, financial condition and results of operations. 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 unregistered copyrights, 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, the U. S. Supreme Court has ruled on several patent cases and several laws have been enacted that, in certain situations, potentially narrow the scope of patent protection available and weaken the rights of patent owners. We may not be successful in securing additional patents on commercially desirable improvements, that 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 common law copyrights with respect to the code, algorithms and trade secrets in our business and our products and services. Common law copyrights provide less protection than registered copyrights. Copyrights, common law or registered, do not generally prevent others from independently developing the same or similar code, algorithms or trade secrets, so our copyrights would not offer protection against our competitors to the extent they are able to independently generate similar code, algorithms or trade secrets as our own. 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 common law trademarks with respect to the brand names of some of our products and services. Common law 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. 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 such as the Warning Letter 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. 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. 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 impacted by the claims 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 do not regularly conduct monitoring for unauthorized use at this time. 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. 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. 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 product design issues in the past and continue to work to address those and anticipate additional concerns. 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 enrollment rates. 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. Risks Related to Our Common Stock and Warrants The price of our common stock and warrants may be volatile. The price of our common stock and warrants may fluctuate due to a variety of factors, including: • 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 ~~such as the Warning Letter issued to us on October 1, 2021~~ , 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 the combined company; • 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** 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; and • 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, fuel prices, international currency fluctuations, corruption, political instability, acts of war, ~~including~~ **such as** the **ongoing wars between** ~~Russian~~ **Russia and** ~~Federation' s invasion of~~ Ukraine ~~in February 2022~~ **and Israel and Hamas** , acts of terrorism, and the COVID- 19 pandemic or other public health crises. These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance. ~~An active, liquid trading market for~~ **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. For example, in April 2023, we were notified by NYSE that we were** not ~~be sustained~~ **in compliance with Section 802. 01B of the NYSE Listed Company Manual as the average global market capitalization of our common stock over a consecutive 30 trading- day period and, at the same time, our last reported stockholders' equity were each less than $ 50 million. In May 2023, we submitted a business plan advising the NYSE of the definitive actions we had taken as of the date of that submission and were planning on taking in order to bring us into compliance with NYSE continued listing standards within 18 months of receipt of the NYSE Notification (the " Cure Period "). The plan was accepted by the NYSE in July 2023** . There can be no assurance that we will be able to **achieve the actions identified in our plan to regain compliance or that those actions will result in our market capitalization equaling or exceeding $ 50 million within the Cure Period. Even if we regain compliance, there can be no assurance that we will be able to** maintain **compliance with these or** ~~an~~ **any** ~~active~~ **other NYSE listing requirements. Delisting from the NYSE could make** trading ~~market for~~ our common stock ~~on the~~ **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** ~~or~~ **for** ~~any other~~ ~~--~~ **the sale or purchase** ~~exchange. On November 29, 2022, we were notified by the NYSE that we are not in compliance with Section 802. 01C of the NYSE Listed Company Manual because the average closing price~~ of our common stock ~~was less than $ 1. 00 over a consecutive 30- trading- day period. Under NYSE rules~~ , ~~we have a period of six months from receipt of~~ the **sale** ~~NYSE Notification or our~~ ~~--~~ **or purchase** ~~2023 annual meeting of stockholders to cure the stock price deficiency and regain compliance with the NYSE' s continued listing standards. The notice has no immediate impact on the listing~~ of our common stock **would likely** ~~, which will continue to~~ be **made more difficult** ~~listed and traded on the NYSE during the period allowed to regain compliance, subject to our compliance with other listing standards. We informed the NYSE that we intend to cure the deficiency and to return to compliance with the NYSE continued listing requirements. If an~~ **and** ~~active market for~~ **the trading volume and liquidity of** our common stock ~~is not maintained,~~ **could decline. Delisting from the NYSE could also result in negative publicity and could also make it more difficult** ~~or~~ **for us** ~~if we fail~~ to ~~satisfy the continued~~ **raise additional capital. The absence of such a** listing ~~standards of~~ **may adversely affect** the ~~NYSE~~ **acceptance of our common stock as currency** ~~for~~ ~~-~~ **or** ~~any reason and~~ **the value accorded by other parties. If** our common stock is delisted **by** ~~, it may be difficult for our stockholders to sell their~~ ~~--~~ **the NYSE, our** common stock ~~without depressing~~ **may be eligible to trade on an over-** the ~~-~~ **counter quotation system, such as the OTCQB** market ~~price for~~ **, where an investor may find it more difficult to sell** our common stock ~~,~~ **or obtain accurate quotations as to the market value of** ~~or~~ **our** ~~at all~~ **common stock** . ~~Further~~ **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** ~~inactive trading market may also impair our ability to raise capital by selling our securities or to attract and motivate employees through equity incentive awards~~ . 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 currently have limited research coverage by securities and industry analysts. 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. Concentration of ownership among our existing directors, executive officers and principal stockholders may prevent new investors from influencing significant corporate decisions. Our directors ~~and~~ **,** 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 1, 2024, these stockholders beneficially owned shares of our common stock and Convertible Preferred Stock that represented approximately 58. 3 % of the voting power of our capital stock. Among these holders is Eclipse Ventures LLC and its affiliates (" Eclipse"), which beneficially owns 40. 6 % of our common stock and may acquire additional shares of our common stock subject to provisions in warrants held by Eclipse that currently prevent 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 this ownership position . 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. ~~The concentration of ownership could delay or~~ **For** ~~prevent~~ **as long as Eclipse holds** a ~~change in~~ **significant amount of our voting equity, it will be able to exert significant** control ~~of~~ **over** us ~~,~~ **. Eclipse may also determine to sell substantial amounts of** ~~or~~ **our** ~~otherwise discourage a potential acquirer from attempting~~ **securities in one or more transactions, including** to ~~obtain~~ **one or several private parties in negotiated transactions, which may result in those buyers subsequently being able to exert significant** control ~~of~~ **over** us **. This concentrated control** , **including that solely** ~~which in turn could reduce the price~~ of **Eclipse, may limit** ~~our~~ **or** ~~stock~~ **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** . We may acquire other businesses or form other joint ventures or make investments in other companies or technologies that could negatively affect our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expense. We may pursue acquisitions of businesses and assets. We also may pursue strategic alliances and additional joint ventures that leverage our technology and industry experience to expand our offerings or distribution. We have no experience with acquiring other companies and limited experience with forming strategic partnerships. 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. 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. We also expect to continue to carry out internal strategic initiatives that we believe are necessary to grow our revenues and expand our business, both in the U. S. and abroad. For example, we have continued to invest in international expansion programs designed to increase our worldwide presence and take advantage of market expansion opportunities around the world. **We cannot** ~~Although we believe our investments in these initiatives continue to~~ be **certain** ~~in the long- term best interests of Owlet and our stockholders, there are no assurances~~ that such initiatives will yield favorable results for us. Accordingly, if these initiatives are not successful, our business, financial condition and results of operations could be adversely affected. If these risks materialize, our stock price could be materially adversely affected. Any difficulties in the integration of acquired businesses or unexpected penalties, liabilities or asset impairments in connection with such acquisitions or investments could have a material adverse effect on our business, financial condition and results of operations. ~~The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations. We are subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting. As a result, we will incur increased legal, accounting and other expenses that we did not previously incur. Our entire management team and many of our other employees will need to devote substantial time to compliance and may not effectively or efficiently manage our operation as a public company. In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management' s attention from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal control over financial reporting, including IT controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses. These rules and regulations result in our incurring legal and financial compliance costs and will make some activities more time- consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our Board, on our Board**

~~committees or as executive officers.~~ As a public reporting company, we are subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner. We are subject to the rules and regulations established from time to time by the SEC and NYSE. These rules and regulations require, among other things that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price. The global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including, for example, severely diminished liquidity and credit availability, rising interest and inflation rates, crises involving banking and financial institutions, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. If the equity and credit markets continue to deteriorate, or the United States enters a recession, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. In addition, there is a risk that one or more of our suppliers or other third- party providers may not survive an economic downturn or recession. As a result, our business, results of operations and price of our common stock may be adversely affected. The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results. There has been increasing public focus by investors, patients, environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. 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. Expectations regarding the management of ESG initiatives continues to evolve rapidly. While we may from time to time engage in various initiatives (including but not limited to voluntary disclosures, policies, or goals) to improve our ESG profile or respond to stakeholder expectations, we cannot guarantee that these initiatives will have the desired effect. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. In addition, even if we are effective at addressing such concerns, we may experience increased costs as a result of executing upon our sustainability goals that may not be offset by any benefit to our reputation, which could have an adverse impact on our business and financial condition. In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted. **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 may increase the frequency and / or intensity of such events. Climate change 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 U. S. SEC and 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.** 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 ~~Series A~~ Convertible Preferred Stock preclude us from paying dividends without the consent of the holders of at least a majority of the outstanding shares of ~~Series A~~ 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 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** ~~on or after February 17~~, **at** ~~2028 may require us to make a significant cash payment. At~~ any time from and after ~~February 17~~ **March 1** , ~~2028~~ **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 ~~may specify a date and time or the occurrence of an~~ **and Series B Convertible Preferred Stock** ~~event by vote or written consent that all~~ , **as applicable** ~~and not less than all~~ , ~~of such outstanding shares~~ 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. Our corporate documents and Delaware law contain provisions that could discourage, delay or prevent a change in control of our company, prevent attempts to replace or remove current management and reduce the market price of our common stock and warrants. 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 100 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. We are an " emerging growth company " and the reduced disclosure requirements applicable to emerging growth companies may make our common stock and warrants less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act. As an emerging growth company, we may follow reduced disclosure requirements and do not have to make all of the disclosures that public companies that are not emerging growth companies do. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenues of $ 1. 235 billion or more; (b) December 31, 2025; (c) the date on which we have issued more than $ 1. 0 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which means the market value of our Common Stock that is held by non- affiliates exceeds $ 700. 0 million as of the prior June 30th. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include: • not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act; • not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor' s report providing additional information about the audit and the consolidated financial statements (i. e., an auditor discussion and analysis) • reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and • exemptions from the requirements of holding a nonbinding advisory vote of stockholders on executive compensation, stockholder approval of any golden parachute payments not previously approved and having to disclose the ratio of the compensation of our chief executive officer to the median compensation of our employees. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards; and as a result of this election, our consolidated financial statements may not be comparable to companies that comply with public company effective dates. We may choose to take advantage of some, but not all, of the available exemptions for emerging growth companies. We cannot predict whether investors will find our common stock or warrants less attractive if we rely on these exemptions. If some investors find our common stock or warrants less attractive as a result, there may be a less active trading market for our common stock and warrants and our share and warrant price may be more volatile. Our bylaws provide that the state or federal courts located within the State of Delaware are the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. 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. 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 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. We may amend the terms of the warrants in a manner that may have an adverse effect on holders of public warrants with the approval by the holders of at least 50 % of the then outstanding public warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of common stock purchasable upon exercise of a warrant could be decreased, all without your approval. Our warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company (the" Warrant Agreement"), as warrant agent, and us. The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or curing, correcting or supplementing any defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the interests of the registered holders of the warrants, provided that the approval by the holders of at least 50 % of the then- outstanding public warrants is required to make any change that adversely affects the rights of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder of public warrants if holders of at least 50 % of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50 % of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or shares, shorten the exercise period or decrease the number of shares of common stock purchasable upon exercise of a warrant. Our Warrant Agreement designates the courts of the State of New York or the U. S. District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of the warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with us. Our Warrant Agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the U. S. District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the U. S. are the sole and exclusive forum. This choice- of- forum provision may limit a warrant holder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our Warrant Agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and Board. ~~We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless. We have the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, (a) at a price of $ 0. 01 per warrant, provided that the closing price of our common stock equals or exceeds $ 18. 00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met, or (b) at a price of $ 0. 10 per warrant, provided that the closing price of our common stock equals or exceeds $ 10. 00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you to (i) exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) sell your warrants at the then- current market price when you might otherwise wish to hold your warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the private placement warrants will be redeemable by us so long as they are held by Sandbridge Acquisition Holdings LLC or its permitted transferees.~~