

Arlo Technologies (NYSE:ARLO) SHORT

October 2026

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Key Findings (1/3)

Arlo Introduction

- Arlo sells home security cameras and charges customers as much as \$30 a month to use them.
- Since pivoting to a subscription model in 2020, Arlo has driven its service revenue growth mostly through aggressive price hikes, roughly tripling the price of its subscriptions since 2022. Key to the bull case is the claim that Arlo has sustained healthy service revenue growth over the past year without further price hikes, and that more are achievable in the future because its churn rate is one of the lowest in the world.

1a

Suspicious Bundle Deals Used to Stuff Service Revenues with Negative Margin Hardware Sales

- Our investigation uncovered a raft of suspicious new promotions on Arlo's website, which we believe Arlo has used to stuff service revenues with cheap hardware sales.
- The promotions essentially offer free 6-month subscriptions, bundled with cheap cameras, some for as little as \$35. Yet due to a quirk in accounting rules, Arlo is required to split the price according to the standalone value of each part. By our estimate, that means Arlo is booking as much as 70% of the revenue from these sales as service revenue.
- In doing so, we believe Arlo is passing off loss-making camera sales as high-margin, recurring service revenue, creating the impression of growth.
- Since their launch this year, these promotions have consistently ranked among the most popular on Arlo's website.
- We suspect they are just the tip of the iceberg. Most Arlo cameras come with a one-month free trial, which, on the same accounting rules, suggests Arlo is booking up to 33% of the upfront price on its cameras as service revenue. Falling camera prices, rising subscription prices and a shift toward cheaper cameras at retailers such as Walmart have all pushed that share up, providing a further artificial tailwind behind Arlo's service revenues.

1b

Arlo's Hardware Revenues Appear Inexplicably Low

- Corroborating this, Arlo's hardware revenues appear to be inexplicably small. Excluding bulk sales to Verisure, we estimate Arlo recognized just \$11.5m of retail hardware revenue in Q2.
- Not only is \$11.5m almost implausibly small, but it also appears to have fallen 30% year on year, even though the number of Arlo cameras sold through retailers grew 8%. We believe the gap is only explicable by Arlo pulling the difference into service revenues.
- Excluding the bulk sales to Verisure – which are at “cost plus” – Arlo's gross margins on its retail hardware sales are likely far more negative than investors realize.

Key Findings (2/3)

2

Bogus Churn Rate: May be 2x Higher than Claimed

- Arlo's flagship claim is that its churn rate (the share of subscribers who cancel each month) is less than 1.0%, which it touts as "one of the lowest in the world".
- In our view, this is entirely bogus. Totally missed by analysts, we found that 70%+ of the customers in Arlo's churn calculation are not Arlo customers at all. Instead, they are customers of Verisure, a European home alarm company, from which Arlo earns negligible profit by our calculation: just 15 cents of gross profit per user per month, or almost 100x less than it earns on its own subscribers.
- The Verisure accounts – which reveal nothing about Arlo's own subscribers – churn at just 0.6% a month because they are locked into multi-year contracts with Verisure. And because they have grown far faster than Arlo's own subscribers, the distortion has widened over time, creating the illusion of a churn rate in steady decline.
- Using Arlo's own published CAC formula and its own disclosures, we estimate true churn among Arlo's own customers is ~2% a month, (or 24% a year). That is 100% higher than claimed, and on par with notoriously unattractive subscription businesses like Peloton.
- Worse still, it appears to have deteriorated sharply since the end of 2022 when it was just 1.20%, contradicting Arlo's claim that its subscriber base can tolerate future price hikes.

3

Canary in the Coal Mine: Hidden Acquisition used to Prop up Growth

- In March this year, Arlo quietly paid \$50m to acquire rival camera maker Canary Connect ("Canary"). Yet it barely mentioned the deal to investors: no press release, no mention on earnings calls, just an unexplained footnote in its investor presentation. By contrast, Arlo's much smaller acquisition of Aloe Care received a dedicated press release, 4 slides in Arlo's investor presentation and 12 mentions on earnings calls. Arlo was happy to tout entering a new vertical, but evidently more coy about buying growth.
- Arlo's SEC filings describe the Canary deal as "not material". But Canary's annual recurring revenue was last publicly pegged at \$14m, a large chunk of Arlo's supposed growth in the last quarter.

4

CFO Déjà Vu – CalAmp SaaS Transition Ended in Collapse

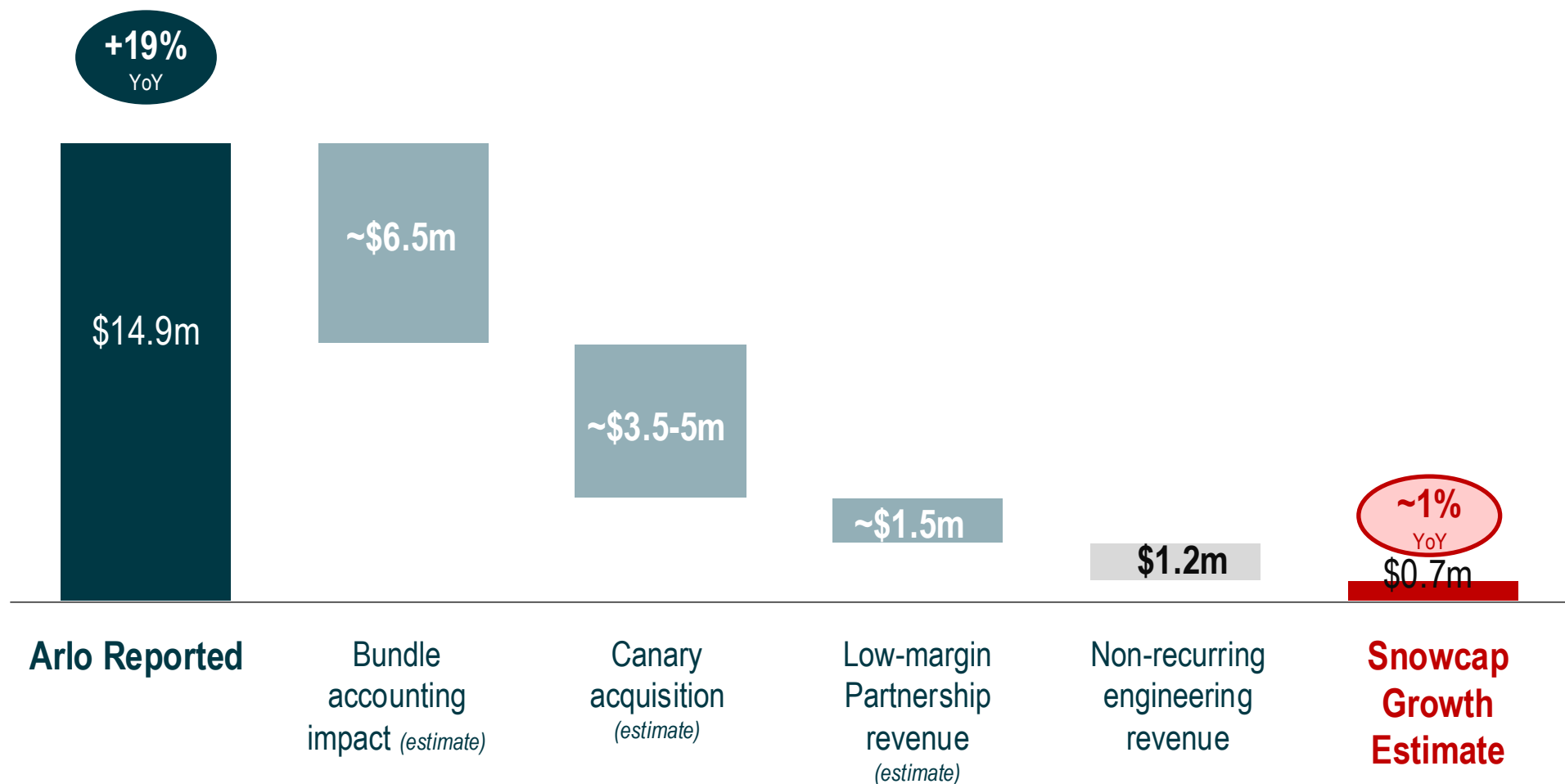
- We've seen this movie before. Prior to joining Arlo, its CFO led an almost identical shift to subscriptions at CalAmp, a vehicle-tracking company that filed for bankruptcy in 2024, two years after he left. Arlo's own press release announcing his hire effectively said he was being brought in to repeat that playbook.
- The parallels are alarming. CalAmp stuffed service revenues with hardware, bought growth through acquisitions, and inflated its subscriber numbers with users who generated almost no revenue.

Key Findings (3/3)

5 Shifting KPI Disclosures Mask Potential Decline in Subscribers	- Arlo tout's subscriber growth of 20%+. Yet this is driven by the negligible profit Verisure users. Arlo's own retail subscribers appear to have stagnated; growing just 8% in FY25. And the true picture is likely worse in our opinion because Arlo quietly changed how it counts subscribers last year, moving to – what appears to be – an expanded definition without disclosing the impact of the change - More recently, in Q2, Arlo withdrew the critical disclosure used by investors to back out its retail subscribers. We think it speaks volumes that Arlo did not want investors to know its single most important metric. - Meanwhile, Arlo's app and credit card fees, which the CEO previously said track subscriber numbers, fell 11% in Q2.
6 Headwinds, Partnership Walkback, & Threat from Apple	- Our findings come against a backdrop of headwinds. Online forums are filled with customers angered by years of price hikes. - Partnership promises appear to have been walked back. - Cheaper rivals such as Eufy are taking share. And Apple's recent entry into home security directly attacks the middle-premium position that analysts say sets Arlo apart.
7 Illusory FCF and Insider Selling	- Arlo's free cash flow is largely illusory, flattered by paying staff heavily in stock rather than cash, a cost Arlo has then had to cover with cash buybacks to offset the dilution. - Insiders have been selling that stock at pace. Since 2022, Arlo's CEO and CFO have each sold ~70-80% of their shares.
Valuation	- Arlo's valuation hinges on the claim that its subscription business is growing 15–20% a year. Stripping out Canary, our estimated impact from bundle accounting, and growth from low margin Verisure users, we estimate underlying subscription growth was as little as 1-3% in Q2. - This is potentially catastrophic for the stock, because low-growth hardware companies trade at much lower multiples, and even SaaS businesses de-rate dramatically once growth falls below 10%.

In our opinion, Arlo's service revenue growth is illusory

Arlo Subscription Revenue Growth Bridge (YoY \$m) – Q2 2026



Source: Company Filings. Snowcap analysis

(1) Arlo's retail POS volumes reportedly grew 9% YoY. Assuming constant ASPs that would imply \$6.5m of "missing" hardware revenue by our estimate – calculated as Q2 2025 retail hardware revenues (\$16.5m) x POS growth (109%) - retail hardware revenues for Q2 2026 (\$11.5m). Canary's ARR was last publicly pegged at \$14m (Lake Street). Other sources suggest this could be higher.

Arlo's purported growth looks fake in our opinion

Metric	Arlo Reported	Snowcap estimate ¹
Subscription Revenue	+19% YoY	~1% YoY
Subscribers	+23% YoY	~(1%) YoY
Churn Rate	<12% /yr (best in class and improving)	~24% /yr (has deteriorated significantly)

(1) Snowcap estimate for underlying subscription revenue growth adjusts for our estimate contribution from acquisitions, our estimated contribution from bundle accounting games, lower margin Verisure revenue and disclosed NRE revenue. See previous slide for bridge. Snowcap estimate for retail subscriber growth based on YoY change in app and credit card processing fees. Churn rate on retail subscribers as estimated by Snowcap based on Arlo's disclosures.

Introduction

Arlo sells home security cameras, charging customers a subscription fee to use them



“They are literally useless unless you buy the \$200 a year subscription”



[r/homesecurity](https://www.reddit.com/r/homesecurity)

arlo SECURE EARLY WARNING SYSTEM	
No Plan	With Plan
- Live View (No Video Recordings) - Basic Motion Detection Alerts (No Video or Audio) 2-Way Audio - Siren Activation - Privacy Zones - Routines and Automations	60-Day Video History - Smart Activity Zones - Priority Care - Theft Replacement Early Warning System - Basic Person, Animal, Vehicle, Fire & Package Detection - Person & Vehicle Recognition - Event Captions with Video Search - Custom Detection - Bark, Scream, Glass Break & Gunshot Detection Emergency Response 24/7 Professional Monitoring 24/7 Emergency Response Continuous Recording 24/7 Continuous Video Recording

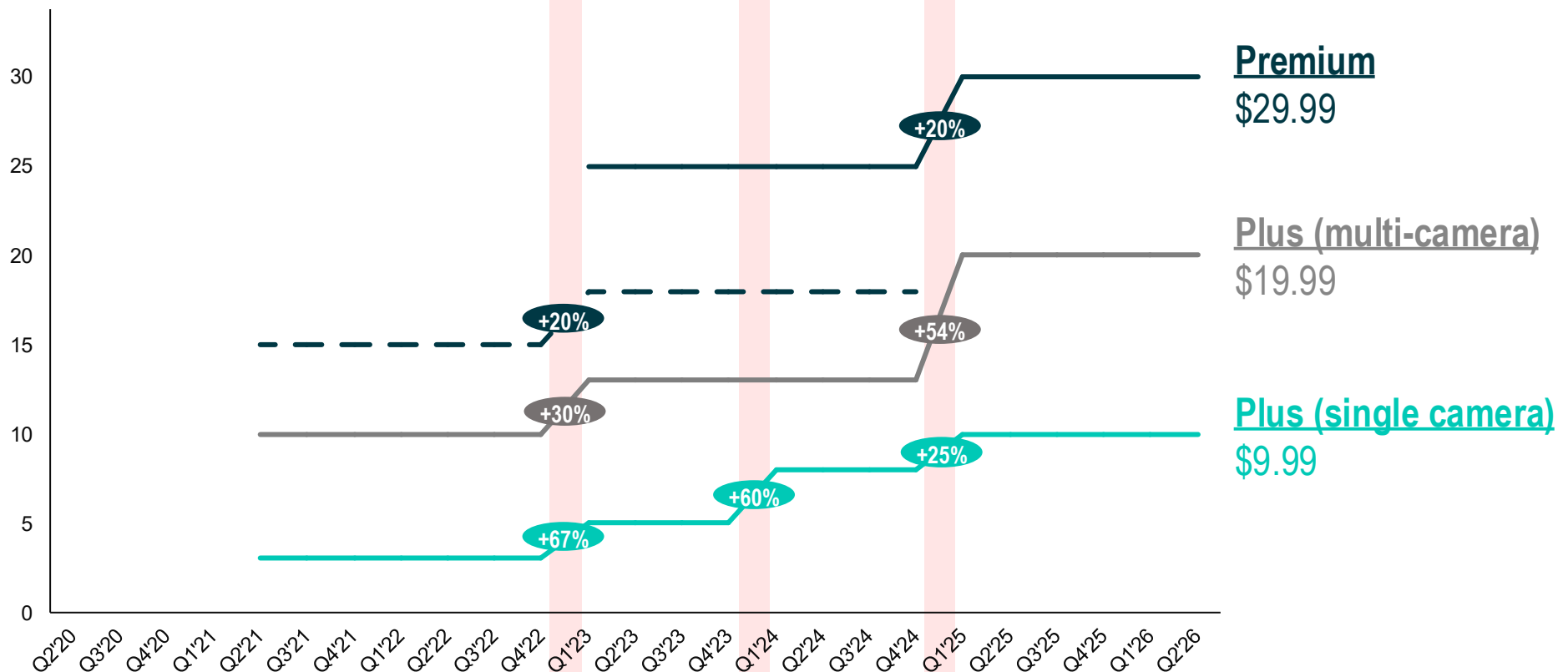
Arlo Basic excludes key functionality such as cloud video storage

Since 2022, Arlo has hiked the price of this subscription dramatically

Arlo put through three back-to-back price hikes between 2023-2025.

Arlo Subscription Pricing

(\$/month)



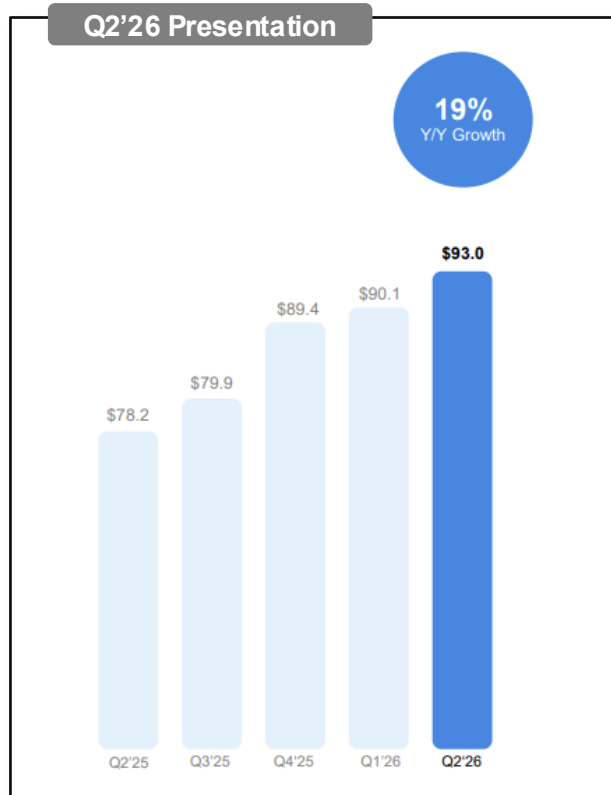
Source: Arlo.com US, Wayback Machine

Note: Multi-Cam Plus and Premium have both doubled (+100%), whilst Single-Cam Plus has more than tripled (+234%)

Arlo tells investors its subscription business is healthy and growing ~20% a year...

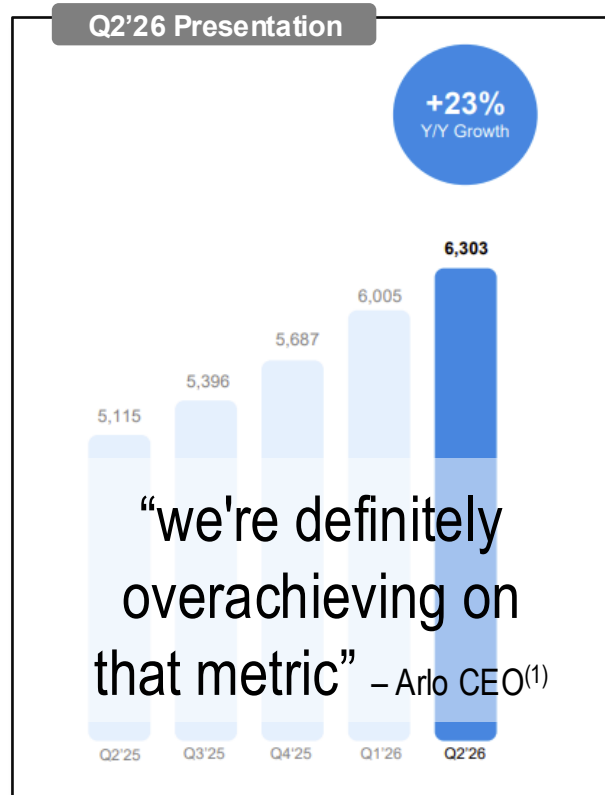
Subscription Revenues growing 19% YoY

Subscription Revenues (\$m)



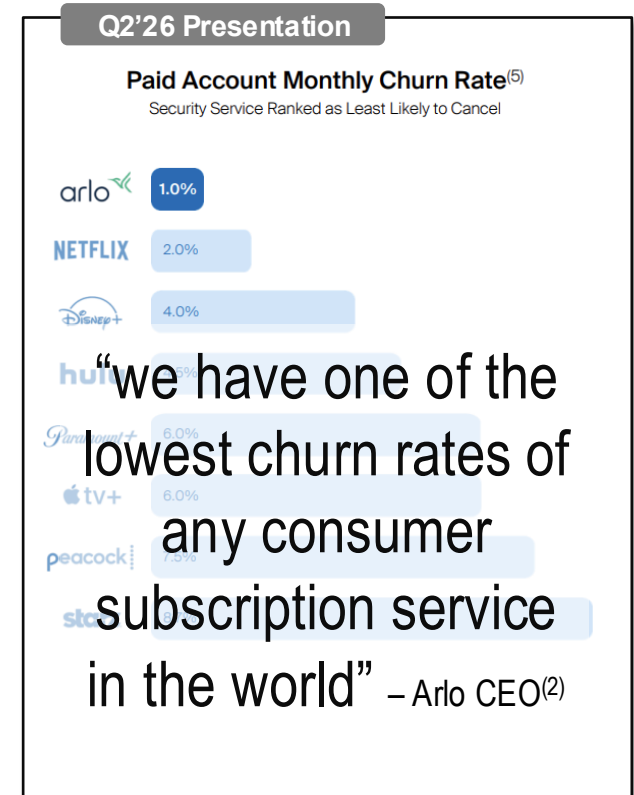
Paid Accounts growing 23% YoY

Paid Accounts (thsd)



Industry leading churn rate of ~1% per month

Churn Rate (monthly)



1a. Suspicious Bundle Deals Used to Stuff Service Revenues with Cheap Camera Sales

We discovered a raft of new suspicious-looking promotions on Arlo's website

These bundle deals offer 6-month subscriptions to Arlo Secure, bundled with cheap cameras, some for as little as \$35.

Arlo "Top Deals"

Sort by: Best selling

SALE

6 MONTHS OF ARLO PLUS FEATURES INCLUDED



Essential Pan Tilt Indoor & Arlo Secure Kit
Plug-In Powered Camera
~~\$99.99~~ \$39.99 (Save 61%)
1 Camera Kit, White

SALE

6 MONTHS OF ARLO PLUS FEATURES INCLUDED



Essential 2 Cam & Arlo Secure Kit
Plug-In Powered Camera
~~\$179.99~~ \$64.99 (Save 64%)
2 Camera Kit, White

SALE

6 MONTHS OF ARLO PLUS FEATURES INCLUDED



Essential & Arlo Secure Kit
Plug-In Powered Camera
~~\$89.99~~ \$34.99 (Save 62%)
1 Camera Kit, White

We found the same deals on Amazon



\$34⁹⁹ ~~\$66.80~~ (48% off)
prime

In effect, these promotions are giving away subscriptions for free / at a significant discount

Arlo prices these bundles at little to no markup to the standalone price of the cameras.

Which is how Arlo promotes the deals

Camera Only



SALE

Essential (2025 Release)
Plug-In Powered Camera
Item No. VMC3081-100NAS

~~\$49.99~~ \$39.99 (Save 20%)

\$39.99

Camera + 6 Month Subscription



6 MONTHS OF ARLO PLUS FEATURES INCLUDED

SALE

Essential & Arlo Secure Kit
Plug-In Powered Camera
Item No. VMC3081L06-1AZNAS

~~\$89.99~~ \$34.99 (Save 62%)

\$34.99

Facebook Promotion for Bundle Deals



Arlo Smart Home ✓
19 June · 🌐

Why buy one when you can get two...and receive 6 months of Arlo's Secure Plus Plan 😊

Shop the Arlo Essential Plug-In 2-Cam pack for up to 50% off starting June 23 on [Amazon.com](https://www.amazon.com)



Friday. With the two cam pack, you can keep an eye on what

Yet due to a quirk in accounting rules, we estimate Arlo books as much as 60% of the sale as service revenue

Bundle accounting rules stipulate that Arlo must allocate the revenue from these bundles according to the standalone selling prices of the individual components.

Arlo Accounting Policies

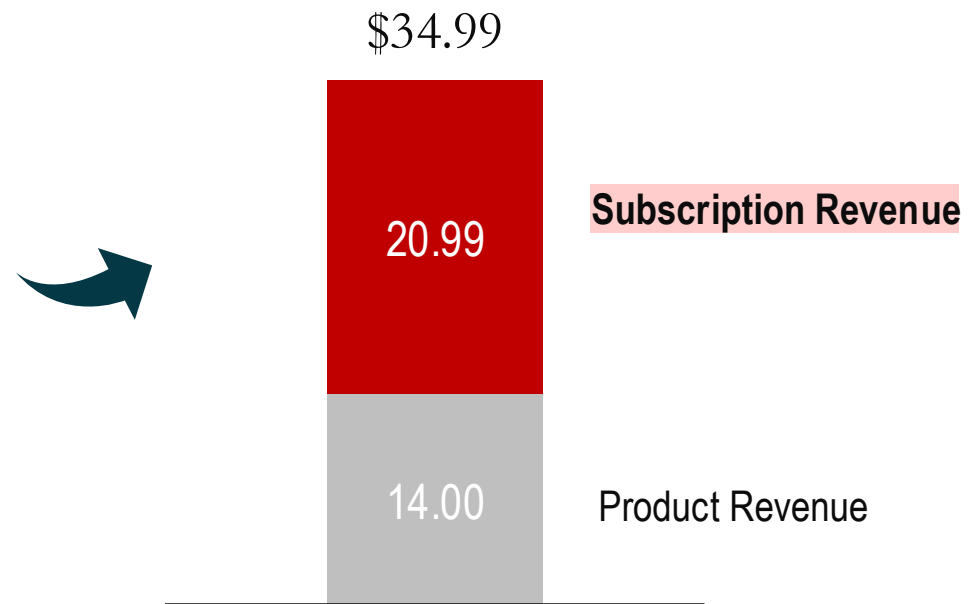
10-K – FY25

For these contracts, we account for the promises separately as individual performance obligations if they are distinct. Subscriptions and services that are purchased with certain hardware products are considered distinct and therefore the hardware products or subscription and service are treated as separate performance obligations...After identifying the separate performance obligations, **the transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis**. Stand-alone selling prices of the premium subscriptions and services are directly observable from direct sales to end users....

\$	Standalone price	% of value	Bundle price allocation
Camera	39.99	40%	14.00
6 month subscription	59.94	60%	20.99
Bundle	99.93		34.99

Revenue Recognised by Arlo

Snowcap estimate based on Arlo's accounting policies which stipulate that bundle revenue is assigned according to relative standalone price.



Investors ascribe a high multiple to Arlo's service revenues on the belief they are high-margin, and recurring. This revenue is likely neither.

Investors ascribe a 5.5x multiple to Arlo's service revenues and none to hardware

Revenue from these bundles is negative margin and unlikely to reoccur.

Sell-side Revenue Multiples

LAKE STREET
CAPITAL MARKETS

Estimates (\$M)	2024A	2025A	2026E	2027E	Price Target
Total Revenue	\$510.9	\$529.3	\$591.0	\$637.5	
Service Revenue	\$243.0	\$316.4	\$380.0	\$445.4	5.5x
Product Revenue	\$267.9	\$212.9	\$211.0	\$192.1	0.0x

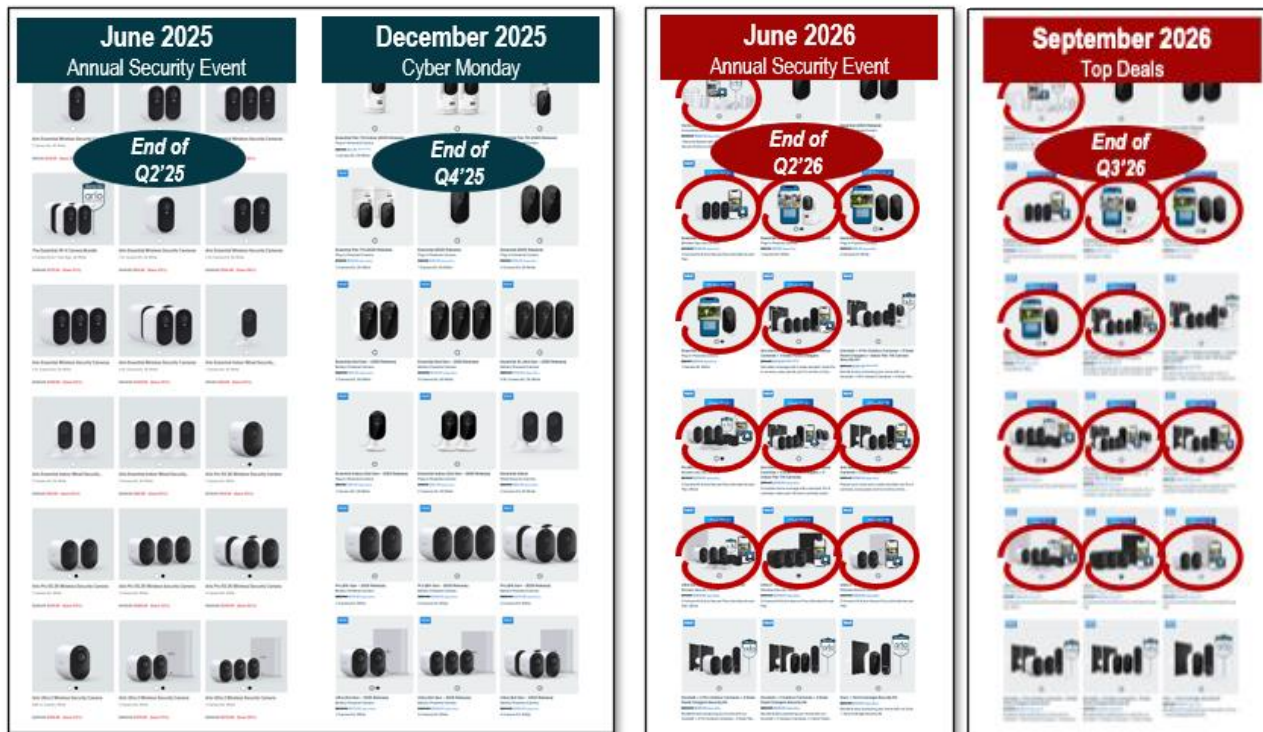
Sell-side ascribe zero value to Arlo's hardware revenues

Revenue Characteristics

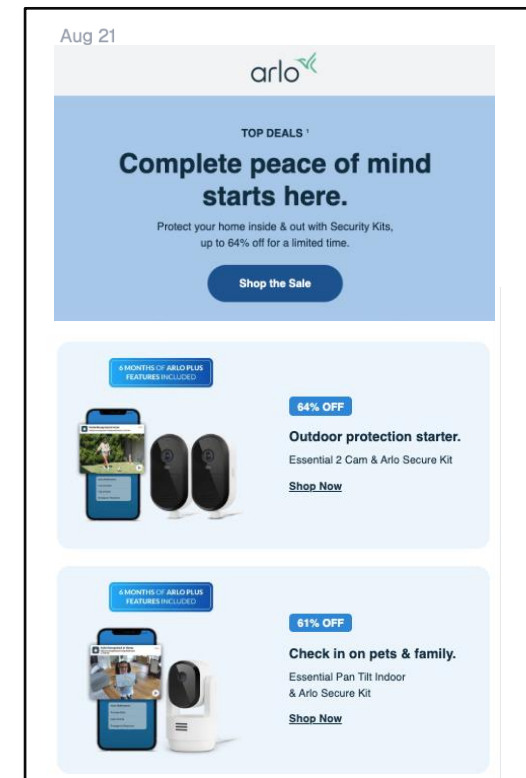
- ❗ Arlo essentially gives away the subscription for free / at no added cost
- ❗ Likely negative margin
- ❗ Customer is much less likely to renew at the end of the period due to high subscription cost relative to initial camera purchase ⁽¹⁾

Since their introduction earlier this year, these deals have consistently ranked among the most popular on Arlo's website

Analysis of Historical Deals on Arlo's Website



Arlo Promotional Email



We suspect Arlo is also booking service revenue from the 1-month trials it includes with its cameras

Our understanding is that the same accounting rules allow Arlo to book a portion of each camera sale as service revenue every time it includes a 1-month free trial – which it does with most of its cameras.

Arlo typically includes a 1-month Arlo Secure trial with its cameras

Enhance Your Protection With a 1-Month Secure Plan Included.

60-Day Video History | Person Recognition | Advanced Audio Detection | Animal Detection | 24/7 Emergency Response

Arlo Essential Indoor Security Camera

\$19⁹⁸




Comes with a **free 1-month trial of an Arlo Secure Early Warning System plan**, giving you smarter alerts and quicker ways to take action. Live streaming and basic alerts work without a subscription.*

Essential Indoor 3rd Gen

from ~~\$39.99~~ **\$29.99**



arlo

Enhance your protection with an Early Warning System plan.

Includes a 1-Month trial.

Arlo Video Doorbell 2K (2nd Gen) Wireless or Wired - 1-Cam

2K HDR head-to-toe video; Front door security; Package & person detection; Night vision, 2-way audio; **1-mo Secure plan incl.**

-64% \$28⁵⁰

List Price: ~~\$79.99~~ ⓘ



amazon

The impact from this has grown as Arlo's ASPs have shifted, further juicing Arlo's service revenues

On some of its cheapest cameras, we estimate that bundle accounting allows Arlo to book as much as 30% of the upfront camera sale as service revenue – just from the 1-month subscription trial.

Arlo Camera for Sale at Walmart

Enhance Your Protection With a 1-Month Secure Plan Included.

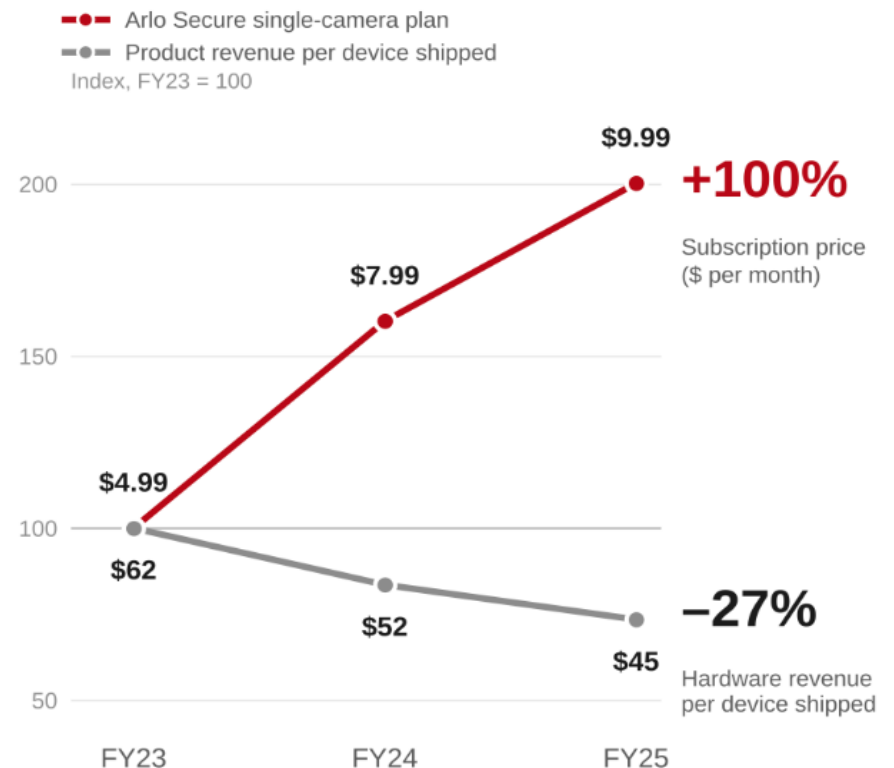
Arlo Essential Indoor Security Camera

\$19.98

Snowcap Revenue Calculation

\$	Standalone price	% of value	Bundle price allocation
Camera	19.98	67%	13.32
1 month trial subscription	9.99	33%	6.66
Bundle	29.97		19.98

Arlo's Shifting ASPs



A recent policy change adds to the pattern; giving Arlo discretion to allocate hardware revenue to services where it deems the two interrelated

Arlo Addition to Revenue Accounting Policy in FY25

10-K – FY25

Contracts with multiple performance obligations

Some of our contracts with customers contain multiple promised goods or services, such as hardware products bundled with various subscription, service and support. For these contracts, we account for the promises separately as individual performance obligations if they are distinct. Performance obligations are determined to be distinct if they are both capable of being distinct and separately identifiable within the context of the contract. In determining whether performance obligations meet the criteria for being distinct, we consider a number of factors, such as the degree of interrelation and interdependence between obligations, and whether or not the goods or services significantly modify or transform other goods or services in the contract. The embedded software in most of the hardware products is not considered distinct and therefore the combined hardware and incidental software are treated as one performance obligation and recognized at the point in time when control of product transfers to the customer. Subscriptions and services that are purchased with certain hardware products are considered distinct and therefore the hardware products or subscription and service are treated as separate performance obligations. In certain cases where subscriptions and services are enabled only by specific hardware products, we consider the hardware products or subscriptions and services components highly interrelated and interdependent and not distinct in the context of the arrangement, and therefore treated as one performance obligation and recognize ratably over the subscriptions and services period.

After identifying the separate performance obligations, the transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis. Stand-alone selling prices are generally determined based on the prices charged to customers for standalone sales. Stand-alone selling prices of the hardware products are directly observable from add-on camera and base station sales. Stand-alone selling prices of the premium subscriptions and services are directly observable from direct sales to end users.

1b. Arlo's Hardware Revenues Appear Inexplicably Low

Stripping out bulk hardware revenues from Verisure, we estimate Arlo's retail hardware revenues were just \$11m in Q2

Retail Product Revenues (Snowcap Estimate)

	\$m	Q125	Q225	Q325	Q425	Q126	Q226
Total Revenue							
Total revenue		119.1	129.4	139.5	141.3	150.4	155.9
① % from Verisure		36%	34%	36%	23%	40%	40%
Total Verisure revenue (A)		42.9	44.1	50.2	32.2	60.2	62.4
Service Revenue							
Service revenue ex NRE		68.8	78.2	79.9	85.4	85.1	91.8
② % from Verisure		13%	12%	12%	11%	12%	12%
Verisure service revenue (B)		8.6	9.4	9.6	9.7	10.2	11.0
% growth YoY		17%	20%	19%	17%	18%	17%
Product Revenue							
Total product revenue		50.2	51.2	59.6	51.9	60.3	62.9
Verisure product revenue (A-B)		34.2	34.7	40.6	22.4	49.9	51.4
Implied retail product revenue		16.0	16.5	18.9	29.5	10.3	11.5
% growth YoY		18%	-9%	-27%	33%	-35%	-30%

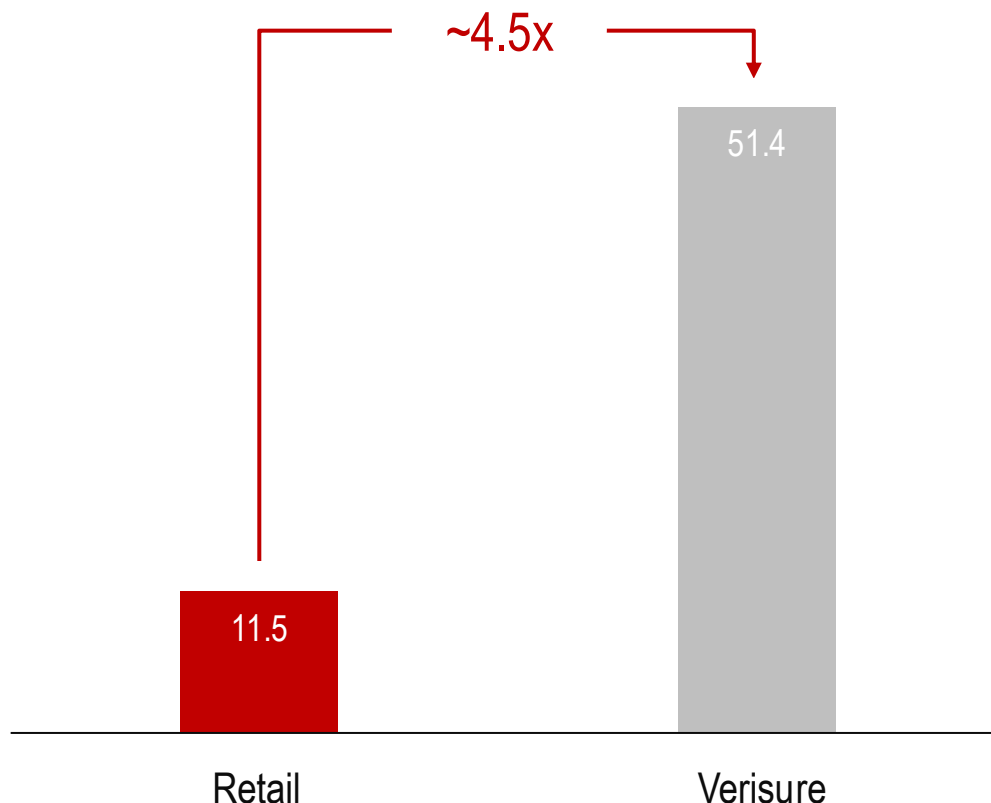
Notes

- ① As per largest customer disclosure in Arlo's 10-Qs / 10-Ks.
- ② As of Q4'25, Arlo disclosed that 89%¹ of ARR is from retail subscribers (87%² as of Q4'24). For other quarters, we make an assumption within this 87-89% range, solving for 17-20% YoY growth in Verisure service revenue.

Even at face value, this seems inexplicably low

For context, we estimate Arlo booked 4.5x more product revenue from Verisure, which it claims purchases a roughly equivalent volume of cameras

Q2 2026 – Product Revenues (\$m) – Snowcap Estimate



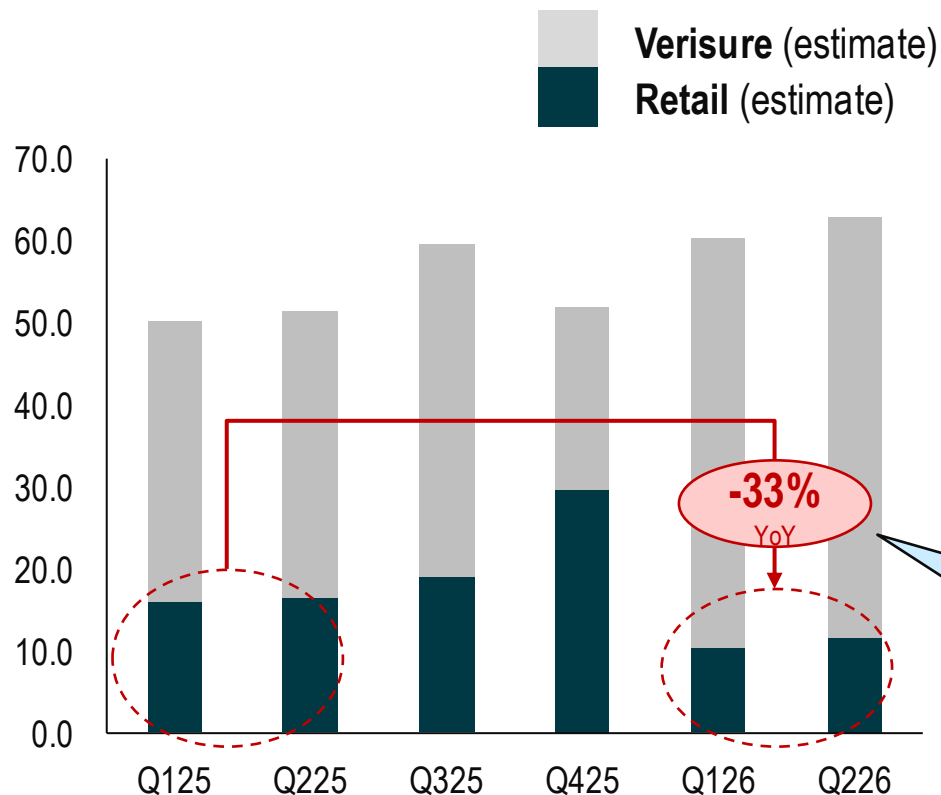
“There's a lot of seasonality, but roughly, I would say 60% is coming from retail and direct. When I say direct, I mean arlo.com type channels and 40% from partners.”

– Arlo CEO, June '26

Retail hardware revenues also appear to have declined 30% YoY, which makes no sense in our view

This makes no sense given Arlo's claim that retail POS volumes grew 9% YoY. We see no explanation for this gap other than a greater share of camera revenue being allocated to services.

Retail Hardware Revenues (\$m)



Retail POS Volumes

“Both of these factors resulted in additional retail sales with POS or **point-of-sale volume, increasing 9% for the first half of 2026** in comparison to the same period last year.”

- Arlo Q2 2026 Results Transcript

Retail product revenues **declined ~33%** in H1, despite retail POS volumes **growing 9%???**

Implied gross margins on Arlo's retail hardware revenues look implausibly negative

The implied gross margin on these retail hardware sales is also far more negative than it first appears.

Implied Retail Hardware Gross Margins (Estimate)

	\$m	Q125	Q225	Q325	Q425	Q126	Q226
Hardware total							
Product revenue		50.2	51.2	59.6	51.9	60.3	62.9
Product gross margin ex tariff		(3.1)	(7.1)	(10.3)	(7.5)	(1.7)	(7.4)
%		-6%	-14%	-17%	-14%	-3%	-12%
of which Verisure							
1 Verisure product revenue		34.2	34.7	40.6	22.4	49.9	51.4
Product gross margin		3.4	3.5	4.1	2.2	5.0	5.1
2 %		10%	10%	10%	10%	10%	10%
of which Retail Hardware							
Retail hardware revenue		16.0	16.5	18.9	29.5	10.3	11.5
Retail hardware gross margin		(6.5)	(10.6)	(14.4)	(9.7)	(6.7)	(12.5)
% retail hardware gross margin		-41%	-64%	-76%	-33%	-64%	-108%



 ~\$6.5m
 of "missing revenue"

Notes

- 1 Estimate as per previous calculation
- 2 Verisure product margin estimated by assuming a 10% gross margin on Verisure product revenues – consistent with it being described as a “cost plus markup” arrangement.

2. Bogus Churn Rate: May be 2x Higher than Claimed

Arlo tells investors its churn rate is less than 1% - which it claims is “one of the lowest in the world”

Arlo consistently tells investors that its churn rate is incredibly low; less than 1% per month.

This equates to an average customer life of 8 years.

Churn Rate (monthly)



Arlo Churn Claims

“Our average customer is actually with us for more than eight years.”

– Arlo CEO⁽²⁾

8yrs

Arlo boasts that its churn rate is particularly impressive because it does not lock customers into long term contracts

“We still have world-class churn, even though 75% roughly or more of our customers are actually on monthly, they can churn any single month. So, when you look at churn from other companies where they may have locked their customers into a three-year contract, it's very different. Ours is a real transparent organic churn rate where others may be locked into certain contracts.”

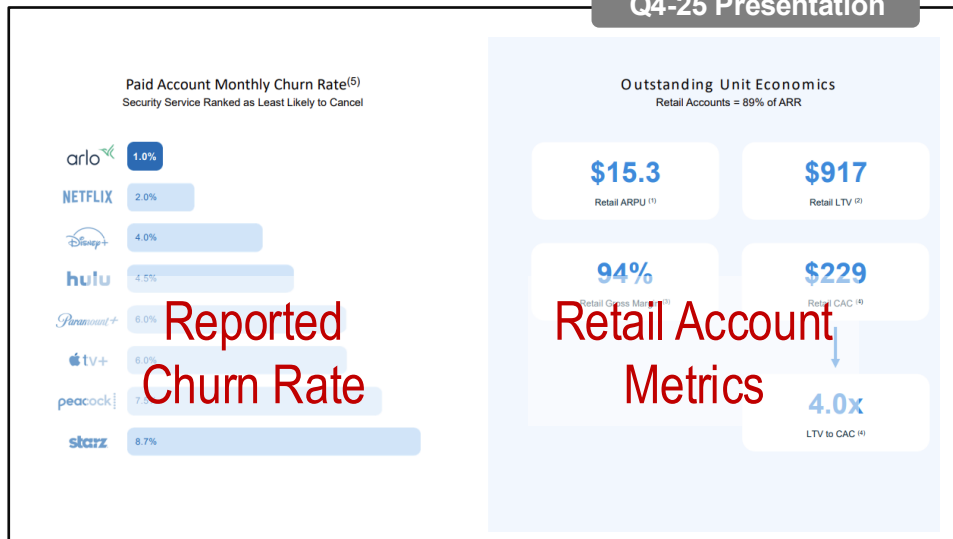
Arlo CEO

Investors – reasonably – believe this is the churn rate for Arlo's own subscribers

Arlo reports its churn rate alongside its retail unit economics, leading investors to believe that it is a retail number.

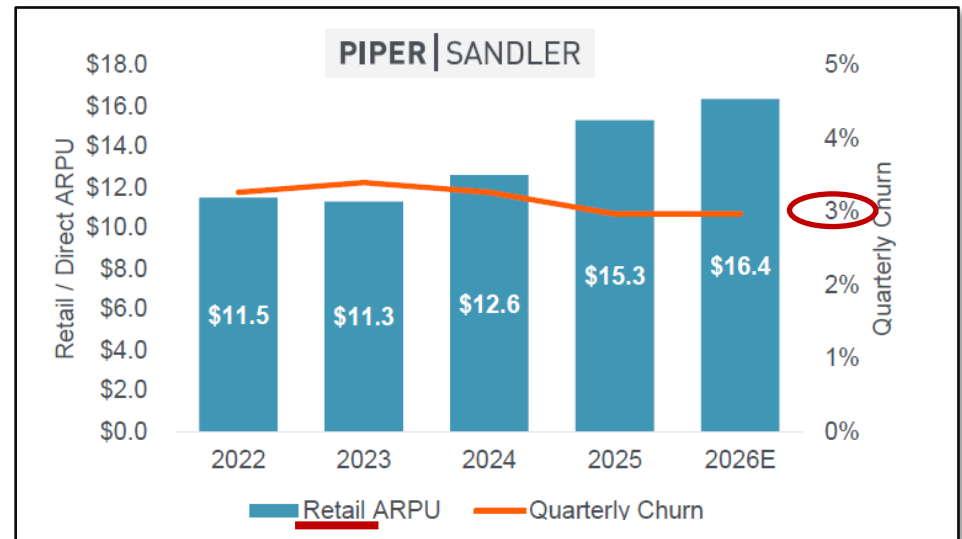
Arlo Churn Rate Presentation

Q4-25 Presentation



Sell-side conflate Arlo's reported churn rate with retail churn.

Sell-side churn references



Arlo has two forms of ecosystem lock-in with its customers. On the direct-to-consumer end, it comes from the hardware-to-subscription attach funnel. So far, the company has been successful with customer retention with over 8-year implied customer life and low monthly churn under 1%. On its strategic partner end, the stickiness comes from co-

But buried in an earnings call, Arlo reveals this churn rate is a “consolidated” number, which means it includes all of Arlo’s “paid accounts”

In an earnings call, Arlo revealed that its headline churn rate is a consolidated number – ie it includes all “paid accounts”.

This is different from its “retail churn rate” – which Arlo stopped reporting in 2022 (but still makes reference to in the footnotes of its investor presentations).

Consolidated Churn Rate

Q4 2025 Earnings Call

“Our monthly **consolidated** churn dropped to 1% in the fourth quarter”

-Arlo CEO

Retail Churn Rate

Investor Presentation 2022

1.2%

Retail Monthly Churn⁽⁴⁾

Investor Presentation Q2'26

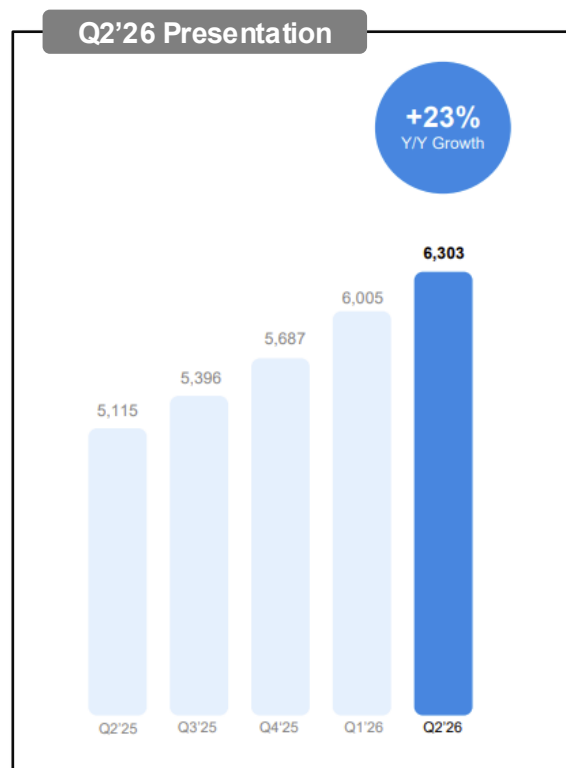
(1) Average monthly revenue per retail paid account user.

(2) LTV calculated as retail ARPU multiplied by non-GAAP retail services gross margin divided by retail services churn rate.

In other words, 70%+ of the customers in Arlo's churn calculation are not Arlo customers at all...

Arlo proudly boasts of 6 million+ paid users. But 72% of these paid accounts are from its partnership users (mostly with Verisure), which earn substantially lower revenue per user.

Arlo Paid Accounts Reported (million)



Arlo Paid Accounts Breakdown

	Q4-24	Q4-25
Paid Accounts (m)	4.60	5.69
ARR (\$m)	257.30	330.50

Retail Subscribers

% ARR from retail	87.0%	89.0%
ARR from retail (\$m)	223.9	294.1
ARPU (\$ per month)	12.60	15.30
Retail subscribers (m)	1.48	1.60

Partnership Accounts

Implied partnership accounts (m)	3.12	4.08
% of paid accounts	68%	72%
% of ARR	13%	11%
ARPU (\$ per month)	0.89	0.74

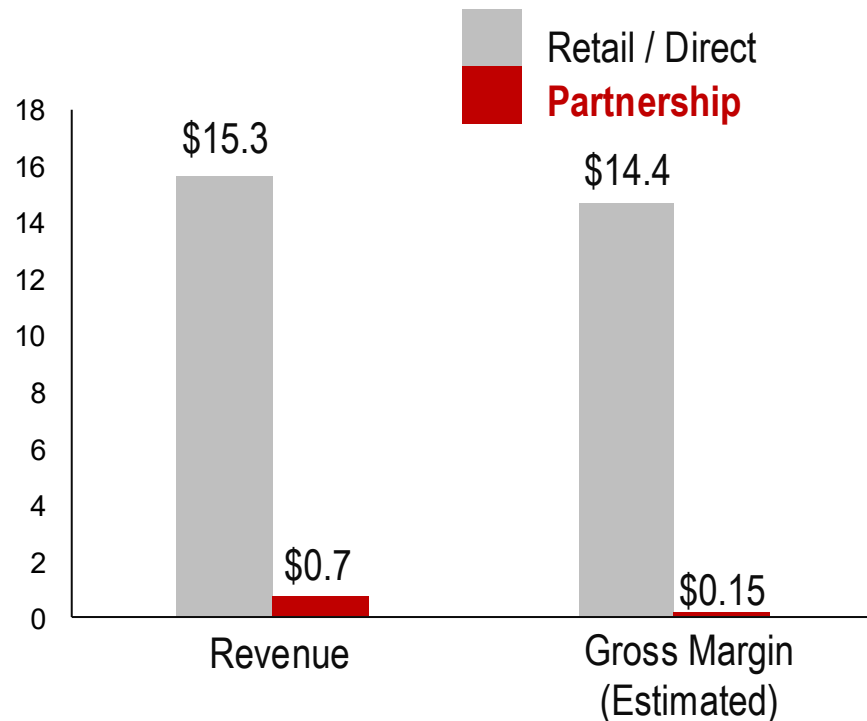
... they are customers of its partner Verisure – from which Arlo earns a small, essentially negligible fee

By our estimate Arlo earns ~15¢ of gross profit per partnership user, which is almost 100x less than what it earns from its own retail subscribers.

Economics per Subscriber (\$ per month) Q4-25

Based on estimated 20% gross margin for partnership users

Arlo services the Verisure users on a “cost plus”



10-K – FY25

Products are priced at cost plus markup, and **paid subscriptions and services are billed based on the number of active cameras monthly and are priced at cost plus markup**. The transaction price for products and paid subscriptions and services is entirely variable because the consideration is dependent on the actual costs

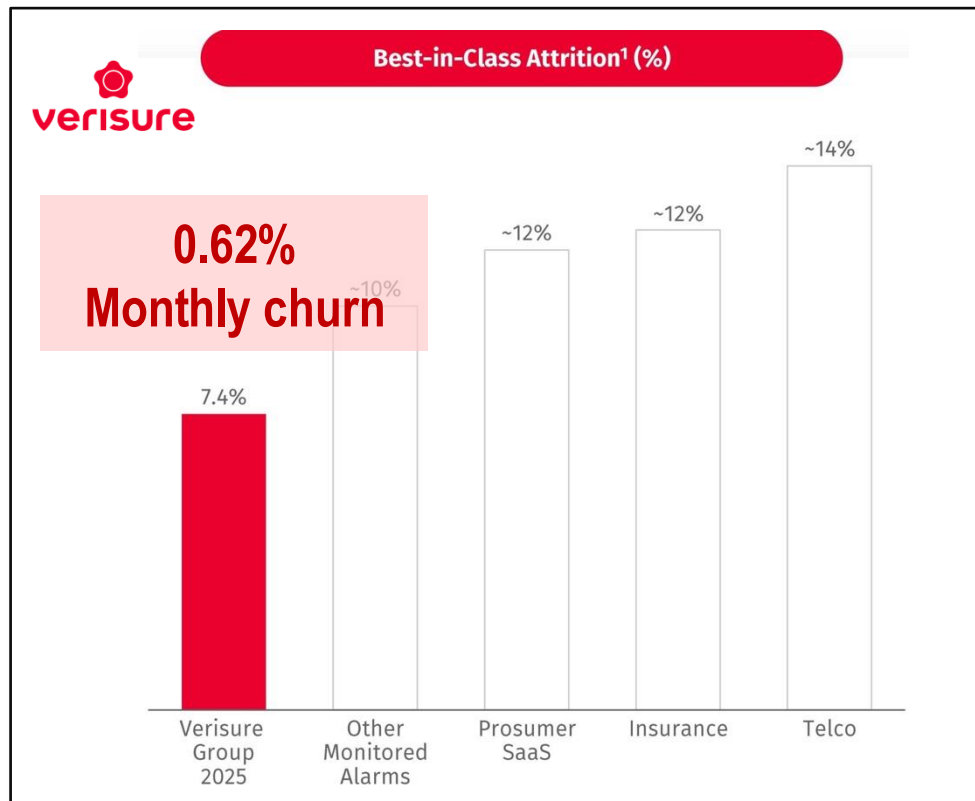
Source: Company disclosures.

Note: Based on Arlo's disclosures, we estimate that its partnership service revenues earn a gross margin of approximately 20%. See appendix for calculation. Our workings appear consistent with these services being priced at cost plus markup.

The Verisure customers distort Arlo's headline churn, because they are locked into long term contracts

Verisure's churn rates are much lower than Arlo's – in part because they are typically locked into multi year contracts. Verisure investor materials cite an annual churn of 7.4% - or 0.62% per month, which implies the churn on Arlo's retail accounts is ~2% by our calculation.

Verisure Churn Rate



Arlo Illustrative Churn Calculation - Snowcap

Monthly %

	% of paid accounts	Churn Rate
Q4-25		
Verisure / Partnership	72%	0.62%
Retail (Implied)	28%	1.98%
Consolidated Churn	100%	1.00%

Based on Arlo's disclosed customer acquisition cost, we estimate churn rate is nearer 2.0%

Arlo discloses that retail customer acquisition cost was \$229 per customer in Q4 2025 – which it defines as sales and marketing expense less the gross profit it makes on retail hardware sales. By our calculation, that implies Arlo's churn rate is in the range of 2.0-2.5%. Note, this is consistent with our Verisure calculation on the previous slide

Snowcap Retail Churn Calculation - Estimate

	\$m	Q4-25 Low	Q4-25 High
1 Verisure hardware gross margin (snowcap assumption)		5%	10%
Sales and marketing expense		23.1	23.1
(-) Retail gross profit		(8.6)	(9.7)
Customer acquisition cost		31.7	32.8
2 <i>per new retail subscriber (reported)</i>		229	229
<i>Implied new retail subscribers (m)</i>		0.14	0.14
(-) <i>growth in retail subscribers</i>		(0.04)	(0.02)
<i>Replacement subscribers</i>		0.10	0.12
Retail subscribers		1.60	1.60
Implied monthly churn		2.0%	2.5%

1 The Verisure hardware sales are at "cost plus" markup

2 **\$229**
Retail CAC ⁽⁴⁾

Arlo's churn has significantly worsened on the back of price hikes – contradicting its own claims

As of 2022, Arlo disclosed that its retail monthly churn was just 1.2%. Since then, we estimate this has as much as doubled – contradicting Arlo's key claim that its price hikes have had no impact on churn rate

Arlo Churn Claims

“So we've raised ARPU by over 50% and have seen no impact on churn”

– Arlo CEO⁽¹⁾

Investor Presentation 2022

1.2%

Retail Monthly Churn⁽⁴⁾

3. Canary in the Coal Mine: Hidden Acquisition Used to Prop up Growth

In March this year, Arlo quietly paid nearly \$50m to acquire its smaller competitor, Canary

Buried in the back of its 10-Q, Arlo revealed that it paid \$49 million to acquire Canary Connect.

Arlo Disclosure of Canary Acquisition

10-Q, Q1'26

Canary Connect, Inc.

On March 11, 2026, we entered into and simultaneously closed an Asset Purchase Agreement with Canary Connect, Inc. ("Canary"), a New York-based Internet of Things ("IoT") company that designs and sells smart home security devices and SaaS solutions. The purpose of this transaction is to expand our presence in the AI-driven smart home security market. The transaction is accounted for as a business combination in accordance with ASC 805, *Business Combinations*. As a result of the transaction, we obtained control of Canary by obtaining the ability to direct its ongoing operations and to receive substantially all of the economic benefits associated with Canary.

Cash paid at close	\$	36,000
Fixed deferred acquisition consideration		12,907
Total purchase consideration	\$	<u>48,907</u>

Canary Product Offering



Investors likely missed this because Arlo made barely any mention of it in calls or presentations

Canary's lack of disclosure compared to the (smaller) Aloe Care acquisition is notable. We suspect Arlo did not want investors to know that it was paying for growth.

Arlo Disclosure of Canary Acquisition

Canary (\$49m)

0 slides

No dedicated press release

0 mentions in earnings calls

Arlo Disclosure of Aloe Care Acquisition

Aloe Care (\$19.5m)



APRIL 16, 2026
Arlo Acquires Aloe Care Health, Expanding Arlo SaaS Platform to Support Aging in Place and Wellness Care

Dedicated press release

12 mentions in earnings calls

Source: Company Filings, Arlo Q1'26 Investor Presentation

Note: Arlo has paid \$14.1m in cash for Aloe Care to date, with up to a further \$25.0m payable as contingent consideration (carried at a fair value of \$5.4m). Canary was referenced in a footnote in Arlo's investor presentation. Arlo's Q1 2026 results release referenced "the acquisitions of Aloe Care and Canary". Aloe referenced by management once or more in a paragraph counts as 1 mention. A question and/or answer which references Aloe counts as 1 mention. Mentions from Q1'26 and Q2'26

Arlo's 10-Q claims the acquisition was “not material”. Which is misleading in our opinion

Bizarrely, Arlo's Q2 disclosures state that Canary's contribution to its results was “not material”

Canary's ARR was last publicly pegged at \$14m a year. Other sources suggest it could be higher.

Canary Contribution Disclosure

10-Q, Q2'26

During the six months ended June 28, 2026, Canary's results of operations are **not material** and are included within our unaudited condensed consolidated financial statements from an effective date of March 1, 2026. The effect of this business combination was not material to our financial results. Therefore, the actual and pro-forma results of operations from the acquisition date to June 28, 2026 have not been presented.

External Sources on Canary's Revenues



Canary And Aloe Add Inorganic ARR Levers – Q2 marks the first full quarter of contribution from two acquisitions. Arlo acquired Canary Connect on March 11th for \$48.9M (\$36.0M cash and \$12.9M of deferred payments), acquiring a subscriber book last publicly pegged near \$14M in ARR and, more importantly, Canary's bundled hardware-plus-software retail motion as a lever on attach rates. Aloe Care Health

Estimated Revenue & Valuation

- Canary (canary.is)'s estimated annual revenue is currently \$24M per year. ⁽ⁱ⁾
- Canary (canary.is)'s estimated revenue per employee is \$245,000
- Canary (canary.is)'s total funding is \$123.8M.



Headquarters 132 E 43rd St Ste 552, New York, New Yor...

Phone Number (888) 271-0121

Website www.canary.is

Revenue \$31.7 Million



4. CFO Déjà Vu – CalAmp SaaS Transition Ended in Collapse

Arlo's CFO ran an almost identical playbook at his previous company, CalAmp, which later went bankrupt

Before joining Arlo in 2022, Arlo's joint CFO and COO Kurtis Binder served as the CFO of CalAmp where he "led" a "similar" transition to a SAAS model.

That transition ultimately ended in disaster for CalAmp. Its stock price has since declined 100%. In 2024 it filed for bankruptcy.



Kurt Binder

Chief Financial Officer - Arlo Technologies, Inc.



Chief Financial Officer

Arlo Technologies, Inc. · Full-time

Sep 2022 - Present · 4 yrs 1 mo

Irvine, California, United States · On-site



Chief Financial Officer

CalAmp

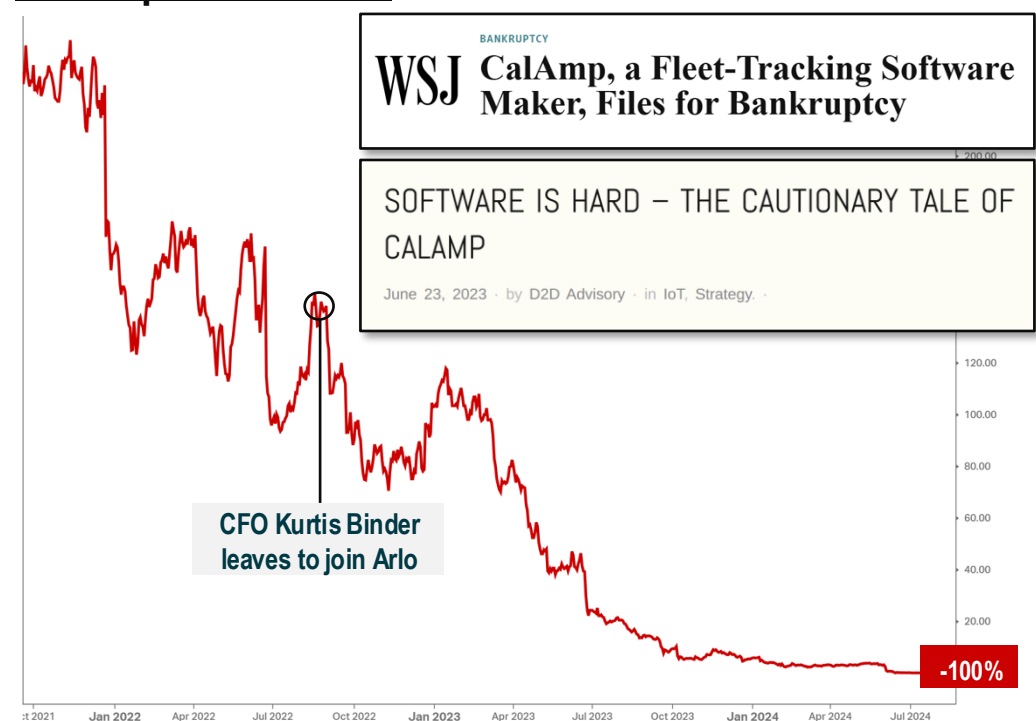
Jul 2017 - Sep 2022 · 5 yrs 3 mos

Irvine, California

"Kurt brings extensive experience in...hardware devices to cloud platforms...SaaS business models and accelerating subscription revenues.

He led a similar business transition at CalAmp" – Arlo CEO, 2022

CalAmp Share Price



The parallels between what happened at CalAmp and our findings on Arlo are deeply concerning



Hardware sales pushed into subscription revenues

- Devices sold with a subscription were often booked in the subscription segment, even when recognized upfront.
- The "Software & Subscription Services" segment also sold and leased hardware
- Only ~48% of subscription segment revenue was actually recognised over time (FY2023) – i.e., true subscription revenue.



Subscriber numbers inflated by low ARPU users

- CalAmp's headline subscriber number conflated fleet software users, stolen-vehicle-recovery units, school-bus tracking, international recovery, and hardware customers converted to subscription contracts. All of which carried very different ARPUs.
- ~300,000¹ of CalAmp's "subscribers" were from its vehicle finance business. CalAmp earned little recurring revenue from these "subscribers".



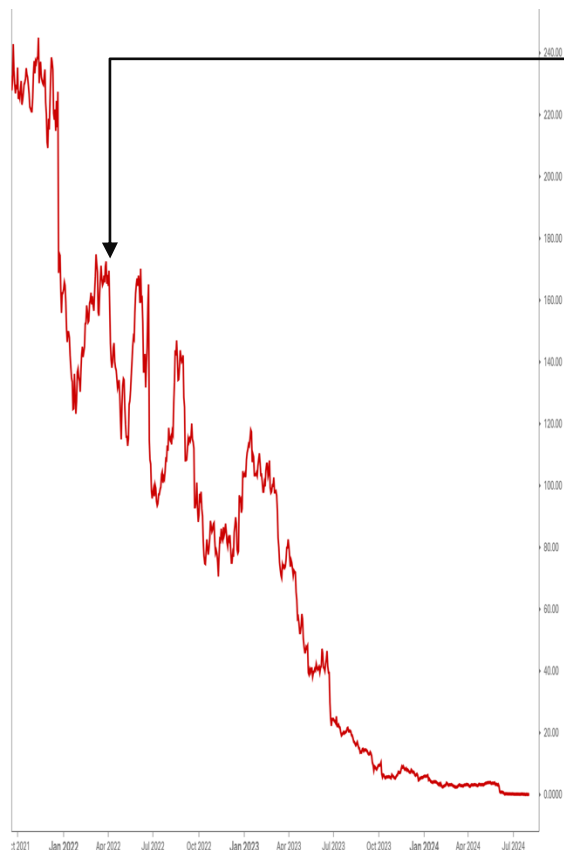
Acquisitions masked weak organic growth

- Subscriber growth came mainly from buying businesses (LoJack, Synovia, Tracker UK, LoJack Mexico), not winning customers
- Organic additions were a small fraction of reported growth
- Much of the acquired value was later written off: \$58m goodwill impairment in the subscription segment

Déjà vu: Arlo investors are being fed the same script CalAmp investors were prior to its collapse

CalAmp – Q4'22 Earnings

CalAmp Share Price



“Subscription Services revenue increases 19% year-over-year to \$41 million, representing a record 60% of total revenue”

“Total S&SS subscribers were 1.1 million, a 5% increase from the prior quarter and an 11% increase from a year ago”

“Announced a partnership with vehicle data expert, Noregon”

Arlo – Q2'26 Earnings

“Record subscriptions and services revenue of \$93 million, growing 19% year over year”

“Cumulative paid accounts increased to 6.3 million, growing 23.2% year over year.”

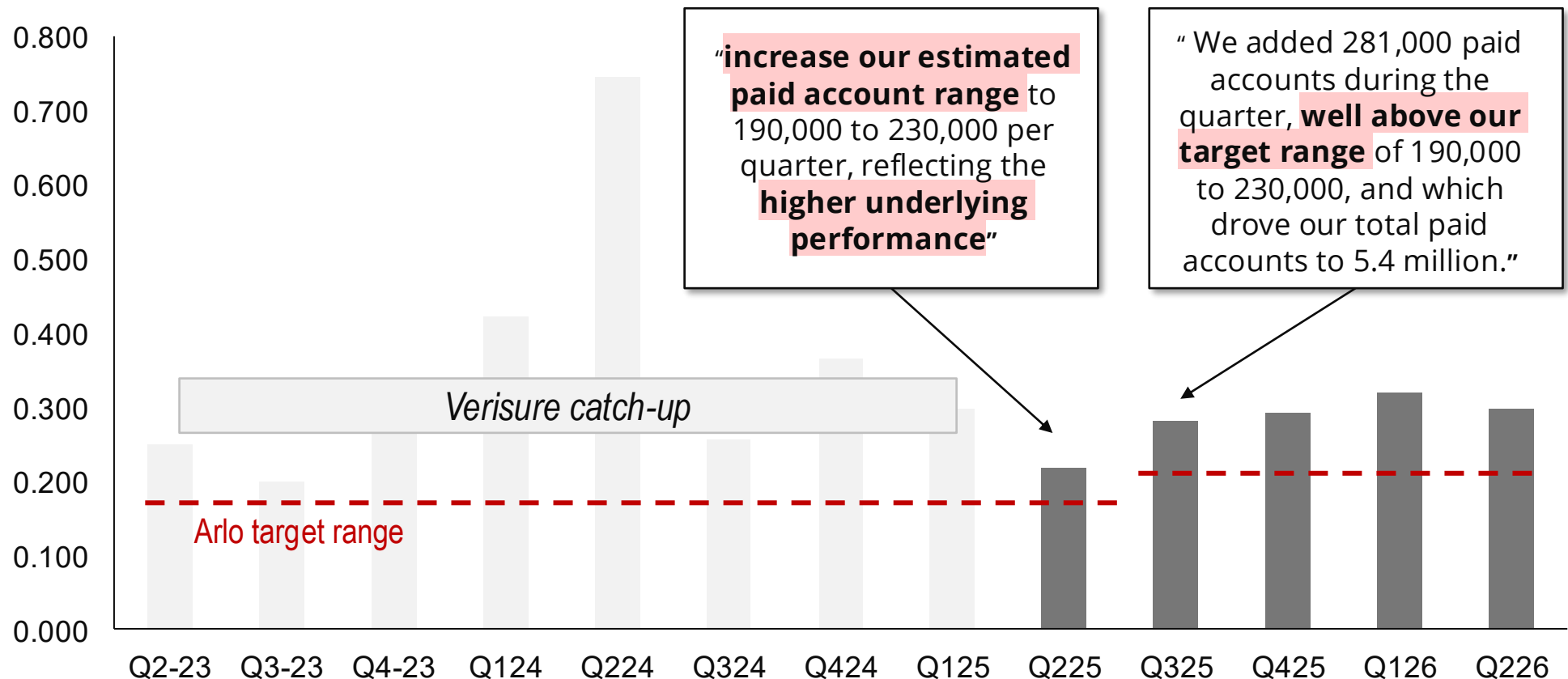
“Announced expanded partnership between Aloe Care Health and Home Helpers Home Care”

5. Subscriber Decline Masked by KPI Gymnastics?

Arlo tells investors its subscriber growth has surpassed targets in recent quarters

In Q2 2025, Arlo increased its paid account target range from 170-190k per quarter, to 190-230k per quarter. Since then it has consistently exceeded this target.

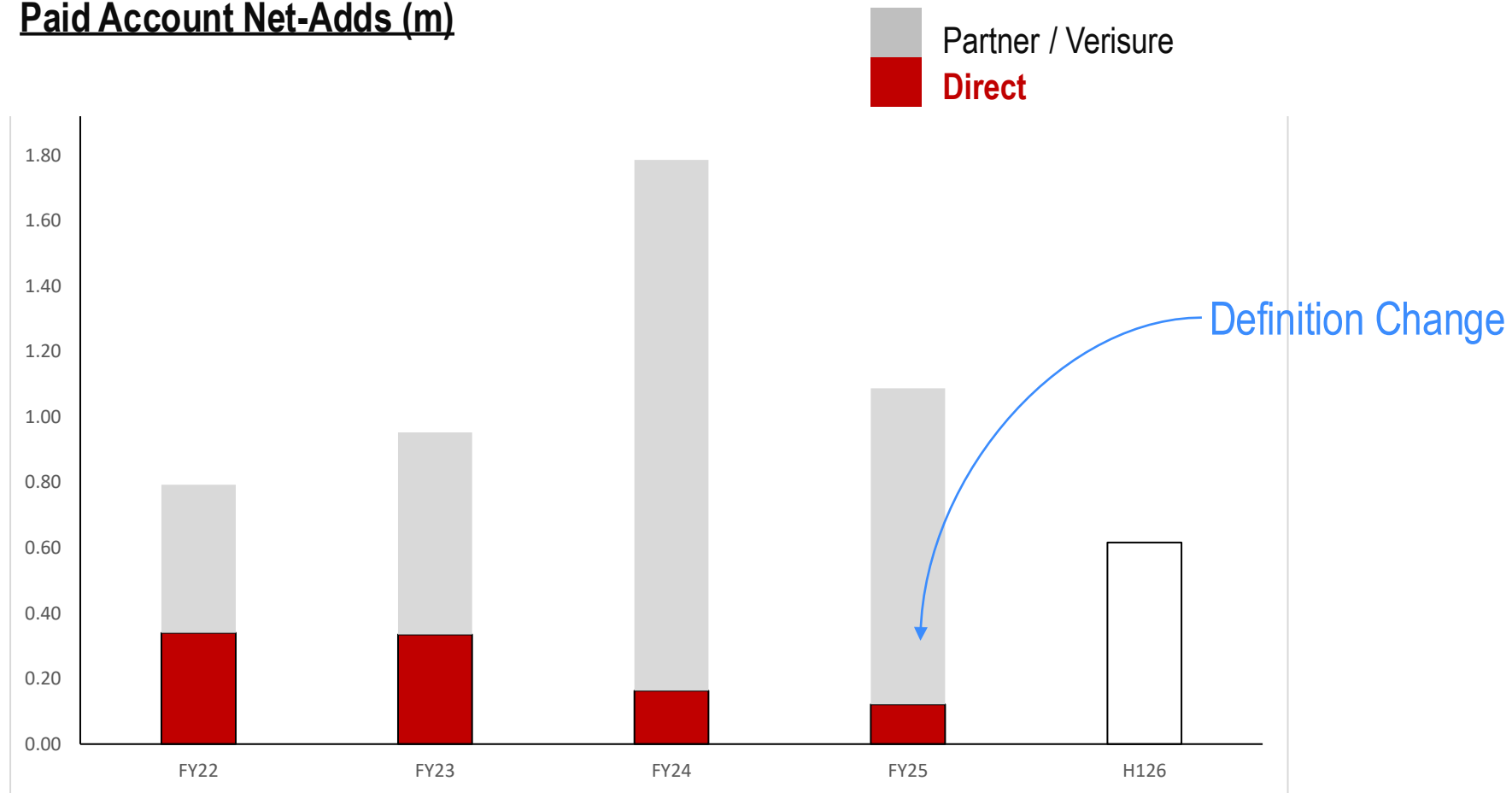
Net Subscriber Adds (m)



This is mostly just partnership users. Arlo's own subscribers have stagnated, growing just 8% in FY25

Up until H1-2026, we can use Arlo's disclosures to back solve for direct retail subscribers. This shows direct subscriber growth has slowed substantially. Growing just 8% in FY25.

Paid Account Net-Adds (m)



And the true picture is likely even worse, because direct subscriber #s were possibly boosted by a definition change

In Q3 2025, Arlo quietly changed how it counts paid accounts. The new definition appears to be far more generous in our view because it seems to count anyone who paid a subscription during the period. Not just active subscriptions at the end

Old Paid Account Definition

ARLO 10-K 2024

Cumulative Paid Accounts “Paid accounts are defined as any account worldwide where a subscription to a paid service **is being** collected (either by us or by our customers or channel partners, including Verisure).”

Unclear if this includes customers who have since churned.

New Paid Account Definition (as of Q3 2025)

ARLO 10-K 2025

Cumulative Paid Accounts “Paid accounts at the end of a particular period are defined as any account worldwide where a subscription-based or **otherwise recurring service** fee **was** collected by Arlo (either directly from a user or from a partner).”

New definition appears to accommodate bundled subscriptions

This also impacts ARR – which is calculated off the (seemingly more aggressive) paid account number

ARR is meant to be a run-rate metric. We believe Arlo's new ARR definition is flawed in and of itself, and is no longer a reflection of Arlo's run-rate service revenue.

Arlo's Shifting ARR Definition – Snowcap Interpretation

Spin off	Last month of service revenue (ex prepaid service & NRE) x 12
Q1-23	Last month of service revenue (ex prepaid service & ~~NRE~~) x 12
Q1-24	Paid subscribers as of the end of the period x ARPU
Q3-25	Expanded definition of paid subscribers at the end of period x ARPU

In Q2, Arlo suddenly stopped disclosing ARPU – making it impossible for investors to track direct subscribers

In Q1 this year, Arlo's paid users were distorted by the acquisition of Canary. Then, in Q2, Arlo stopped reporting ARPU – stating only that it had “increased”. We think it speaks volumes that Arlo did not want investors to track its single most important metric.

Implied retail accounts – Snowcap Estimate

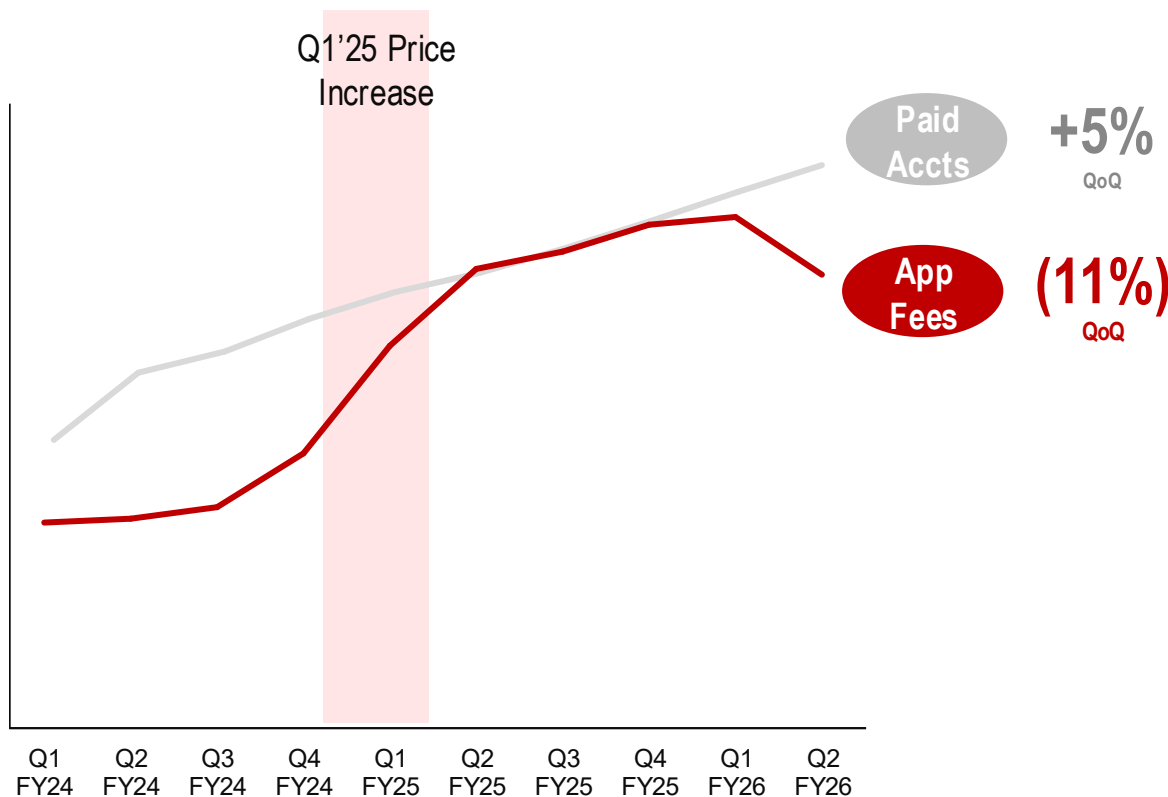
\$	Q424	Q125	Q225	Q325	Q425	Q126	Q226
ARR	257.3	276.4	316.0	323.2	330.5	357.0	365.0
% of ARR from retail ③	87%	88%	88%	88%	89%	88%	88%
ARR from retail	223.9	243.2	278.1	284.4	294.1	314.2	321.2
ARPU	12.6	13.5	15.0	15.0	15.3	15.6 ②	ND
Implied retail users (m)	1.48	1.50	1.54	1.58	1.60 ①	1.68	??
% QoQ growth		1.6%	2.7%	2.3%	1.4%	4.8%	??
Retail net adds (thsd)		23.2	41.2	35.2	22.0	76.1	??

- ① Q1-26 growth driven by Canary acquisition.
- ② In Q2'26, Arlo stopped disclosing ARPU. Why? We assume because it did not want investors to back out the implied retail user number.
- ③ % ARR from retail is disclosed as of Q4 2024 and Q4 2025. In other quarters, we make an assumption in this range solving for 17-20% YoY growth in Verisure service revenues.

Arlo's credit card and app fees - a useful proxy for its paid subscribers - declined 11% QoQ in Q2

We believe Arlo's credit card and app processing fees are a useful proxy for its paid accounts

Paid Subscribers vs Credit Card & App Processing Fees



“the biggest piece of OpEx growth quarter-over-quarter is credit card fees on the subscription. **So as our subscribers grow, the credit card fees get a little bigger every quarter**”

- Arlo CEO

6. Business Headwinds, Partnership Walkback, and Threat from Apple

Internet forums are full of customers angered by price hikes and deteriorating functionality

"After about a decade, I have experienced your product go from very good to [explicit] awful. All the while you charge me more and more for this privilege. I'm done"

"the move to subscription for quality videos and connectivity is going to break customers and I have hit my break point...I can't see a lot of people sticking around much longer on the subscription plans at this rate."



[r/arlo, May'26](#)

"I'm done with Arlo also. I have 4 cameras and none of them work."



[r/arlo, Jan'26](#)

"I'll be trashing this subscription bait and finding a brand that lets me record locally."



[r/arlo, Mar'26](#)

"The pricing for [Blink] 2K cameras is MUCH better than Arlo...I think Arlo's greed will be their undoing"



[r/arlo, May'26](#)

"Arlo blows. Had them many years ago and then I found out about EUFY. No fees"



[r/arlo, Mar'26](#)

"I have no idea how Arlo is sold like a premium brand in the big consumer electronic chains, when the whole system feels like a China white label brand"



[r/arlo, Feb'26](#)

Arlo has been accused of using questionable tactics to push old users onto its new subscription plans

In 2020, Arlo transitioned to its new business model, requiring new users to pay for basic features which had previously been free.

In an attempt to transition the old users onto new paid plans, Arlo told them their cameras were at the end of their life. Which resulted in Arlo being sued.

Yet internet forums suggest Arlo may still be using underhand tactics to get old Arlo users off their free plans.

Old Business Model

Free 7-Day Cloud Storage included with every camera

The Arlo Basic plan gives you access to motion- and audio-triggered recordings from the past 7 days. And the plan never expires!

WSJ

February 2023

The Cameras Worked Fine. Their Maker Said They Had Reached Their End of Life.

How long your smart gadgets last isn't up to you

ClassAction.org

January 2023

Arlo Technologies Falsely Advertised that Security Camera Cloud Storage Offer 'Never Expires,' Class Action Alleges

DO NOT upgrade to Arlo Secure. You can NOT go back to what you had before.

"I picked up a 3 pack of Arlo Solar powered cameras from Costco with the intention of adding them to my account. This forced my account to "upgrade" to Arlo secure, causing me to loose several features I use (Used) daily...when I asked to remove the new camera and return to the previous system, they informed me that it's a one way upgrade. NO way back"

reddit

r/arlo 2024

"I was enrolled in a free trial when the new app updated without being asked"

"My app updated automatically and it enrolled me into the trial as well"

r/arlo 2025

"Others and I were forced to change to the new UI and trial"

reddit

r/arlosmarthome Jan'26

Source: [Arlo Basic Plan](#), Arlo.com US, Wayback Machine, [WSJ](#), [ClassAction.org](#), Reddit

Note: Automatic updates have forced users of Legacy Arlo cameras onto free trials of Arlo Secure. As a result, some of these users have experienced a subsequent loss of functionality and an inability to revert back to their pre-existing 7-Day Cloud Storage - Reddit

Arlo recently abandoned an attempt to expand into the total security market earlier this year

Arlo tells investors it can expand into B2B and ADT-like segments of the market

Yet Arlo quietly scrapped its “Total Security Packages” offering in March '26 – we suspect due to lack of demand.

William Blair Growth Conference – Jun'26

Growth Drivers



Grow B2B Partnerships

Win new strategic partners while growing existing B2B accounts to accelerate our indirect paths to consumers and scaled SaaS services.

Global Market Estimated @ **2-3x US**

Broader DIY Smart Home (Consumer, US)
\$13.4B

Smart Security Services (Consumer, US)
\$16.6B

DIY & Professionally
Installed Security
Devices. (Consumer, US)
\$8.2B

Adjacent Markets Estimated @ **3-4x**

arlo Total Security

Bundles include:

- Arlo Secure Plan
- All Hardware
- Easy Setup
- Free Shipping

Starter
Starting at \$33/mo*
or 0% APR with **affirm**
Or pay a one-time fee of \$359.64.

- ✓ 24/7 Professional Monitoring
- ✓ Critical Alerts
- ✓ Sensor & Security System Notifications
- ✓ Direct Dispatch for Fire, Medical & Police
- ✓ Smoke/CO Audio AI Alerts

Requires a separate paid plan to support cameras and doorbells.

Essential Video
Starting at \$45/mo*
or 0% APR with **affirm**
Or pay a one-time fee of \$719.64.

- ✓ Self Monitoring
- ✓ 30 Days of Secure Cloud Video Storage
- ✓ AI Powered Person, Vehicle & Animal Detection
- ✓ AI Powered Package Detection
- ✓ Smoke/CO Audio AI Alerts
- ✓ Interactive Notifications
- ✓ Alexa and Google Assistant Compatible

Advanced Video
Starting at \$68/mo*
or 0% APR with **affirm**
Or pay a one-time fee of \$1079.64.

- ✓ 24/7 Professional Monitoring
- ✓ Critical Alerts
- ✓ Sensor & Security System Notifications
- ✓ Direct Dispatch for Fire, Medical & Police
- ✓ 30 Day of Secure Cloud Video Storage
- ✓ AI Powered Person, Vehicle & Animal Detection
- ✓ AI Powered Package Detection
- ✓ Smoke/CO Audio AI Alerts
- ✓ Interactive Notifications
- ✓ Alexa and Google Assistant Compatible

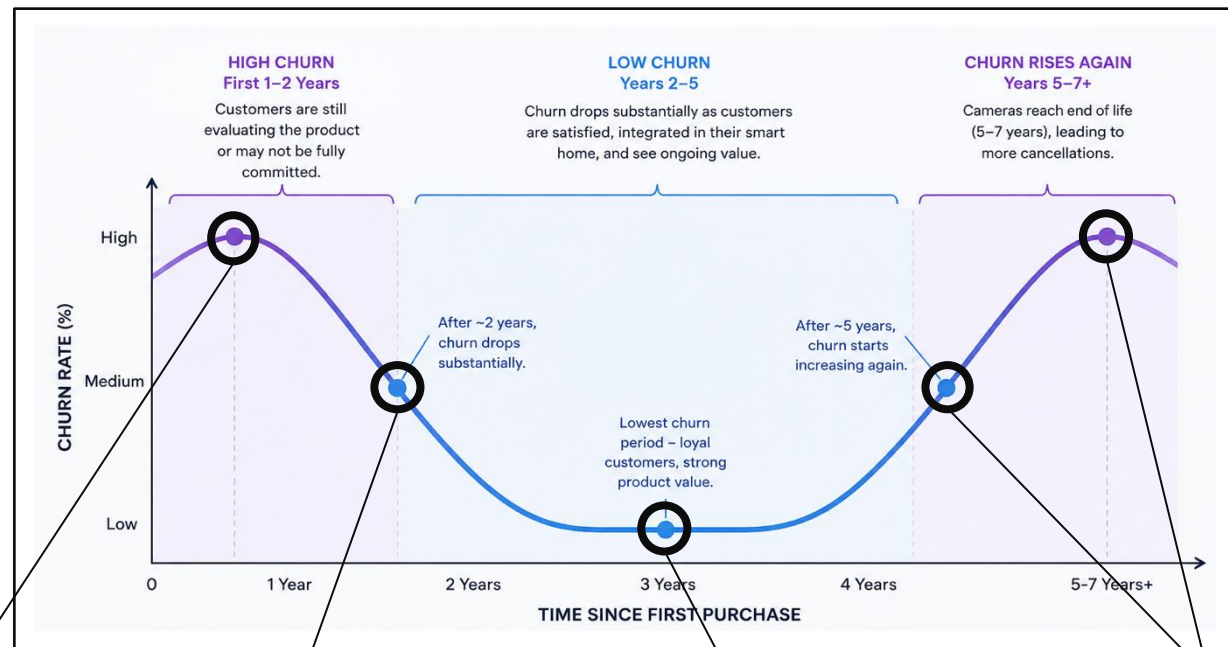
Abandoned March '26

Security System Keypad Hub with integrated sensors and modes	✓	✗	✓
All-in-One Sensor with 8 different detection functions	2	✗	5
Essential Outdoor Camera (2nd Gen) with clear video in 1080p High Definition	✗	2	2
Video Doorbell with clear video in 1080p High Definition	✗	✗	✓
Yard Sign to deter burglars	✓	✓	✓

Former executives anticipate a wave of churn as cameras approach their end of life

Former Arlo executives claim that typically, churn rate starts “significantly going up” after 5-7 years as cameras reach their end of life.

Illustrative Life-Cycle Churn Chart



“new business model” era begins
2020

Stickiest customers remain, churn rate declines
2022

Churn rate at its low point - 3 years into the “new business model” cycle
2023

Churn rate “significantly” ramps up as hardware reaches end of life.
2025 - 2027

Arlo seemingly walked back its partnerships potential in the most recent quarter

Arlo consistently told investors in prior earnings releases that its strategic partnerships would help it meet and surpass long range targets early. In the most recent quarter, it scrapped this claim and replaced it with boiler plate language around becoming a “trusted technology brand of choice”.

Arlo's Press Release Language re Strategic Partnerships

Q2-25	“coupled with our Holiday product launches and announcement of ADT as a strategic partner positions Arlo for continuing success ”
Q3-25	“expectations regarding our subscription momentum, holiday product launches and recent strategic partnerships to position us for continuing success ”
Q4-25	“Arlo is the preferred partner in the smart security space and these deals will accelerate our momentum towards achieving our long-range targets ”
Q1-26	“combined with the scale of our strategic partnerships will provide additional durable growth vectors on our path to surpass our long-range targets early ”
Q2-26	“catalysts for our strategic partners to make Arlo their trusted technology brand of choice for safety and security solutions”

So far, Arlo's ADT Blu partnership appears to have been poorly received, and has resorted to heavy discounting

Reviews of ADT Blu describe an underwhelming user experience, citing numerous issues.

ADT Blu Review

ADT's New Blu Kit Falls Far Behind the DIY Competition **CNET**

I found missing features, a malfunctioning app, and more showing the 2026 system wasn't even ready to be released, much less compete with other DIY security.

Pros & Cons

- ⊕ Device design is solid
- ⊕ 2K camera resolution is a good upgrade

- ⊖ ADT Plus app is buggy
- ⊖ Camera setup proved impossible
- ⊖ Certain features refused to function
- ⊖ Subscriptions starting at \$15 are more expensive than competitors that offer more
- ⊖ No Matter support
- ⊖ A particularly bad customer support experience

ADT Blu has also slashed its prices by 50% just 3 months after launching

ADT Blu Discounting

50% off select ADT kits and cameras*

50% off



ADT Blu Doorbell Camera

View live and recorded video, plus speak to visitors from virtually anywhere.

Battery Weather resistant 2K HDR

Outdoor Night vision 180° view

\$54.50 ~~\$109.00~~

50% off



ADT Blu Outdoor Camera

View live video and recorded clips of what goes on outside your home.

Battery Weather resistant 2K video

Outdoor Night vision 130° view

\$44.50 ~~\$89.00~~

50% off



ADT Blu Indoor Camera

Keep an eye on things you value most. Check in or see how the kids are doing.

Wired 2K video Indoor Night vision

130° view

\$34.50 ~~\$69.00~~

Arlo under pressure from Eufy and new market entrants

Arlo customers refer to price hikes and deteriorating functionality as a reason to switch to Eufy - which does not require a subscription

Eufy's google search popularity has dwarfed Arlo's in recent months

Walmart is littered with cheap home security alternatives to Arlo

"I have been with Arlo for about 12 yrs. Many of them paying subscription. **The unreliability and the constant \$\$\$ hikes have pushed me out of this system. I have moved to Eufy and so far, I'm liking it at ton!**"



[r/arlo, Jun'26](#)

"Eufy cameras are a great alternative. No subscription fee. One time cost as it should be. Nothing is perfect but these work better than Arlo ever did."



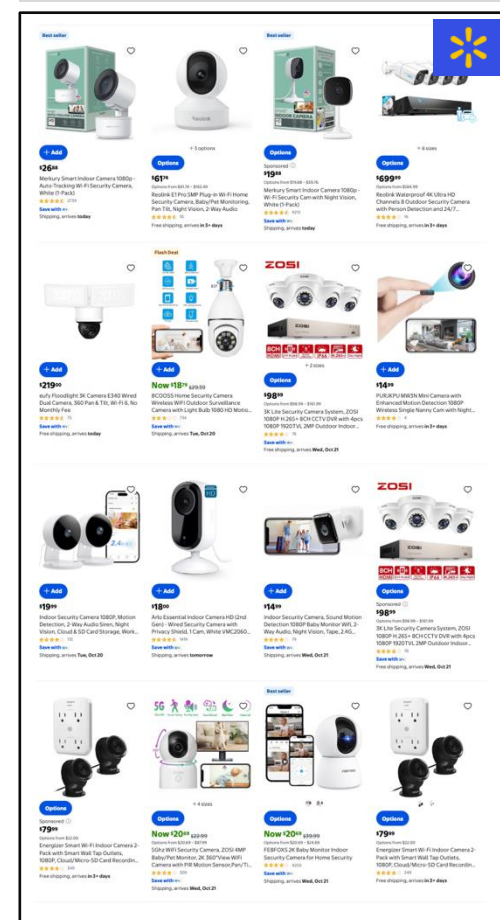
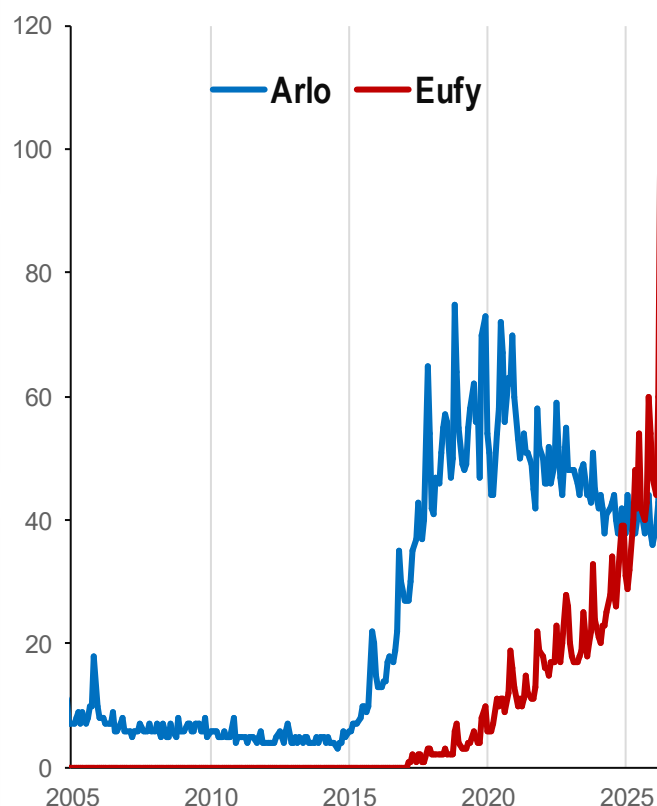
[r/arlo, Oct'25](#)

"**Deceitful and predatory business practices** is the only thing you'll get dealing with Arlo. **Check out Eufy. No subscription required.** Their Camera system was cheaper to purchase then buying a year of Arlo cloud storage"



[r/arlo, Mar'26](#)

Google Trends



Apple's entry into the home security market directly threatens Arlo's premium positioning

Arlo's USP was historically that its cameras looked and felt more premium than competitors'. On this basis, we believe Apple's entry is particularly devastating to Arlo.

CNET

October 13, 2026, 1:45 pm ET

Apple Just Declared War on Smart Home Security

Starting this December, Apple's unleashing its own version of the smart home. We saw what's in store with our own eyes.

Apple's "Home Collection" directly competes with Arlo's more expensive, "higher end", cameras. **These are Arlo's most valuable subscribers**

Q2 2026 Earnings Call

"our higher end products, so call it Pro – Arlo Pro and Arlo Ultra... Those are the types of users that tend to subscribe to a higher tier plan"

-Arlo CEO

Apple Home Collection



Apple Home Collection
LG Indoor Cam Plug-in
\$199.95



Apple Home Collection
LG Video Doorbell Wired – Essence Silver
\$249.95



Apple Home Collection
LG Outdoor Cam Plug-in – Essence Silver
\$299.95



Apple Home Collection
LG Floodlight Cam – Essence Silver
\$399.95

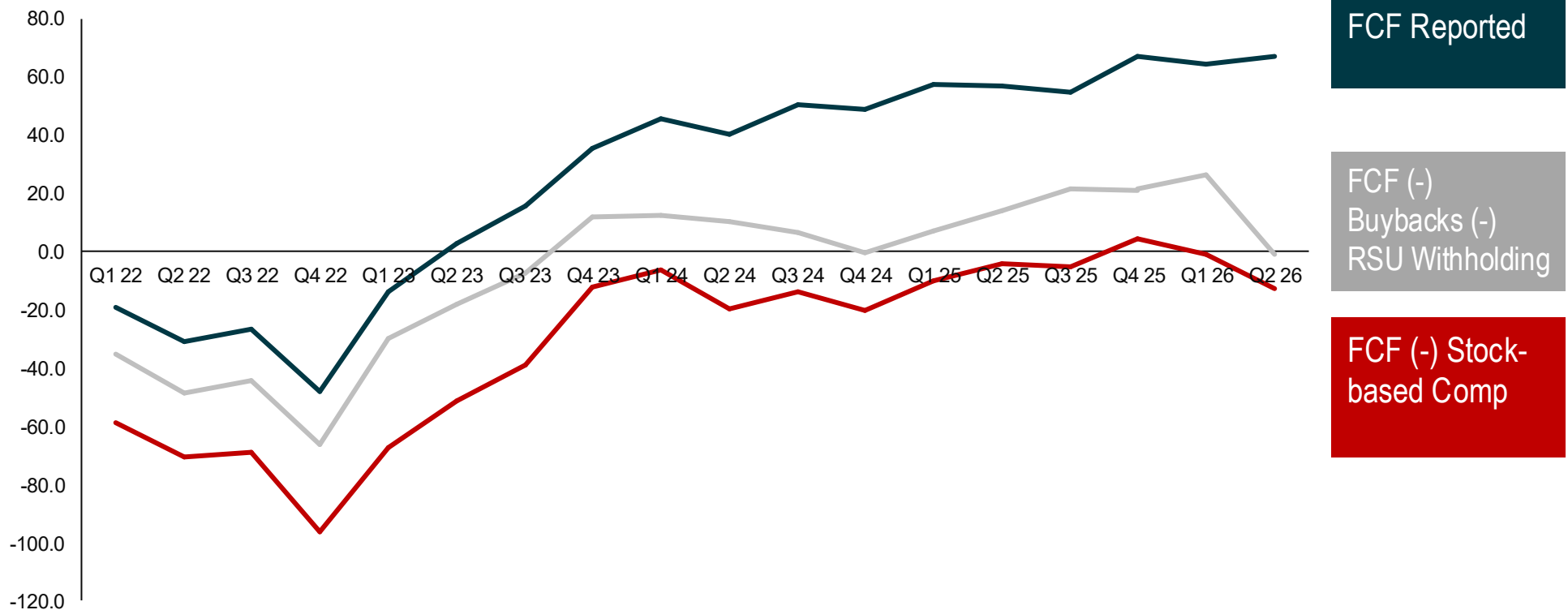
7. Free Cash Flow Propped Up by Stock-Based Comp, Which Executives Have Been Aggressively Dumping

Arlo's free cash flow is illusory in our view, because it hinges on large stock-based comp awards

Arlo spends most of its free cash flow buying back the shares it issues to staff, yet its share count is still up 27% since 2021.

Free Cash Flow (\$m)

Trailing 12-Months



Source: Company Filings.

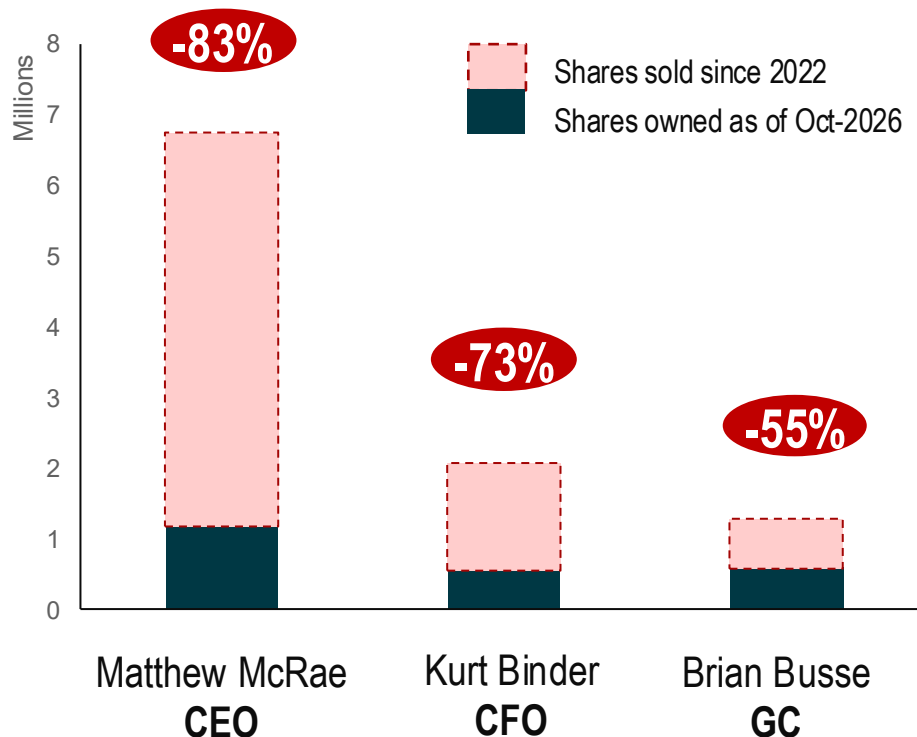
Adjusted to exclude impact of ~\$8m tariff refund in Q2'26. Shares outstanding have increased ~27% since January 2021

...which insiders have been selling; Arlo's CEO and CFO have sold 70%+ of their stock since 2022

Since 2022, Arlo's CEO has sold ~5.6m shares and its CFO ~1.7m – roughly 70% - 80% of their total shareholdings. No executive has bought on the open market since Nov-22.

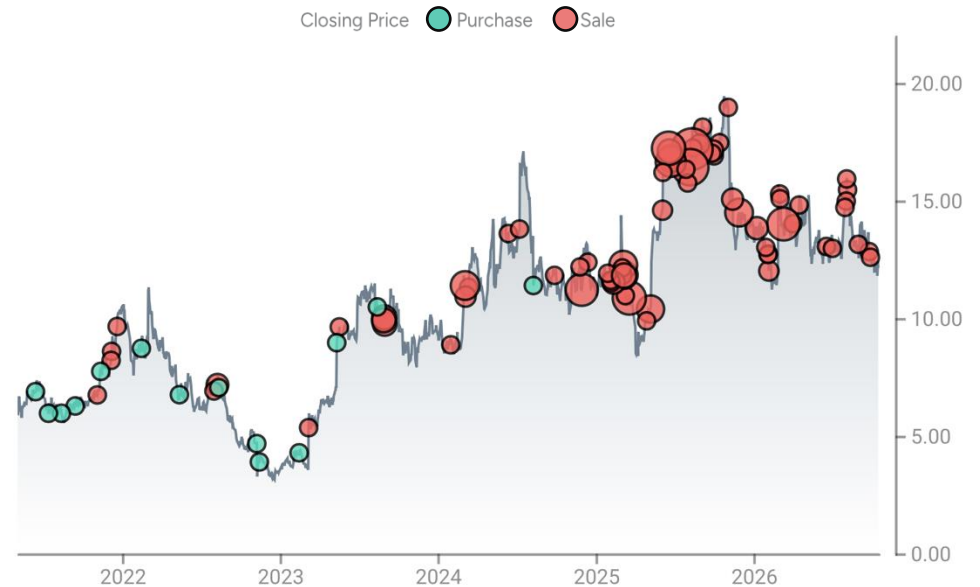
Shares Sold by Key Execs

Vs Shares owned today



Insider Purchases & Sales

Vs share price



Appendix

Select Examples of Bundle Deals and Estimated Accounting Impact

Retailer	Camera Kit	Arlo Secure Plan Included	Hardware + Arlo Secure Bundle	Standalone Price		Perceived Cost of Arlo Secure	Revenue Booked by Arlo (Snowcap)		
				Hardware	Subscription		Product	Services	Total Revenue booked as Subscription (%)
arlo.com	Essential Pan Tilt Indoor	6 Months	\$39.99	\$34.99	\$59.94	\$5.00	\$14.74	\$25.25	63%
arlo.com	Essential Cam	6 Months	\$34.99	\$39.99	\$59.94	-\$5.00	\$14.00	\$20.99	60%
arlo.com	Essential Cam x2	6 Months	\$64.99	\$64.99	\$119.94	Free	\$22.84	\$42.15	65%
Amazon	Essential Pan Tilt Indoor 2K (2025)	6 Months	\$39.98	\$34.99	\$59.94	\$4.99	\$14.74	\$25.24	63%
Amazon	Essential Cam	6 Months	\$34.99	\$35.98	\$59.94	-\$0.99	\$13.12	\$21.87	62%
Amazon	Essential Cam x2	6 Months	\$64.99	\$54.99	\$119.94	\$10.00	\$20.43	\$44.56	69%
Walmart	Essential Outdoor 2K (3rd Gen, 2025)	1 Month	\$35.99	\$35.99	\$9.99	Free	\$28.17	\$7.82	22%
Walmart	Essential Indoor HD (3rd Gen, 2025)	1 Month	\$19.98	\$19.98	\$9.99	Free	\$13.32	\$6.66	33%
Walmart	Essential Pan Tilt Indoor HD (2025)	1 Month	\$24.98	\$24.98	\$9.99	Free	\$17.84	\$7.14	29%

Source: Arlo.com US, Amazon, Walmart

Note: Arlo.com deals on 20th October 2026. Amazon and Walmart deals on August 26th 2026. Subscription cost calculated as Number of Months x Monthly Cost (Single Camera: \$9.99, Multi-Camera: \$19.99)

Verisure service margin calculation

Service Gross Margin Calculation

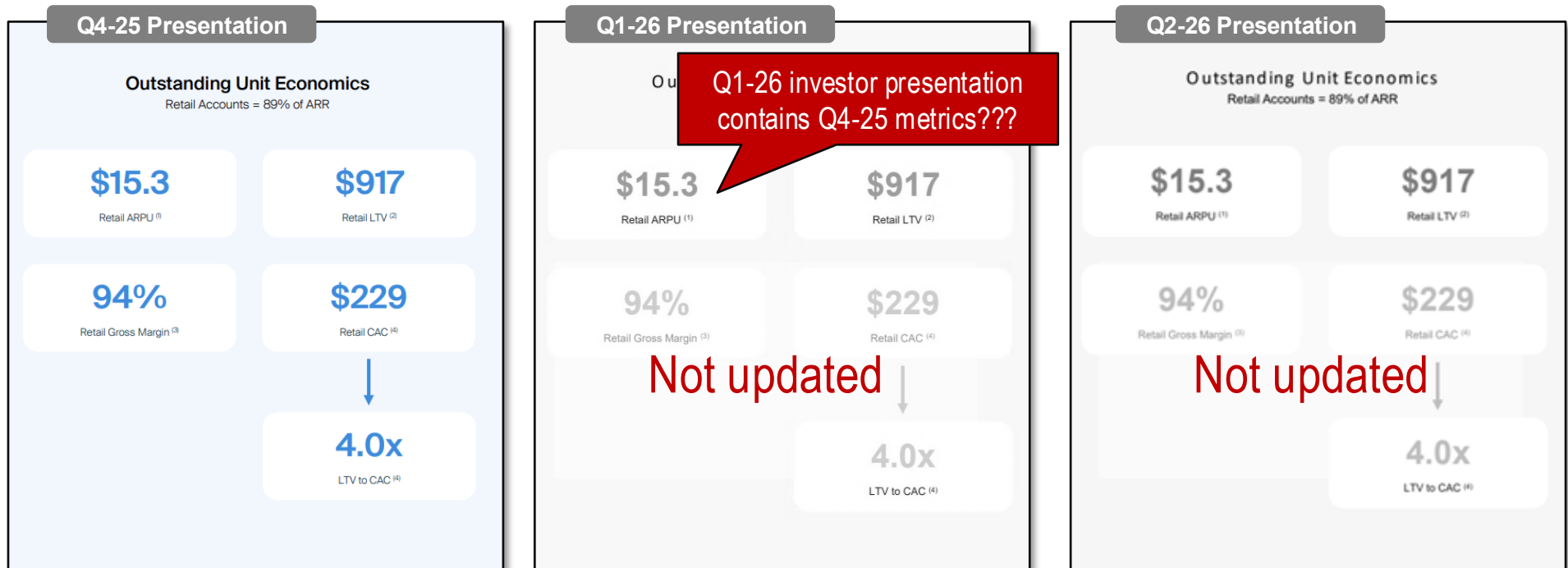
	Q1-25	Q2-25	Q3-25	Q4-25
Service Revenue				
Retail	60.2	68.8	70.4	75.7
Verisure	8.6	9.4	9.6	9.7
NRE				4.0
Gross Margin				
2 Retail	92%	94%	94%	94%
Verisure	20%	20%	20%	20%
1 NRE				50%
Gross Profit				
Retail	55.4	64.7	66.1	71.1
Verisure	1.7	1.9	1.9	1.9
NRE				2.0
Implied Gross Profit	57.1	66.5	68.1	75.1
Gross Profit reported	57.2	66.4	68.0	75.1
Delta	(0.1)	0.2	0.0	(0.0)

- 1 Snowcap assumption. NRE revenue is described as lower margin.
- 2 % of service revenue and gross margin as disclosed in Q4'24 and Q4'25. Other quarters are Snowcap assumptions

KPIs for Arlo's core subscription business are inconsistently reported and often outdated

KPIs for Arlo's retail business reported in investors presentations are outdated and infrequently updated.

Arlo retail business KPIs as disclosed in quarterly presentations



Source: Arlo investor presentations

Note: On its Q1-2026 earnings call, Arlo stated that "ARPU in the quarter was \$15.60".

CEO and CFO both worked together at Vizio, which was embroiled in controversy over user data

In 2017 Vizio agreed to pay \$2.2m to settle FTC and New Jersey charges that it collected TV viewing data without consent. We make no allegation that either executive was involved.

Arlo CEO and CFO Vizio Work History



Matthew McRae
CEO of Arlo



Chief Technology Officer & Head of Marketing
VIZIO
Aug 2008 - Aug 2017 · 9 yrs 1 mo
Irvine, California



Kurt Binder
Chief Financial Officer - Arlo Technologies, Inc.



Vice President / Chief Financial Officer
VIZIO
Apr 2010 - Jul 2017 · 7 yrs 4 mos
Irvine, California

Vizio User Data Controversy



TV maker unlawfully tracked viewing habits

🕒 7 February 2017

TV maker Vizio has agreed to pay out \$2.2m in order to settle allegations it unlawfully collected viewing data on its customers.

The US Federal Trade Commission said the company's smart TV technology had captured data on what was being viewed on screen and transmitted it to the firm's servers.

The data was sold to third parties, the FTC said.

The FTC said the data collection began in February 2014 and affected around 11 million televisions.

This is notable because one of Arlo's key claims is that it is the Switzerland of home security cameras