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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

or

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

Commission file number: 001-39991

SMARTRENT, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**85-4218526**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
6811 E. Mayo Blvd., 4th Floor Phoenix, Arizona	**85054**
(Address of Principal Executive Offices)	*(Zip Code)*

(844) 479-1555
(Registrant's Telephone Number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value	**SMRT**	**The New York Stock Exchange**

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of November 2, 2026, there were 189,815,781 shares of the registrant's Class A common stock outstanding, par value $0.0001 per share.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act") that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." Words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "could," "would," "project," "plan," "potentially," "preliminary," "likely," "aim" and similar expressions, and the negatives of these expressions, are intended to identify forward-looking statements. Forward-looking statements appear in a number of places throughout this Report and include statements regarding our intentions, beliefs, or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, and the markets in which we operate. Forward-looking statements contained in this Report include statements about:

- our future financial performance, including our expectations regarding revenue, cost of revenue, operating expenses, capital expenditures, cash flows, and ability to achieve profitability;
- our future operational performance, including our expectations regarding our metrics, including, among others, Annual Recurring Revenue, Average Revenue per Unit, Customer Churn, Property Net Revenue Retention, Customer Net Revenue Retention, Bookings, the number of Units Deployed, New Units Deployed, Hardware Upgrade Units, Units Shipped, and Units Booked;
- the impact of macroeconomic conditions and geopolitical events on our business;
- anticipated investments in sales and marketing, research and development and other strategic initiatives, and our ability to effectively manage growth and operating expenses;
- our expectations about competition and our ability to compete effectively with new and existing competitors in new and existing markets and offerings;
- our ability to attract new customers, sell into new and existing markets, upsell customers, and develop new products;
- our ability to successfully expand in our existing markets and into new markets;
- the ability of customers and other third parties to perform their contractual obligations to us and complete actions necessary for anticipated orders and deployments, and the timing thereof;
- our ability to manage our supply chain;
- our ability to effectively manage our growth and future expenses;
- our recent leadership changes;
- our ability to maintain our brand;
- our ability to successfully defend litigation brought against us;
- our ability to achieve or maintain profitability;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- our investment strategy, business strategy and growth strategy, including the use of acquisitions to grow our business;
- the impact of our acquisitions and our ability to successfully integrate acquired businesses;
- management's plans, beliefs and objectives for future operations including Vision 2028 (defined below in Recent Developments);
- our ability to maintain the security and availability of our platform and products;
- potential harm caused by significant disruptions of service, or the actual or perceived failure of our products to prevent security incidents;
- our ability to prevent serious errors or defects across, and to otherwise maintain the uninterrupted operation of our network;
- our ability to maintain, protect and enhance our intellectual property;
- the impact of international trade restrictions, such as tariffs and other controls on imports or exports of goods, technology, or data;
- our expectations regarding our share repurchase program;
- our ability to satisfy certain New York Stock Exchange ("NYSE") listing requirements;

- the impact of seasonal factors on our business;
- our expectations of the impact of, and our ability to comply with existing, modified or new laws and regulations applicable to our business; and
- our ability to correctly estimate our tax obligations.

The foregoing list may not contain all of the forward-looking statements made in this Report.

You should not rely on forward-looking statements as predictions of future events. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations and business strategy. We cannot assure you that the events and circumstances reflected in the forward-looking statements will occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part II, Item 1A "Risk Factors" of this Report and in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2025, filed on March 4, 2026. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

The forward-looking statements made in this Report relate only to events as of the date on which the statements were made. Except as required by law, we undertake no obligation to update any forward-looking statements for any reason after the date of this Report or to conform these statements to actual results or to changes in our expectations. You should read this Report and the documents that we reference in this Report and have filed as exhibits to this Report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (investors.smartrent.com), SEC filings, webcasts, press releases, and conference calls. We use these mediums to communicate with investors and the general public about our company, our products and services, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors, the media and others interested in our company to review the information that we post on our investor relations website.

SmartRent, the SmartRent logo and other trade names, trademarks or service marks of SmartRent appearing in this Report are the property of SmartRent. Trade names, trademarks and service marks of other companies appearing in this Report are the property of their respective holders.

Unless the context indicates otherwise, the terms “SmartRent,” the “Company,” “we,” “us,” and “our” as used in this Report refer to SmartRent, Inc., a Delaware corporation, and its subsidiaries taken as a whole.

PART I. Financial Information

Item 1 - Financial Statements (Unaudited)

SMARTRENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except per share amounts)

	As of	
	September 30, 2026	**December 31, 2025**
ASSETS		
Current assets		
Cash and cash equivalents	$ 89,215	$ 104,550
Accounts receivable, net	33,588	47,401
Inventory	20,977	26,670
Deferred cost of revenue, current portion	472	3,068
Prepaid expenses and other current assets	8,979	6,189
Total current assets	153,231	187,878
Property and equipment, net	4,583	5,121
Deferred cost of revenue	-	121
Goodwill	92,339	92,339
Intangible assets, net	16,596	19,501
Other long-term assets	22,393	15,965
Total assets	$ 289,142	$ 320,925
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 9,015	$ 13,012
Accrued expenses and other current liabilities	16,577	14,040
Deferred revenue, current portion	17,618	32,966
Total current liabilities	43,210	60,018
Deferred revenue	20,452	22,968
Other long-term liabilities	5,050	5,800
Total liabilities	68,712	88,786
Commitments and contingencies (Note 11)		
Convertible preferred stock, $0.0001 par value; 50,000 shares authorized as of September 30, 2026 and December 31, 2025; no shares of preferred stock issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
Stockholders' equity		
Class A common stock, $0.0001 par value; 500,000 shares authorized as of September 30, 2026 and December 31, 2025, respectively; 189,750 and 189,677 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	19	19
Additional paid-in capital	654,364	645,051
Accumulated deficit	(434,110)	(413,294)
Accumulated other comprehensive loss	157	363
Total stockholders' equity	220,430	232,139
Total liabilities, convertible preferred stock and stockholders' equity	$ 289,142	$ 320,925

See accompanying Notes to Condensed Consolidated Financial Statements.

SMARTRENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(in thousands, except per share amounts)

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue				
Hardware	$ 18,492	$ 11,506	$ 47,497	$ 45,479
Professional services	6,469	7,035	21,138	15,255
Hosted services	16,605	17,661	51,458	55,120
Total revenue	41,566	36,202	120,093	115,854
Cost of revenue				
Hardware	13,642	13,836	38,132	40,664
Professional services	6,284	6,800	19,042	20,330
Hosted services	4,531	5,997	14,469	19,061
Total cost of revenue	24,457	26,633	71,643	80,055
Operating expense				
Research and development	5,476	6,149	17,204	20,872
Sales and marketing	5,689	4,354	15,360	15,499
General and administrative	10,752	6,093	32,249	34,500
Total operating expense	21,917	16,596	64,813	70,871
Impairment charge	-	-	-	24,929
Loss from operations	(4,808)	(7,027)	(16,363)	(60,001)
Interest income	815	976	2,490	3,380
Interest expense	(84)	(85)	(272)	(277)
Other expense, net	(15)	(78)	(158)	(285)
Loss before income taxes	(4,092)	(6,214)	(14,303)	(57,183)
Income tax (benefit) expense	(180)	56	(302)	131
Net loss	$ (3,912)	$ (6,270)	$ (14,001)	$ (57,314)
Other comprehensive loss				
Foreign currency translation adjustment	(126)	(6)	(206)	721
Comprehensive loss	$ (4,038)	$ (6,276)	$ (14,207)	$ (56,593)
Net loss per common share				
Basic and diluted	$ (0.02)	$ (0.03)	$ (0.07)	$ (0.30)
Weighted-average number of shares used in computing net loss per share				
Basic and diluted	190,922	188,376	191,655	189,835

See accompanying Notes to Condensed Consolidated Financial Statements.

SMARTRENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Convertible Preferred Stock		Class A Common Stock					
	Shares	Amount (Par Value $0.0001)	Shares	Amount (Par Value $0.0001)	Additional Paid In Capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total Stockholders' Equity
Balance, December 31, 2025	**-**	**$ -**	**189,677**	**$ 19**	**$ 645,051**	**$ (413,294)**	**$ 363**	**$ 232,139**
Stock-based compensation	-	-	-	-	3,057	-	-	3,057
Issuance of Class A common stock upon vesting of equity awards	-	-	1,974	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(470)	-	(559)	-	-	(559)
ESPP purchases	-	-	118	-	96	-	-	96
Exercise of options	-	-	1,422	-	856	-	-	856
Net loss	-	-	-	-	-	(4,448)	-	(4,448)
Other comprehensive loss	-	-	-	-	-	-	(467)	(467)
Balance, March 31, 2026	**-**	**$ -**	**192,721**	**$ 19**	**$ 648,501**	**$ (417,742)**	**$ (104)**	**$ 230,674**
Stock-based compensation	-	-	-	-	3,233	-	-	3,233
Issuance of Class A common stock upon vesting of equity awards	-	-	2,004	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(430)	-	(170)	-	-	(170)
Repurchases of Class A common stock	-	-	(2,800)	-	-	(3,400)	-	(3,400)
Exercise of options	-	-	116	-	55	-	-	55
Net loss	-	-	-	-	-	(5,641)	-	(5,641)
Other comprehensive income	-	-	-	-	-	-	387	387
Balance, June 30, 2026	**-**	**$ -**	**191,611**	**$ 19**	**$ 651,619**	**$ (426,783)**	**$ 283**	**$ 225,138**
Stock-based compensation	-	-	-	-	3,165	-	-	3,165
Issuance of Class A common stock upon vesting of equity awards	-	-	761	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(251)	-	(526)	-	-	(526)
ESPP purchases	-	-	124	-	106	-	-	106
Repurchases of Class A common stock	-	-	(2,495)	-	-	(3,415)	-	(3,415)
Net Loss	-	-	-	-	-	(3,912)	-	(3,912)
Other comprehensive loss	-	-	-	-	-	-	(126)	(126)
Balance, September 30, 2026	**-**	**$ -**	**189,750**	**$ 19**	**$ 654,364**	**$ (434,110)**	**$ 157**	**$ 220,430**

SMARTRENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Convertible Preferred Stock		Class A Common Stock					
	Shares	Amount (Par Value $0.0001)	Shares	Amount (Par Value $0.0001)	Additional Paid In Capital	Accumulated Deficit	Accumulated other comprehensive (loss) income	Total Stockholders' Equity
Balance, December 31, 2024	**-**	**$ -**	**192,049**	**$ 19**	**$ 637,361**	**$ (347,847)**	**$ (98)**	**$ 289,435**
Stock-based compensation	-	-	-	-	2,836	-	-	2,836
Issuance of Class A common stock upon vesting of equity awards	-	-	906	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(328)	-	(478)	-	-	(478)
ESPP purchases	-	-	140	-	175	-	-	175
Repurchases of Class A common stock	-	-	(1,018)	-	-	(1,202)	-	(1,202)
Net loss	-	-	-	-	-	(40,184)	-	(40,184)
Other comprehensive income	-	-					88	88
Balance, March 31, 2025	**-**	**$ -**	**191,749**	**$ 19**	**$ 639,894**	**$ (389,233)**	**$ (10)**	**$ 250,670**
Stock-based compensation	-	-	-	-	2,161	-	-	2,161
Issuance of common stock upon vesting of equity awards	-	-	438	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(57)	-	(45)	-	-	(45)
Repurchases of Class A common stock	-	-	(4,066)	-	-	(3,716)	-	(3,716)
Net loss	-	-	-	-	-	(10,860)	-	(10,860)
Other comprehensive income	-	-	-	-	-	-	639	639
Balance, June 30, 2025	**-**	**$ -**	**188,064**	**$ 19**	**$ 642,010**	**$ (403,809)**	**$ 629**	**$ 238,849**
Stock-based compensation	-	-	-	-	2,084	-	-	2,084
Issuance of common stock upon vesting of equity awards	-	-	1,272	-	-	-	-	-
Tax withholdings related to net share settlement of equity awards	-	-	(268)	-	(374)	-	-	(374)
ESPP purchases	-	-	128	-	110	-	-	110
Repurchases of Class A common stock			-	-	-	19	-	19
Net Loss	-	-	-	-	-	(6,270)	-	(6,270)
Other comprehensive income	-	-	-	-	-	-	(6)	(6)
Balance, September 30, 2025	**-**	**$ -**	**189,196**	**$ 19**	**$ 643,830**	**$ (410,060)**	**$ 623**	**$ 234,412**

See accompanying Notes to Condensed Consolidated Financial Statements.

SMARTRENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	For the nine months ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (14,001)	$ (57,314)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	6,741	6,210
Goodwill impairment	-	24,929
(Recovery of) provision for warranty expense	(521)	618
Non-cash lease expense	339	599
Stock-based compensation	9,455	7,081
Change in fair value of earnout related to acquisition	-	(294)
Non-cash interest expense	102	104
Provision for excess and obsolete inventory	951	3,852
Provision for (recovery of) expected credit losses	257	(328)
Change in operating assets and liabilities		
Accounts receivable	13,477	7,861
Inventory	4,716	3,390
Deferred cost of revenue	2,718	7,071
Prepaid expenses and other assets	(7,824)	(4,617)
Accounts payable	(3,873)	1,950
Accrued expenses and other liabilities	2,878	(1,131)
Deferred revenue	(17,858)	(28,911)
Lease liabilities	(915)	(302)
Net cash used in operating activities	(3,358)	(29,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(482)	(3,552)
Capitalized software costs	(4,852)	(3,389)
Net cash used in investing activities	(5,334)	(6,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for repurchases of Class A common stock	(6,815)	(4,918)
Proceeds from options exercise	911	-
Proceeds from ESPP purchases	202	285
Taxes paid related to net share settlements of stock-based compensation awards	(1,255)	(897)
Payment of earnout related to acquisition	-	(1,466)
Net cash used in financing activities	(6,957)	(6,996)
Effect of exchange rate changes on cash and cash equivalents	314	709
Net decrease in cash and cash equivalents	(15,335)	(42,460)
Cash and cash equivalents - beginning of period	104,550	142,482
Cash and cash equivalents - end of period	$ 89,215	$ 100,022
Reconciliation of cash and cash equivalents to the condensed consolidated balance sheets		
Cash and cash equivalents	$ 89,215	$ 100,022
Total cash and cash equivalents	$ 89,215	$ 100,022

See accompanying Notes to Condensed Consolidated Financial Statements.

SMARTRENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(Unaudited)
(in thousands)

	For the nine months ended September 30,	
	2026	**2025**
Supplemental disclosure of cash flow information		
Interest paid	$ 189	$ 128
Cash paid for income taxes	204	340
Schedule of non-cash investing and financing activities		
Accrued property and equipment at period end	102	8
Stock repurchases excise tax charged to equity	-	13

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTE 1. DESCRIPTION OF BUSINESS

SmartRent, Inc., and its wholly owned subsidiaries (collectively, the "Company"), is an enterprise real estate technology company that provides comprehensive management software and applications designed for property owners, managers and residents. Its suite of products and services, which includes both smart building hardware and cloud-based software-as-a-service ("SaaS") solutions, provides seamless visibility and control over real estate assets. The Company's solutions can help lower operating costs, increase revenue, mitigate operational friction and protect assets for owners and operators, while providing a differentiated, elevated living experience for residents. The Company is headquartered in Phoenix, Arizona.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the consolidated accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation. The Condensed Consolidated Balance Sheet at December 31, 2025 has been derived from the audited consolidated financial statements as of December 31, 2025, as presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission (the "SEC") on March 4, 2026. Certain notes and other information have been condensed or omitted from the interim financial statements presented herein. The financial data and other information disclosed in these Notes to Condensed Consolidated Financial Statements related to the three and nine months ended September 30, 2026 and 2025 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of the Company's financial condition and results of operations and cash flows for the interim period presented. The results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the full year ending December 31, 2026 or any future period.

Foreign Currency

SmartRent, Inc.'s functional and reporting currency is United States Dollars ("USD") and its foreign subsidiaries have a functional currency other than USD. Financial position and results of operations of the Company's international subsidiaries are measured using local currencies as the functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect at the end of each reporting period. The Company's international subsidiaries' statements of operations accounts are translated at the weighted-average rates of exchange prevailing during each reporting period. Translation adjustments arising from the use of differing currency exchange rates from period to period are included in accumulated other comprehensive loss in stockholders' equity. Gains and losses on foreign currency exchange transactions, as well as translation gains or losses on transactions denominated in currencies other than an entity's functional currency, are reflected in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Liquidity

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities and commitments in the normal course of business. Management believes that currently available resources will provide sufficient funds to enable the Company to meet its obligations for at least one year past the issuance date of these financial statements. The Company may need to raise additional capital through equity or debt financing to fund future operations until it generates positive operating cash flows. There can be no assurance that such additional equity or debt financing will be available on terms acceptable to the Company, or at all.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expense during the reporting period. These estimates made by management include valuing the Company's inventories on hand, allowance for expected credit losses, intangible assets, warranty liabilities, stand-alone selling price of items sold, certain assumptions used in the valuation of equity awards, and assumptions used to estimate the fair value of stock-based compensation expense. Actual results could differ materially from those estimates.

Net Loss Per Share Attributable to Common Stockholders

The Company follows the two-class method to include the dilutive effect of securities that participated in dividends, if and when declared, when computing net income per common share. The two-class method determines net income per common share for each class of common stock and participating securities according to dividends, if and when declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The anti-dilutive effect of potentially dilutive securities is excluded from the computation of net loss per share because inclusion of such potentially dilutive shares on an as-converted basis would have been anti-dilutive.

The Company considers any unvested common shares subject to repurchase to be participating securities because holders of such shares have non-forfeitable dividend rights in the event a dividend is paid on common stock. The holders of unvested shares of common stock subject to repurchase do not have a contractual obligation to share in losses.

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for outstanding shares that are subject to repurchase and any shares issuable by the exercise of warrants for nominal consideration.

Diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method based on the nature of such securities. For periods in which the Company reports a net loss, the diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because inclusion of such potentially dilutive shares on an as-converted basis would have been anti-dilutive.

Cash and Cash Equivalents

The Company considers financial instruments with an original maturity of three months or less to be cash and cash equivalents. The Company maintains cash and cash equivalents at multiple financial institutions, and, at times, these balances exceed federally insurable limits. As a result, there is a concentration of credit risk related to amounts on deposit. The Company believes any risks are mitigated through the size and security of the financial institution at which its cash balances are held.

Accounts Receivable, net

Accounts receivable consist of balances due from customers resulting from the sale of hardware, professional services and Hosted Services. Accounts receivable are recorded at invoiced amounts, are non-interest bearing and are presented net of the associated allowance for expected credit losses on the Condensed Consolidated Balance Sheets. The allowance for expected credit losses totaled $2,389 and $2,131 as of September 30, 2026, and December 31, 2025, respectively. The provision for (recovery of) expected credit losses is recorded in general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. The provision for (recovery of) expected credit losses totaled $194 and $(469) for the three months ended September 30, 2026 and 2025, respectively. The provision for (recovery of) expected credit losses totaled $257 and $(328) for the nine months ended September 30, 2026 and 2025, respectively. The Company evaluates the collectability of the accounts receivable balances and has determined the allowance for expected credit losses based on a combination of factors, which include the nature of the relationship and the prior collection experience the Company has with the account and an evaluation for current and projected economic conditions as of the Condensed Consolidated Balance Sheets date. Accounts receivable determined to be uncollectible are charged against the allowance for expected credit losses. Actual collections of accounts receivable could differ from management's estimates.

Significant Customers

A significant customer represents 10% or more of the Company's total revenue or net accounts receivable balance at each respective Condensed Consolidated Balance Sheet date. Revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable for each significant customer follows.

	Accounts Receivable		Revenue		Revenue	
	As of		For the three months ended		For the nine months ended	
	September 30, 2026	December 31, 2025	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Customer A	*	11%	*	10%	*	12%
Customer B	20%	24%	*	*	*	*
Customer C	18%	*	12%	*	18%	15%
Customer D	*	*	13%	*	*	*

* Total less than 10% for the respective period

Inventory

Inventories, which are comprised of smart home equipment and components, are stated at the lower of cost or net realizable value with cost determined under the first-in, first-out method. The Company adjusts the inventory balance based on anticipated obsolescence, usage and historical write-offs.

Goodwill

Goodwill represents the excess of cost over net assets of the Company's completed business combinations. The Company tests for potential impairment of goodwill on an annual basis as of September 30 to determine if the carrying value is less than the fair value. The Company will conduct additional tests between annual tests if there are indications of potential goodwill impairment. During the three months ended March 31, 2025, the Company experienced a sustained decline in stock price, resulting in a significant decrease in market capitalization. As a result, the Company conducted an interim impairment test utilizing the qualitative approach and determined that impairment was more likely than not. As a result, the Company then performed an interim quantitative impairment test which resulted in an indication of impairment.

The fair value of the entity was determined using the combination of an income approach and market-based approach. The mix between the two approaches requires significant judgment, however, the Company engaged a third-party valuation specialist to assist with its assessment. As a result of this test, the Company recorded a goodwill impairment charge of $24,929 during the three months ended March 31, 2025. There were no such charges recorded during the remainder of 2025 or during the three or nine months ended September 30, 2026.

The Company conducted its annual goodwill impairment test as of September 30, 2026. As part of its annual assessment, the Company performed a market capitalization reconciliation, along with other qualitative and quantitative procedures, which indicated that the fair value of the reporting unit sufficiently exceeded the carrying value. As a result, the Company concluded there were no indications of impairment and therefore no impairment charge was recorded for the three months ended September 30, 2026. There was also no such charge recorded during the three months ended September 30, 2025.

	As of	
	September 30, 2026	December 31, 2025
Balance at beginning of period	$ 92,339	$ 117,268
Impairment charge	-	(24,929)
Balance at end of period	$ 92,339	$ 92,339

The significant assumptions used in determining the fair value of the reporting unit under the income approach primarily relate to the revenue growth rate, forecasted EBITDA, and the discount rate used in the discounted cash flow model. The market approach is based on the Company's market capitalization as of the measurement date, adjusted for a control premium. The significant assumptions used in the market approach primarily relate to the selected control premium.

To the extent that inputs and assumptions used in the analysis change, such as an increased discount rate, updated cash flow projections, or decreases to guideline companies' multiples, additional impairment charges may be recorded in the future. In addition, a further decrease in the Company's common stock share price and market capitalization or significant changes to the Company's long-term forecast could be an indicator of a decrease in the fair value of the Company's equity.

Intangible Assets

The Company recorded intangible assets with finite lives, including customer relationships and developed technology, as a result of acquisitions made in prior years. Intangible assets are amortized on a straight-line basis based on their estimated useful lives. The estimated useful life of these intangible assets are as follows.

	Estimated useful life (in years)
Trade name	5
Customer relationships	10 - 13
Developed technology	1 - 7

Warranty Allowance

The Company provides its customers with limited-service warranties associated with product replacement and related services. The warranty typically lasts one year following the installation of the product. The estimated warranty costs, which are expensed at the time of sale and included in hardware cost of revenue, are based on the results of product testing, industry and historical trends and warranty claim rates incurred and are adjusted for identified current or anticipated future trends as appropriate. Actual warranty claim costs could differ from these estimates. For the three months ended September 30, 2026 and 2025, included in cost of hardware revenue was a $126 warranty expense and a $(220) warranty recovery, respectively. For the nine months ended September 30, 2026 and 2025, included in cost of hardware revenue was a warranty expense of $64 and $206, respectively. As of September 30, 2026, and December 31, 2025, the Company's warranty allowance was $268 and $423, respectively, and is recorded in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets.

Fair Value of Financial Instruments

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities subject to on-going fair value measurement are categorized and disclosed into one of three categories depending on observable or unobservable inputs employed in the measurement. These two types of inputs have created the following fair value hierarchy.

Level 1: Quoted prices in active markets that are accessible at the measurement date for assets and liabilities.

Level 2: Observable prices that are based on inputs not quoted in active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value. The Company recognizes transfers between levels of the hierarchy based on the fair values of the respective financial measurements at the end of the reporting period in which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the three or nine months ended September 30, 2026 or 2025. The carrying amounts of the Company's accounts receivable, accounts payable and accrued and other liabilities approximate their fair values due to their short maturities.

Revenue Recognition

The Company derives its revenue primarily from sales of systems that consist of hardware devices, professional services and Hosted Services to assist property owners and property managers with visibility and control over assets, while providing all-in-one home control offerings for residents. Revenue is recorded when control of these products and services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those products and services.

The Company may enter into contracts that contain multiple distinct performance obligations. The transaction price for a typical arrangement includes the price for: smart home hardware devices, professional services, and a subscription for use of the Company's software ("Hosted Services"). Included in these contracts are centrally connected devices ("Hub Devices"), which integrate the Company's enterprise software with third party smart devices. Historically, the Company only sold non-distinct Hub Devices which only functioned with a subscription to its software ("non-distinct Hub Devices"). During the year ended December 31, 2022, the Company began shipping Hub Devices with features that function independently from its software subscription ("distinct Hub Devices"). Non-distinct Hub Devices are recognized as a single performance obligation with the Company's software in Hosted Services revenue, while distinct Hub Devices are recognized as a separate performance obligation in hardware revenue. When distinct Hub Devices are included in a contract, the Hosted Services performance obligation is comprised of only the Company's software. We do not expect to deploy any more non-distinct Hub Devices.

The Company considers delivery for each of the hardware, professional services and Hosted Services to be separate performance obligations. The hardware performance obligation includes the delivery of smart home hardware and distinct Hub Devices. The professional services performance obligation includes the services to install the hardware. The Hosted Services performance obligation provides a subscription that allows the customer access to software during the contracted-use term when the promised service is provided to the customer. Also included in the hosted service performance obligation are non-distinct Hub Devices that only function with a subscription to the Company's software.

Payments are received by the Company by check or automated clearing house payments and payment terms are determined by individual contracts and generally range from due upon receipt to net 30 days. When payment terms are significantly extended or differ from general terms, the Company evaluates the existence of a significant financing component in the contract and recognizes any related financing receivable within other assets in the condensed consolidated balance sheet. See Note 5 - Other Balance Sheet Information. One of these extended terms arrangements is classified as a financing receivable on our balance sheet. Taxes collected from customers and remitted to governmental authorities are not included in reported revenue. Payments received from customers in advance of revenue recognition are reported as deferred revenue. The Company has elected the following practical expedients following the adoption of ASC 606:

- Shipping and handling costs: the Company elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service and are recorded as hardware cost of revenue. Amounts billed for shipping and handling fees are recorded as revenue.

- Sales tax collected from customers: the Company elected to exclude from the measurement of transaction price all taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer.

- Measurement of the transaction price: the Company applies the practical expedient that allows for inclusion of the future auto-renewals in the initial measurement of the transaction price. The Company only applies these steps when it is probable that it will collect the consideration to which it is entitled in exchange for the goods or services it transfers to a customer.

- Significant financing component: the Company elected not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of promised goods or services and when the customer pays for the goods or services will be one year or less.

Timing of Revenue Recognition is as follows.

- *Hardware Revenue*

Hardware revenue results from the direct sale to customers of hardware smart home devices, which generally consist of a distinct Hub Device, door locks, thermostats, sensors, and light switches. These hardware devices provide features that function independently without subscription to the Company's software, and the performance obligation for hardware revenue is considered satisfied, and revenue is recognized at a point in time when the hardware device is shipped to the customer. The Company generally provides a one-year warranty period on hardware devices that are delivered and installed. The cost of the warranty is recorded as a component of cost of hardware revenue.

- *Professional Services Revenue*

Professional services revenue results from installing smart home hardware devices, which does not result in significant customization of the product and is generally performed over a period from two to four weeks. Installations can be performed by the Company's employees, contracted out to a third-party with the Company's employees managing the engagement, or the customer can perform the installation themselves. The Company’s professional services contracts are generally arranged on a fixed price basis, and revenue is recognized over the period in which the installations are completed.

- *Hosted Services Revenue*

Hosted Services revenue primarily consists of subscription revenue generated from fees that provide customers access to one or more of the Company’s software applications including access controls and asset monitoring and related services. These subscription arrangements have contractual terms ranging from one month to ten years and include recurring fixed plan subscription fees. Arrangements with customers do not provide the customer with the right to take possession of the Company’s software at any time. Customers are granted continuous access to the services over the contractual period. Accordingly, fees collected for subscription services are recognized on a straight-line basis over the contract term beginning on the date the subscription service is made available to the customer. Variable consideration is immaterial.

Also included in Hosted Services revenue are non-distinct Hub Devices. The Company considers those devices and hosting services subscription a single performance obligation and therefore defers the recognition of revenue for those devices upon shipment to the customer. The revenue is then amortized over its average service life. When a non-distinct Hub Device is included in a contract that does not require a long-term service commitment, the customer obtains a material right to renew the service because purchasing a new device is not required upon renewal. If a contract contains a material right, proceeds are allocated to the material right and recognized over the period of benefit, which is generally four years.

Cost of Revenue

Cost of revenue consists primarily of direct costs of products and services together with the indirect cost of estimated warranty expense and customer care and support over the life of the service arrangement.

- *Hardware*

  Cost of hardware revenue consists primarily of direct costs of products, such as the distinct Hub Device, hardware devices, supplies purchased from third-party providers, and shipping costs, together with indirect costs related to warehouse facilities (including depreciation and amortization of capitalized assets and right-of-use assets), infrastructure costs, personnel-related costs associated with the procurement and distribution of products and warranty expenses together with the indirect cost of customer care and support.

- *Professional Services*

  Cost of professional services revenue consists primarily of direct costs related to personnel-related expenses for installation and supervision of installation services, general contractor expenses and travel expenses associated with the installation of products and indirect costs that are also primarily personnel-related expenses in connection with training of and ongoing support for customers and residents.

- *Hosted Services*

  Cost of Hosted Services revenue consists primarily of the amortization of the direct costs of non-distinct Hub Devices, consistent with the revenue recognition period noted above in "Hosted Services Revenue", and infrastructure costs associated with providing software applications together with the indirect cost of customer care and support over the life of the service arrangement.

Deferred Cost of Revenue

Deferred cost of revenue includes all direct costs included in cost of revenue for Hosted Services and non-distinct Hub Devices that have been deferred to future periods.

Stock-Based Compensation

Our stock-based compensation consists of stock options, restricted stock units ("RSUs") and performance stock units ("PSUs") granted to our employees and directors during the periods presented. Stock-based awards are measured based on the grant date fair value. We estimate the fair value of stock option awards on the grant date using the Black-Scholes option-pricing model. The fair value of RSUs is based on the grant date fair value of the stock price. The fair value of these awards is recognized as compensation expense on a straight-line basis over the requisite service period in which the awards are expected to vest. Forfeitures are recognized as they occur by reversing previously recognized compensation expense.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include the per share fair value of the underlying common stock, exercise price, expected term, risk-free interest rate, expected annual dividend yield, and the expected stock price volatility over the expected term and forfeitures, which are recognized as they occur. For all stock options granted, we calculated the expected term using the simplified method for “plain vanilla” stock option awards.

The grant date fair value is also utilized with respect to RSUs which vest based on performance and time based service conditions. For RSUs with a performance condition as well as a time-based service condition, compensation expense is recognized over the service period based on the number of awards that the Company believes is probable to vest.

Research and Development

These expenses relate to the research and development of new products and services and enhancements to the Company's existing product offerings. The Company accounts for the cost of research and development by capitalizing qualifying costs, which are incurred during the product development stage, and amortizing those costs over the product's estimated useful life, which generally ranges from three to five years depending on the type of application. The Company expenses preliminary evaluation costs as they are incurred before the product development stage, as well as post development implementation and operation costs, such as training, maintenance and minor upgrades. During the three months ended September 30, 2026 and 2025, the Company capitalized $2,199 and $1,009, respectively, of research and development costs in other long-term assets on the Condensed Consolidated Balance Sheets. During the nine months ended September 30, 2026 and 2025, the Company capitalized $4,935 and $3,944, respectively, of research and development costs in other long-term assets on the Condensed Consolidated Balance Sheets. As of September 30, 2026, the Company had capitalized $22,898 of research and development costs in other long-term assets on the Condensed Consolidated Balance Sheets, including $21,774 of capitalized software costs, of which $13,544 remained to be amortized. As of December 31, 2025, the Company had capitalized $17,963 of research and development costs, including $16,900 of capitalized software costs, in other long-term assets on the Condensed Consolidated Balance Sheets, of which $11,529 remained to be amortized.

Advertising

Advertising costs are expensed as incurred and recorded as a component of sales and marketing expense. The Company incurred $91 and $112 of advertising expenses for the three months ended September 30, 2026 and 2025, respectively. The Company incurred $129 and $670 of advertising expenses for the nine months ended September 30, 2026 and 2025, respectively.

Segments

The Company has one operating segment and one reportable segment. Its chief operating decision maker ("CODM") is the Company's President and Chief Executive Officer, with the exception of the period from July 29, 2024 to February 24, 2025 when a management committee comprised of certain of the Company's executives acted as the CODM while the Company was in a transition period between Chief Executive Officers. The CODM reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company's principal operations are in the United States and the Company's long-lived assets are located primarily within the United States. Refer to Note 12 - Segment Reporting for more information on the Company's operating and reportable segments.

Recent Accounting Guidance

Recent Accounting Guidance Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses and in January 2025, the FASB issued ASU No. 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, which clarified the effective date of ASU 2024-03. ASU 2024-03 requires public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect that the updated standard will have on the consolidated financial statement disclosures.

In September 2025, the FASB issued ASU No. 2025-06 ("ASU 2025-06"), Intangibles–Goodwill and Other–Internal-Use Software. The guidance modernizes and clarifies the threshold for when an entity is required to start capitalizing software costs and is based on when (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The amendments in ASU 2025-06 are effective for fiscal years beginning after December 15, 2027, and interim reporting periods, with early adoption permitted. We are evaluating the impact of the standard on the consolidated financial statement disclosures.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements ("ASU 2025-12"). The guidance addresses suggestions received from stakeholders regarding the Accounting Standards Codification and makes other incremental improvements to U.S. GAAP. The update represents changes to the Codification that clarify, correct errors in or make other improvements to a variety of topics that are intended to make it easier to understand and apply. ASU 2025-12 is effective for fiscal years beginning after December 15, 2026 and interim periods within those fiscal years. Entities are required to apply the amendments to ASC 260 retrospectively. All other amendments may be applied prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the effect that the updated standard will have on the consolidated financial statement disclosures.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11"). The guidance is intended to improve the navigability of guidance in ASC 270, Interim Reporting, and clarify when it applies. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, and permits prospective or full retrospective adoption. The Company is currently evaluating the effect that the updated standard will have on the consolidated financial statement disclosures.

Recently Adopted Accounting Guidance

In July 2025, the FASB issued ASU No. 2025-05 (“ASU 2025-05”), Financial Instruments–Credit Losses. The guidance provides an optional practical expedient when applying the guidance related to the estimation of expected credit losses for current accounts receivable and current contract assets resulting from transactions arising from contracts with customers. The amendments in ASU 2025-05 are effective for fiscal years beginning after December 15, 2025, and interim reporting periods, with early adoption permitted. The Company adopted this standard which had no impact on results of operations, cash flows or financial condition.

NOTE 3. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF INSTRUMENTS

The following table displays the carrying values and fair values of financial instruments.

		As of					
		September 30, 2026			December 31, 2025		
Assets on the Condensed Consolidated Balance Sheets		**Carrying Value**	**Unrealized Losses**	**Fair Value**	**Carrying Value**	**Unrealized Losses**	**Fair Value**
Cash and cash equivalents	Level 1	$ 89,215	$ -	$ 89,215	$ 104,550	$ -	$ 104,550
Total		$ 89,215	$ -	$ 89,215	$ 104,550	$ -	$ 104,550

NOTE 4. REVENUE AND DEFERRED REVENUE

Disaggregation of Revenue

In the following tables, revenue is disaggregated by primary geographical market, type of revenue, and SmartRent solution.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue by geography				
United States	$ 41,566	$ 36,097	$ 120,031	$ 115,705
International	-	105	62	149
Total revenue	$ 41,566	$ 36,202	$ 120,093	$ 115,854

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue by type				
Hardware	$ 18,492	$ 11,506	$ 47,497	$ 45,479
Professional services	6,469	7,035	21,138	15,255
Hosted services	16,605	17,661	51,458	55,120
Total revenue	$ 41,566	$ 36,202	$ 120,093	$ 115,854

	For the three months ended September 30,								For the nine months ended September 30,							
	2026				2025				2026				2025			
	(dollars in thousands)								(dollars in thousands)							
SmartRent Solutions[1]	Hardware	Professional Services	Hosted Services	Total 2026	Hardware	Professional Services	Hosted Services	Total 2025	Hardware	Professional Services	Hosted Services	Total 2026	Hardware	Professional Services	Hosted Services	Total 2025
Smart Communities Solutions																
Smart Apartments	$ 15,792	$ 4,914	$ 12,795	$ 33,501	$ 10,182	$ 6,137	$ 13,599	$ 29,918	$ 42,446	$ 17,388	$ 39,385	$ 99,219	$ 41,437	$ 12,938	$ 42,623	$ 96,998
Access Control	2,514	1,373	819	4,706	736	502	501	1,739	4,271	3,206	2,332	9,809	2,568	1,245	1,646	5,459
Other	186	182	821	1,189	588	396	929	1,913	780	544	2,875	4,199	1,474	1,072	2,795	5,341
Smart Operations Solutions	-	-	2,170	2,170	-	-	2,632	2,632	-	-	6,866	6,866	-	-	8,056	8,056
Total Revenue	**$ 18,492**	**$ 6,469**	**$ 16,605**	**$ 41,566**	**$ 11,506**	**$ 7,035**	**$ 17,661**	**$ 36,202**	**$ 47,497**	**$ 21,138**	**$ 51,458**	**$ 120,093**	**$ 45,479**	**$ 15,255**	**$ 55,120**	**$ 115,854**

(1) For the three and nine months ended September 30, 2026, the Company revised the presentation of the above table by aggregating Community WiFi revenue in Other as revenue from the Company's Community WiFi solution is becoming less significant. The revised presentation has been applied retrospectively for the comparative periods ended September 30, 2025. For the three months ended September 30, 2026 and 2025, total revenue attributable to Community WiFi was $47 and $450, respectively. For the nine months ended September 30, 2026 and 2025, total revenue attributable to Community WiFi was $499 and $1,168, respectively. For the three months ended September 30, 2025, revenue attributable to Community WiFi was $94 related to Hardware, $164 related to Professional Services and $192 related to Hosted Services. For the nine months ended September 30, 2025, revenue attributable to Community WiFi was $151 related to Hardware, $423 related to Professional Services and $594 related to Hosted Services.

Remaining Performance Obligations

Advance payments received from customers are recorded as deferred revenue and are recognized upon the completion of related performance obligations over the period of service. Advance payments for non-distinct Hub Devices were recorded as deferred revenue and recognized over their average in-service life. Advance payments received from customers for subscription services are recorded as deferred revenue and recognized over the term of the subscription. A summary of the change in deferred revenue is as follows.

	For the nine months ended September 30,	
	2026	2025
Deferred revenue balance as of January 1	$ 55,934	$ 87,659
Revenue recognized from balance of deferred revenue at the beginning of the period	(11,075)	(21,448)
Revenue deferred during the period	1,546	6,187
Revenue recognized from revenue originated and deferred during the period	(117)	(807)
Deferred revenue balance as of March 31	46,288	71,591
Revenue recognized from balance of deferred revenue at the beginning of the period	(8,885)	(8,454)
Revenue deferred during the period	2,709	6,202
Revenue recognized from revenue originated and deferred during the period	(443)	(2,982)
Deferred revenue balance as of June 30	39,669	66,357
Revenue recognized from balance of deferred revenue at the beginning of the period	(3,292)	(7,321)
Revenue deferred during the period	2,715	847
Revenue recognized from revenue originated and deferred during the period	(1,022)	(1,127)
Deferred revenue balance as of September 30	$ 38,070	$ 58,756

As of September 30, 2026, the Company expects to recognize 46% of its total deferred revenue within the next 12 months, 21% of its total deferred revenue between 13 and 36 months, 25% between 37 and 60 months, and the remainder is expected to be recognized beyond five years. Contracts may contain termination for convenience provisions that allow the Company, customer, or both parties the ability to terminate for convenience, either at any time or upon providing a specified notice period, without a substantive termination penalty. Included in deferred revenue as of September 30, 2026 and 2025 are $6,413 and $12,533, respectively, of prepaid fees related to contracts with termination for convenience provisions which are refundable at the request of the customer. Based on the Company's historical experience, customers do not typically exercise their termination for convenience rights. Deferred cost of revenue includes all direct costs included in cost of revenue that have been deferred to future periods.

NOTE 5. OTHER BALANCE SHEET INFORMATION

Inventory consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Finished Goods	$ 20,666	$ 26,359
Raw Materials	311	311
Total inventory	$ 20,977	$ 26,670

The Company writes down inventory for any excess or obsolete inventories or when the Company believes the net realizable value of inventories is less than the carrying value. During the three months ended September 30, 2026 and 2025, the Company recorded write-downs of $651 and $3,258, respectively. During the nine months ended September 30, 2026 and 2025, the Company recorded write-downs of $951 and $3,852, respectively. As of September 30, 2026 and December 31, 2025, the Company's inventory reserve balance was $4,739 and $4,307, respectively. On a regular basis, the Company evaluates inventory levels for excess and obsolete products based on its assessment of future demand and market conditions.

Prepaid expenses and other current assets consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Prepaid expenses	$ 7,294	$ 5,856
Other current assets	1,685	333
Total prepaid expenses and other current assets	$ 8,979	$ 6,189

Property and equipment, net consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Leasehold improvements	$ 5,383	$ 5,202
Computer hardware	2,398	2,332
Warehouse and other equipment	937	950
Furniture and fixtures	326	322
Property and equipment	9,044	8,806
Less: Accumulated depreciation	(4,461)	(3,685)
Total property and equipment, net	$ 4,583	$ 5,121

Depreciation and amortization expense on all property, plant and equipment was $245 and $280 during the three months ended September 30, 2026 and 2025, respectively. Depreciation and amortization expense on all property, plant and equipment was $916 and $639 during the nine months ended September 30, 2026 and 2025, respectively.

Intangible assets, net consisted of the following.

	As of					
	September 30, 2026			December 31, 2025		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer relationships	$ 22,990	$ (10,112)	$ 12,878	$ 22,990	$ (8,446)	$ 14,544
Developed technology	10,600	(6,958)	3,642	10,600	(5,854)	4,746
Trade name	900	(824)	76	900	(689)	211
Total intangible assets, net	$ 34,490	$ (17,894)	$ 16,596	$ 34,490	$ (14,989)	$ 19,501

Amortization expense on all intangible assets was $968 for the three months ended September 30, 2026 and 2025. Amortization expense on all intangible assets was $2,905 for the nine months ended September 30, 2026 and 2025. Total future amortization for finite-lived intangible assets is estimated as follows.

	Amortization Expense
2026 - Remaining	$ 968
2027	3,734
2028	3,693
2029	2,554
2030	2,222
Thereafter	3,425
Total	$ 16,596

Other long-term assets consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Capitalized software costs, net	$ 13,116	$ 10,846
Financing receivables - long-term	4,166	-
Operating lease - ROU asset, net	2,471	2,810
Other long-term assets	2,640	2,309
Total other long-term assets	$ 22,393	$ 15,965

Amortization expense for capitalized software costs was $787 and $904 for the three months ended September 30, 2026 and 2025, respectively. Amortization expense for capitalized software costs was $2,604 and $2,521 for the nine months ended September 30, 2026 and 2025, respectively.

Accrued expenses and other current liabilities consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Accrued compensation costs	$ 7,225	$ 7,778
Accrued expenses	7,124	3,383
Warranty allowance	268	423
Other	1,960	2,456
Total accrued expenses and other current liabilities	$ 16,577	$ 14,040

Other long-term liabilities consisted of the following.

	As of	
	September 30, 2026	December 31, 2025
Lease liability, noncurrent	$ 5,027	$ 5,792
Other long-term liabilities	23	8
Total other long-term liabilities	$ 5,050	$ 5,800

NOTE 6. DEBT

Revolving Line of Credit Facility

In December 2021, the Company entered into a $75,000 senior revolving facility with a five-year term (the "Senior Revolving Facility"). The Senior Revolving Facility includes a letter of credit sub-facility in the aggregate availability of $10,000 as a sublimit of the Senior Revolving Facility, and a swingline sub-facility in the aggregate availability of $10,000 as a sublimit of the Senior Revolving Facility. Proceeds from the Senior Revolving Facility are to be used for general corporate purposes. Amounts borrowed under the Senior Revolving Facility may be repaid and, prior to the Senior Revolving Facility maturity date, reborrowed. The Senior Revolving Facility terminates on the Senior Revolving Facility maturity date in December 2026, when the principal amount of all advances, the unpaid interest thereon, and all other obligations relating to the Senior Revolving Facility shall be immediately due and payable. The Company has yet to draw on the Senior Revolving Facility as of September 30, 2026. The Company accounted for the cancellation of its previous revolving facility and the issuance of the Senior Revolving Facility as an exchange with the same creditor. As a result, all costs related to entering into the Senior Revolving Facility that are allowed to be deferred are recorded as a deferred asset and included in other assets on the Condensed Consolidated Balance Sheets. These costs totaled $688 and will be amortized ratably over the five-year term of the Senior Revolving Facility. For the three months ended September 30, 2026 and 2025, the Company recorded $34 and $34, respectively, of amortization expense in connection with these costs, as a component of interest expense on the Condensed Consolidated Statements of Operations and Comprehensive Loss. For the nine months ended September 30, 2026 and 2025, the Company recorded $102 and $106, respectively, of amortization expense in connection with these costs, as a component of interest expense on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Interest rates for draws upon the Senior Revolving Facility are determined by whether the Company elects a secured overnight financing rate loan (“SOFR Loan”) or alternate base rate loan (“ABR Loan”). For SOFR Loans, the interest rate is based upon the forward-looking term rate based on SOFR as published by the CME Group Benchmark Administration Limited (CBA) plus 0.10%, subject to a floor of 0.00%, plus an applicable margin. For ABR Loans, the interest rate is based upon the highest of (i) the Prime Rate, (ii) the Federal Funds Effective Rate plus 0.50%, or (iii) 3.25%, plus an applicable margin. As of September 30, 2026, the applicable margins for SOFR Loans and ABR Loans under the Senior Revolving Facility were 1.75% and (0.50%), respectively.

In addition to paying interest on the outstanding principal balance under the Senior Revolving Facility, the Company is required to pay a facility fee to the lender in respect of the unused commitments thereunder. The facility fee rate is based on the daily unused amount of the Senior Revolving Facility and is one fourth of one percent (0.25%) per annum based on the unused facility amount. During the three months ended September 30, 2026 and 2025, the facility fee totaled $47 and $47, respectively. During the nine months ended September 30, 2026 and 2025, the facility fee totaled $140 and $139, respectively.

The Senior Revolving Facility contains certain customary affirmative and negative covenants and events of default. Such covenants, among other things, restrict, subject to certain exceptions, the Company's ability to (i) engage in certain mergers or consolidations, (ii) sell, lease or transfer all or substantially all of the Company's assets, (iii) engage in certain transactions with affiliates, (iv) make changes in the nature of the Company's business and its subsidiaries, and (v) incur additional indebtedness that is secured on a *pari passu* basis with the Senior Revolving Facility.

The Senior Revolving Facility also requires the Company, on a consolidated basis with its subsidiaries, to maintain a minimum cash balance. If the minimum cash balance is not maintained, the Company is required to maintain a minimum liquidity ratio. As of September 30, 2026 the Company did not maintain the minimum cash balance but exceeded the minimum liquidity ratio. If an event of default occurs, the lender is entitled to take various actions, including the acceleration of amounts due under the Senior Revolving Facility and all actions permitted to be taken by a secured creditor. As of September 30, 2026, and through the date these condensed consolidated financial statements were issued, the Company believes it was in compliance with all covenants under the Senior Revolving Facility.

The Senior Revolving Facility is collateralized by first priority or equivalent security interests in substantially all the property, rights, and assets of the Company.

As of September 30, 2026 and December 31, 2025, there was no outstanding principal amount under the Senior Revolving Facility.

NOTE 7. CONVERTIBLE PREFERRED STOCK AND EQUITY

Preferred Stock

The Company is authorized to issue 50,000 shares of $0.0001 par value preferred stock. As of September 30, 2026, no shares of preferred stock were issued or outstanding.

Stock Repurchase Program

In March 2024, the Company's Board of Directors (the "Board") authorized a stock repurchase program pursuant to which we may repurchase up to $50,000 of our Class A common stock. In July 2026, the Board approved the termination of this stock repurchase program and authorized a new stock repurchase program pursuant to which the Company may repurchase up to $25,000 of its outstanding Class A common stock. The new authorization replaces the prior repurchase program in its entirety. Repurchases under the program may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate us to acquire any particular amount of our Class A common stock and may be suspended at any time at our discretion. The timing and number of shares repurchased will depend on a variety of factors, including the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors.

During the three months ended September 30, 2026, the Company repurchased and subsequently retired 2,495 shares of our Class A common stock under the new stock repurchase program at an average price of $1.37 per share for a total of $3,415, including $25 of broker fees. During the nine months ended September 30, 2026, the Company repurchased and subsequently retired 5,295 shares of our Class A common stock under the stock repurchase programs at an average price of $1.29 per share for a total of $6,815, including $53 of broker fees. As of September 30, 2026, approximately $21,609 remained available for stock repurchases pursuant to the stock repurchase program.

During the nine months ended September 30, 2025, the Company repurchased and subsequently retired 5,084 shares of our Class A common stock under the stock repurchase program at an average price of $0.96 per share for a total of $4,886, including $51 of broker fees. There were no such purchases during the three months ended September 30, 2025. The Company has elected to record the amount paid to repurchase the shares in excess of the par value entirely to accumulated deficit. As of September 30, 2025, approximately $16,751 remained available for stock repurchases pursuant to the stock repurchase program.

NOTE 8. STOCK-BASED COMPENSATION

2018 Stock Plan

The Company's board of directors adopted, and its stockholders approved, the SmartRent.com, Inc. 2018 Stock Plan (the "2018 Stock Plan"), effective March 2018. The purpose of the 2018 Stock Plan was to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company. The 2018 Stock Plan sought to achieve this purpose by providing awards in the form of stock options and restricted stock purchase rights. Awards granted as stock options under the 2018 Stock Plan generally expire no later than ten years from the date of grant and become vested and exercisable over a four-year period. All options are subject to certain provisions that may impact these vesting schedules.

Amendment to the 2018 Stock Plan

In April 2021, the board of directors executed a unanimous written consent to provide an additional incentive to certain employees of the Company by amending the 2018 Stock Plan to allow for the issuance of RSUs and granted a total of 1,533 RSUs to certain employees which vest over four years. The estimated fair value for each RSU issued was approximately $21.55 per share and the total stock-based compensation expense to be amortized over the vesting period is $33,033. In August 2021, the 2018 Stock Plan was replaced by the 2021 Plan. The 2018 Stock Plan continues to govern the terms and conditions of the outstanding awards previously granted thereunder. No new awards will be granted out of the 2018 Stock Plan.

2021 Equity Incentive Plan

In August 2021, the Board approved and implemented the SmartRent, Inc. 2021 Equity Incentive Plan (the "2021 Plan"). The purpose of the 2021 Plan is to enhance the Company's ability to attract, retain and motivate persons who make, or are expected to make, important contributions to the Company by providing these individuals with equity ownership opportunities and equity-linked compensation opportunities.

The 2021 Plan authorizes the administrator of the 2021 Plan (generally, the Board or its compensation committee) to provide incentive compensation in the form of stock options, restricted stock and stock units, performance shares and units, other stock-based awards and cash-based awards. On May 12, 2026, the Company's stockholders approved an amendment to the 2021 Plan, as amended and restated, which increased the number of shares reserved for issuance thereunder by 20,000 shares of Class A common stock. The Company is authorized to issue up to a total of 44,400 shares of Class A common stock under the 2021 Plan, as amended and restated. Non-employee board member RSUs generally will vest over one year, subject to the recipient's continued service through the applicable vesting date or dates. The RSUs and options granted to employees are generally subject to a four-year vesting schedule and all vesting generally shall be subject to the recipient's continued service with the Company or its subsidiaries through the applicable vesting dates.

The table below summarizes the activity pursuant to the 2021 Plan, for the nine months ended September 30, 2026, and the shares available for future issuances as of September 30, 2026 and December 31, 2025.

	Shares Available for Future Issuance
Shares available as of December 31, 2025	10,874
RSUs forfeited	210
RSUs settled for taxes	481
RSUs issued	(6,115)
PSUs issued	(1,119)
Shares available as of March 31, 2026	4,331
Additions to the plan	20,000
RSUs forfeited	853
RSUs settled for taxes	430
RSUs issued	(1,431)
PSUs issued	(600)
Shares available as of June 30, 2026	23,583
RSUs forfeited	310
RSUs settled for taxes	251
RSUs issued	(263)
Shares available as of September 30, 2026	23,881

The table below summarizes the activity related to stock options, pursuant to the 2018 Stock Plan and 2021 Plan, for the nine months ended September 30, 2026.

	Options Outstanding			
	Number of Options	Weighted-Average Exercise Price ($ per share)	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
December 31, 2025	3,072	$ 1.45	3.25	$ 2,961
Exercised	(1,422)	0.47		
Forfeited	(145)	3.01		
March 31, 2026	1,505	$ 2.27	5.92	$ 503
Exercised	(116)	0.47		
June 30, 2026	1,389	$ 2.42	6.16	$ 268
<no activity>	-	-	-	-
September 30, 2026	1,389	$ 2.42	5.91	$ 264
Exercisable options as of September 30, 2026	996	$ 2.11	5.47	$ 264

During the three months ended September 30, 2026 and 2025, stock-based compensation expense of $139 and $184, respectively, was recognized in connection with the outstanding options. During the nine months ended September 30, 2026 and 2025, stock-based compensation expense of $412 and $692, respectively, was recognized in connection with the outstanding options. As of September 30, 2026, there is $498 of unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted-average period of 1.2 years.

The table below summarizes the activity related to RSUs, pursuant to the 2018 Stock Plan and 2021 Plan, for the nine months ended September 30, 2026.

	Restricted Stock Units	
	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value (per share)
December 31, 2025	10,046	$ 1.51
Granted	6,579	1.72
Vested or distributed	(1,974)	1.78
Forfeited	(215)	1.79
March 31, 2026	14,436	1.56
Granted	1,431	1.16
Vested or distributed	(2,004)	0.85
Forfeited	(848)	1.77
June 30, 2026	13,015	1.62
Granted	263	1.18
Vested or distributed	(761)	1.59
Forfeited	(333)	1.61
September 30, 2026	12,184	$ 1.61

No right to any Class A common stock is earned or accrued until such time that vesting occurs, nor does the grant of the RSU award confer any right to continue vesting or employment or other service. Compensation expense associated with the unvested RSUs is recognized on a straight-line basis over the vesting period.

During the three months ended September 30, 2026 and 2025, stock-based compensation expense of $2,376 and $1,897, respectively, was recognized in connection with the vesting of all RSUs. During the nine months ended September 30, 2026 and 2025, stock-based compensation expense of $7,580 and $6,376, respectively, was recognized in connection with the vesting of all RSUs. As of September 30, 2026, there is $14,214 of unrecognized compensation expense related to restricted stock units, which is expected to be recognized over a weighted-average period of 2.6 years.

During the three months ended June 30, 2026, the Company granted performance stock units ("PSUs") to our President and Chief Executive Officer covering a target of 600 shares of the Company's Class A common stock. These PSUs are earned and vest based on the growth rate of the Company's Annual Recurring Revenue ("ARR"). The Company defines ARR as the annualized value of our SaaS Revenue earned in the current quarter, which we calculate by taking the total amount of SaaS Revenue in the current quarter and multiplying that amount by four. The grant date fair value of the awards was determined using the closing share price of our Class A common stock on the date of grant. The total quantity of PSUs eligible to vest under these awards range from 0% to 200% of the target based on the actual ARR growth rate during a one-year performance period. ARR growth will be determined by calculating ARR as of June 30, 2026 compared to June 30, 2027. As such, the awards are subject to performance conditions and compensation expense is recognized over the service period based on the number of awards that we believe is probable to vest. The Company assesses the likelihood of achieving these performance conditions each quarter and adjusts compensation expense accordingly.

During the three months ended March 31, 2026, the Company granted PSUs to our President and Chief Executive Officer covering a target of 1,119 shares of the Company's Class A common stock. These PSUs are earned and vest based on the Company's annual cost savings. The grant date fair value of the awards was determined using the closing share price of our Class A common stock on the date of grant. The total quantity of PSUs eligible to vest under these awards range from 0% to 200% of the target based on annualized cost savings as of December 31, 2026. As such, the awards are subject to performance conditions and compensation expense is recognized over the service period based on the number of awards that the Company believes is probable to vest. The Company assesses the likelihood of achieving these performance conditions each quarter and adjusts compensation expense accordingly.

The table below summarizes the activity related to PSUs, pursuant to the 2021 Plan, for the nine months ended September 30, 2026.

	Performance Stock Units	
	Number of Performance Stock Units	Weighted Average Grant Date Fair Value (per share)
December 31, 2025	-	$ -
Granted	1,119	1.72
March 31, 2026	1,119	1.72
Granted	600	1.14
June 30, 2026	1,719	1.52
<no activity>	-	-
September 30, 2026	1,719	$ 1.52

No right to any Class A common stock is earned or accrued until such time that vesting occurs, nor does the grant of the PSU award confer any right to continue vesting or employment or other service.

During the three months ended September 30, 2026, stock-based compensation expense of $656 was recognized in connection with the vesting of PSUs. There was no such expense for the three months ended September 30, 2025. During the nine months ended September 30, 2026, stock-based compensation expense of $1,443 was recognized in connection with the vesting of PSUs. There was no such expense for the nine months ended September 30, 2025. As of September 30, 2026, there is $1,141 of unrecognized compensation expense related to PSUs, which is expected to be recognized over a weighted-average period of 0.5 years.

2025 Inducement Equity Incentive Plan

In January 2025, the Board adopted the SmartRent, Inc. 2025 Inducement Equity Incentive Plan (the "Inducement Plan"), pursuant to which the Company may grant equity awards that are intended to qualify as employment inducement awards under the NYSE Listed Company Manual Rule 303A.08 and any applicable interpretive material and other guidance issued under such rule (together, the "Inducement Listing Rule"), from time to time as determined by the Committee (as defined in the Inducement Plan), the Board's Compensation Committee, or a majority of the Company's "Independent Directors" (as defined under the applicable rules of the NYSE). Upon adoption of the Inducement Plan, and subject to the adjustment provisions therein, the Company reserved 6,500 shares of common stock for issuance pursuant to equity awards granted under the Inducement Plan.

The Inducement Plan provides for the grant of equity-based awards, including options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. Such equity-based awards may be granted under the Inducement Plan only to employees of the Company, so long as the following requirements are met: (i) the employee was not previously an employee or director, or the employee is to become employed by the Participating Company Group (as defined in the Inducement Plan) following a bona fide period of non-employment (within the meaning of the Inducement Listing Rule), and (ii) the grant of the award or awards is an inducement material to the employee's entering into employment with the Participating Company Group in accordance with the Inducement Listing Rule.

The table below summarizes the activity pursuant to the Inducement Plan, for the nine months ended September 30, 2026 and the shares available for future issuances as of September 30, 2026.

	Shares Available for Future Issuance
Shares available as of December 31, 2025	6,281
RSUs issued	(465)
Shares available as of March 31, 2026	5,816
<no activity>	-
Shares available as of June 30, 2026	5,816
<no activity>	-
Shares available as of September 30, 2026	5,816

Employee Stock Purchase Plan

The Company has the ability to initially issue up to 2,000 shares of Class A common stock under the ESPP, subject to annual increases effective as of January 1, 2022, and each subsequent January 1 through and including January 1, 2030, in an amount equal to the smallest of (i) 1% of the number of shares of the Class A common stock outstanding as of the immediately preceding December 31, (ii) 2,000 shares or (iii) such amount, if any, as the Board may determine.

The ESPP allows employees to purchase shares of the Company's Class A common stock approximately every six months at a per share purchase price equal to 85 percent of the quoted market price of a share of the Company's Class A common stock on (i) the first day of the offering period or (ii) the applicable purchase date of such offering period, whichever quoted market price is lower. During the three months ended September 30, 2026 and 2025, stock-based compensation expense of $(6) and $3, respectively, was recognized in connection with the ESPP. During the nine months ended September 30, 2026 and 2025, stock-based compensation expense of $20 and $13, respectively, was recognized in connection with the ESPP.

The table below summarizes the activity related to the ESPP for the nine months ended September 30, 2026.

ESPP Activity	Shares Available for Sale
December 31, 2025	8,761
Annual additions to the plan	1,897
Shares purchased	(118)
March 31, 2026	10,540
<no activity>	-
June 30, 2026	10,540
Shares purchased	(124)
September 30, 2026	10,416

Stock-Based Compensation

The Company recorded stock-based compensation expense as follows.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 109	$ 64	$ 289	$ 483
Research and development	571	730	1,811	2,672
Sales and marketing	192	134	650	543
General and administrative	2,293	1,156	6,705	3,383
Total	$ 3,165	$ 2,084	$ 9,455	$ 7,081

NOTE 9. INCOME TAXES

The Company's effective tax rate ("ETR") from continuing operations was 4.40% and (0.90%) for the three months ended September 30, 2026 and 2025, respectively. The Company's ETR from continuing operations was 2.11% and (0.23%) for the nine months ended September 30, 2026 and 2025, respectively. The Company's ETR during the nine months ended September 30, 2026 differed from the federal statutory rate of 21% primarily due to changes in valuation allowance and foreign taxes.

The income tax benefit on the Condensed Consolidated Statement of Operations and Comprehensive Loss is primarily related to current year foreign losses offset by foreign and state taxes. The Company established a full valuation allowance for net deferred U.S. federal and state tax assets, including U.S. net operating loss carryforwards. The Company expects to maintain this valuation allowance until it becomes more likely than not that the benefit of the U.S. federal and state deferred tax assets will be realized in future periods if it reports U.S. taxable income. The Company believes that it has established an adequate allowance for uncertain tax positions, although it can provide no assurance that the final outcome of these matters will not be materially different. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company has benefited from the restoration of 100% bonus depreciation and the favorable treatment of research and development expenditures under Section 174 enacted by the OBBBA, and the effects of the legislation have been reflected in the Company's income tax provision.

NOTE 10. NET LOSS PER SHARE

The following potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because inclusion of the shares on an as-converted basis would have been anti-dilutive.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Common stock options, RSUs and PSUs	15,292	14,539	15,292	14,539
Total	15,292	14,539	15,292	14,539

NOTE 11. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company enters into long-term purchase commitments for certain goods and services. In October 2025, the Company entered into an agreement with a supplier to purchase minimum volumes of certain goods and services through December 2030. Future minimum annual payments in connection with the purchase commitment as of September 30, 2026 are as follows.

	Annual Minimum Payments
2026 - Remainder	$ 1,357
2027	5,978
2028	6,900
2029	7,950
2030	9,050
Total purchase commitment	$ 31,235

In the event of certain deteriorating business conditions during fiscal year 2028, and upon providing sixty days written notice to the supplier prior to January 1, 2029, the Company has the option to request for a reduction of its minimum payments for the fiscal years of 2029 and 2030 respectively, including an extension of the commitment term by one additional fiscal year, 2031.

Legal Matters

The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business from time to time. Liabilities are accrued when it is believed that it is both probable that a liability has been incurred and that the Company can reasonably estimate the amount of the potential loss. The Company does not believe that the outcome of these proceedings or matters will have a material effect on the condensed consolidated financial statements.

In February 2024, a putative class action complaint was filed against Fifth Wall Acquisition Sponsor, LLC, Fifth Wall Asset Management, LLC (the “FWAA Defendants”), and the individual directors of Fifth Wall Acquisition Corp. I (“FWAA”) (the “Director Defendants” and collectively the “Defendants”) in the Delaware Court of Chancery by a stockholder of FWAA for purported damages arising from the business combination with SmartRent.com, Inc. (the "2024 Class Action”). The complaint asserted claims for purported actions relating to FWAA’s August 24, 2021 merger with legacy SmartRent.com, Inc. Beginning in February 2025, the parties participated in a mediation, which ultimately led to all the parties’ agreement to settle the 2024 Class Action for $11,375. In August 2025, the parties executed a Stipulation and Agreement of Settlement, Compromise and Release, which the Court approved in November 2025.

Legal expenses and settlement costs incurred by the Company during the three months ended September 30, 2025 were $1,187 in connection with the 2024 Class Action. There were no such expenses incurred during the three months ended September 30, 2026. Legal expenses and settlement costs incurred by the Company during the nine months ended September 30, 2026 and 2025 were $37 and $4,649, respectively, in connection with the 2024 Class Action. These legal expenses were recorded within general and administrative expenses on the Condensed Consolidated Statements of Operations and Comprehensive Loss and accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets.

In December 2025, the San Francisco Tenants Union and three residents filed claims against the Company and several multifamily property owners in the Superior Court of the State of California in the County of San Francisco for alleged violations of Article 1 Section 1 of the California Constitution for alleged violation of tenant privacy rights, for common law intrusion upon seclusion and for violation of the San Francisco Rent Ordinance for purportedly interfering with tenants' privacy rights arising out of the use of the Company's SmartHome products and services (the "Complaint"). The Complaint seeks declaratory relief that the conduct described in the Complaint constitutes an invasion of the right to privacy and injunctive relief prohibiting the Company and owners from violating tenants' privacy rights. The Complaint also seeks unspecified damages. In August 2026, the Superior Court denied the Company's motion to compel arbitration. The Company disputes the plaintiffs' claims and intends to vigorously defend against those claims. Given the early stage of the proceedings and the unspecified nature of the damages sought, the Company is unable at this time to estimate the reasonably possible loss or range of loss, if any, and no amount has been accrued.

The Company regularly reviews outstanding legal claims, actions and enforcement matters, if any exist, to determine if accruals for expected negative outcomes of such matters are probable and can be reasonably estimated. The Company evaluates any such outstanding matters based on management's best judgment after consultation with counsel. There is no assurance that the Company's accruals for loss contingencies will not need to be adjusted in the future. The amount of such adjustment could significantly exceed the accruals the Company has recorded. No such accruals have been recorded by the Company as of September 30, 2026 and December 31, 2025.

NOTE 12. SEGMENT REPORTING

The Company operates as a single operating segment, which is also its only reportable segment as its CODM, which is currently the Company's President and Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company's principal operations are in the United States and the Company's long-lived assets are located primarily within the United States. The Company held $7,090 and $10,080 of assets outside the United States on September 30, 2026, and December 31, 2025, respectively.

The CODM uses revenue, gross profit, operating expenses, and net income as the primary measures to assess performance and to make strategic decisions regarding product development, market expansion, and resource allocation. Key financial performance measures of the segment are as follows.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue				
Hardware	$ 18,492	$ 11,506	$ 47,497	$ 45,479
Professional Services	6,469	7,035	21,138	15,255
Deferred hub amortization	877	3,424	4,383	12,701
SaaS - Smart Apartments	*11,918*	*10,175*	*35,002*	*29,922*
SaaS - Smart Operations	*2,170*	*2,632*	*6,866*	*8,056*
SaaS - All Other	*1,640*	*1,430*	*5,207*	*4,441*
SaaS	15,728	14,237	47,075	42,419
Total revenue	41,566	36,202	120,093	115,854
Cost of revenue				
Hardware	13,642	13,836	38,132	40,664
Professional Services	6,284	6,800	19,042	20,330
Deferred hub amortization	532	1,819	2,594	6,559
SaaS	3,999	4,178	11,875	12,502
Total cost of revenue	24,457	26,633	71,643	80,055
Gross profit	17,109	9,569	48,450	35,799
Operating expenses				
Research and development	4,905	5,419	15,385	18,200
Sales and marketing	5,270	4,220	14,401	14,956
General and administrative	7,258	3,647	21,880	27,483
Stock compensation	3,056	2,019	9,166	6,597
Depreciation and amortization	1,428	1,291	3,981	3,635
Total operating expenses	21,917	16,596	64,813	70,871
Impairment charge	-	-	-	24,929
Loss from operations	(4,808)	(7,027)	(16,363)	(60,001)
Other segment items[(1)]	896	757	2,362	2,687
Net loss	$ (3,912)	$ (6,270)	$ (14,001)	$ (57,314)

(1) Other segment items include interest income, net, other income (expense), net, and income tax expense (benefit).

Beginning in 2026, the Company revised the presentation of key financial information provided to the CODM. The table above reflects the updated presentation, which has been applied retrospectively in the financial information for the comparative periods ending September 30, 2025.

The CODM is regularly provided with the consolidated cost of revenue and consolidated operating expenses as noted on the face of the Condensed Consolidated Statement of Operations and Comprehensive Loss, as these make up the significant expenses included in the measure of the segment profit or loss. Reported segment revenues less the significant expenses and other segment items defined in accordance with ASC 280-10-50-26A is equal to the reported segment profit or loss.

The Company considers these categories significant based on their materiality to the segment's results and their importance in the CODM's evaluation of segment performance and resource allocation decisions.

NOTE 13. SUBSEQUENT EVENTS

In connection with the preparation of the accompanying condensed consolidated financial statements, the Company has evaluated events and transactions occurring after September 30, 2026 and through November 4, 2026, the date these financial statements were issued, for potential recognition or disclosure and has determined that there are no additional items to disclose except as disclosed below.

In October 2026, 67 shares of the Company's Class A common stock were issued to certain employees related to vested RSUs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included herein and the consolidated financial statements and notes thereto for the year ended December 31, 2025 contained in our Annual Report on Form 10-K filed with the SEC.

This discussion may contain forward-looking statements based upon our current expectations that involve risks and uncertainties. Please refer to the section titled "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a market-leading building intelligence provider delivering innovative data, technology and workflow solutions for the rental housing industry. Our suite of products and services, which includes cloud-based SaaS solutions, many of which are enabled by smart building hardware, provides seamless visibility and control over real estate assets. Our platform can lower operating costs, increase revenues, mitigate operational friction and protect assets for owners and operators, while providing a differentiated, elevated living experience for residents.

Through centrally connected devices ("Hub Devices"), which integrate our enterprise software with third party smart devices, we enable the integration of our platform with third-party smart devices, our own hardware devices and other technology interfaces. We use an open-architecture, brand-agnostic approach that allows owners, operators, and residents to manage their smart home systems through a single connected interface. Our Smart Communities Solutions include software and devices that power (i) smart apartments and homes, (ii) access control for buildings, common areas, and rental units, and (iii) other solutions such as asset protection and monitoring and self-guided tours. Our Smart Operations Solutions include work order management, the automation of leasing and resident call handling, audit management, and the automation of the inspection process. We also have a professional services team that provides customers with training, installation, and support services.

SmartRent is a category leader in the enterprise smart home solutions industry. As of September 30, 2026, we had 941,977 Units Deployed (as defined below) and approximately 600 customers who either have an active subscription or have purchased any SmartRent product in the past twelve months, including many of the largest multifamily residential owners in the United States. As of September 30, 2026, we believe our customers owned an aggregate of more than 7.0 million rental units. This represents approximately 15% of the United States market for institutionally owned multifamily rental units and single-family rental homes. In addition to multifamily residential owners, our customers include some of the leading single-family rental homeowners, homebuilders, and iBuyers in the United States.

Our Business Model

We generate revenue primarily from sales of smart home systems that enable property owners and property managers to have visibility and control over assets, while providing all-in-one home control offerings for residents. Our revenue is primarily generated from: (1) the direct sale to our customers of hosted services from subscription fees collected from customers to provide Hosted Services including access controls, asset monitoring, and related services; (2) the sale and delivery of smart home devices, which generally consist of a Hub Device, door-locks, thermostats, sensors, and light switches; and (3) installation and implementation of smart home devices that enable our Hosted Services. Subscription arrangements have contractual terms ranging from one month to ten years and the weighted average length of our recurring revenue contracts is 3.8 years.

Key Factors Affecting Our Performance

We believe that our success is dependent on many factors, including those discussed below. Our operating results and cash flows are influenced by our ability to execute our Vision 2028 strategy, which is designed to extend our market leadership while creating long-term value for our stakeholders. Vision 2028 is centered on two strategic priorities: (1) accelerating growth by reinforcing our competitive moat and (2) expanding our path to profitability through a more leverageable operating model. These priorities are operationalized through five strategic pillars: (i) growing our installed footprint, (ii) scaling a world-class go-to-market organization, (iii) unifying our platform through deeper use of data, analytics and artificial intelligence, (iv) simplifying our hardware architecture while expanding software offerings, and (v) strengthening operating rigor through scalable internal processes. Our ability to successfully execute against these strategic initiatives is expected to be a significant driver of our future operating performance. At the same time, execution of these initiatives presents challenges and risks that we must successfully address in order to operate our business.

Active Supply Chain Management

We continue to experience changes related to the global supply chain. In prior periods, the increased demand for electronics as a result of the COVID-19 pandemic, U.S. trade relations with China and certain other factors in more recent periods led to a global shortage of semiconductors, including Z-Wave chips, which are a central component of our Hub Devices. Due to this shortage in prior periods, we experienced Hub Device production delays, which affected our ability to meet scheduled installations and facilitate customer upgrades to our higher-margin Hub Devices. We also experienced shortages and shipment delays related to components for access control systems and made-to-order specialty locks and volatility in costs related to changes in tariffs.

The incremental improvements in the global supply chain are evidenced by our reduction of backlogged Units Deployed for Access Control and made-to-order locks.

Investing in Research and Development

Our performance is significantly dependent on the investments we make in research and development, including our ability to attract and retain highly skilled research and development personnel. We must continually develop and introduce innovative new software services and hardware products, and integrate with third-party products and services, mobile applications and other new offerings.

New Products, Features and Functionality

We are evolving our business into a more diverse platform with new products, features and functionality that enhance the value of our smart home operating system. We have introduced a number of SaaS product enhancements and features, including Answer Automation and Work Management solutions, that streamline property management operations. Our Smart Operations Solutions enhance our overall platform offering and customer value proposition by providing a comprehensive one-stop, integrated platform that broadens our support of property operations, enhancing the experience for residents, property owners and managers. We offer an open-API architecture that enables third-party partner integrations, resulting in a multi-functional platform that enhances property management workflow efficiencies, empowers team productivity, elevates resident interactions, and improves resident living experiences. In connection with our strategic Vision 2028 objectives, we are investing in platform unification with deeper use of data, analytics and AI, and to simplify our hardware architecture while expanding software offerings.

Category Adoption and Market Growth

Our future growth depends in part on the continued consumer adoption of software and hardware products which improve the resident experience and the growth of this market. We need to deliver solutions that enhance the resident experience and deliver value to our customers, rental property owners and operators, as well as homebuilders and developers, by providing products and solutions designed to enhance visibility and control over assets while providing additional revenue opportunities. In prior years, we have experienced headwinds to adoption of our Smart Communities Solutions as certain customers deferred capital expenditures, driven by broader macroeconomic conditions, which resulted in a decrease in Units Shipped and New Units Deployed. In addition, changes in our executive leadership and the structure of our sales organization have impacted sales and overall volumes. Sales of our Smart Operations Solutions have also been negatively impacted by those same factors as well as by increased competition from companies that offer maintenance solutions such as (i) a stand-alone offering or (ii) part of a broader product offering.

Recent Developments

In the first quarter of 2026, we introduced Vision 2028, a focused three-year strategy that outlines how we believe we will extend our market leadership and create long-term value for our stakeholders. Our priorities are (1) accelerating growth by reinforcing our competitive moat and (2) expanding our path to profitability through a more leverageable operating model. These two priorities are operationalized via the following strategic pillars: (i) grow our installed footprint, (ii) scale a world-class go-to-market organization, (iii) unify our platform with deeper use of data, analytics and AI, (iv) simplify hardware architecture while expanding software offerings, and (v) strengthen operating rigor through scalable internal processes.

Basis of Presentation

The condensed consolidated financial statements and accompanying notes included elsewhere in this Report are prepared in accordance with GAAP.

Key Metrics

We regularly monitor a number of operating metrics in order to evaluate our operating performance, identify trends affecting our business, formulate business plans, measure our progress and make strategic decisions. Our key metrics are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate our key metrics are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring such information. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. We have a long sales cycle, and the timing of customer decisions and orders does not always align with our reporting periods. As a result, we are increasingly focused on trailing twelve-month metrics, which we believe provides a more meaningful view of underlying customer demand and the progress we are making in executing our go-to-market strategy.

Units Deployed and New Units Deployed

We define Units Deployed as the aggregate number of Hub Devices that have been installed (including customer self-installations) and have an active subscription as of a stated measurement date. We utilize the Units Deployed metric to assess the health of our business and measure the trajectory of our growth. We define New Units Deployed as the aggregate number of Hub Devices that were installed (including customer self-installations) and resulted in a new active subscription during a stated measurement period. Although our revenue is primarily driven by New Units Deployed and the number of Units Deployed, due to the expansion of our products and services that do not require a Hub Device, and Hub Device upgrades that do not result in net new active subscriptions, the correlation between New Units Deployed and revenue is not as strong as it was historically. Although the correlation has decreased, New Units Deployed is still an indicator of our ability to acquire new customers and expand our relationships with our current customers. As of September 30, 2026 and 2025, we had an aggregate of 941,977 and 870,230 Units Deployed, respectively. For the trailing twelve months ended September 30, 2026 and 2025, we had 73,363 and 84,285 New Units Deployed, respectively.

Hardware Upgrade Units

We define Hardware Upgrade Units as the aggregate number of existing Units Deployed which had new hardware installed by SmartRent during a stated measurement period excluding any new hardware installed as warranty replacements. We use Hardware Upgrade Units to monitor demand for new or upgraded hardware and related installation services from our existing customers' Units Deployed. We believe this metric provides useful information regarding demand for and activity related to hardware and professional services within our existing installed base, which has become an increasing contributor to our hardware and professional services revenue as our installed base has matured. For the trailing twelve months ended September 30, 2026 and 2025, we installed 51,569 and 40,766 Hardware Upgrade Units, respectively.

Units Shipped

We define Units Shipped as the aggregate number of Hub Devices that have been shipped to customers during a stated measurement period. Units Shipped is used to assess the trajectory of our growth and is an indicator of our ability to acquire new customers, expand our relationships with our current customers and to replace previously Units Deployed. Therefore, we caution that Units Shipped also includes Hub Devices for upgrades and out of warranty replacements and may not be an indicator of New Units Deployed in future periods. For the trailing twelve months ended September 30, 2026 and 2025, we had 107,423 and 114,197 Units Shipped, respectively.

Units Booked

We define Units Booked as the aggregate number of Hub Device units subject to binding orders executed during a stated measurement period that are expected to result in a New Unit Deployed. We utilize the concept of Units Booked to measure the estimated near-term resource demand and the resulting approximate range of post-delivery revenue that we will earn and record. Units Booked represent binding orders only. For the trailing twelve months ended September 30, 2026 and 2025, there were 122,510 and 85,250 Units Booked, respectively. For the trailing twelve months ended September 30, 2026 and 2025, ARR related to Units Booked was $10,417 and $8,855, respectively.

Bookings

We define Bookings as the contract value of hardware, professional services, and the first year of ARR for binding orders executed during a stated measurement period, including renewals and upgrades. We utilize Bookings to measure revenue expected to be earned in future periods from orders contracted during the current period. For the trailing twelve months ended September 30, 2026 and 2025, Bookings were $143,981 and $111,576, respectively.

SaaS Revenue

We define SaaS Revenue as subscription revenue from fees paid by customers for access to one or more of SmartRent's software applications, including access controls, asset monitoring and related services. We believe that SaaS Revenue growth demonstrates our ability to acquire new customers and to maintain and expand our relationships with existing customers. More specifically, we monitor our SaaS Revenue to assess the general health and trajectory of our Hosted Services business. Arrangements with customers do not provide the customer with the right to take possession of SmartRent's software at any time. Customers are granted continuous access to the services over the contractual period. As of September 30, 2026, approximately 32% of our ARR had prepaid payment terms. We believe that our customer base is inherently sticky, especially with our Smart Communities Solutions customers, given the barriers to entry associated with rolling out an integrated enterprise solution across a portfolio of rental units. For the trailing twelve months ended September 30, 2026 and 2025, we generated SaaS Revenue of $62.5 million and $56.0 million, respectively.

Annual Recurring Revenue

We define ARR as the annualized value of our SaaS Revenue earned in the current quarter, which we calculate by taking the total amount of SaaS Revenue in the current quarter and multiplying that amount by four. We believe that ARR growth demonstrates our ability to acquire new customers and to maintain and expand our relationships with existing customers. More specifically, we monitor our ARR to assess the general health and trajectory of our Hosted Services business. As of September 30, 2026 and 2025, ARR was approximately $62.9 million and approximately $56.9 million, respectively.

Hardware Average Revenue per Unit ("ARPU"), Professional Services ARPU, SaaS ARPU, and Units Booked SaaS ARPU

We define Hardware ARPU as total hardware revenue during a given period divided by the total Units Shipped during the same period. Hardware ARPU is used to evaluate the effectiveness of our hardware pricing and assess our ability to market and sell our hardware offerings. For the trailing twelve months ended September 30, 2026 and 2025, Hardware ARPU was $558 and $489, respectively.

We define Professional Services ARPU as total professional services revenue during a given period divided by the total New Units Deployed, excluding customer self-installations, during the same period. Professional Services ARPU is used to assess our ability to effectively price our installation services. For the trailing twelve months ended September 30, 2026 and 2025, Professional Services ARPU was $469 and $426, respectively.

We define SaaS ARPU as total SaaS Revenue during a given period divided by the average aggregate Units Deployed in the same period divided by the number of months in the period. Average aggregate Units Deployed is calculated as the Units Deployed as of the current period plus the Units Deployed as of the previous period divided by two. SaaS ARPU is used to evaluate the effectiveness of our SaaS pricing and assess our ability to market and sell our various software solutions. For the trailing twelve months ended September 30, 2026 and 2025, SaaS ARPU was $5.75 and $5.63, respectively.

We define Units Booked SaaS ARPU as the first year ARR for binding orders with Units Booked executed during the stated measurement period divided by the total Units Booked in the same period divided by the number of months in the period. Units Booked SaaS ARPU is used to evaluate the effectiveness of our SaaS pricing and assess our ability to market and sell our various software solutions for orders executed during the period. For the trailing twelve months ended September 30, 2026 and 2025, Units Booked SaaS ARPU was $7.09 and $8.66, respectively.

Customer Churn

We define Customer Churn as cancelled Units Deployed during the measurement period divided by Units Deployed as of the beginning of the measurement period. Cancelled Units Deployed are the previous Units Deployed that have been cancelled during the same measurement period in which a customer cancels all product subscriptions. Our Hosted Services growth is driven, in part, by our ability to retain our customers and minimize Customer Churn. For the trailing twelve months ended September 30, 2026 and 2025, our Customer Churn for our Smart Communities Solutions was 0.09% and 0.15%, respectively.

Property Net Revenue Retention

We define Property Net Revenue Retention as SaaS Revenue at the end of the current period related to properties which had SaaS Revenue at the end of the same period in the prior year, divided by SaaS Revenue at the end of the same period in the prior year for those same properties. Property Net Revenue Retention includes additions to revenue from price increases on existing products, additions of new products at existing properties and transfers of ownership, offset by any reductions in revenue caused by cancellations or downgrades. Property Net Revenue Retention was 93% as of September 30, 2026 compared to 104% as of September 30, 2025.

Customer Net Revenue Retention

We define Customer Net Revenue Retention as SaaS Revenue at the end of the current period related to customers which had SaaS Revenue at the end of the same period in the prior year, divided by SaaS Revenue at the end of the same period in the prior year for those same customers. A customer with SaaS Revenue is defined as an entity that has an active subscription during the stated period. Customer Net Revenue Retention includes additions to revenue from transfers of ownership, price increases on existing products and additions of new products at existing properties, offset by any reductions in revenue caused by cancellations or downgrades. Customer Net Revenue Retention was 100% as of September 30, 2026 compared to 113% as of September 30, 2025.

The table below summarizes our key metrics.

	Trailing twelve months ended September 30,		
	2026	2025	Change %
Hardware			
Hardware Units Shipped	107,423	114,197	(6)%
Hardware ARPU[(1)]	$ 558	$ 489	14%
Professional Services			
New Units Deployed	73,363	84,285	(13)%
Hardware Upgrade Units	51,569	40,766	27%
Professional services ARPU[(1)]	$ 469	$ 426	10%
Hosted Services			
Units Deployed[(2)]	941,977	870,230	8%
Average aggregate units deployed	906,104	828,634	9%
SaaS ARPU[(1)]	$ 5.75	$ 5.63	2%
Bookings			
Units Booked	122,510	85,250	44%
Bookings (in thousands)	$ 143,981	$ 111,576	29%
Units Booked SaaS ARPU[(1)]	$ 7.09	$ 8.66	(18)%

(1) ARPU metrics may vary based on the scope and mix of activity during the period.
(2) Units Deployed is presented as of the last day of the applicable period; all other metrics are presented for the applicable trailing twelve-month period.

Beginning with this Report, we present our key metrics on a trailing twelve-month basis rather than for the quarterly and year-to-date periods presented in our prior Quarterly Reports on Form 10-Q. As our business has evolved, we have continued to evaluate how best to present our key metrics to provide meaningful insight into our operating performance. The timing, scope and mix of bookings and deployments can result in variability in our key metrics from quarter to quarter. Given the length of our sales cycle and variability in the timing of customer decisions and orders, we believe a trailing twelve-month presentation provides a more meaningful basis for evaluating trends in our business. We have presented our key metrics for the trailing twelve months ended September 30, 2025 on the same basis as the current-period TTM metrics. Key metrics for prior quarterly and year-to-date periods are available in our previously filed Quarterly Reports on Form 10-Q.

To facilitate comparability and provide additional context regarding the transition to a TTM presentation, the following table presents supplemental historical key metrics.

	Three months ended		Nine months ended		Trailing twelve months ended		
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025	June 30, 2026	March 31, 2026	December 31, 2025
Hardware							
Hardware Units Shipped	30,705	20,047	87,420	90,008	96,765	100,059	110,011
Hardware ARPU[(1)]	$ 602	$ 574	$ 543	$ 505	$ 548	$ 545	$ 527
Professional Services							
New Units Deployed	13,044	22,644	52,563	61,826	82,963	85,174	82,626
Hardware Upgrade Units	7,523	13,847	36,222	31,505	57,893	49,768	46,852
Professional services ARPU[(1)]	$ 525	$ 449	$ 490	$ 416	$ 452	$ 401	$ 413
Hosted Services							
Units Deployed[(2)]	941,977	870,230	941,977	870,230	929,487	911,244	890,870
Average aggregate units deployed	935,732	859,093	916,424	839,864	888,722	869,428	850,184
SaaS ARPU[(1)]	$ 5.60	$ 5.52	$ 5.71	$ 5.61	$ 5.72	$ 5.66	$ 5.67
Bookings							
Units Booked	32,030	22,080	96,876	64,609	112,560	88,625	90,243
Bookings (in thousands)	$ 43,260	$ 23,955	$ 109,925	$ 81,595	$ 124,676	$ 106,941	$ 115,650
Units Booked SaaS ARPU[(1)]	$ 7.67	$ 7.96	$ 6.94	$ 8.71	$ 7.09	$ 8.23	$ 8.40

(1) ARPU metrics may vary significantly based on scope and mix during the period.
(2) Units Deployed is presented as of the last date of the applicable period.

Components of Results of Operations

Revenue

We generate revenue primarily from sales of systems that consist of hardware devices, professional installation services and Hosted Services enabling property owners and property managers to have visibility and control over assets, while providing all-in-one home control offerings for residents. We record revenue as earned when control of these products and services is transferred to the customer in an amount that reflects the consideration we expect to collect for those products and services. The table below summarizes our revenue by solution.

	For the three months ended September 30,								For the nine months ended September 30,							
	2026				2025				2026				2025			
	(dollars in thousands)								(dollars in thousands)							
SmartRent Solutions[1]	Hardware	Professional Services	Hosted Services	Total 2026	Hardware	Professional Services	Hosted Services	Total 2025	Hardware	Professional Services	Hosted Services[2]	Total 2026	Hardware	Professional Services	Hosted Services[2]	Total 2025
Smart Communities Solutions																
Smart Apartments	$ 15,792	$ 4,914	$ 12,795	$ 33,501	$ 10,182	$ 6,137	$ 13,599	$ 29,918	$ 42,446	$ 17,388	$ 39,385	$ 99,219	$ 41,437	$ 12,938	$ 42,623	$ 96,998
Access Control	2,514	1,373	819	4,706	736	502	501	1,739	4,271	3,206	2,332	9,809	2,568	1,245	1,646	5,459
Other	186	182	821	1,189	588	396	929	1,913	780	544	2,875	4,199	1,474	1,072	2,795	5,341
Smart Operations Solutions	-	-	2,170	2,170	-	-	2,632	2,632	-	-	6,866	6,866	-	-	8,056	8,056
Total Revenue	**$ 18,492**	**$ 6,469**	**$ 16,605**	**$ 41,566**	**$ 11,506**	**$ 7,035**	**$ 17,661**	**$ 36,202**	**$ 47,497**	**$ 21,138**	**$ 51,458**	**$ 120,093**	**$ 45,479**	**$ 15,255**	**$ 55,120**	**$ 115,854**

(1) During the first quarter of 2026, we revised the presentation of the above table by aggregating Community WiFi revenue in Other as revenue from our Community WiFi solution is becoming less significant. The revised presentation has been applied retrospectively for the comparative periods ended September 30, 2025. For the three months ended September 30, 2026 and 2025, total revenue attributable to Community WiFi was $47 and $450, respectively. For the three months ended September 30, 2025, revenue attributable to Community WiFi was $94 related to Hardware, $164 related to Professional Services and $192 related to Hosted Services. For the nine months ended September 30, 2026 and 2025, total revenue attributable to Community WiFi was $499 and $1,168, respectively. For the nine months ended September 30, 2025, revenue attributable to Community WiFi was $151 related to Hardware, $423 related to Professional Services and $594 related to Hosted Services.

(2) For the three months ended September 30, 2026 and 2025, Hosted services revenue for our Smart Communities Solutions included hub amortization revenue of $877 and $3,424, respectively. For the nine months ended September 30, 2026 and 2025, Hosted services revenue for our Smart Communities Solutions included hub amortization revenue of $4,383 and $12,701, respectively.

Hardware Revenue

We generate revenue from the direct sale to our customers of hardware smart home devices, which devices generally consist of a Hub Device, door-locks, thermostats, sensors, and light switches. These hardware devices provide features that function independently without subscription to our software, and the performance obligation for hardware revenue is considered satisfied and revenue is recognized at a point in time when the hardware device is shipped to the customer. Certain previous versions of our Hub Devices do not function independently without the subscription, and therefore, the revenue for those Hub Devices is recognized in Hosted Services revenue. We generally provide a one-year warranty period on hardware devices that are delivered and installed. We record the cost of the warranty as a component of cost of hardware revenue.

Professional Services Revenue

We generate professional services revenue from installing smart home hardware devices, which does not result in significant customization of the installed products and is generally performed over a period ranging from two to four weeks. Installations can be performed by our employees, can be contracted out to a third party with our employees managing the engagement, or can be performed by the customer. Professional services contracts are generally performed on a fixed-price basis and revenue is recognized over the period in which installations are completed.

Hosted Services Revenue

We generate hosted services revenue from (1) the direct sale to our customers of hosted services from subscription fees collected from customers to provide access to one or more of our software applications including access controls, asset monitoring and related services (“Hosted Services") and (2) the amortization of non-distinct Hub Devices. These subscription arrangements have contractual terms ranging from one month to ten years and include recurring fixed plan subscription fees. The weighted average length of our recurring revenue contracts is 3.8 years. Our arrangements do not provide the customer with the right to take possession of our software at any time. Customers are granted continuous access to the services over the contractual period. Accordingly, fees collected for subscription services are recognized on a straight-line basis over the contract term beginning on the date the subscription service is made available to the customer.

We sold certain Hub Devices, which only function with the subscription to our software applications and related hosting services. We consider those devices and hosting services subscription as a single performance obligation, and therefore we defer the recognition of revenue for those devices that are sold with application subscriptions. The estimated average in-service life of those devices is four years. When a Hub Device without independent functionality is included in a contract that does not require a long-term service commitment, the customer obtains a material right to renew the service because purchasing a new device is not required upon renewal. If a contract contains a material right, proceeds are allocated to the material right and recognized over the period of benefit, which is generally four years. We do not expect to deploy any more non-distinct Hub Devices.

Cost of Revenue

Cost of revenue consists primarily of direct costs of products and services together with the indirect cost of estimated warranty expense and customer care and support over the life of the service arrangement. We expect the cost of revenue to increase in absolute dollars in future periods commensurate with increases in the volume of our business. We record any change to cost of job performance and job conditions in the period during which the revision is identified.

Hardware

Cost of hardware revenue consists primarily of direct costs of products, Hub Devices, hardware devices and supplies purchased from third-party providers, shipping costs, warehouse facility (including depreciation and amortization of capitalized assets and right-of-use assets) and infrastructure costs, personnel-related costs associated with the procurement and distribution of our products and estimated warranty expenses together with the indirect cost of customer care and support. We expect an increase in cost of hardware revenue in absolute dollars in future periods commensurate with increases in the volume of our business. Hardware revenue margins may vary in future periods due to a number of factors including changes to the cost of the goods and services detailed above, changes to the product mix and tariffs.

Tariffs imposed by the U.S. government have subjected certain SmartRent products manufactured overseas to volatility of import duties. The amount of the import tariff has changed numerous times based on various geopolitical factors including actions by the U.S. government. Future changes in trade policy may increase our cost of hardware revenue and reduce our hardware revenue margins. We continue to monitor and evaluate changes in policy impacting global trade, including tariff regulations.

Professional Services

Cost of professional services revenue consists primarily of direct costs related to personnel-related expenses for installation and supervision of installation services, general contractor expenses and travel expenses associated with installation of our products, and indirect costs that are also primarily personnel-related expenses in connection with training of and ongoing support for customers and residents. We expect an increase in cost of professional services revenue in absolute dollars in future periods commensurate with increases in the volume of our business. Professional services revenue margins may vary in future periods due to a number of factors including changes to the cost of the services detailed above and changes to the product mix.

Hosted Services

Cost of Hosted Services revenue consists primarily of the amortization of the direct costs of certain Hub Devices consistent with the revenue recognition period noted above in “Hosted Services Revenue” and infrastructure costs associated with providing our software applications together with the indirect cost of customer care and support over the life of the service arrangement. In future periods, we expect the cost of Hosted Services revenue to increase in absolute dollars at a rate that is lower than the corresponding increase in Hosted Services revenue.

Operating Expenses

Research and Development

Research and development expenses consist primarily of personnel-related costs directly associated with our research and development activities. Our research and development efforts are focused on enhancing and developing additional functionality and security for our existing products and on new product development. We account for the cost of research and development by capitalizing qualifying costs, which are incurred during the product development stage, and amortizing those costs over the product’s estimated useful life, which generally ranges from three to five years depending on the type of application. Costs incurred and capitalized during the product development stage generally include the costs of software configuration, coding, and testing. Such costs primarily include payroll and payroll-related expenses for employees directly involved in the product development. We expense preliminary evaluation costs as they are incurred before technological feasibility is achieved, as well as post development implementation and operation costs, such as training, maintenance and minor upgrades. We begin amortizing capitalized costs when a project is ready for its intended use, and we periodically reassess the estimated useful life of a project considering the effects of obsolescence, technology, competition and other economic factors which may result in a shorter remaining life. We believe our research and development costs will increase in absolute dollars as we increase our investment in product development to broaden the capabilities of our solutions and introduce new products and features.

Sales and Marketing Expenses

Our sales and marketing expenses consist of costs directly associated with our sales and marketing activities, which primarily include personnel-related costs, sales commissions, marketing programs, trade shows, and promotional materials. We believe our sales and marketing expenses may increase over time as we hire additional sales and marketing personnel, increase our lead generation activities, grow our operations, and continue to build brand awareness.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs associated with our general and administrative organization, professional fees for legal, accounting and other consulting services, office facility, insurance, information technology costs, legal settlements, and expenses incurred as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and stock exchange listing requirements, additional insurance expense, investor relations activities and other administrative and professional services. We may increase the size of our general and administrative staff in order to support the growth of our business but at a rate that is lower than the corresponding increase in total revenue.

Impairment Charge

Impairment charge consists of goodwill impairment. See Note 2 - Significant Accounting Policies for more information.

Other Income/Expenses

Other income/expenses consist primarily of interest income, net of interest expense, foreign currency transaction gains and losses, and other income related to the operations of foreign subsidiaries. Interest expense is recorded in connection with our various debt facilities. Foreign currency transaction gains and losses relate to the impact of transactions denominated in a foreign currency other than the U.S. dollar. If we continue to expand our international operations, our exposure to fluctuations in foreign currencies will increase.

Provision for Income Taxes

The income tax benefit on the Condensed Consolidated Statement of Operations and Comprehensive Loss is primarily related to current year foreign losses offset by foreign and state taxes. We established a full valuation allowance for net deferred U.S. federal and state tax assets, including U.S. net operating loss carryforwards. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of the U.S. federal and state deferred tax assets will be realized in future periods if we report U.S. taxable income. We believe that we have established an adequate allowance for uncertain tax positions, although we can provide no assurance that the final outcome of these matters will not be materially different. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

Results of Operations for the Three and Nine Months Ended September 30, 2026 and 2025

The results of operations presented below should be reviewed together with the condensed consolidated financial statements and notes included elsewhere in this Report. The following table summarizes our historical consolidated results of operations data for the periods presented. The period-to-period comparison of operating results is not necessarily indicative of results for future periods. All dollars are in thousands unless otherwise stated.

	Three months ended September 30,		2026 vs 2025 Change		Nine months ended September 30,		2026 vs 2025 Change	
	2026	2025	$	%	2026	2025	$	%
	(dollars in thousands)				(dollars in thousands)			
Revenue								
Hardware	$ 18,492	$ 11,506	$ 6,986	61%	$ 47,497	$ 45,479	$ 2,018	4%
Professional services	6,469	7,035	(566)	(8)%	21,138	15,255	5,883	39%
Hosted services	16,605	17,661	(1,056)	(6)%	51,458	55,120	(3,662)	(7)%
Total revenue	41,566	36,202	5,364	15%	120,093	115,854	4,239	4%
Cost of revenue								
Hardware	13,642	13,836	(194)	(1)%	38,132	40,664	(2,532)	(6)%
Professional services	6,284	6,800	(516)	(8)%	19,042	20,330	(1,288)	(6)%
Hosted services	4,531	5,997	(1,466)	(24)%	14,469	19,061	(4,592)	(24)%
Total cost of revenue	24,457	26,633	(2,176)	(8)%	71,643	80,055	(8,412)	(11)%
Operating expense								
Research and development	5,476	6,149	(673)	(11)%	17,204	20,872	(3,668)	(18)%
Sales and marketing	5,689	4,354	1,335	31%	15,360	15,499	(139)	(1)%
General and administrative	10,752	6,093	4,659	76%	32,249	34,500	(2,251)	(7)%
Total operating expenses	21,917	16,596	5,321	32%	64,813	70,871	(6,058)	(9)%
Impairment charge	-	-	-	0%	-	24,929	(24,929)	100%
Loss from operations	(4,808)	(7,027)	2,219	32%	(16,363)	(60,001)	43,638	73%
Other income (expense)								
Interest income	815	976	(161)	(16)%	2,490	3,380	(890)	(26)%
Interest expense	(84)	(85)	1	1%	(272)	(277)	5	2%
Other expense, net	(15)	(78)	63	81%	(158)	(285)	127	45%
Loss before income taxes	(4,092)	(6,214)	2,122	34%	(14,303)	(57,183)	42,880	75%
Income tax (benefit) expense	(180)	56	236	421%	(302)	131	433	331%
Net Loss	$ (3,912)	$ (6,270)	$ 2,358	38%	$ (14,001)	$ (57,314)	$ 43,313	76%

Comparison of the three and nine months ended September 30, 2026 and 2025

Revenue

	Three months ended September 30,		Change $	Change %	Nine months ended September 30,		Change $	Change %
	2026	2025			2026	2025		
	(dollars in thousands)				(dollars in thousands)			
Revenue								
Hardware	$ 18,492	$ 11,506	$ 6,986	61%	$ 47,497	$ 45,479	$ 2,018	4%
Professional services	6,469	7,035	(566)	(8)%	21,138	15,255	5,883	39%
Hosted services	16,605	17,661	(1,056)	(6)%	51,458	55,120	(3,662)	(7)%
Total revenue	$ 41,566	$ 36,202	$ 5,364	15%	$ 120,093	$ 115,854	$ 4,239	4%

Total revenue increased by $5.4 million, or 15%, to $41.6 million for the three months ended September 30, 2026, from $36.2 million for the three months ended September 30, 2025. The increase was primarily driven by a 53% increase in Units Shipped to 30,705 for the three months ended September 30, 2026 from 20,047 for the three months ended September 30, 2025. Hosted Services revenue from hub amortization decreased by approximately $2.6 million and revenue from SaaS increased by $1.5 million from the three months ended September 30, 2025 to the three months ended September 30, 2026.

Total revenue increased by approximately $4.2 million, or 4%, to $120.1 million for the nine months ended September 30, 2026, from $115.9 million for the nine months ended September 30, 2025. The increase was primarily driven by an 18% increase in Professional Services ARPU to $490 for the nine months ended September 30, 2026 from $416 for the nine months ended September 30, 2025 primarily driven by an increase of $2.9 million related to the installation of hub upgrades and $2.0 million related to the installation of access control solutions. Hosted Services revenue from hub amortization decreased by approximately $8.3 million partially offset by an increase in Hosted Services revenue from SaaS of $4.7 million from the nine months ended September 30, 2025 to the nine months ended September 30, 2026. Further, Hardware ARPU increased by 8% to $543 for the nine months ended September 30, 2026 from $505 for the nine months ended September 30, 2025.

Hardware revenue increased by $7.0 million, or 61%, to $18.5 million for the three months ended September 30, 2026, from $11.5 million for the three months ended September 30, 2025. This increase in hardware revenue was primarily driven by a 53% increase in Units Shipped to 30,705 for the three months ended September 30, 2026 from 20,047 for the three months ended September 30, 2025. Further, hardware revenue related to access control solutions increased by $1.8 million and Hardware ARPU increased by 5% to $602 for the three months ended September 30, 2026 from $574 for the three months ended September 30, 2025.

Hardware revenue increased by $2.0 million, or 4%, to $47.5 million for the nine months ended September 30, 2026, from $45.5 million for the nine months ended September 30, 2025. This increase in hardware revenue was primarily driven by a $1.7 million increase in hardware revenue related to access control solutions and an 8% increase in Hardware ARPU to $543 for the nine months ended September 30, 2026 from $505 for the nine months ended September 30, 2025.

Professional services revenue decreased by approximately $0.5 million, or 8%, to $6.5 million for the three months ended September 30, 2026, from $7.0 million for the three months ended September 30, 2025. The decrease in professional services revenue was primarily driven by a 42% decrease in New Units Deployed, to 13,044 during the three months ended September 30, 2026 from 22,644 for the three months ended September 30, 2025. This was partially offset by a $0.9 million increase in professional services revenue related to access control solutions and a 17% increase in Professional Services ARPU to $525 for the three months ended September 30, 2026 from $449 for the three months ended September 30, 2025.

Professional services revenue increased by approximately $5.8 million, or 39%, to $21.1 million for the nine months ended September 30, 2026, from $15.3 million for the nine months ended September 30, 2025. The increase in professional services revenue was primarily driven by an 18% increase in Professional Services ARPU to $490 for the nine months ended September 30, 2026 from $416 for the nine months ended September 30, 2025 largely due to an increase of $2.9 million related to the installation of hub upgrades and $2.0 million related to the installation of access control solutions.

Hosted Services revenue decreased by approximately $1.1 million, or 6%, to $16.6 million for the three months ended September 30, 2026, from $17.7 million for the three months ended September 30, 2025. Of the $16.6 million revenue in 2026, $15.7 million is related to SaaS Revenue and $0.9 million is related to hub amortization. Revenue from hub amortization decreased by $2.6 million and revenue from SaaS increased by $1.5 million, or 11%, from the three months ended September 30, 2025 to the three months ended September 30, 2026. The increase of SaaS Revenue resulted primarily from an 8% increase in the aggregate number of Units Deployed from 870,230 units at September 30, 2025 to 941,977 units at September 30, 2026.

Hosted Services revenue decreased by approximately $3.6 million, or 7%, to $51.5 million for the nine months ended September 30, 2026, from $55.1 million for the nine months ended September 30, 2025. Of the $51.5 million revenue in 2026, $47.1 million is related to SaaS Revenue and $4.4 million is related to hub amortization. Revenue from hub amortization decreased by approximately $8.3 million and revenue from SaaS increased by $4.7 million, or 11%, from the nine months ended September 30, 2025 to the nine months ended September 30, 2026. The increase of SaaS Revenue resulted primarily from an 8% increase in the aggregate number of Units Deployed from 870,230 units at September 30, 2025 to 941,977 units at September 30, 2026.

We do not expect to deploy any more non-distinct Hub Devices, thus, the revenue contribution from hub amortization should continue to decrease in future periods until the non-distinct Hub Devices are fully amortized. As noted above, revenue from hub amortization decreased by approximately $8.3 million from the nine months ended September 30, 2025 to the nine months ended September 30, 2026. During the remainder of 2026, hub amortization is expected to further decrease by $2.3 million compared to the same periods in 2025. The table below shows the expected revenue contribution from hub amortization.

	2026	2027
	(dollars in thousands)	
Revenue contribution from hub amortization		
Q1[(1)]	$ 2,050	$ 154
Q2[(1)]	1,456	51
Q3[(1)]	877	17
Q4	400	6
Total	$ 4,783	$ 228

(1) Q1, Q2 and Q3 2026 are actual.

Cost of Revenue

	Three months ended September 30,		Change $	Change %	Nine months ended September 30,		Change $	Change %
	2026	2025			2026	2025		
	(dollars in thousands)				(dollars in thousands)			
Cost of revenue								
Hardware	$ 13,642	$ 13,836	$ (194)	(1)%	$ 38,132	$ 40,664	$ (2,532)	(6)%
Professional services	6,284	6,800	(516)	(8)%	19,042	20,330	(1,288)	(6)%
Hosted services	4,531	5,997	(1,466)	(24)%	14,469	19,061	(4,592)	(24)%
Total cost of revenue	$ 24,457	$ 26,633	$ (2,176)	(8)%	$ 71,643	$ 80,055	$ (8,412)	(11)%

Total cost of revenue decreased by $2.2 million, or 8%, to $24.5 million for the three months ended September 30, 2026, from approximately $26.7 million for the three months ended September 30, 2025. The decrease in cost of revenue resulted primarily from a $1.3 million decrease in hub amortization, and a 42% decrease in New Units Deployed. Notably, the total cost of revenue decreased in the period while total revenue increased driven by changes such as cost reductions executed in the second half of 2025, improved unit economics derived from more diligent purchasing and inventory management, and other factors that are disclosed below.

Total cost of revenue decreased by $8.4 million, or 11%, to $71.6 million for the nine months ended September 30, 2026, from approximately $80.0 million for the nine months ended September 30, 2025. The decrease in cost of revenue resulted primarily from a $4.0 million decrease in hub amortization and a $2.9 million decrease in inventory obsolescence. Notably, the total cost of revenue decreased in the period while total revenue increased driven by changes such as cost reductions executed in the second half of 2025, improved unit economics derived from more diligent purchasing and inventory management, and other factors that are disclosed below.

Hardware cost of revenue decreased by $0.2 million, or 1%, to $13.6 million for the three months ended September 30, 2026, from $13.8 million for the three months ended September 30, 2025. This decrease in hardware cost of revenue was primarily attributable to a $2.6 million decrease in inventory obsolescence and a $0.9 million tariff recovery recorded in Q3-2026 with no counterpart in Q3-2025. The decreases were partially offset by a 53% increase in Units Shipped.

Hardware cost of revenue decreased by approximately $2.6 million, or 6%, to $38.1 million for the nine months ended September 30, 2026, from $40.7 million for the nine months ended September 30, 2025. This decrease in hardware cost of revenue was primarily attributable to a $2.9 million decrease in inventory obsolescence.

Professional services cost of revenue decreased by $0.5 million, or 8%, to $6.3 million for the three months ended September 30, 2026, from $6.8 million for the three months ended September 30, 2025. The decrease is primarily attributable to a decrease of $0.5 million in fixed, personnel-related costs resulting from actions executed in the second half of 2025.

Professional services cost of revenue decreased by $1.3 million, or 6%, to $19.0 million for the nine months ended September 30, 2026, from $20.3 million for the nine months ended September 30, 2025. The decrease in professional services cost of revenue is primarily attributable to a decrease of $3.1 million in fixed, personnel-related costs resulting from actions executed in the second half of 2025, partially offset by an increase of $2.4 million in third-party direct labor costs.

Hosted Services cost of revenue decreased by approximately $1.5 million, or 24%, to $4.5 million for the three months ended September 30, 2026, from $6.0 million for the three months ended September 30, 2025. The decrease resulted primarily from a $1.3 million decrease in hub amortization expense.

Hosted Services cost of revenue decreased by approximately $4.6 million, or 24%, to $14.5 million for the nine months ended September 30, 2026, from $19.1 million for the nine months ended September 30, 2025. The decrease resulted primarily from a $4.0 million decrease in hub amortization expense.

Operating Expenses

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
	2026	2025	$	%	2026	2025	$	%
	(dollars in thousands)				(dollars in thousands)			
Research and development	$ 5,476	$ 6,149	$ (673)	(11)%	$ 17,204	$ 20,872	$ (3,668)	(18)%
Sales and marketing	5,689	4,354	1,335	31%	15,360	15,499	(139)	(1)%
General and administrative	10,752	6,093	4,659	76%	32,249	34,500	(2,251)	(7)%

Research and development expenses decreased by $0.7 million, or 11%, to $5.5 million for the three months ended September 30, 2026, from approximately $6.2 million for the three months ended September 30, 2025, primarily related to a decrease of $1.0 million in personnel-related expenses. We believe our research and development expenses will increase in future periods in connection with expenses required to execute Vision 2028.

Research and development expenses decreased by $3.7 million, or 18%, to $17.2 million for the nine months ended September 30, 2026, from $20.9 million for the nine months ended September 30, 2025, primarily related to a decrease of $4.1 million in personnel-related expenses.

Sales and marketing expenses increased by $1.3 million, or 31%, to $5.7 million for the three months ended September 30, 2026 from $4.4 million for the three months ended September 30, 2025, resulting primarily from an increase of $0.5 million in personnel-related expenses. We believe our sales and marketing expenses will increase in future periods as we continue to invest in building a scalable sales organization in connection with fulfilling the objectives of Vision 2028.

Sales and marketing expenses decreased by approximately $0.1 million, or 1%, to $15.4 million for the nine months ended September 30, 2026 from $15.5 million for the nine months ended September 30, 2025, resulting primarily from a decrease of $1.6 million in third-party marketing expenses, partially offset by a $0.4 million increase in personnel-related expenses and a $0.4 million increase in travel expenses.

General and administrative expenses increased by $4.7 million, or 76%, to $10.8 million for the three months ended September 30, 2026 from $6.1 million for the three months ended September 30, 2025. This was primarily driven by a $2.6 million net legal accrual reversal during the three months ended September 30, 2025 which had no 2026 counterpart and a $1.4 million increase in personnel-related expenses.

General and administrative expenses decreased by $2.3 million, or 7%, to $32.2 million for the nine months ended September 30, 2026 from $34.5 million for the nine months ended September 30, 2025. This was primarily driven by a $6.0 million decrease in legal matters partially offset by a $2.5 million increase in personnel-related expenses.

Goodwill Impairment Charge

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
	2026	2025	$	%	2026	2025	$	%
	(dollars in thousands)				(dollars in thousands)			
Impairment charge	$ -	$ -	$ -	0%	$ -	$ 24,929	$ (24,929)	(100)%

During the three months ended March 31, 2025, we identified certain indicators of impairment, which resulted in a goodwill impairment charge of $24.9 million. No such charges were recorded during the remainder of 2025 or during the three or nine months ended September 30, 2026. See Note 2 - Significant Accounting Policies for additional information.

Other Income

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
	2026	2025	$	%	2026	2025	$	%
	(dollars in thousands)				(dollars in thousands)			
Interest income	$ 815	$ 976	$ (161)	(16)%	$ 2,490	$ 3,380	$ (890)	(26)%
Interest expense	(84)	(85)	1	1%	(272)	(277)	5	2%
Other expense, net	(15)	(78)	63	81%	(158)	(285)	127	45%

Interest income decreased by $0.2 million to $0.8 million for the three months ended September 30, 2026, from $1.0 million for the three months ended September 30, 2025. The decrease in interest income is primarily attributable to a lower cash balance on which we are earning interest, and a decrease in interest rates.

Interest income decreased by $0.9 million to $2.5 million for the nine months ended September 30, 2026, from $3.4 million for the nine months ended September 30, 2025. The decrease in interest income is primarily attributable to a lower cash balance on which we are earning interest, and a decrease in interest rates.

Interest expense was flat at $0.1 million for the three months ended September 30, 2026 and 2025.

Interest expense was flat at $0.3 million for the nine months ended September 30, 2026 and 2025.

Other expense, net was flat at less than $0.1 million for the three months ended September 30, 2026 and 2025.

Other expense, net decreased by $0.1 million to $(0.2) million for the nine months ended September 30, 2026, from $(0.3) million for the nine months ended September 30, 2025. The decrease in other expense, net is primarily attributable to changes in foreign exchange rates.

Income Taxes

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
	2026	2025	$	%	2026	2025	$	%
	(dollars in thousands)				(dollars in thousands)			
Loss before income taxes	$ (4,092)	$ (6,214)	$ 2,122	34%	$ (14,303)	$ (57,183)	$ 42,880	75%
Income tax (benefit) expense	(180)	56	236	421%	(302)	131	433	331%

We provided a full valuation allowance on our net U.S. federal and state deferred tax assets on September 30, 2026 and 2025.

As of December 31, 2025, we had gross net operating losses of $252.9 million and $246.0 million for federal and state income tax return purposes, respectively. Federal net operating losses can be carried forward indefinitely, while state net operating losses will expire between 2032 and 2045. We also have $0.1 million of R&D credits available that expire in 2039.

The income tax benefit is related to foreign losses offset by foreign and state taxes.

Non-GAAP Financial Measures

To supplement the condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we present EBITDA and Adjusted EBITDA, described below, as non-GAAP measures. We believe the presentation of both GAAP and non-GAAP financial measures provides investors with increased transparency into financial measures used by our management team and improves investors' understanding of our underlying operating performance and their ability to analyze our ongoing operating trends.

All historic non-GAAP financial measures have been reconciled with the most directly comparable GAAP financial measures - these non-GAAP financial measures are not intended to supersede or replace our GAAP results.

We define EBITDA as net income (loss) computed in accordance with GAAP before interest income, net, income tax expense (benefit) and depreciation and amortization.

We define Adjusted EBITDA as EBITDA before expenses related to certain legal matters, stock-based compensation, goodwill impairment, certain inventory write-offs, non-recurring warranty provisions, other acquisition expenses, and other expenses caused by non-recurring, or unusual, events that are not indicative of our ongoing business.

Our management uses EBITDA and Adjusted EBITDA to assess our financial and operating performance, and we believe these measures are helpful to management and external users in understanding our performance. EBITDA and Adjusted EBITDA help management identify controllable cash expenses and make decisions designed to help us meet our identified financial and operational goals and to optimize our financial performance, while neutralizing the impact of some expenses included in our operating results caused by external influences over which management has little or no control and by non-recurring, or unusual, events that might otherwise mask trends in our performance. Accordingly, we believe these metrics measure our financial performance based on operational factors that management can impact in the short-term, namely our cost structure and expenses.

We believe that the presentation of EBITDA and Adjusted EBITDA provides information useful to investors in assessing our results of operations. The GAAP measure most directly comparable to EBITDA and Adjusted EBITDA is net income (loss). EBITDA and Adjusted EBITDA are not used as measures of our liquidity and should not be considered alternatives to net income (loss) or any other measure of financial performance presented in accordance with GAAP. Our EBITDA and Adjusted EBITDA may not be comparable to the EBITDA and Adjusted EBITDA of other companies due to the fact that not all companies use the same definitions of EBITDA and Adjusted EBITDA. Accordingly, there can be no assurance that our basis for computing these non-GAAP measures is comparable with that of other companies.

The following table presents a reconciliation of net loss (as determined in accordance with GAAP) to EBITDA and Adjusted EBITDA for each of the periods indicated.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(dollars in thousands)		(dollars in thousands)	
Net loss	$ (3,912)	$ (6,270)	$ (14,001)	$ (57,314)
Interest income, net	(731)	(891)	(2,218)	(3,103)
Income tax (benefit) expense	(180)	56	(302)	131
Depreciation and amortization	2,227	2,201	6,741	6,210
EBITDA	(2,596)	(4,904)	(9,780)	(54,076)
Legal matters	-	(2,464)	1,422	1,861
Stock-based compensation	3,165	2,084	9,455	7,081
Goodwill impairment[1]	-	-	-	24,929
Inventory write-off	-	1,794	-	1,794
Non-recurring warranty provision	-	(350)	-	(500)
Other acquisition expenses	-	-	-	(231)
Other non-operating expenses[2]	489	915	1,052	2,496
Adjusted EBITDA	$ 1,058	$ (2,925)	$ 2,149	$ (16,646)

(1) Refer to Note 2 "Significant Accounting Policies."

(2) During the three months ended September 30, 2026 other non-operating expenses includes restructuring costs of $267 and capitalized software implementation amortization of $174. During the three months ended September 30, 2025 other non-operating expenses includes severance expense of $771 and capitalized software implementation amortization of $145. During the nine months ended September 30, 2026 other non-operating expenses includes capitalized software implementation amortization of $471, restructuring costs of $267 and capitalized software impairment of $208. During the nine months ended September 30, 2025 other non-operating expenses includes severance expense of $2,187 and capitalized software implementation amortization of $434.

Liquidity and Capital Resources

Sources of Liquidity

As of September 30, 2026, we had cash and cash equivalents of $89.2 million, which were held for working capital and general corporate purposes. Our cash equivalents are comprised primarily of money market funds. To date, our principal sources of liquidity have been the net proceeds received as a result of the business combination with SmartRent.com, Inc., and payments collected from sales to our customers.

Debt Issuances

In December 2021, we entered into a $75.0 million senior secured revolving credit facility with a five-year term (the "Senior Revolving Facility"*)*. Interest rates for draws upon the Senior Revolving Facility are determined by whether we elect a secured overnight financing rate loan (“SOFR Loan”) or alternate base rate loan (”ABR Loan”). For SOFR Loans, the interest rate is based upon the forward-looking term rate based on SOFR as published by the CME Group Benchmark Administration Limited ("CBA") plus 0.10%, subject to a floor of 0.00%, plus an applicable margin. For ABR Loans, the interest rate is based upon the highest of (i) the Prime Rate, (ii) the Federal Funds Effective Rate plus 0.50%, or (iii) 3.25%, plus an applicable margin. As of September 30, 2026, the applicable margins for SOFR Loans and ABR Loans under the Senior Revolving Facility were 1.75% and (0.50%), respectively. The Senior Revolving Facility is secured by substantially all of our assets and guaranteed by each of our material domestic subsidiaries.

We believe that our current cash, cash equivalents, available borrowing capacity under the Senior Revolving Facility, and cash raised in the business combination with SmartRent.com, Inc. will be sufficient to fund our operations for at least the next 12 months beyond the issuance date of this Report. The Senior Revolving Facility matures in December 2026. We are evaluating alternatives with respect to our borrowing arrangements in connection with that maturity. Our future capital requirements, however, will depend on many factors, including our sales volume, the expansion of sales and marketing activities, and market adoption of our new and enhanced products and features. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. From time to time, we may seek to raise additional funds through equity and debt. If we are unable to raise additional capital when desired and on reasonable terms, our business, results of operations, and financial condition may be adversely affected.

Stock Repurchase Program

In March 2024, the Board authorized a stock repurchase program pursuant to which we may repurchase up to $50.0 million of our Class A common stock. In July 2026, the Board approved the termination of this stock repurchase program which had $13.4 million available for repurchase as of June 30, 2026 and authorized a new stock repurchase program pursuant to which we may repurchase up to $25.0 million of our outstanding Class A common stock. The new authorization replaced the prior repurchase program in its entirety.

Repurchases under the new program may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The new repurchase program does not obligate us to acquire any particular amount of our Class A common stock and may be suspended at any time at our discretion. The timing and number of shares repurchased will depend on a variety of factors, including the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors.

During the three months ended September 30, 2026, we repurchased 2.5 million shares of our Class A common stock under the stock repurchase program at an average price of approximately $1.37 per share for a total of $3.4 million. During the nine months ended September 30, 2026, we repurchased 5.3 million shares of our Class A common stock under the stock repurchase programs at an average price of approximately $1.29 per share for a total of $6.8 million. As of September 30, 2026, approximately $21.6 million remained available for stock repurchases pursuant to the new stock repurchase program.

During the nine months ended September 30, 2025, we repurchased 5.1 million shares of our Class A common stock under the stock repurchase program at an average price of approximately $0.96 per share for a total of $4.9 million. There were no such purchases during the three months ended September 30, 2025.

Cash Flow Summary - Nine Months Ended September 30, 2026 and 2025

The following table summarizes our cash flows for the periods presented.

	Nine months ended September 30,	
	2026	2025
	(dollars in thousands)	
Net cash used in		
Operating activities	$ (3,358)	$ (29,232)
Investing activities	(5,334)	(6,941)
Financing activities	(6,957)	(6,996)

Operating Activities

For the nine months ended September 30, 2026, our operating activities used $3.4 million in cash resulting primarily from our net loss of $14.0 million and $6.7 million used in changes in our operating assets and liabilities, partially offset by $17.3 million provided by non-cash expenses. Changes in our operating assets and liabilities primarily resulted from a $17.9 million decrease in deferred revenue, and a $7.8 million increase in prepaid expenses and other assets, partially offset by a $13.5 million decrease in accounts receivable and a $4.7 million decrease in inventory. Non-cash expenses consisted primarily of $9.5 million of stock compensation and $6.7 million of depreciation and amortization.

For the nine months ended September 30, 2025, our operating activities used $29.2 million in cash resulting primarily from our net loss of $57.3 million and $14.7 million used in changes in our operating assets and liabilities, partially offset by approximately $42.8 million provided by non-cash expenses. Changes in our operating assets and liabilities primarily resulted from a $28.9 million decrease in deferred revenue, partially offset by a $7.9 million decrease in accounts receivable and a $7.1 million decrease in deferred cost of revenue. Non-cash expenses consisted primarily of a $24.9 million goodwill impairment - refer to Note 2 Significant Accounting Policies, $7.1 million of stock compensation and $6.2 million of depreciation and amortization.

Investing Activities

For the nine months ended September 30, 2026, we used $5.3 million of cash for investing activities, primarily related to cash paid of $4.9 million for capitalized software development costs.

For the nine months ended September 30, 2025, we used $6.9 million of cash for investing activities, primarily related to cash paid of $3.6 million for the purchase of property and equipment and $3.4 million for capitalized internal-use software development costs.

Financing Activities

For the nine months ended September 30, 2026, our financing activities used $7.0 million of cash, resulting primarily from $6.8 million used for repurchases of Class A common stock.

For the nine months ended September 30, 2025, our financing activities used $7.0 million of cash, resulting primarily from $4.9 million used for repurchases of Class A common stock and $1.5 million used for earnout payments related to the 2021 iQuue acquisition.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2026.

Critical Accounting Estimates

We prepare our condensed consolidated financial statements in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates, assumptions and judgments that can significantly impact the amounts we report as assets, liabilities, revenue, costs and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates under different assumptions and conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance as these policies involve a greater degree of judgment and complexity.

Revenue Recognition

We derive revenue primarily from sales of systems that consist of hardware devices, professional installation services and Hosted Services to assist property owners and property managers with visibility and control over assets, while providing all-in-one home control offerings for residents. Revenue is recognized when control of these products and services are transferred to the customer in an amount that reflects the consideration we expect to be entitled to receive in exchange for those products and services.

Payments we receive by check or automated clearing house payments, and payment terms are determined by individual contracts and range from due upon receipt to net 30 days. When payment terms are significantly extended or differ from general terms, we evaluate the existence of a significant financing component in the contract and recognizes any related financing receivable within other assets in the condensed consolidated balance sheet. Taxes collected from customers and remitted to governmental authorities are not included in reported revenue. Payments received from customers in advance of revenue recognition are reported as deferred revenue.

We apply the practical expedient that allows for inclusion of the future auto-renewals in the initial measurement of the transaction price. We only apply these steps when it is probable that we will collect the consideration to which we are entitled in exchange for the goods or services we transfer to a customer.

Accounting for contracts recognized over time involves the use of various estimates of total contract revenue and costs. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation may be revised in the future as we observe the economic performance of our contracts. Changes in job performance, job conditions and estimated profitability may result in revision to our estimates of revenue and costs and are recognized in the period in which the revision is identified.

We may enter into contracts that contain multiple distinct performance obligations including hardware and Hosted Services. The hardware performance obligation includes the delivery of hardware, and the Hosted Services performance obligation allows the customer use of our software during the contracted-use term. The subscription for the software and certain Hub Devices combine as one performance obligation, and there is no support or ongoing subscription for other device hardware. We partner with several manufacturers to offer a range of compatible hardware options for our customers. We maintain control of the hardware purchased from manufacturers prior to it being transferred to the customer, and accordingly, SmartRent is considered the principal in these arrangements.

For each performance obligation identified, we estimate the standalone selling price, which represents the price at which we would sell the good or service separately. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price, considering available information such as market conditions, historical pricing data, and internal pricing guidelines related to the performance obligations. We then allocate the transaction price among those obligations based on the estimation of the standalone selling price.

Goodwill

Goodwill represents the excess of cost over net assets of our completed business combinations. We test for potential impairment of goodwill on an annual basis as of September 30 to determine if the carrying value is less than the fair value. We conduct additional tests between annual tests if there are indications of potential goodwill impairment. During the three months ended March 31, 2025, we experienced a sustained decline in stock price, resulting in a significant decrease in market capitalization. As a result, we conducted an interim impairment test utilizing the qualitative approach and determined that impairment was more likely than not. As a result, we then performed an interim quantitative impairment test which resulted in an indication of impairment.

The fair value of the reporting unit used in this impairment test was determined using a combination of an income approach and market-based approach. The mix between the two approaches requires significant judgment. As a result of these tests, we recorded a goodwill impairment charge of $24.9 million during the three months ended March 31, 2025.

The significant assumptions used in determining the fair value of the reporting unit under the income approach primarily relate to the revenue growth rate, forecasted EBITDA, and the discount rate used in the discounted cash flow model. The market approach is based on our market capitalization as of the measurement date, adjusted for a control premium. The significant assumptions used in the market approach primarily relate to the selected control premium.

To the extent that inputs and assumptions used in the analysis change, such as an increased discount rate, updated cash flow projections, or decreases to guideline companies' multiples, additional impairment charges may be recorded in the future. In addition, a further decrease in our common stock share price and market capitalization or significant changes to the Company's long-term forecast could be an indicator of a decrease in the fair value of our equity.

As noted above, the estimates and assumptions regarding expected future cash flows, discount rates, and revenue and EBITDA multiples require considerable judgment and are based on market conditions, financial forecasts, industry trends, and historical experience. These estimates have inherent uncertainties as they may be based on varying assumptions which could lead to materially different results. Our goodwill balance was $92.3 million as of September 30, 2026 and December 31, 2025.

Inventory Valuation

Inventories are stated at the lower of cost or estimated net realizable value. Cost is computed under the first-in, first-out method. We adjust the inventory balance based on anticipated obsolescence, usage, and historical write-offs. Significant judgment is used in establishing our forecasts of future demand and obsolete material exposures. We consider marketability and product life cycle stage, product development plans, demand forecasts, historical revenue, and assumptions about future demand and market conditions in establishing our estimates. If the actual product demand is significantly lower than forecast, which may be caused by factors within and outside of our control, or if there were a higher incidence of inventory obsolescence because of rapidly changing technology and our customer requirements, we may be required to increase our inventory adjustment. A change in our estimates could have a significant impact on the value of our inventory and our results of operations.

Stock-Based Compensation

Our stock-based compensation relates to stock options, restricted stock units ("RSUs") and performance stock units ("PSUs") granted to our employees and directors. Stock-based awards are measured based on the grant date fair value. We estimate the fair value of stock option awards on the grant date using the Black-Scholes option-pricing model. The fair value of RSUs is based on the grant date fair value of the stock price. The fair value of these awards is recognized as compensation expense on a straight-line basis over the requisite service period in which the awards are expected to vest. Forfeitures are recognized as they occur by reversing previously recognized compensation expense.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include the per share fair value of the underlying common stock, exercise price, expected term, risk-free interest rate, expected annual dividend yield, the expected stock price volatility over the expected term and forfeitures, which are recognized as they occur.

The grant date fair value is also utilized with respect to RSUs which vest based on performance and time based service conditions. For RSUs with a performance condition as well as a time-based service condition, compensation expense is recognized over the service period based on the number of awards that the Company believes is probable to vest.

Emerging Growth Company Status

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts “emerging growth companies” as defined in Section 2(A) of the Securities Act of 1933, as amended, from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an “emerging growth company” and have elected to take advantage of the benefits of this extended transition period.

We will use this extended transition period for complying with new or revised accounting standards that have different effective dates for public business entities and non-public business entities until the earlier of the date we (a) are no longer an emerging growth company or (b) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. The extended transition period exemptions afforded by our emerging growth company status may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of this exemption because of the potential differences in accounting standards used.

We will remain an “emerging growth company” under the JOBS Act until the earliest of (a) the last day of the fiscal year following the fifth anniversary of the initial public offering by FWAA, our predecessor entity, which closed on February 9, 2021, (b) the last day of our fiscal year in which we have total annual gross revenue of at least $1.235 billion, (c) the last day of our fiscal year in which we are deemed to be a “large accelerated filer” under the rules of the SEC with at least $700.0 million of outstanding securities held by non-affiliates or (d) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years. Based on the fifth anniversary of the initial public offering of our predecessor entity, we expect to cease to be an emerging growth company on December 31, 2026.

Recent Accounting Pronouncements

See Note 2 Significant Accounting Policies - Recent Accounting Guidance for more information.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

We do not believe that inflation has had a material effect, to date, on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

Interest Rate Fluctuation Risk

As of September 30, 2026, we had cash and cash equivalents of approximately $89.2 million, which consisted primarily of institutional money market funds, which carries a degree of interest rate risk. A hypothetical 10% change in interest rates would increase our annual interest income by $8.9 million, or decrease our annual interest income by $0.4 million, based on our cash position as of September 30, 2026.

Foreign Currency Exchange Rate Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our revenue is generated in U.S. dollars. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the United States and to a lesser extent in Croatia and other international markets. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical consolidated financial statements. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Item 4 - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on such evaluation, our President and Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2026, at the reasonable assurance level to ensure that the information required to be disclosed by us in this Report was (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and (ii) accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1 - Legal Proceedings

From time to time, we are subject to various claims, charges and litigation matters that arise in the ordinary course of business. We believe these actions are a normal incident of the nature and kind of business in which we are engaged. While it is not feasible to predict the outcome of these matters with certainty, we do not believe that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or prospects. See Note 11 - Commitments and Contingencies for additional information.

Item 1A - Risk Factors

We are subject to various risks and uncertainties in the course of our business. For a discussion of risks and uncertainties relating to our business, please see the section titled "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on March 4, 2026. There have been no material changes from the risk factors disclosed therein. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future SEC filings.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

None.

(c) Issuer Purchases of Equity Securities

The following table summarizes the share repurchase activity for the three months ended September 30, 2026.

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
		(in thousands, except per share amounts)		
July 1 - July 31, 2026	-	$ -	-	$ 25,000
August 1 - August 31, 2026	1,646	$ 1.43	1,646	$ 22,667
September 1 - September 30, 2026	849	$ 1.26	849	$ 21,609
Total	2,495		2,495	

(1) In July 2026, our board of directors authorized the repurchase of up to $25,000,000 of our Class A common stock. Repurchases under the program can be made through open market transactions, privately negotiated transactions and other means in compliance with applicable federal securities laws, including through Rule 10b5-1 plans. We have discretion in determining the conditions under which shares may be repurchased from time to time. The repurchase program does not have an expiration date and may be suspended at any time at our discretion. Refer to Note 7 — Convertible Preferred Stock and Equity in Part I, Item 1 of this Report for additional information related to share repurchases.

(2) Average price paid per share includes costs associated with the repurchases.

Item 3 – Defaults Upon Senior Securities

None.

Item 4 – Mine Safety Disclosures

Not Applicable.

Item 5 – Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended September 30, 2026, none of our directors or executive officers adopted, modified or terminated any “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (each as defined in Item 408 of Regulation S-K).

Item 6 - Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

		Incorporated by Reference		
Exhibit	**Exhibit Description**	**Form**	**Exhibit**	**Filing Date**
3.1	Third Amended and Restated Certificate of Incorporation.	8-K	3.1	August 30, 2021
3.2	Amended and Restated Bylaws.	8-K	3.1	November 17, 2025
10.1†	Amended and Restated Employment Agreement, dated as of April 22, 2026, by and between SmartRent, Inc. and Natalie Cariola.	10-Q	10.1	May 6, 2026
10.2†	SmartRent, Inc. 2021 Equity Incentive Plan, as amended and restated.	8-K	10.1	May 13, 2026
10.3†	SmartRent, Inc. 2021 Employee Stock Purchase Plan, as amended and restated.	10-Q	10.3	August 5, 2026
31.1	Certification of Principal Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			Filed herewith
31.2	Certification of Principal Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			Filed herewith
32.1	Certification of Principal Executive Officer as adopted pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			Filed herewith
32.2	Certification of Principal Financial Officer as adopted pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			Filed herewith
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* The certifications attached as Exhibit 32.1 and 32.2 that accompany this Report are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of SmartRent, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

† Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized, on this 4th day of November 2026.

SmartRent, Inc.

By: /s/ Frank Martell

Frank Martell
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Daryl Stemm

Daryl Stemm
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a), UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank Martell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SmartRent, Inc. for the period ended September 30, 2026;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

/s/ FRANK MARTELL
Frank Martell
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a), UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daryl Stemm, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SmartRent, Inc. for the period ended September 30, 2026;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

/s/ DARYL STEMM
Daryl Stemm
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SmartRent, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Frank Martell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2026

/s/ FRANK MARTELL
Frank Martell
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SmartRent, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Daryl Stemm, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2026

/s/ DARYL STEMM
Daryl Stemm
Chief Financial Officer
(Principal Financial and Accounting Officer)