

April 20, 2018

To Our Stockholders,

What makes an enduring company?

At ShotSpotter, we believe an enduring company delivers compelling business results – and in 2017 we certainly did so. But truly durable companies are also built on strong foundations of corporate purpose and values that inspire everyone in the organization to work together effectively and successfully.

Since our early days, our purpose has been a reflection – and the result – of our belief in technological solutions to intractable problems and our commitment to making a positive impact on society. Working together within that purpose, we produced excellent 2017 results in strong revenue growth and other key operating metrics.

Revenues in 2017 increased by 53% to \$23.8 million, as we added 114 net new miles of coverage, up from \$15.5 million in 2016. Gross profit in 2017 increased by 95% to \$11.6 million (49% of revenue), from \$6.0 million (38% of revenue) in 2016. As of December 31, 2017, the company was debt free, had cash and cash equivalents of \$19.6 million and short-term deferred revenue of \$15.8 million. Key operating metrics success included a revenue retention rate of 141%, a sales and marketing spend per dollar of new annualized contract revenue of \$0.34 and improvement in our Net Promoter Score to 55.

We look for our momentum to continue in 2018, as ShotSpotter's technology is increasingly being recognized as a proven and effective method to address the large, growing and costly problem of gun violence in cities across the United States and beyond. We are establishing ourselves as the leader in providing these important public safety solutions, which help protect communities and law enforcement personnel responding to and addressing gun crime.

While we are very early in our journey as a company in “doing work that matters”, it is critical that we stay focused on our purpose and values. Our collective passion in our mission and purpose will establish ShotSpotter as an enduring company.

We continue to be excited about what is ahead and believe we have enormous potential for further growth and success. I look forward to reporting further on our progress realizing that potential as we move forward together on this journey. We are extremely grateful for your support.

Sincerely,



Ralph A. Clark
Chief Executive Officer