

The background of the slide is a photograph of Fenway Park in Boston. The iconic green marquee is visible, displaying "FENWAY PARK HOME OF THE BOSTON RED SOX" in red lettering. A large red Sox sock logo is also visible on the left side of the marquee. The sky is blue, and the stadium's architecture is partially visible.

Evolv Technology



2023 Analyst Day

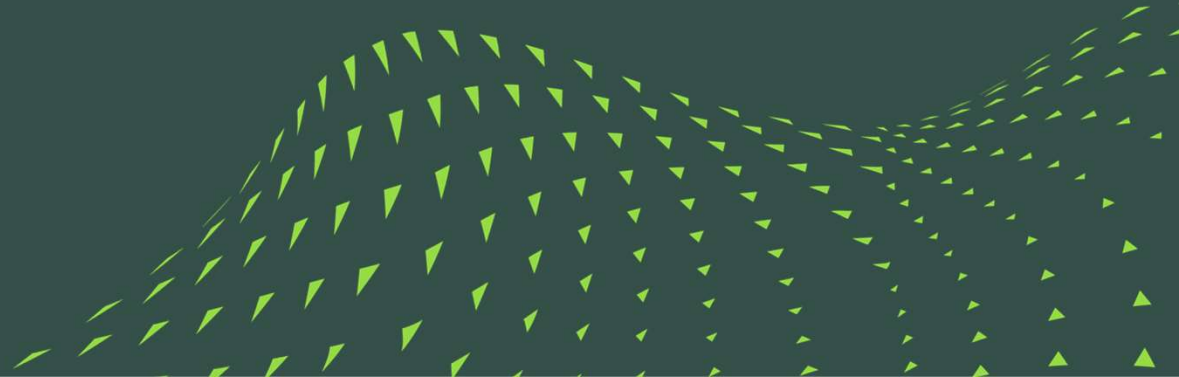
May 25, 2023 | Boston, Massachusetts



Business Model

Mark Donohue

Chief Financial Officer



Mark Donohue



Over 25 years of experience in financial leadership roles in both public and private technology and services companies.



Senior Director –
Strategy, FP&A,
IR & Treasury



Vice President
of Finance



Chief Financial
Officer



Chief Financial
Officer

Mark Donohue

Chief Financial Officer

Accounting

Treasury

Manufacturing
and Quality

IR and BI

IT and
Cybersecurity

FP&A

Agenda

Review of Q1 2023 Financial Results

Review of 2023 Business Outlook

Review of Business Model

Illustrative Subscription Economics

Expanding our Columbia Tech Partnership

Long Term Operating Model

Maximizing Shareholder Value



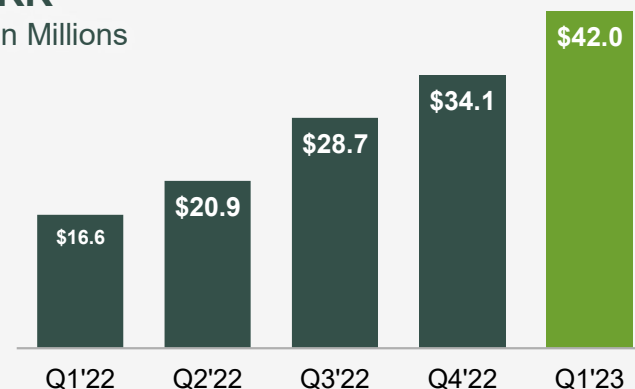
Strong Q1'23 Financial Results

Key Highlights

- Revenue growth of 113% in Q1'23
- ARR growth of 153% YoY in Q1'23
- RPO growth of 154% YoY in Q1'23
- Subscription growth of 206% YoY to 2,787
- Adjusted gross margin expanded to 27% vs. 12% in Q1'22
- Adjusted EBITDA improved 11% YoY

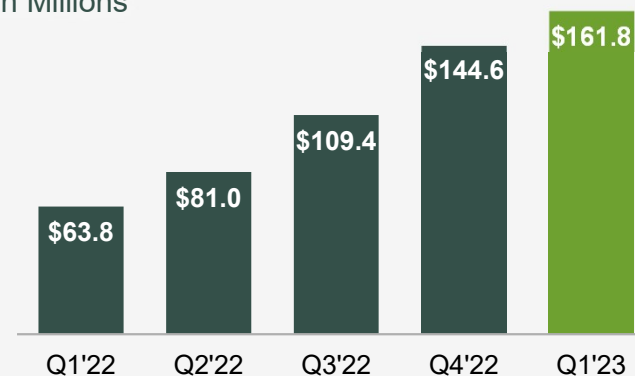
ARR

\$ in Millions

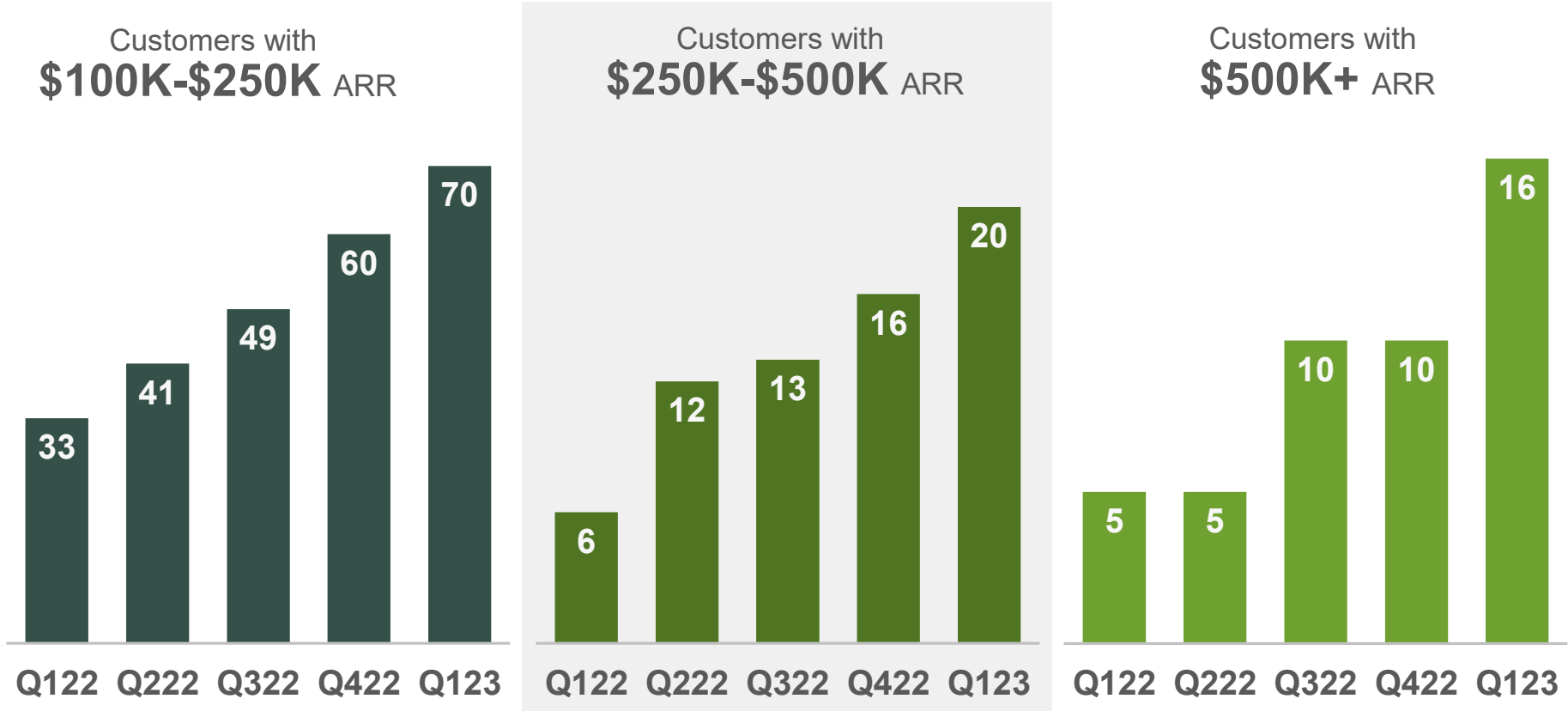


Remaining Performance Obligation

\$ in Millions

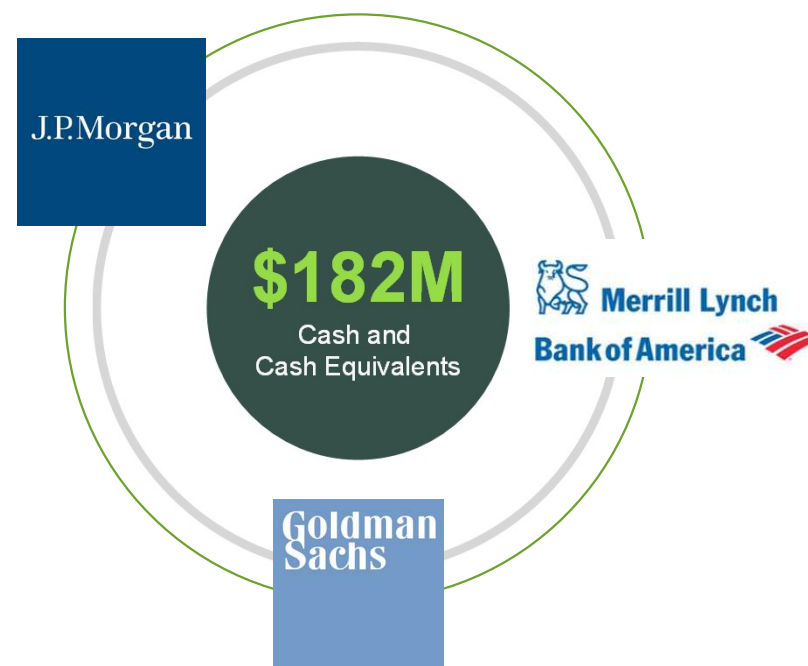


Recurring Revenue Growth is Accelerating



Strong Balance Sheet and Cash Position

- \$182M in cash and cash equivalents and \$0 debt
- Terminated credit facility in Q1'23
- Launched the Investment Committee of the BoD in Q1'23
- Diversified holdings at JP Morgan, Goldman Sachs and Bank of America / Merrill Lynch
- No bank-specific counter party risk
- Heavily weighted toward U.S. government backed securities



Expect to reach break even with cash resources on hand

Highly Visible and Predictable Model

- **Innovative Software-as-a-Service** model
- **Four-year, non-cancellable** SaaS contracts
- **Monthly subscription** optimizes visibility
- **Strong contributions** from channel partners
- **Compressing sales cycles**
- **Contracts** enable add-ons and expansions



Illustrative Subscription Economics

Cash Basis



~3K Units Deployed as of March 31, 2023 | 700K Unit TAM

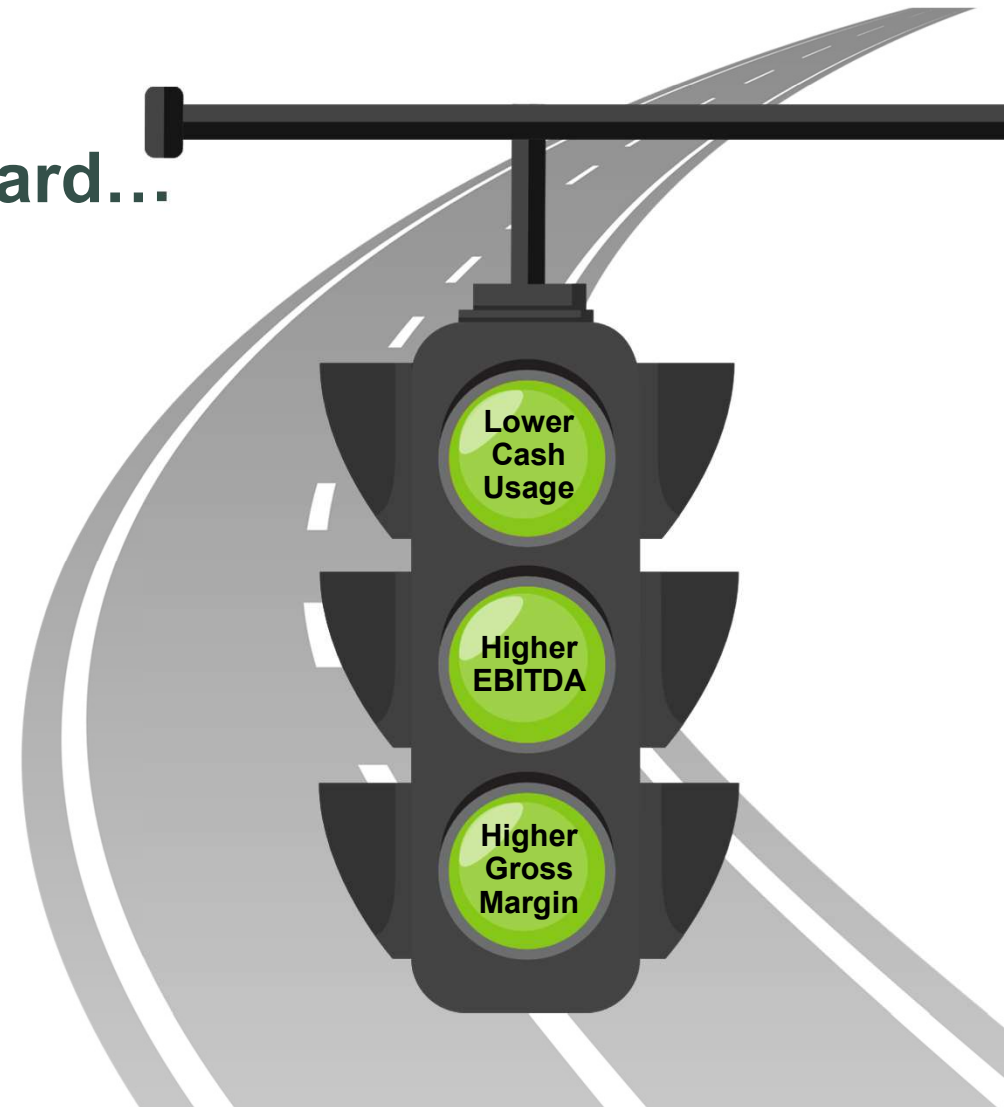
Two Very Different Business Models...

Model	Description	Result
“Pure” Subscription	Customer leases h/w and then enters a four-year subscription contract	Direct match between the recognition of the contract revenue and contract CoGS
“Purchase” Subscription	Customer buys h/w and then enters a four-year subscription contract	Negative gross margins in the early stages of arrangement Injects variability into our financial results due to accounting rules

We pursued a **THIRD model designed to reduce the pressure on printed gross margins while making us agnostic to the contracting preference of the customer.**

Introducing a New Way Forward...

- New expanded partnership with long time contract manufacturing partner Columbia Tech (CT)
- CT has become a non-exclusive distributor of Evolv Express® for customers desiring to purchase the asset
- **No change for end customer** who places one order with EVLV reseller which splits h/w order to CT and subscription order to us
- **Achieve EBITDA Breakeven** to 1H 2025 with ~\$75-\$100M of Cash and Cash Equivalents



Who is Columbia Technology?



Columbia Technology



**Primary
Contract
Manufacturer
Since
Day 1**



Have Produced

3,000+

Evolv Express Units

800,000 sq. ft.

of Contract
Manufacturing/
Assembly Space



Focus on Outsourced
Manufacturing for
Market Leading
Technology Companies



Strong Revenue
and Profitability
with 1,000+
Employees

4th Generation

Privately held commercialization and
manufacturing business located in
Westborough, Massachusetts

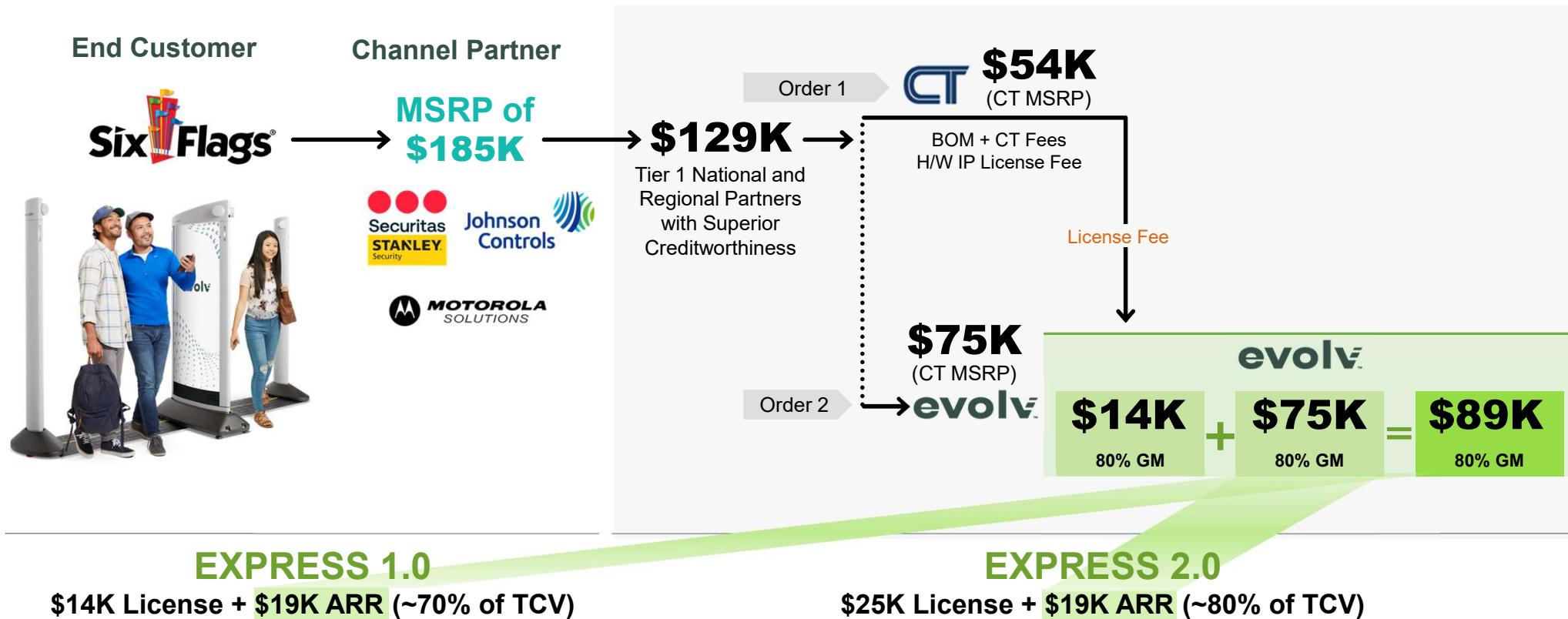
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COMPANIES INC
COMMERCIALIZATION. personalized.

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Making the World a Safer Place



Purchase Subscription Transactions Will Go Through CT



Road to Expanding Gross Margin

THE REARVIEW MIRROR – 2022

	% of Revenue	Gross Margin
Product	58%	(30%)
Subscription	32%	57%
Service	10%	22%
Total	100%	3%

ARR % of Revenue = 39%

THE WINDSHIELD – 2024

	% of Revenue	Gross Margin
Product	~5%	Low
Subscription	~75%	60-75%
Service	~20%	60-75%
Total	100%	60-70%

ARR % of Revenue = ~80%

Introducing our Target Operating Model

Estimating Five-Year Revenue CAGR of 30%-40%

(Non-GAAP – % of Revenue)	2022	2023	Levers	Long-Term Target
Gross Margin	3%	35%-40%	Pricing, BOM, Subscription, Channel	60-70%
R&D	27%	30%-35%	Disruptive Innovation	15-20%
S&M	65%	65%-70%	Scale and Coverage	25-30%
G&A	54%	40%-45%	Scale and Automation	10-12%
Adjusted EBITDA	(125%)	(85%-90%)	Investing in High Growth	10-15%






Tracking Toward the Rule of 40+

(Revenue Growth + EBITDA Margin)

Maximizing Shareholder Value

MYTH

REALITY

Market Sizing, Penetration Rates, and CAGR		\$20B TAM; 1% Penetration; 30%-40% CAGR through 2027
One Product Company		Differentiated and Extensible Platform Which Positions Us Well to Expand ARPU with Additional Apps
Increasing Competition		We Benefit from a multi-year Head Start with 600+ Customers and 100+ Patents; Continue to Realize Very High Win Rates
Constraints Related to Target Operating Model		Unveiled Levers to Higher Target Operating Model; Highlighted Long-Term Adjusted EBITDA Margin Target of 10-15%
Hardware Company		AI-Based SaaS Business Model with Growing ARR: Every deal includes a long-term subscription

Recap of Key Messages

Creating a New Category

Large and Underpenetrated Market

Commitment to Product Innovation

Creating Customers for Life

Sustained Long-term Growth & Profitability





Thank You

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RED SOX

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