



Investor Presentation

August 2020

Cautionary Note Regarding Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the company's business plans, the anticipated impact of the COVID-19 pandemic, international expansion, expectations regarding future sales and expenses, our ability to capitalize on market opportunities, the ability to achieve near and long-term growth and profitability objectives, anticipated timing and volume of customer contract renewals, and revenue and GAAP profitability guidance for full year 2020. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the company's control. The company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the company's ability to successfully negotiate and execute contracts with new and existing customers in a timely manner, if at all, the company's ability to address the business and other impacts and uncertainties associated with the COVID-19 pandemic, maintain and increase sales; the availability of funding for the company's customers to purchase the company's solutions; the complexity, expense and time associated with contracting with government entities; the company's ability to maintain and expand coverage of existing public safety customer accounts and further penetrate the public safety market; the company's ability to sell its solutions into international and other new markets; the lengthy sales cycle for the company's solutions; changes in federal funding available to support local law enforcement; the company's ability to deploy and deliver its solutions; and the company's ability to maintain and enhance its brand, as well as other risk factors included in the company's most recent annual report on Form 10-K and other SEC filings. These forward-looking statements are made as of the date of this press release and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Except as required by law, the company undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

Summary



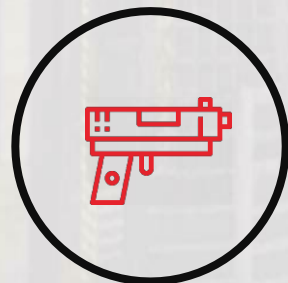
[Key Statistics]



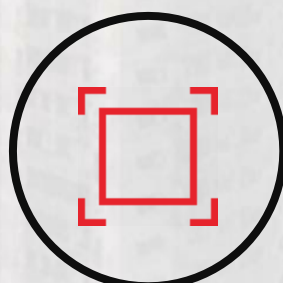
ALMOST 17,000
sensors deployed in



over 100
Municipalities and cities,
as of June 30, 2020



>140K
Gunshot Alerts Published in
2019



~770 square miles under
contract as of June 30, 2020



CAGR Revenue Growth
2016-2020 (est.)

[Gun Violence Problem]

Many urban communities are under siege due to gun violence.

Yet, residents call police less than 20% of the time¹.



When they do call, the information is usually late, inaccurate and incomplete.



Often 3-5 minutes before the first 911 call is received.



Rapid law enforcement and EMT response can save lives.

¹.The Brookings Institute, 2016

Tangible Results

66%

Reductions in shooting
per mile¹.

Oakland, CA

46%

Decrease in homicides
by shootings³.

Camden County, NJ

102

Arrests made with the
help of ShotSpotter².

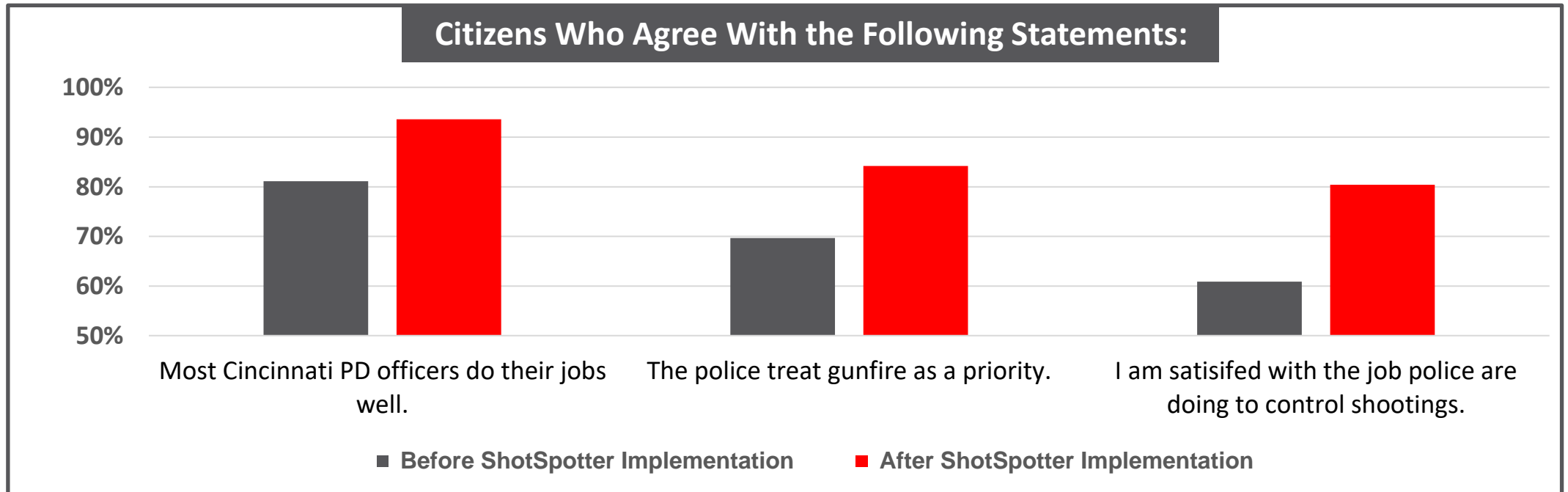
Denver, CO

40%

Decrease in
gunshot incidents⁴.

Rochester, NY

Institute of Crime Science (University of Cincinnati) – ShotSpotter Evaluation Report



95%

agree that using
ShotSpotter is an
effective way to
reduce crime

90%

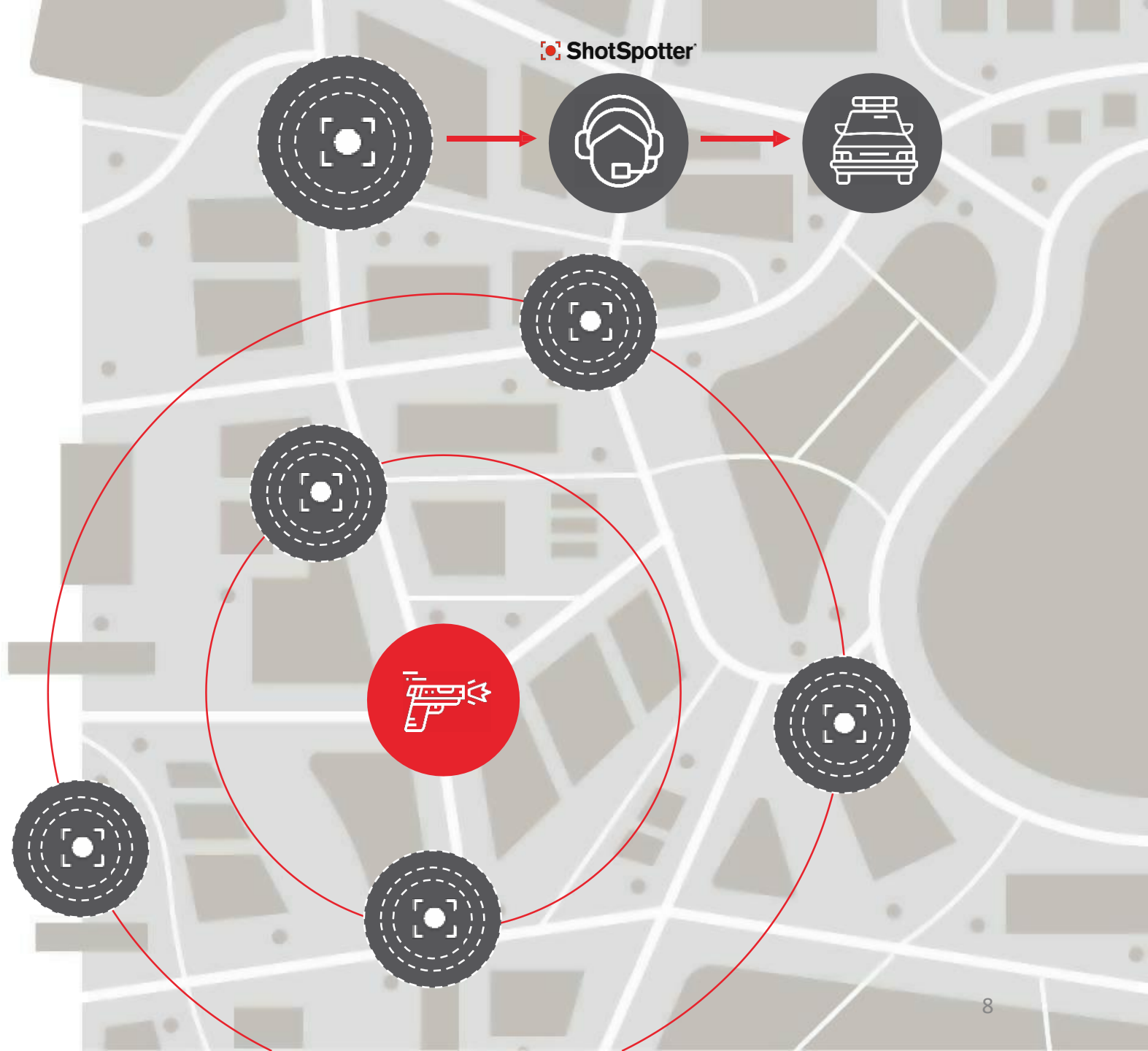
agree that
ShotSpotter is a good
use of taxpayer
money

89%

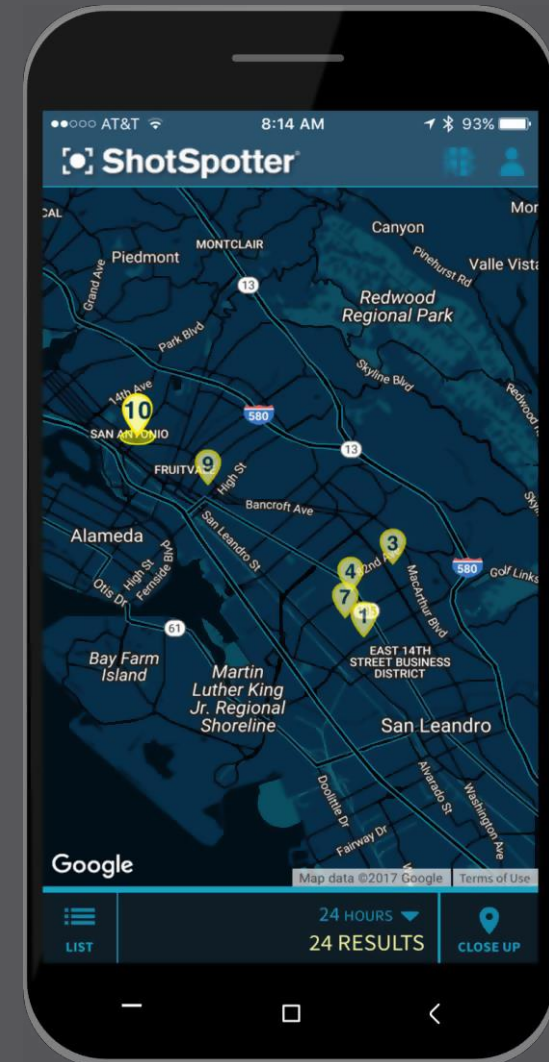
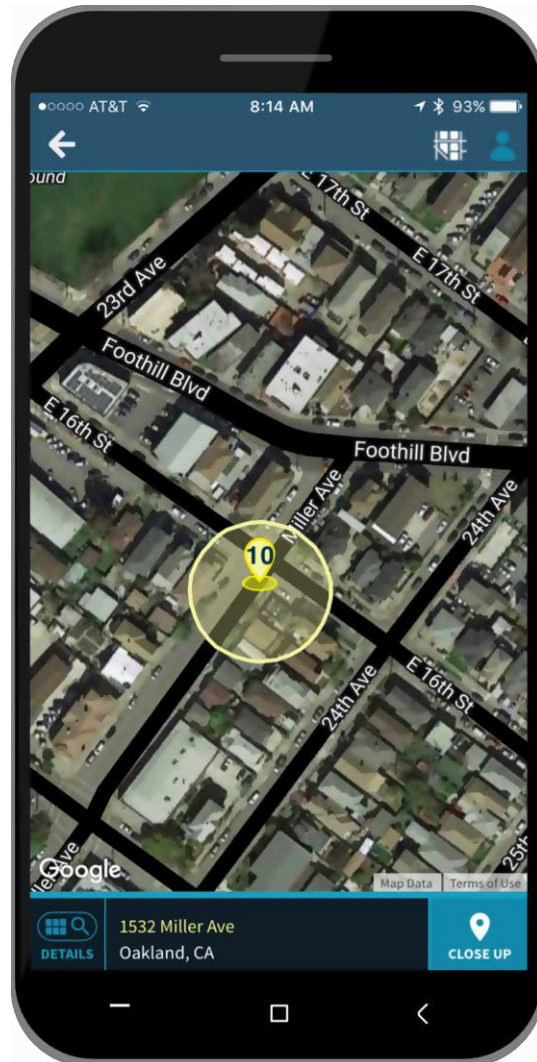
are likely to
recommend
ShotSpotter to other
neighborhoods

[How it Works]

- 1 A gun is fired. The sound impulse radiates outwards in a sphere.
- 2 Multiple sensors in the coverage area are triggered by the sound impulse and time stamped.
- 3 The location of the gunfire is triangulated within seconds. ShotSpotter experts review and qualify data as gunfire.
- 4 An alert is sent to subscribers and video management systems.
- 5 Officers arrive quickly to precise gunshot location with greater situational awareness and preparation.
- 6 Post-incident data is provided in a court accepted Detailed Forensic Report.



ShotSpotter Alerts



┌ \$1B+ Total Addressable Market ┐

Core Domestic Public Safety ShotSpotter Flex Opportunity

- Currently in 100+ cities representing over 770 square miles under contract as of June 30, 2020
- Gun homicides have increase 30% in the U.S. from 2014 – 2017 (Giffords)
- We estimate 1,400 domestic cities x \$400,000 / year = ~ **\$560 million annually**

International Flex Opportunity

- ~200 cities in Latin America, South Africa, Europe
- ~\$1 Million / year x 200 cities = ~**\$200 Million Annually**

SecureCampus Opportunity

- ~ 5,000 College Campuses
- 5,000 x \$50,000 / Campus = ~**\$250 Million Annually**

ShotSpotter Missions Opportunity

- Resource Management
- 1,500 cities @ \$50,000 / city = ~**75 Million Annually**

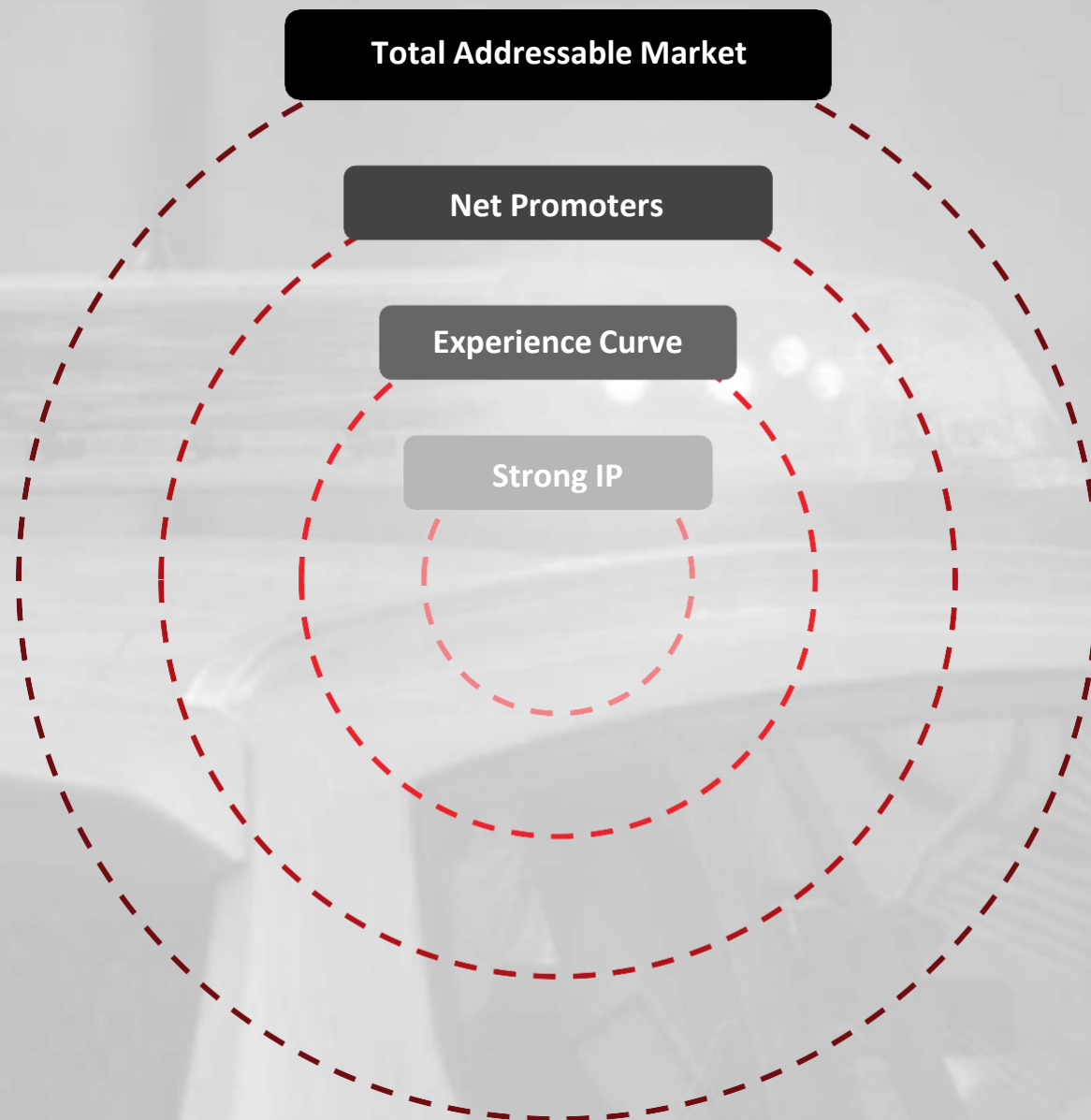
Defensible Competitive Moat

Potential competitors
underestimate TAM

100 law enforcement
agencies

20 years experience in deploying
and managing sensors

35 patents



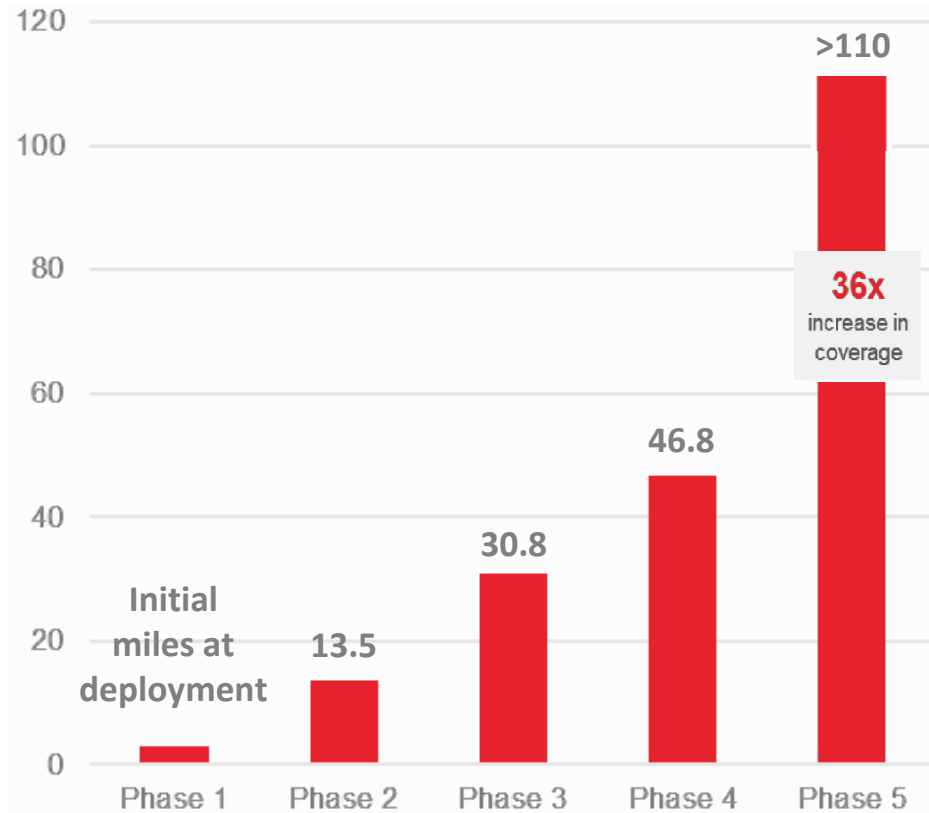
An aerial photograph of a city skyline, likely New York City, with numerous skyscrapers and buildings. A large black rectangular overlay is positioned in the center of the image. The text "Growth Strategies" is written in white, sans-serif font within this black box. Four red L-shaped corner brackets are placed around the text, pointing inwards towards the center. The background image is slightly faded and has a hazy, atmospheric quality.

Growth Strategies

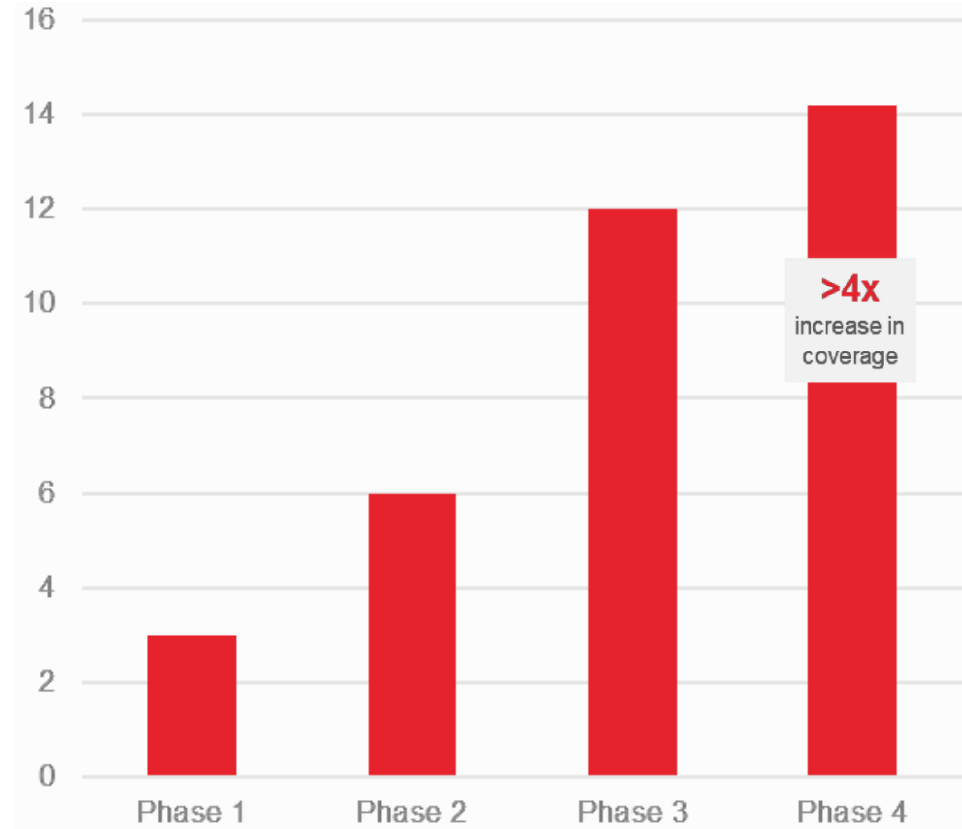
 **ShotSpotter®**

Go To Market Strategy

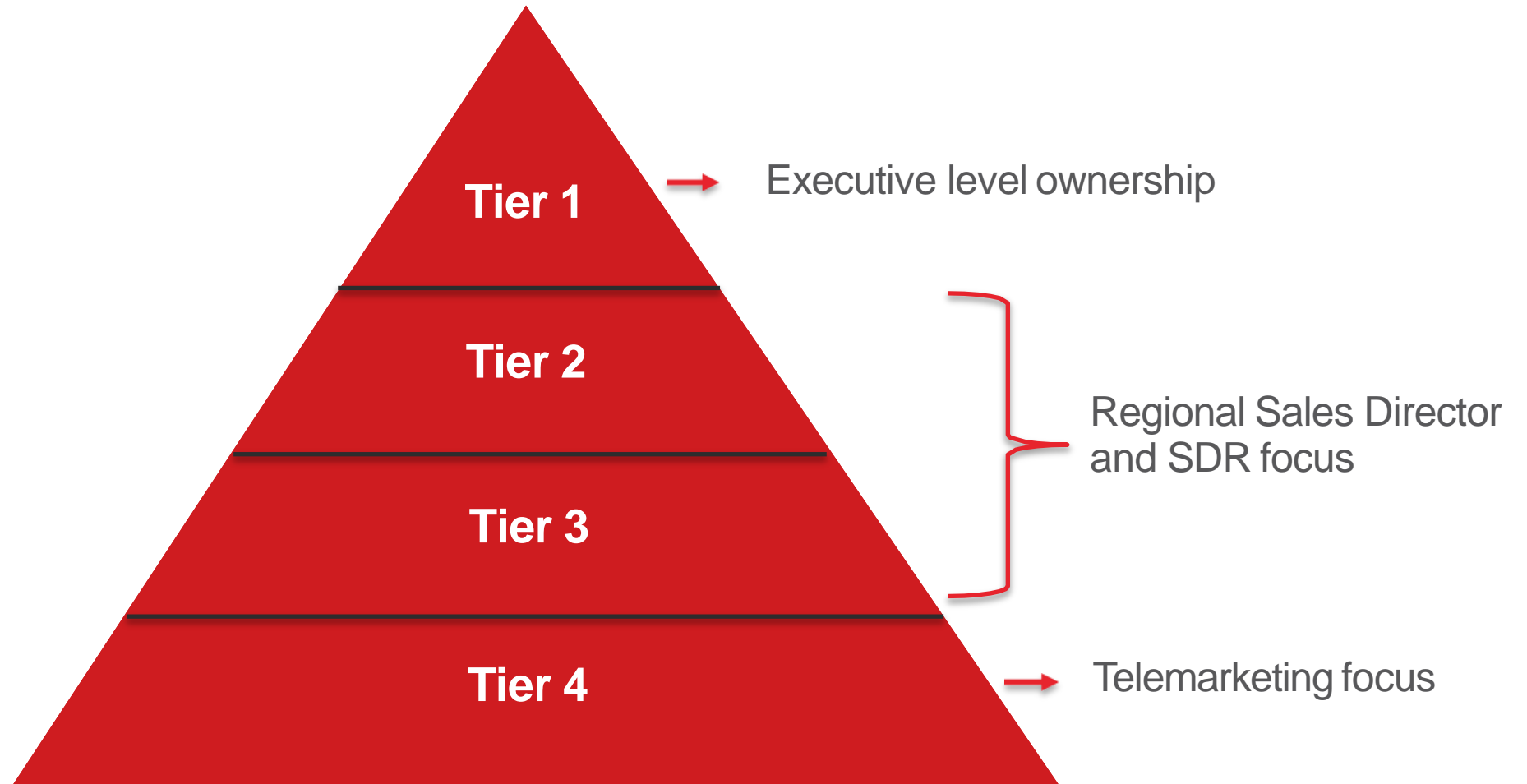
Tier 1 City (Chicago, IL) Live Mile Increase



Tier 2 City (Fresno, CA) Live Mile Increase



Market Segmentation



[ShotSpotter Impact on Healthcare]



Hospital Executives



Trauma Surgeons

>50% of GSW patients that are uninsured

\$2.8 Billion Annual financial burden of gun violence to US hospitals ¹.

Fewer GSW patients lead to lower costs for hospitals

4 minutes

Time saved transporting GSW victims to hospital from ShotSpotter coverage area



“ ShotSpotter has developed technology that allows the trauma patient who has been shot to get to me faster, so I have a greater chance of saving their lives.”

John Porter, M.D. Chief of Surgery Cooper Health

Patrol Management Software for More Precise and Effective Policing



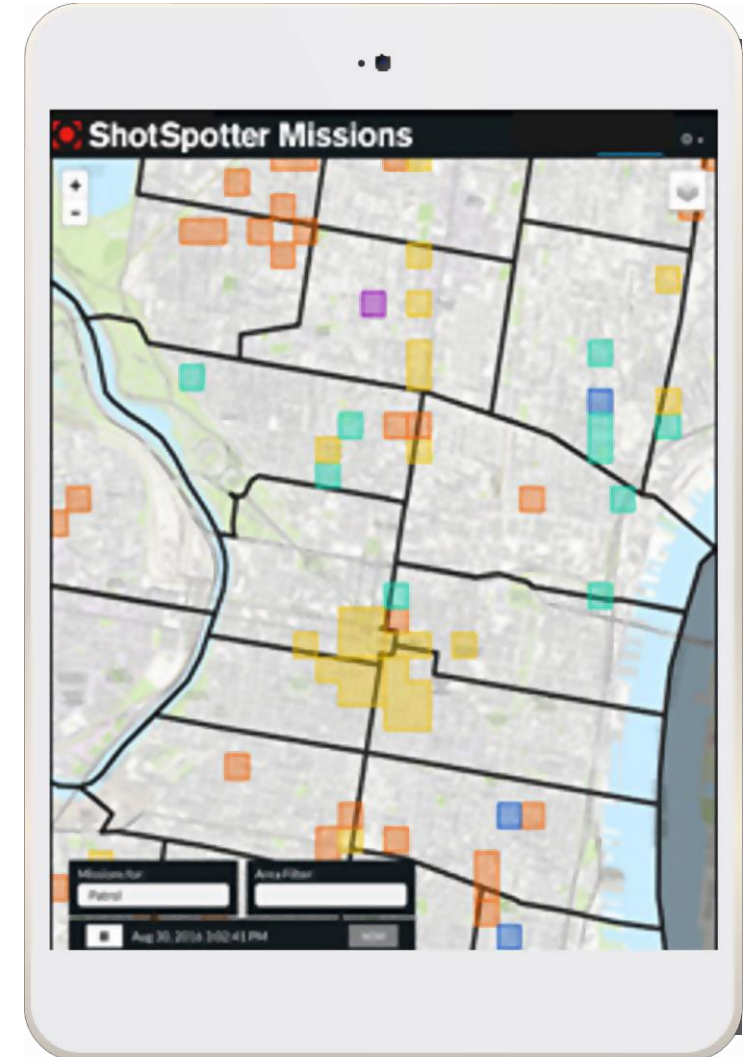
Crime Forecasting
and Mission
Planning



Dosage and Tactics
Guidance



Insights into Patrol
Activity



Expanding the Platform to Better Serve Police



Pre-Incident

ShotSpotter® Missions™

- Crime forecasting and patrol management to deploy patrols efficiently and help deter crime
- Patrol activity reports help optimize patrol resources



Incident

ShotSpotter® Flex™

- ShotSpotter Respond and Dispatch get cops to the crime scene faster
- Tactical intelligence helps protect officers as they approach the scene



Post-Incident

Forensic Reports

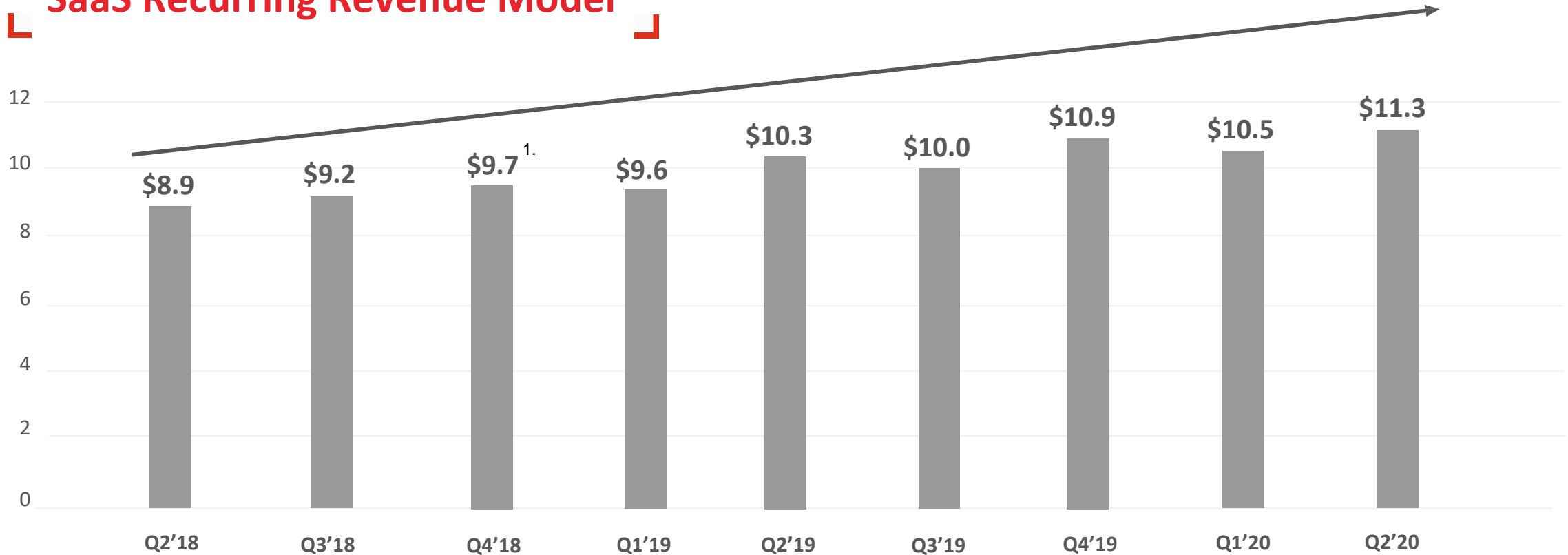
- Improve evidence recovery and support witness/suspect interviewing
- Court-admissible evidence with exact location and timing of shots fired to help prosecution



Business Model / Financials and KPI's



SaaS Recurring Revenue Model



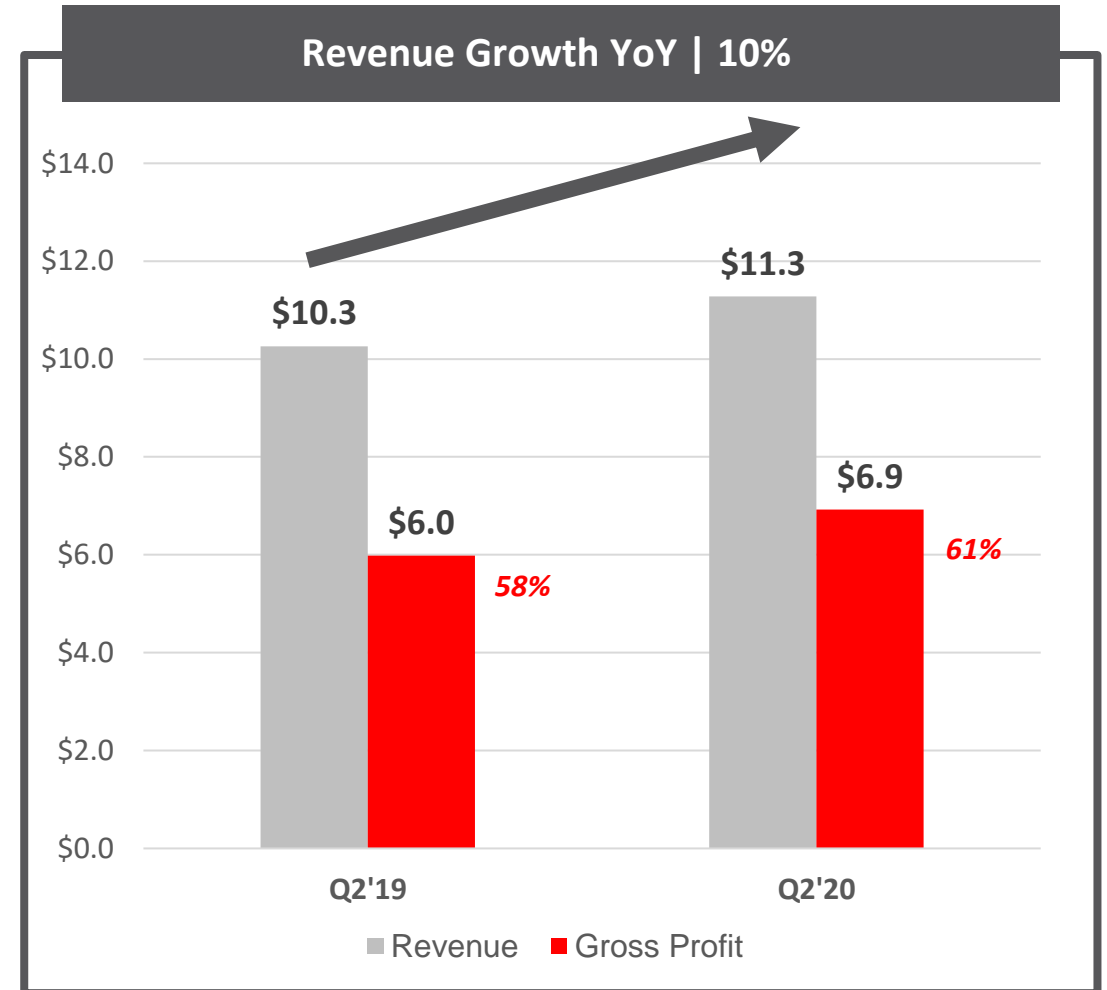
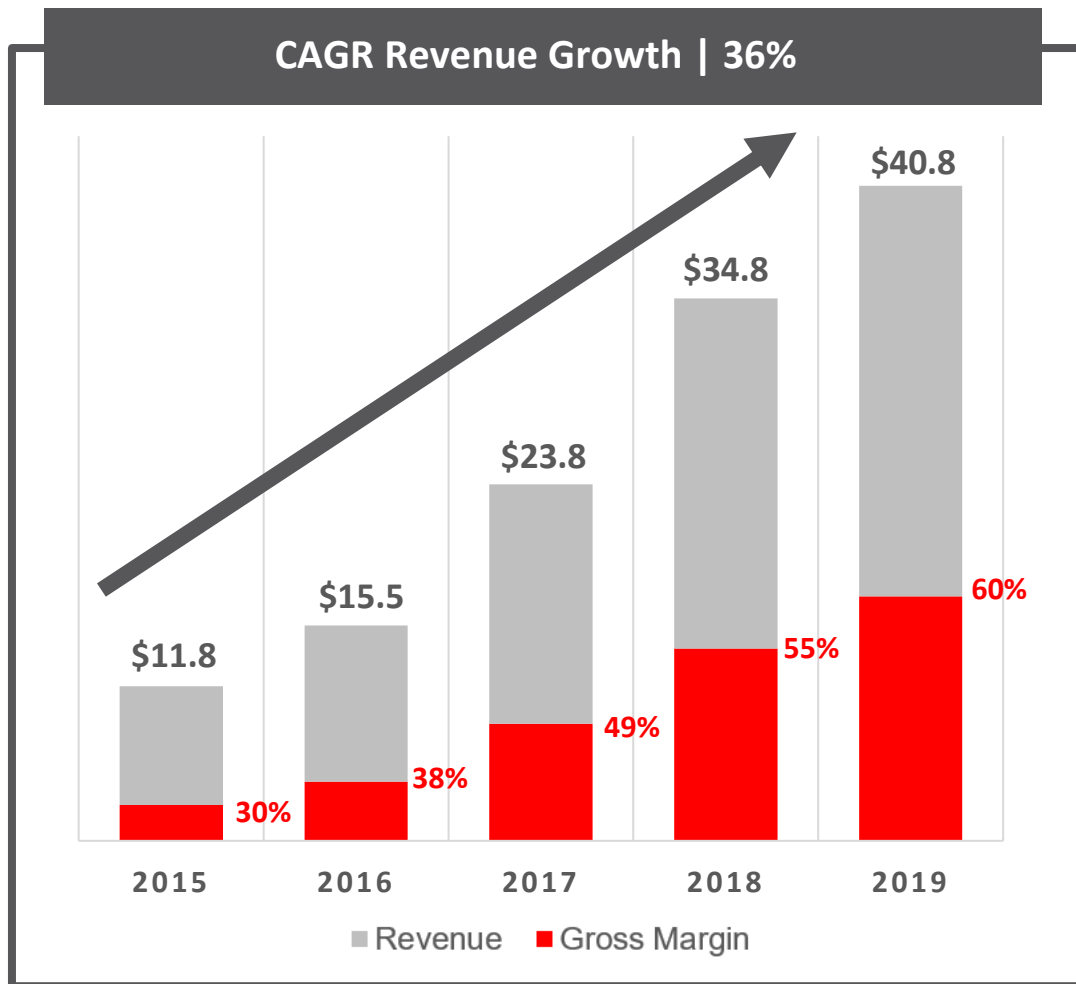
Revenues in millions of dollars

1. Includes \$170K in revenue from USVI related to Hurricane Irma



Nearly **100%** of revenue is subscription based.

Strong Revenue Growth & Operating Leverage



[Attractive Customer Economics]

In 2019 the
company spent

43¢

To generate



\$1

Of new
annualized
revenue ¹.

While achieving

111%

Revenue retention.

1. Calculated as total sales and marketing expense during the year divided by the first 12 months of contract value for contracts entered into during the same year.

[Selected Income Statement Data & KPIs]

	YEAR ENDED 12/31		PERCENTAGE		QUARTER ENDED 6/30		PERCENTAGE	
\$ 000's	2018	2019	2018	2019	Q2'19	Q2'20	Q2'19	Q2'20
Revenue	34,753	40,752	100.0%	100.0%	10,260	11,277	100.0%	100.0%
Gross profit	19,221	24,343	55.3%	59.7%	5,983	6,924	58.3%	61.4%
Operating expenses								
Sales & marketing	8,377	9,989	24.3%	24.5%	2,439	2,231	23.8%	19.8%
Research & development	4,987	5,344	14.3%	13.1%	1,374	1,377	13.4%	12.2%
General & administrative	<u>8,425</u>	<u>7,415</u>	24.2%	18.2%	<u>1,880</u>	<u>2,316</u>	18.3%	20.5%
Total operating expenses	21,789	22,748	62.7%	55.8%	5,693	6,014	55.5%	53.3%
Operating (loss) / profit	\$(2,568)	1,595	(7.4%)	3.9%	290	910	2.8%	8.1%
Revenue retention rate	139%	111%						
Marketing spend per \$1.00 of new annualized contract value**	\$0.30	\$0.43						

[Financial Highlights Summary]

| Annual subscription-based SaaS revenue

| High margin and low variable costs

| Significant leverage in every operating expense category

| Efficient sales and marketing = Low customer acquisition costs

| Low customer attrition/churn = High revenue retention

| Strong project unit economics = Break even in less than 1 year

GAAP Profitable on only a \$10M Rev Quarter

Goal of cultivating 10+ year relationships => **High lifetime value of a customer**

Key Developments

- **Full Year Guidance**
 - Revenues of \$43.5 million to \$45.5 million
 - Maintain GAAP Profitability
- **COVID-19 Impact**
- **New Sales Structure**
 - Tier 4 sales – telemarketing
- **Opening Washington D.C. Office**
 - Opportunity to market, demonstrate system to legislature leaders, national law enforcement
 - Expected to be up and running by the end of August 2020
 - Supporting HR 5385; \$10 million annually for gunfire detection technology

[COVID-19 Impact]

- **Moved to completely remote work model**
 - No degradation in service levels
- **Implemented travel ban**
 - Delayed deployment of new miles
 - Phase-in travel recommenced week of May 18
- **Funding uncertainty for municipalities**
 - Potentially higher attrition rate
 - Slower new deal cadence
- **Societal trends point to increased gun violence as US re-opens**

[Key Investment Themes]

- **Large and Under-Penetrated Market Opportunity**
- **First Mover Advantage in Market with Little/No Direct Competition**
- **Significant Barriers to Entry**
 - Technology
 - Experience
 - Brand Reputation
- **Vertical Market Niche**
- **Strong Business Model and Operational Flexibility**
- **Purpose- Driven Culture- “Doing Well By Doing Good”**



An aerial view of a city skyline, likely New York City, with numerous skyscrapers and buildings. A large black rectangular overlay is centered on the image, containing the text 'Backup Slides' in white. The text is flanked by four red corner brackets. The background image is slightly faded to make the overlay text stand out.

Backup Slides

 **ShotSpotter**

Architecture Benefits / Limitations

Comparison	ShotSpotter Wide Area Sensor Array	Proximity Sensor	Multi-Mic Cluster Sensor
Benefits	<ul style="list-style-type: none"> • Wide area coverage • Excellent location • Low false positive/false negative rates • Court admissible evidence • Fast notification 	<ul style="list-style-type: none"> • Perceived low cost • Fast notification 	<ul style="list-style-type: none"> • Supersonic: excellent location; low false positive rate; caliber identification • Fast notification
Limitations	<ul style="list-style-type: none"> • No caliber identification 	<ul style="list-style-type: none"> • Very limited coverage • No location • Costly high false positive rate • Not court admissible evidence 	<ul style="list-style-type: none"> • Supersonic: Very limited coverage • Subsonic: poor location, costly high false-positive rate • Not court admissible evidence
Summary	Proven, patent protected technology deployed in 100 cities, offered as part of a service that includes applications, forensics, expert witness, best practices, etc.	Often delivered as a surveillance camera or smart streetlight feature Delivers unsatisfactory results*	Great solution for sniper protection on the battlefield or for perimeter protection where target is known Unsatisfactory solution for public safety when deployed as standalone sensors; unproven with collaborating sensors

*Ratcliffe Jerry H. (2018) A partially randomized field experiment on the effect of an acoustic gunshot detection system on police incident reports. *Journal of Experimental Criminology* (2019) 15:67–76