



April 24, 2025

Dear Fellow Stockholders,

As we reflect on 2024 and look ahead to the future, I am incredibly proud of the progress we have made in advancing our mission: to make communities safer through innovative technology, data-driven insights and strong partnerships with law enforcement agencies. Through our collective efforts, we are helping agencies become more efficient, effective and equitable in producing public safety outcomes. While being purpose-driven, we also delivered strong execution across our business—accelerating innovation, expanding adoption of our platform and remaining committed to driving profitable growth.

Below are some key themes that defined our performance in 2024 and will shape our priorities in the years ahead.

Sound Execution and Strong Financial Performance

We were pleased to report record revenue of \$102.0 million in 2024, representing 10% growth over 2023. This performance came despite some early market headwinds and the delay of approximately \$3.5 million in revenue from two contract renewals with the City of New York, which were renewed in the first quarter of 2025 instead of late in the year. Our gross profit was \$57.9 million (57% of revenue), and Adjusted EBITDA¹ was \$14.4 million, in line with the prior year.

While the non-renewal of our contract in Chicago was a notable event, it has not changed our positive trajectory and moreover, we believe their recently published RFP for gunshot detection systems underscores the value of gunshot detection technology. We ended the year with \$95.6 million in Annual Recurring Revenue (ARR)² and entered 2025 with strong forward momentum, a healthy pipeline and increased revenue and Adjusted EBITDA guidance³ ranges for 2025 and increased ARR guidance for the start of 2026. Specifically:

¹ Please see Appendix A for a definition of Adjusted EBITDA and a reconciliation to GAAP net income (loss).

² Please see Appendix A for a definition of Annual Recurring Revenue.

³ Our financial outlook statements are based on current expectations. The preceding statements are forward-looking, and actual results could differ materially depending on market conditions and the factors set forth under

- Revenue Guidance Range: \$111 million to \$113 million for 2025 (10% Year-over-Year growth at the midpoint)
- Adjusted EBITDA Margin Guidance Range: 21%–23% for 2025
- ARR Outlook: Expected to grow ARR by \$14.4 million to \$110 million at the start of 2026

We also took meaningful steps to return capital to stockholders, repurchasing over 418,000 shares at an average price of \$14.31 per share, totaling \$6.0 million. Our cash and cash equivalents position remained solid at \$13.2 million, with \$21.0 million available on our line of credit at year-end 2024.

Growth Across the SafetySmart Platform

Our SafetySmart™ platform is now the foundation of our value proposition—a unified, integrated suite of tools that is proven to execute at scale and is what differentiates us in the marketplace. 2024 saw measurable advancements across our key offerings:

- ShotSpotter®: Went live in 20 new cities and five new universities, including 126 additional square miles with a return to Puerto Rico. International deployments now include Brazil, South Africa and Uruguay. ShotSpotter continues to serve as our anchor offering, driving market entry and customer loyalty.
- ResourceRouter™: Gained momentum with a significant number of new contract executions vs. prior years and a \$4 million pipeline for 2025. We are seeing agencies embracing ResourceRouter as the only real-time patrol management solution delivering measurable gains in efficiency and officer safety.
- SafePointe®: We launched the next generation of our weapons detection solution with integrated 3D camera technology and SOC-2/HIPAA compliance—key

“Forward-Looking Statements” below. We have not reconciled our Adjusted EBITDA outlook to GAAP net income (loss) due to the uncertainty and variability of interest income (expense), income taxes, depreciation and amortization, stock-based compensation expenses and acquisition-related expenses, including adjustments to our contingent consideration obligation, which are reconciling items between Adjusted EBITDA and GAAP net income (loss). Because we cannot reasonably predict such items, a reconciliation to forecasted GAAP net income (loss) is not available without unreasonable effort. Such items could have a significant impact on the calculation of GAAP net income (loss). For more information, see Appendix A.

differentiators that enabled pilot contract wins with two of the largest U.S. hospital systems.

- PlateRanger™ powered by Rekor®: Through our strategic partnership with Rekor Systems, Inc., we deployed a co-branded advanced license plate recognition (ALPR) solution that is tightly integrated with ShotSpotter and CrimeTracer, creating a seamless response and investigative capability for customers who implement our platform offering.
- CaseBuilder™: The use cases for CaseBuilder continue to expand outside of the traditional law enforcement space and now include Departments of Corrections and state-level investigative agencies. While still in early phases, the feedback has been encouraging with respect to a strong product-market fit.
- CrimeTracer™: Our impressively large Criminal Justice Information Services Division (CJIS) data footprint continues to grow and represents a proprietary data lake for future large language model / artificial intelligence (AI) innovation that can accelerate investigations and integrate and enhance other SafetySmart solutions.

Our product roadmap is driven by operational feedback and built around real-world customer needs. We are proud to support frontline professionals with tools that are accessible, intelligent and interoperable.

Thinking about the Artificial Intelligence and Machine Learning Opportunity

Artificial Intelligence and Machine Learning (ML) are not just buzzwords for us—they are fundamental enablers of the next generation of public safety solutions. At SoundThinking, we view AI/ML as a catalyst for better outcomes for our customers and measurable greater operational efficiencies for SoundThinking.

In 2024, we continued making significant strides in embedding AI into the fabric of our platform and our internal operations:

- Advanced Gunshot Detection: ShotSpotter uses machine learning filtering and location algorithms in order to filter out impulsive noise and geo-locate gunshots, which improves the productivity of our Incident Review Center and enables agencies to respond in near real-time with high confidence and accuracy.

- Predictive Patrols: ResourceRouter leverages ML models trained on historical crime patterns and real-time activity to recommend patrol deployments that maximize deterrence based on the well-researched Koper Curve theory. It does this all the while minimizing any unnecessary police and public interventions.
- CrimeTracer as a Foundational AI Engine: Our powerful investigative search engine, CrimeTracer, has compiled, normalized and indexed over 1.5 billion CJIS-compliant records in a data lake that enables advanced AI models to detect linkages, identify suspects and accelerate investigative workflows. As more agencies contribute and use CrimeTracer, the intelligence network becomes more powerful and sticky.
- Advanced Weapons Detection: SafePointe's use of passive and discrete sensors leverages cutting-edge transformer ML capabilities to reliably differentiate magnetic moment signatures of weapons compared to other metal objects such as keys, belt buckles or mobile devices.
- We are enabling the broad use of generative AI across a number of internal operational use cases including Co-Pilot code development, QA processes, as well as product management, sales, marketing and customer success activities.

Importantly, we remain committed to responsible AI. We are collaborating with academics and our law enforcement partners to ensure our AI-enabled systems are transparent, fair and aligned with constitutional policing standards.

Strong Performance Metrics

Our growth has been underpinned by performance metrics that we believe rival the best across SaaS and public safety technology categories:

- Net Promoter Score (NPS): Our customers rewarded us with a 64% NPS score, a world-class rating, reflecting strong customer advocacy and satisfaction.
- Revenue Retention: In 2024, we achieved a 105% revenue retention rate⁴—underscoring the stickiness and expanding value of our platform within existing customer relationships.
- Customer Acquisition Efficiency: We maintained a compelling customer acquisition cost (CAC) profile, with \$0.63 of sales and marketing spend per \$1.00

⁴ Please see Appendix A for a definition of Revenue Retention Rate.

of new annualized contract value⁵—a level of efficiency that highlights the strength of our go-to-market engine and disciplined commercial execution.

- Annualized Contract Value (ACV): Overall, we booked \$72.7 million in net-new and renewal subscription-based contracts for 2024, with 35% of those bookings representing multi-year agreements.

These performance metrics are more than numbers—they reflect the trust our customers place in us, the value we deliver and the strength of our underlying business model.

Go-Forward Growth Strategy

We intend to drive growth in our business by continuing to build on our position and brand as a leading public safety technology company that combines data-driven solutions and strategic advisory services for law enforcement, security teams and civic leadership. We also plan to leverage our large and growing installed base of customers with high net promoter attributes that consider SoundThinking a trusted partner, to grow adoption of other parts of the SafetySmart platform - ResourceRouter, CaseBuilder, PlateRanger and CrimeTracer - not only within the installed base, but also outside of it.

Key elements of our strategy include:

- ***Accelerate acquisition of public safety customers.***

We believe that we are still in the early stages of penetrating the markets for our public safety solutions. Over the last few years, we expanded our direct sales force and customer success teams and added marketing lead-generation capabilities to help accelerate growth in this market.

- ***Expand ShotSpotter revenue and cross-sell SafetySmart solutions within our existing customer base.***

As customers realize the benefits of our solutions, we believe that we have a significant opportunity to increase the lifetime value of our customer relationships by expanding ShotSpotter coverage through a “land and expand” strategy and

⁵ Please see Appendix A for a definition of Sales and Marketing Spend per \$1.00 of New Annualized Contract Value.

cross-selling adjacent SafetySmart solutions such as PlateRanger and CrimeTracer.

- ***Expand the international footprint.***

With the addition of Niterói, Brazil, we believe that we have a significant opportunity to expand internationally, especially in Latin America. We estimate that the market outside the United States for ShotSpotter includes approximately 200 cities in Central America, the Caribbean, South America and Southern Africa that have at least 500,000 residents. In addition, we believe that there is a compelling need for our non-ShotSpotter, SafetySmart platform solutions more broadly in the EMEA and APAC markets that do not have elevated gun violence issues that ShotSpotter addresses.

- ***Drive additional revenue with the development or acquisition of new products and services.***

We are transforming the company from a domestic acoustic gunshot detection company to a global public safety technology solutions company. We are always evaluating opportunities to develop or acquire complementary products and services to improve our holistic offerings and drive value for our customers. Our acquisition of SafePointe has allowed us to expand our TAM into the estimated \$20+ billion weapons detection market.

- ***Maintain a passionate focus on customer success.***

Given the specialized nature of our market, a key component of our strategy is to set our customers up for success. We pride ourselves on our execution of customer onboarding as well as ongoing consulting and customer support, all of which are critical to ensure not only high customer retention rates, but also new customer acquisitions.

- ***Grow our security business.***

We have developed our ShotSpotter for Campus (formerly ShotSpotter SecureCampus) and ShotSpotter for Corporate (formerly ShotSpotter SiteSecure) solution for universities and other educational institutions and corporations trying to safeguard their employees, customers, brand and profits. We are also adapting ShotSpotter and its sensor detection platform for perimeter gunshot detection to address the needs of critical infrastructure such as electrical substations and other forward-operating bases that may be targeted with exogenous gunfire.



Looking Ahead

We enter 2025 with clarity, momentum and conviction. Our mission is vital. Our opportunity is significant. Our team is aligned and energized to lead.

We are advancing a business model that is scalable, disciplined and impact-driven. We are unlocking growth not just through technology, but also by building trust—in our capabilities, in our intentions and in the public safety outcomes that we help deliver.

To our customers, our employees and our stockholders: Thank You. Your support powers our purpose and fuels our progress. Together, we are making communities safer and setting the standard for the future of public safety.

Respectfully,

A handwritten signature in black ink, appearing to read "RAC".

Ralph A. Clark
President and CEO
SoundThinking, Inc.

Forward-Looking Statements

This letter 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 our expectations for our estimated revenue and Adjusted EBITDA for 2025, our expectations for the increase in our ARR, our ability to drive profitable growth and build upon existing contracts and partnerships, including in the United States and internationally, and our plan to continue innovating and executing against our strategic and financial growth priorities to deliver meaningful value to our stockholders, our expectations of benefits through integration of AI-driven capabilities, operating momentum, sales pipeline, revenue growth, operating leverage and margin expansion in 2025 and beyond. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," or 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 our control. Our 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: our ability to successfully negotiate and execute contracts with new and existing customers in a timely manner, if at all; our ability to maintain and increase sales, including sales of our newer product lines; the availability of funding for our customers to purchase our solutions; the complexity, expense and time associated with contracting with government entities; our ability to maintain and expand coverage of existing public safety customer accounts and further penetrate the public safety market; the potential effects of negative publicity; our ability to sell our solutions into international and other new markets; the lengthy sales cycle for our solutions; changes in federal funding available to support local law enforcement; our ability to deploy and deliver our solutions; our ability to maintain and enhance our brand; and our ability to address the business and other impacts and uncertainties associated with macroeconomic factors, as well as other risk factors included in our most recent annual report on Form 10-K and other SEC filings. These forward-looking statements are made as of the date of this letter and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Except as required by law, we undertake no duty or obligation to update any forward-looking statements contained in this letter as a result of new information, future events or changes in its expectations.

Appendix A

Non-GAAP Financial Measures and Key Business Metrics

Adjusted Net Income (Loss): Adjusted net income (loss), a non-GAAP financial measure, represents our net income (loss) before acquisition-related expenses, including adjustments to our contingent consideration obligation, restructuring expense and loss from disposal of fixed assets.

Adjusted EBITDA: Adjusted EBITDA, a non-GAAP financial measure, represents our net income (loss) before interest (income) expense, income taxes, depreciation, amortization and impairment, restructuring costs and losses on restructuring related fixed asset disposals, stock-based compensation expense and acquisition-related expenses, including adjustments to our contingent consideration obligation.

The following table presents a reconciliation of GAAP net income (loss), the most directly comparable GAAP measure, to adjusted net loss, for each of the periods indicated (in thousands, except share and per share data):

	Three Months Ended December 31		Year Ended December 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
GAAP net income (loss)	\$ (4,079)	\$ 3,643	\$ (9,180)	\$ (2,718)
Less:				
Acquisition-related expenses	—	(97)	—	767
Restructuring expense	(10)	—	336	—
Loss on disposal of fixed assets	18	—	23	—
Change in fair value of contingent consideration	—	(4,763)	(554)	(5,686)
Adjusted net loss	\$ (4,071)	\$ (1,217)	\$ (9,375)	\$ 7,637
Net loss per share, basic	\$ (0.32)	\$ 0.29	\$ (0.72)	\$ (0.22)
Net loss per share, diluted	\$ (0.32)	\$ 0.28	\$ (0.72)	\$ (0.22)
Adjusted net loss per share, basic and diluted	\$ (0.32)	\$ (0.10)	\$ (0.74)	\$ (0.61)
Weighted-average shares used in computing net (loss) income per share and adjusted net (loss) income per share, basic	12,589,833	12,736,747	12,710,236	12,425,132
Weighted-average shares used in computing net (loss) income per share and adjusted net (loss) income per share, diluted	12,589,833	12,856,219	12,710,236	12,425,132



The following table presents a reconciliation of Adjusted EBITDA to GAAP net income (loss), the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended		Year Ended December 31,	
	December 31,		December 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
GAAP net income (loss)	\$ (4,079)	\$ 3,643	\$ (9,180)	\$ (2,718)
Less:				
Interest (income) expense, net	(22)	112	154	48
Income taxes	111	561	778	1,204
Depreciation, amortization and impairment	2,699	2,626	10,673	10,752
Restructuring expense	(10)	—	336	—
Loss on disposal of fixed assets	18	—	23	—
Stock-based compensation expense	3,000	2,710	12,128	9,982
Change in fair value of contingent consideration	—	(4,763)	(554)	(5,686)
Acquisition-related expenses	—	(97)	—	767
Adjusted EBITDA	<u>\$ 1,717</u>	<u>\$ 4,792</u>	<u>\$ 14,358</u>	<u>\$ 14,349</u>

Annual Recurring Revenue (ARR): ARR is calculated for a year based on the expected GAAP revenue for the year from contracts that are in effect on January 1st of such year, assuming all such contracts that are due for renewal during the year renew as expected on or near their renewal date, and including contracts executed during the year after January 1st, but for which GAAP revenue recognition starts January 1st of the year.

Revenue Retention Rate: We calculate our revenue retention rate for each year by dividing the (a) total revenues for such year from those customers who were customers during the corresponding prior year by (b) the total revenues from all customers in the corresponding prior year. For the purposes of calculating our revenue retention rate, we count as customers all entities with which we had contracts in the applicable year. Revenue retention rate for any given period does not include revenues attributable to customers first acquired during such period. We focus on our revenue retention rate because we believe that this metric provides insight into revenues related to and retention of existing customers. If our revenue retention rate for a year exceeds 100%, this indicates a low churn and means that the revenues retained during the year, including from customer expansions, more than offset the revenues that we lost from customers that did not renew their contracts during the year.



Sales and Marketing Spend per \$1.00 of New Annualized Contract Value: We calculate sales and marketing spend annually as the total sales and marketing expense during a year divided by the first 12 months of contract value for contracts entered into during the same year. We use this metric to measure the efficiency of our sales and marketing efforts in acquiring customers, renewing customer contracts, and expanding their coverage areas.