

November 26, 2024



Evolv Announces Resolution of FTC Inquiry

– Evolv Does Not Admit Wrongdoing; Resolution Does Not Include Monetary Relief –

– FTC Does Not Challenge Core Product Efficacy; Order Involves Approximately 4% of Installed Base –

– Company Reaffirms Commitment to Innovation, Integrity, and Customer Trust –

WALTHAM, Mass.--(BUSINESS WIRE)-- Evolv Technology (NASDAQ: EVLV), a leading security technology company pioneering AI-based solutions designed to create safer experiences, today announced that it has resolved the United States Federal Trade Commission's (FTC) inquiry into certain aspects of the Company's prior marketing claims. While Evolv disagrees with the FTC's allegations, and has not admitted any wrongdoing, it has chosen to resolve the matter to focus on its core mission of protecting lives through innovation and maintaining the trust of its valued customers.

"We worked collaboratively with the FTC to resolve this matter and are pleased that the FTC did not challenge the fundamental effectiveness of our technology and that the resolution does not include any monetary relief. We appreciated the opportunity to demonstrate for the FTC our Evolv Express® system and our customers' diligence in researching, testing and ultimately deploying our solution in myriad environments," said Mike Ellenbogen, Interim President and CEO of Evolv Technology. "Our top priority is the safety of people and the communities we serve. To be clear, this inquiry was about past marketing language and not our system's ability to add value to security operations."

The Evolv Express has demonstrated that it works in real-life situations and has helped to detect and prevent dangerous weapons from entering schools and places where they are prohibited, supporting our customers in providing a safer environment for learning. Recent examples of situations in which the Evolv Express has enabled school users to detect illicit firearms are available [here](#) and [here](#). "This resolution allows us to focus on a small segment of our school customers to ensure they remain satisfied with Express and allows us to move forward without distraction, continuing our important work to help protect our communities," continued Ellenbogen.

What Parents Should Know

In resolving the inquiry, the FTC did not challenge the core efficacy of Evolv's products, including the use of artificial intelligence in its technology. Instead, the focus of the inquiry was related to how the technology was described for a period of time in historical marketing materials.

As part of the resolution, Evolv has agreed to offer a limited number of its K-12 education customers the option to cancel the remainder of their current contracts during a 60-day cancellation period. Evolv has consistently encouraged customers to independently test

technologies and speak with other users of the technology about their experiences to ensure it will meet their specific needs. The Company has confidence that most customers are satisfied with their deployment of Evolv Express as they recognize the value that the systems bring to enhancing safety and security. A notice will be sent to this limited group of customers about their contract cancellation option.

“We understand the concerns parents have about the safety of their children at school, and we want to reassure them that our technology works and continues to help protect students every day,” said Courtney Cunnane, Chief Marketing Officer for Evolv Technology. “We take our responsibility seriously and remain committed to providing transparent, accurate information about our products so that parents, educators, and administrators can make informed decisions.”

Investing in Trust and Integrity

In line with this commitment, Evolv will continue to refine the way it markets its technology, highlighting capabilities and limitations. These efforts build on the proactive steps the Company had already been taking to develop a new Brand Integrity Program centered on transparency and education. Evolv has also appointed a new Director of Advertising Law and Policy to support all go-to-market activities.

Commitment to Customer Community

Evolv’s customer relationships are driven by trust, demonstrated through the performance of the Company’s technology at scale. Approximately 45% of the Company’s sales in any given quarter come from existing customers that are expanding their deployments of Evolv Express. Beyond enhanced governance and compliance, the Company has made significant new investments to educate the communities it serves about how technology may be one part of a layered approach to reducing the potential for gun violence.

“We remain deeply committed to our core safety mission and supporting our valued community of customers,” said Ellenbogen. “The trust and partnership of our customers remain our top priority as we work to democratize security for a safer world. We look forward to working collaboratively with our customers to ensure they identify the right technology solution for their security needs.”

Financial Implications of FTC Resolution

There are no financial penalties or other monetary relief associated with today’s announcement. As part of the resolution announced today:

- Approximately 237 Evolv Express units of certain customers¹ could be impacted by the right to cancel, or approximately 4% of the Company’s total installed base of 5,323 Evolv Express units as of June 30, 2024.
- Approximately \$3.9 million of the Company’s Annual Recurring Revenue² could be impacted by the right to cancel, or approximately 4% of the Company’s Annual Recurring Revenue as of June 30, 2024.
- Approximately \$10.5 million of the Company’s Remaining Performance Obligation³ could be impacted by the right to cancel, or approximately 4% of the Company’s Remaining Performance Obligation as of June 30, 2024.

As noted above, the cancellation option will be provided only to a limited group of K-12 customers that comprise approximately 8% of the Company's total customers.

About Evolv Technology

Evolv Technology (NASDAQ: EVLV) is designed to transform human security to make a safer, faster, and better experience for the world's most iconic venues and companies as well as schools, hospitals, and public spaces, using industry leading artificial intelligence (AI)-powered screening and analytics. Its mission is to transform security to create a safer world to live, work, learn, and play. Evolv has digitally transformed the gateways in many places where people gather by enabling seamless integration combined with powerful analytics and insights. Evolv's advanced systems have scanned more than two billion people since 2019. Evolv has been awarded the U.S. Department of Homeland Security (DHS) SAFETY Act Designation as a Qualified Anti-Terrorism Technology (QATT) as well as the Security Industry Association (SIA) New Products and Solutions (NPS) Award in the Law Enforcement/Public Safety/Guarding Systems category, as well as Sport Business Journal's (SBJ) awards for "Best In Fan Experience Technology" and "Best In Sports Technology". Evolv®, Evolv Express®, Evolv Insights®, Evolv Visual Gun Detection™, Evolv eXpedite™, and Evolv Eva™ are registered trademarks or trademarks of Evolv Technologies, Inc. in the United States and other jurisdictions. For more information, visit [evolv.com](https://www.evolv.com).

¹ "Customer(s)" means school(s) or school district(s) in the K-12 range that purchased or otherwise contracted for the use of Evolv Express between the period April 1, 2022, to June 30, 2023. Excluded from this definition is any school or school district that: (1) participated in a pilot program of at least 30 days prior to such purchase or contract; (2) purchased 15 or more Evolv Express units; or (3) purchased or contracted for, and deployed, additional Evolv Express units more than 45 days after initially deploying Evolv Express at a school.

² We define Annual Recurring Revenue, or ARR, as subscription revenue and the recurring service revenue related to purchase subscriptions for the final month of the quarter normalized to a one-year period. Our calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, upgrades or downgrades, or price increases or decreases) that may cause any such contract not to be renewed on its existing terms. In addition, the amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to new bookings, cancellations, upgrades, downgrades or other changes in pending renewals, as well as the effects of professional services revenue and acquisitions or divestitures. As a result, ARR should be viewed independently of, and not as a substitute for or forecast of, revenue and deferred revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

³ We define Remaining Performance Obligation, or RPO, as estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied as of the end of the quarter.

Forward-looking Statements

Certain statements in this press release may constitute "forward-looking" statements and information, within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words

or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events or our Company’s performance and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in our Annual Report on Form 10-K for the year ended on December 31, 2023, that was filed with the SEC on February 29, 2024, as may be updated in other filings we make with the SEC, including our Quarterly Report on Form 10-Q for the quarter ended on March 31, 2024 that was filed with the SEC on May 9, 2024. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this press release. You should not put undue reliance on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20241126170116/en/>

Media Contact:

Alexandra Smith Ozerkis

aozerkis@evolvtechnology.com

Investor Contact:

Brian Norris

bnorris@evolvtechnology.com

Source: Evolv Technology