ShotSpotter

Investor Presentation

November 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.
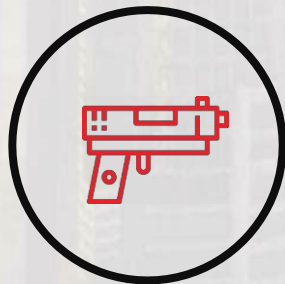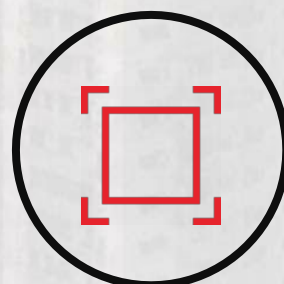
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Summary

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Key Statistics

ALMOST 17,000 sensors deployed in

over 100 Municipalities and cities, as of September 31, 2020

35 ISSUED PATENTS

>140K Gunshot Alerts Published in 2019

~770 square miles under contract as of September 31, 2020

Great Place To Work® Certified 2019 USA™

500™ Technology Fast 500 NORTH AMERICA

30% CAGR Revenue Growth 2016-2020 (est.)

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Many urban communities are under siege due to gun violence.

Yet, residents call police less than 20% of the time[1].

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

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Tangible Results

66%
Reductions in shooting per mile [1]
Oakland, CA

46%
Decrease in homicides by shootings [3]
Camden County, NJ

102
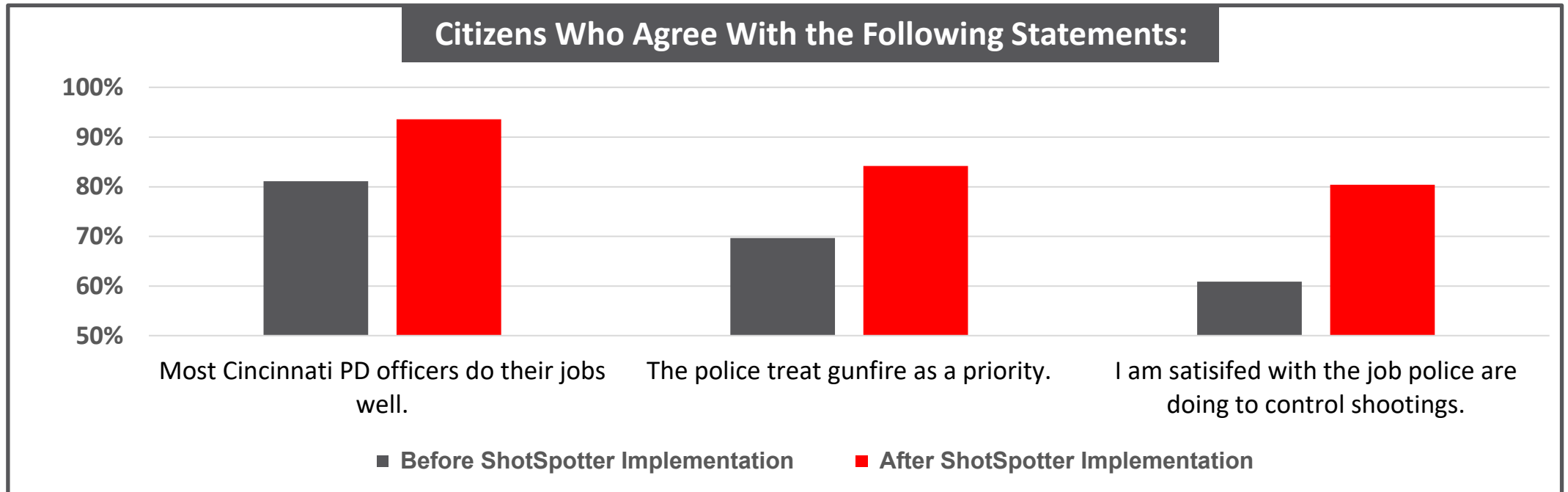Arrests made with the help of ShotSpotter [2]
Denver, CO

40%
Decrease in gunshot incidents [4]
Rochester, NY

1. SST gunfire activations per square mile in coverage areas from 2012-2018; SST analysis
2. For period 2015-2018 – ABC7 Denver, April 4, 2018
3. For period 2013-2014; Here's How Camden Reduced Gunfire by Nearly 50 Percent; Phillymag.com April 2, 2015
4. Gunshot activations from 2013-2015, *High-tech tool helps RPD reduce gun violence,* Democrat & Chronicle, September 6, 2016

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

Citizens Who Agree With the Following Statements:

Before ShotSpotter Implementation | **After ShotSpotter Implementation**

Most Cincinnati PD officers do their jobs well. | The police treat gunfire as a priority. | I am satisfied with the job police are doing to control shootings.

| **95%**	**90%**	**89%**
agree that using ShotSpotter is an effective way to reduce crime	agree that ShotSpotter is a good use of taxpayer money	are likely to recommend ShotSpotter to other neighborhoods

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1. *CINCINNATI POLICE DEPARTMENT: PRICE HILL SHOTSPOTTER SURVEY EVALUATION REPORT,* University of Cincinnati's Institute of Crime Science, June 19, 2020

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.
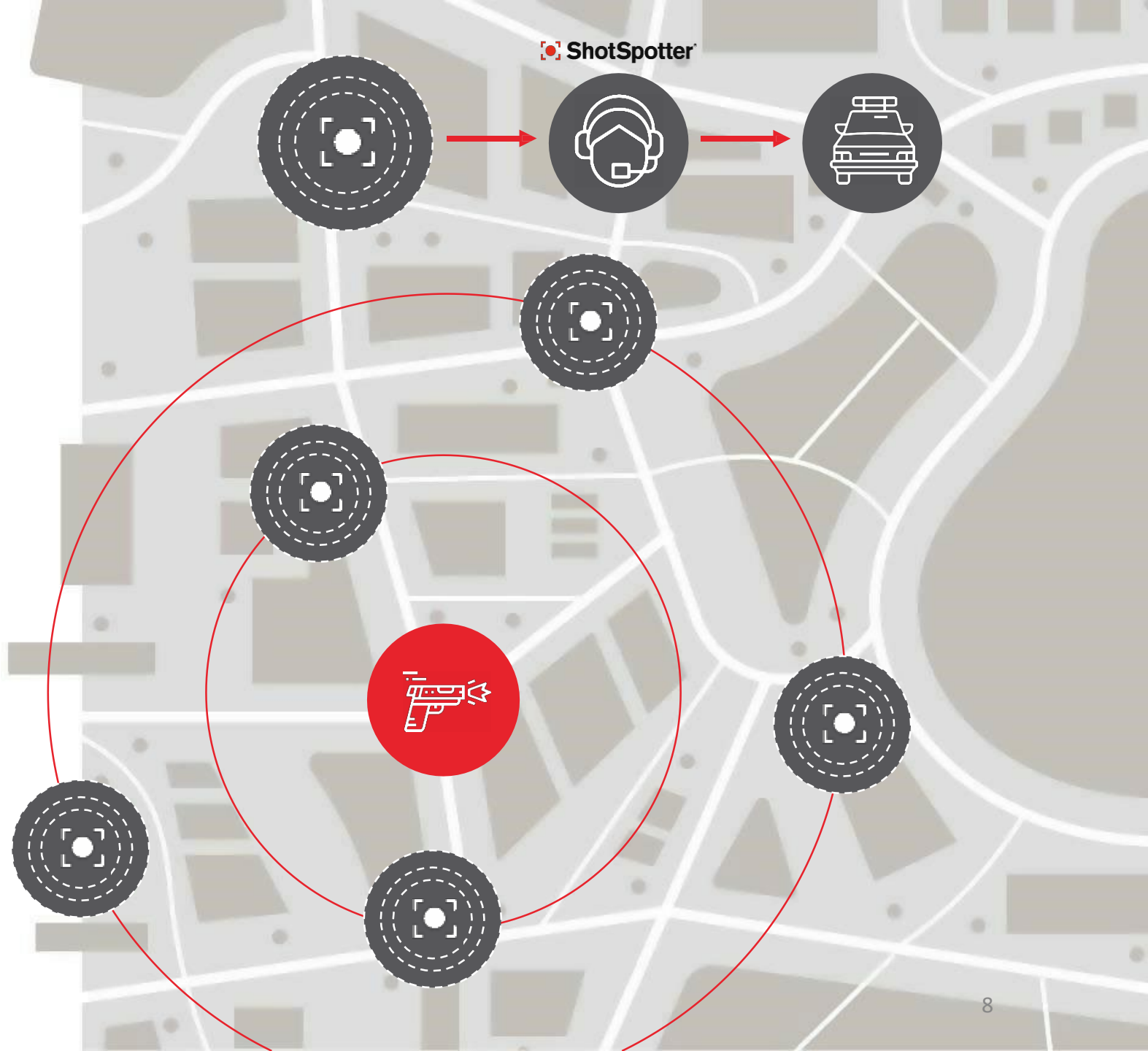
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ShotSpotter Alerts
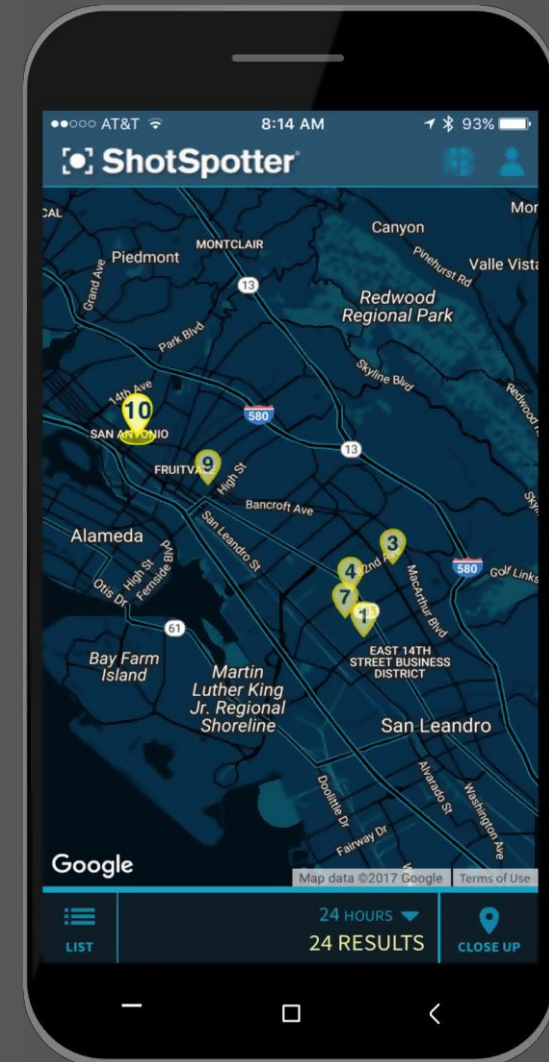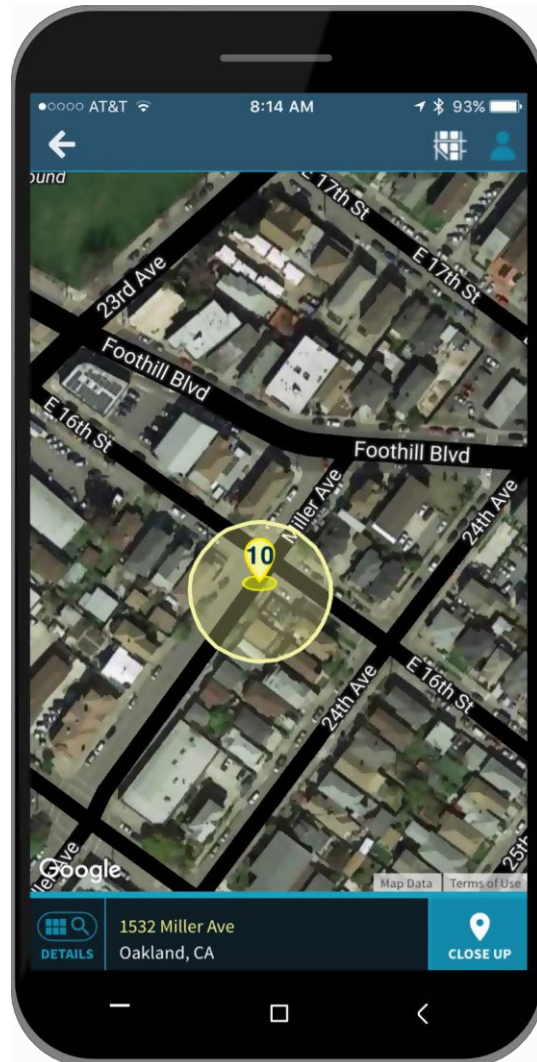
$1B+ Total Addressable Market

Domestic Public Safety Flex Opportunity

- Currently in 100+ cities representing over 770 square miles under contract as of June 30, 2020

- We estimate 1,400 domestic cities x $400,000 / year = **~ $560 Million Annually**

SecureCampus Opportunity

- ~ 5,000 College Campuses

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

International Flex Opportunity

- ~200 cities in Latin America, South Africa, Europe

- ~$1 Million / year x 200 cities = **~$200 Million Annually**

ShotSpotter Missions Opportunity

- Patrol Resource Management / Precision Policing

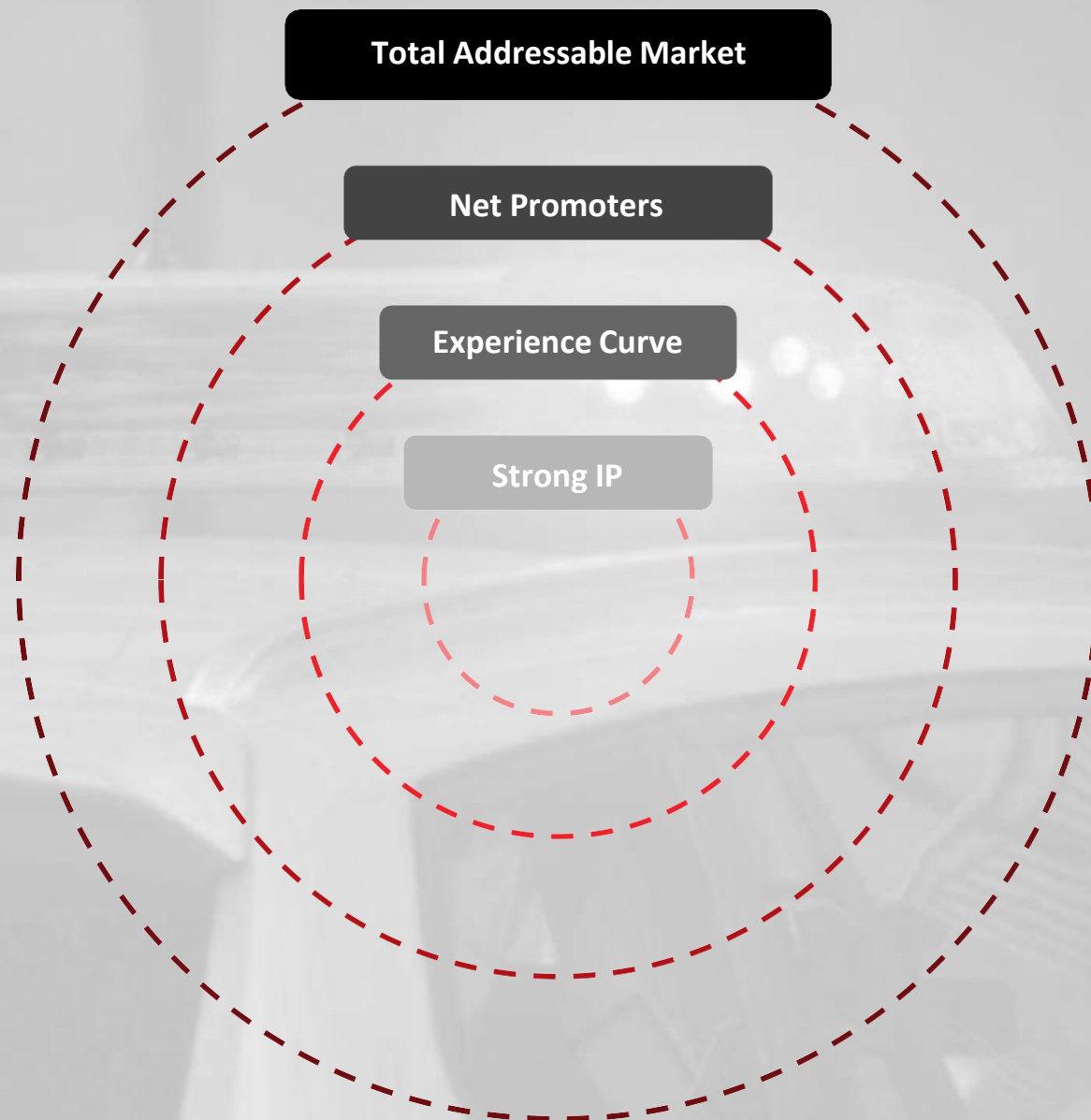- 1,500 cities @ $50,000 / city = **~75 Million Annually**

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Defensible Competitive Moat

Potential competitors underestimate TAM

100 law enforcement agencies
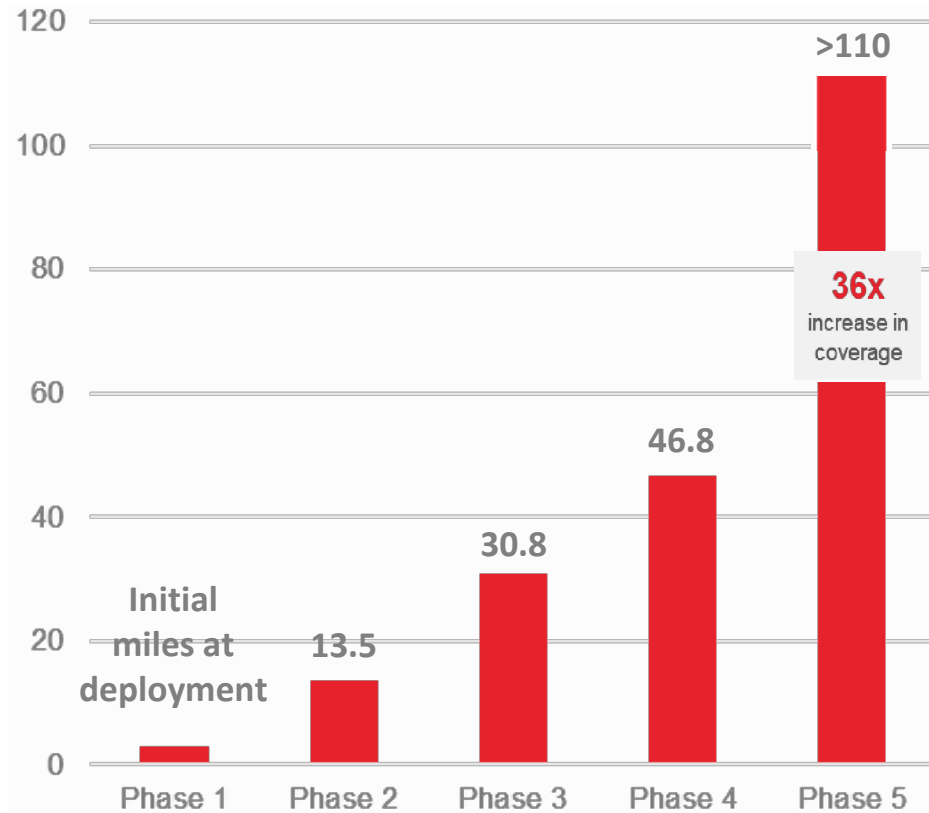
20 years experience in deploying and managing sensors

35 patents

Total Addressable Market

Net Promoters

Experience Curve

Strong IP

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Growth Strategies

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Go To Market Strategy

Tier 1 City (Chicago, IL) Live Mile Increase

120 · 100 · 80 · 60 · 40 · 20 · 0

>110

36x
increase in
coverage

46.8

30.8

Initial miles at deployment

13.5

Phase 1 · Phase 2 · Phase 3 · Phase 4 · Phase 5

Tier 2 City (Fresno, CA) Live Mile Increase

16 · 14 · 12 · 10 · 8 · 6 · 4 · 2 · 0

>4x
increase in
coverage

Phase 1 · Phase 2 · Phase 3 · Phase 4

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Market Segmentation

Tier 1 → Executive level ownership

Tier 2
Tier 3 — Regional Sales Director and SDR focus

Tier 4 → Telemarketing focus
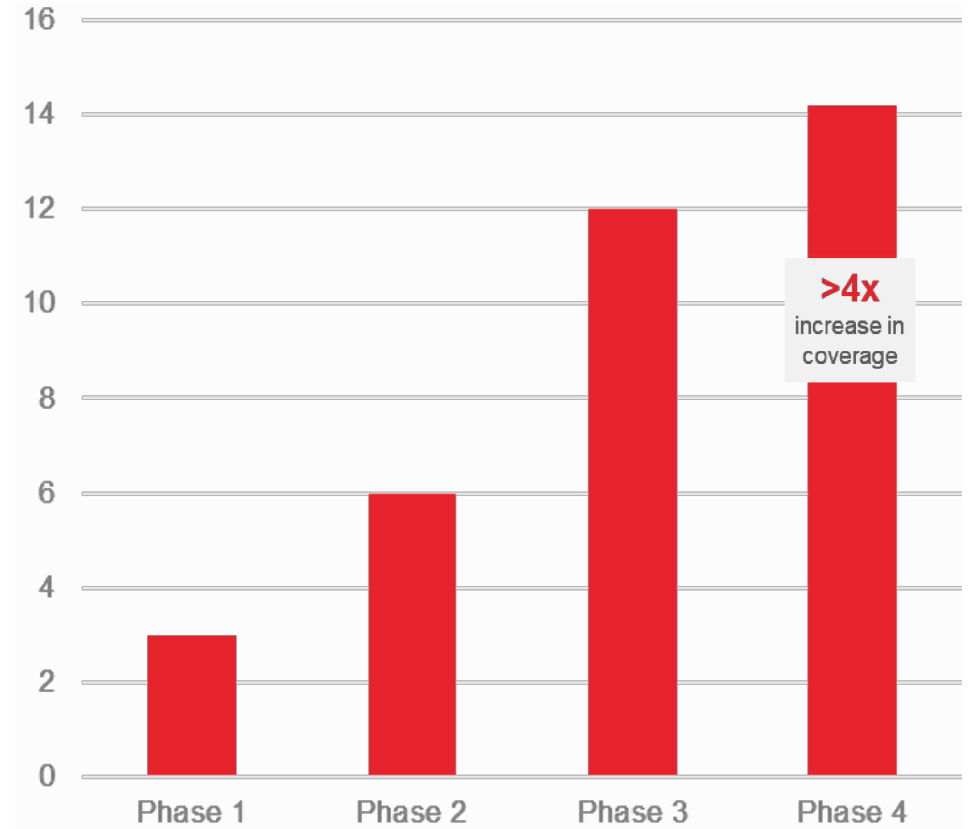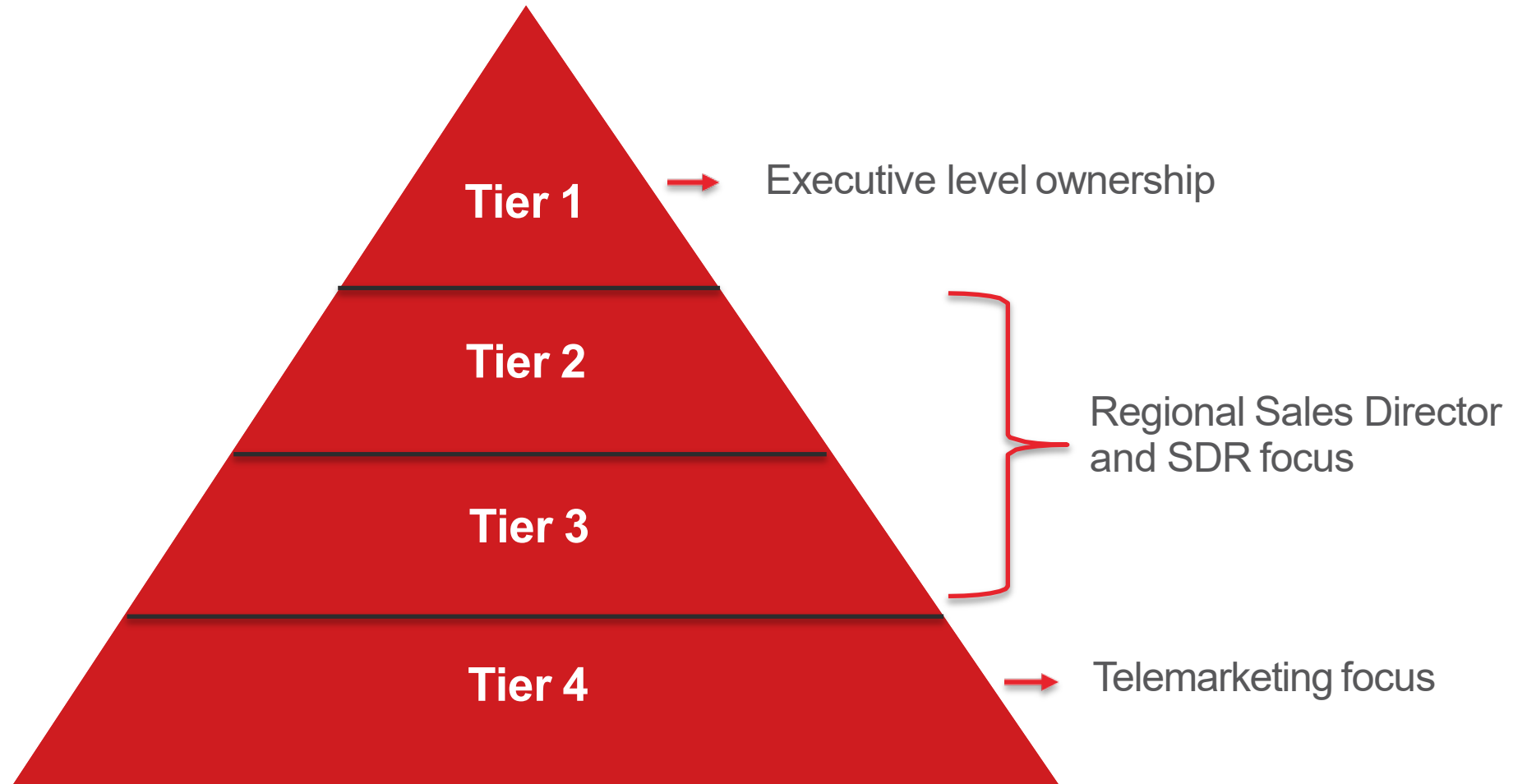
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ShotSpotter Impact on Healthcare

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

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1. "Emergency Department Visits for Firearm-Related Injuries in the US" Johns Hopkins, Health Affairs, October 2017

ShotSpotter® Missions™

Patrol Management Software for More Precise and Effective Policing
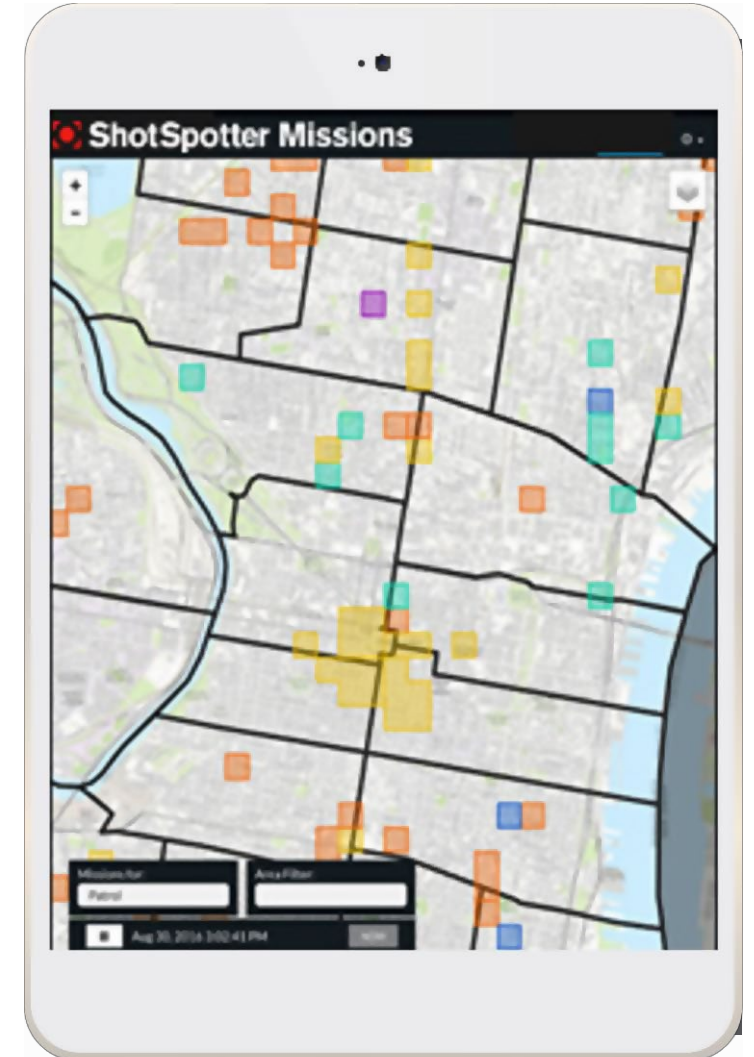
Crime Forecasting and Mission Planning

Dosage and Tactics Guidance

Insights into Patrol Activity

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Expanding the Platform to Better Serve Police

Pre-Incident

Incident

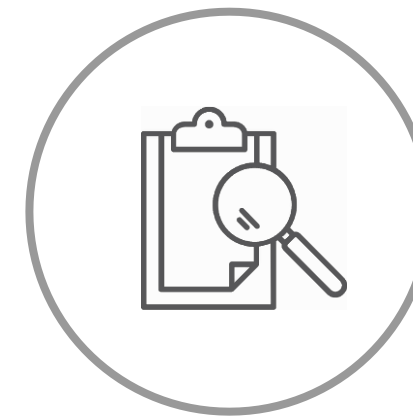**Post-Incident**

ShotSpotter® Missions™

- Crime forecasting and patrol management to deploy patrols efficiently and help deter crime

- Patrol activity reports help optimize patrol resources

ShotSpotter® Flex™

- ShotSpotter Respond and Dispatch get cops to the crime scene faster

- Tactical intelligence helps protect officers as they approach the scene
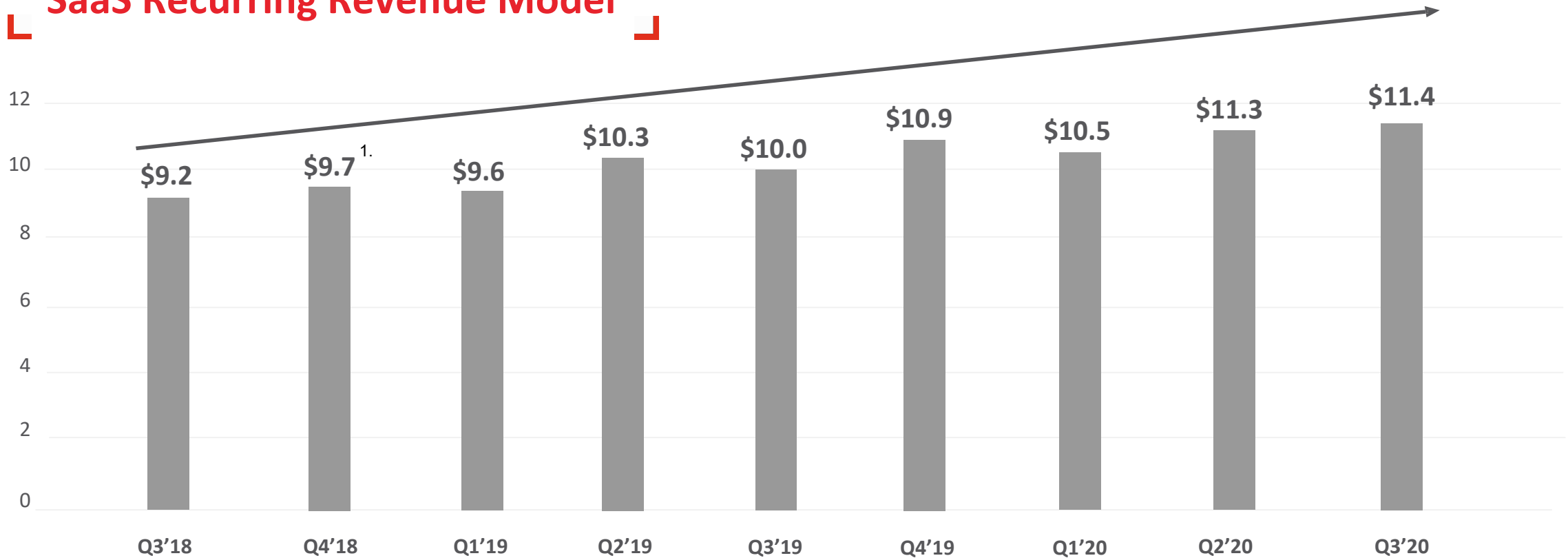
Forensic Reports

- Improve evidence recovery and support witness/suspect interviewing

- Court-admissible evidence with exact location and timing of shots fired to help prosecution

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Business Model / Financials and KPI's

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SaaS Recurring Revenue Model

$9.2 — Q3'18
$9.7 [1] — Q4'18
$9.6 — Q1'19
$10.3 — Q2'19
$10.0 — Q3'19
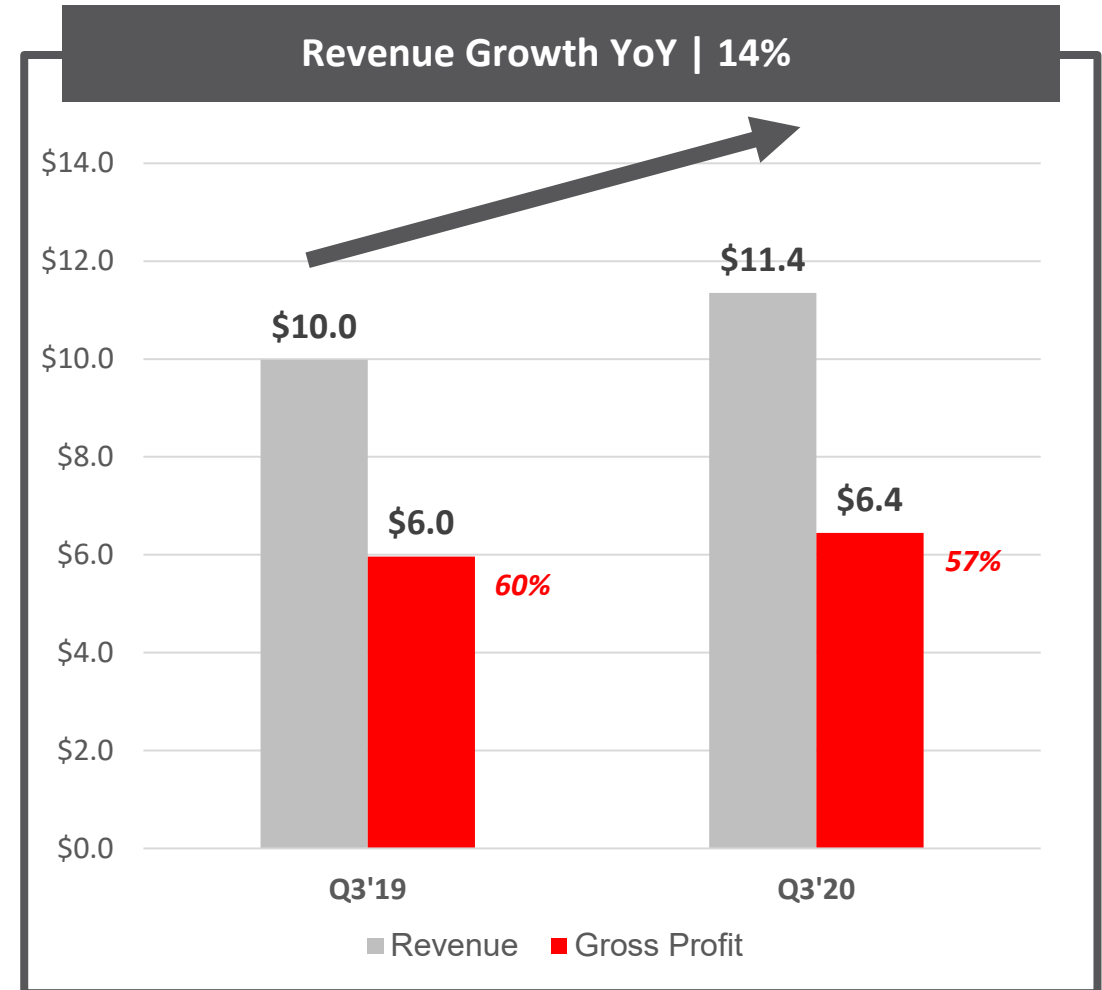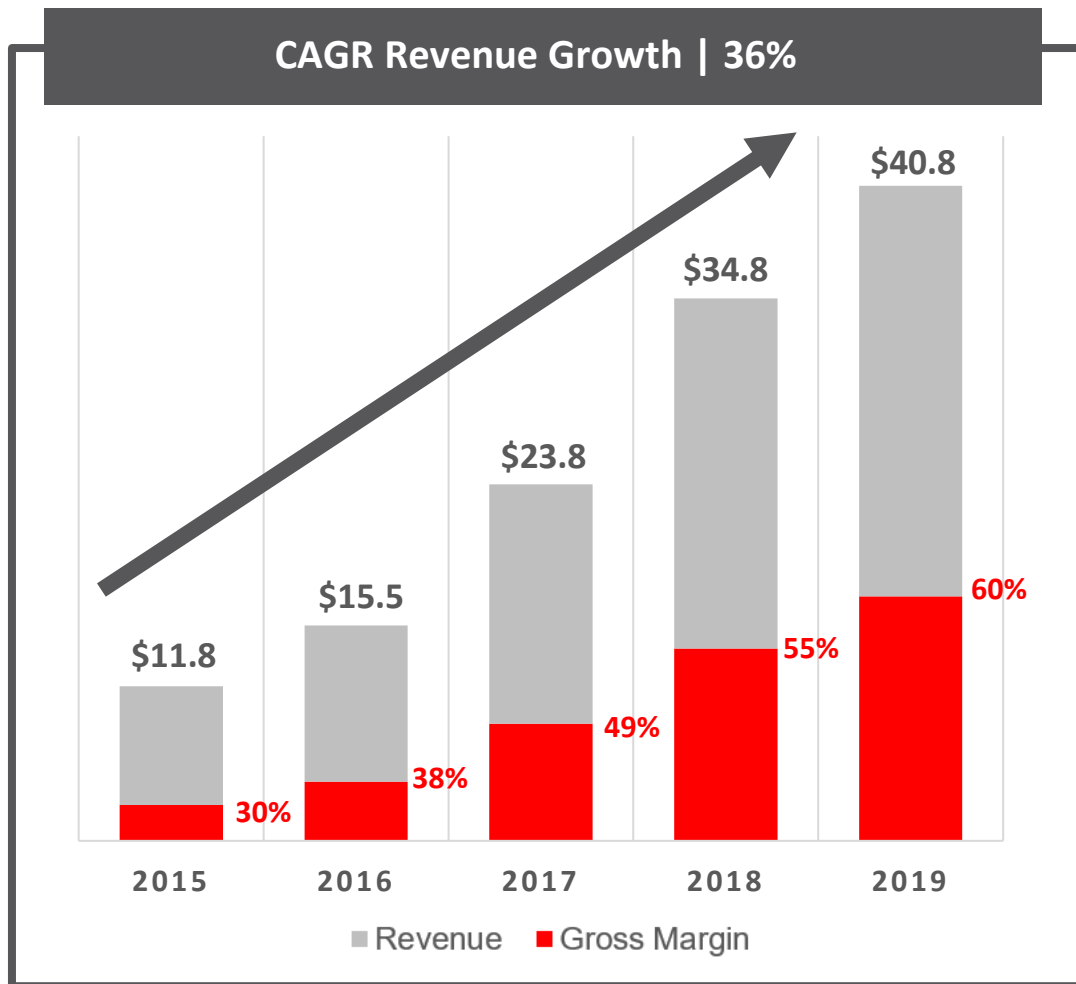$10.9 — Q4'19
$10.5 — Q1'20
$11.3 — Q2'20
$11.4 — Q3'20

Revenues in millions of dollars

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

Nearly 100% of revenue is subscription based.

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Strong Revenue Growth & Operating Leverage

CAGR Revenue Growth | 36%

Year	Revenue	Gross Margin
2015	$11.8	30%
2016	$15.5	38%
2017	$23.8	49%
2018	$34.8	55%
2019	$40.8	60%

Revenue · Gross Margin

Revenue Growth YoY | 14%

Quarter	Revenue	Gross Profit	%
Q3'19	$10.0	$6.0	60%
Q3'20	$11.4	$6.4	57%

Revenue · Gross Profit

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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.

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Selected Income Statement Data & KPIs

$ 000's	YEAR ENDED 12/31		PERCENTAGE		QUARTER ENDED 9/31		PERCENTAGE	
	2018	2019	2018	2019	Q3'19	Q3'20	Q3'19	Q3'20
Revenue	34,753	40,752	100.0%	100.0%	9,984	11,350	100.0%	100.0%
Gross profit	19,221	24,343	55.3%	59.7%	5,965	6,444	59.7%	56.8%
Operating expenses								
Sales & marketing	8,377	9,989	24.3%	24.5%	2,426	2,400	24.3%	21.1%
Research & development	4,987	5,344	14.3%	13.1%	1,358	1,375	13.6%	12.1%
General & administrative	8,425	7,415	24.2%	18.2%	1,803	2,040	18.1%	18.0%
Total operating expenses	**21,789**	**22,748**	62.7%	55.8%	**5,587**	**5,815**	56.0%	51.2%
Operating (loss) / profit	$(2,568)	1,595	(7.4%)	3.9%	378	629	3.8%	5.5%
Revenue retention rate	**139%**	**111%**						
Marketing spend per $1.00 of new annualized contract value**	**$0.30**	**$0.43**						

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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**

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Key Developments

- **2020 Full Year Guidance**

  - Revenues of $44.5 million to $45.0 million

  - Maintain GAAP Profitability

- **Preliminary 2021 Full Year Guidance**

  - Revenues of $58.0 million to $60.0 million, including approximately $10.0 million of projected revenue from Leeds.

  - Maintain GAAP profitability

- **Acquisition of Leeds**

  - On November 9th, ShotSpotter announced it had signed a definitive agreement to acquire Leeds, LLC for $22 million, including up to a $5 million earn out.

  - Leeds's investigative case management software will be integrated into ShotSpotter's precision policing platform, joining Flex and Connect.

  - The transaction, which is expected to close in Q4, will expand the US TAM by 45%.

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**

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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"**

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Architecture Benefits / Limitations

Comparison	ShotSpotter Wide Area Sensor Array	Proximity Sensor	Multi-Mic Cluster Sensor
Benefits	• Wide area coverage • Excellent location • Low false positive/false negative rates • Court admissible evidence • Fast notification	• Perceived low cost • Fast notification	• Supersonic: excellent location; low false positive rate; caliber identification • Fast notification
Limitations	• No caliber identification	• Very limited coverage • No location • Costly high false positive rate • Not court admissible evidence	• 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*

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