



Knightscope, Inc.

Initiating Coverage with BUY and \$3.50 Target

Large market opportunities for its ASRs in a more dangerous world. We believe strong growth over the next year and AI assets to drive stock much higher.

Initiating with BUY: We are initiating coverage of Knightscope with a BUY rating and a 12-month price target of \$3.50. Knightscope is a technology company whose autonomous security robots and blue light emergency communications systems help protect the places people live, work, study and visit.

Focused on security technologies: The company is a leading provider of Autonomous Security Robots (“ASRs”) and blue light emergency communication devices consisting of emergency blue light towers, blue light emergency phone (“E-Phone”) towers, fully integrated, solar-powered cellular emergency phone towers, and emergency call box systems (“Call Box”).

Targeting crime: ASRs conduct real-time on-site data collection and analysis in both indoor and outdoor spaces delivering alerts to security professionals to access the data for investigative purposes. Knightscope’s technologies and products are designed to supplement the work of law enforcement and security professionals and are known to be effective in reducing crime. The company’s core technologies are suitable for most environments that require security patrol coverage and are designed to be force multipliers that offer security teams improved situational awareness and better security at a lower cost.

Market opportunities: In the U.S., there are over 8,000 private security firms and 19,000 law enforcement agencies – a fragmented marketplace relying primarily on human beings for monitoring and patrol activities. Due to recent large rise in crime and labor and shortages issues for public safety officers, the company believes that the market for its technologies will continue to grow.

Revenue growth strong: We believe revenues should increase significantly in 2023. We have modeled high revenue growth in 2023 (+121%) and 2024 (+45%) and thereafter to scale up significantly which should drive improved margins and profitability. We expect the company to be profitable in 2025.

Leader in AI: The company is a pioneer in the use of AI (artificial intelligence) for its ASRs. The K3 and K5 ASRs are designed to patrol autonomously (using AI), either randomly or on a scheduled pattern. These ASRs are well developed AI machines with over 2+ million hours of commercially operating service logged.

Acquisition synergies: In October 2022, the company acquired CASE Emergency Systems for \$6.7 million. CASE is a leader in blue light emergency phones and wireless emergency communications technology, providing Knightscope with a strategic entry into a nationwide market.

However, challenges exist: Knightscope operates in a highly competitive environment and competes against a wide range of technologies and security services. There is the chance that competing technologies may challenge Knightscope’s technologies or that existing security options remains the industry standard. We also note the company’s balance sheet cash is very tight.

Positive high risks versus high rewards: Overall, concerns outweighed by growth prospects and valuation. Knightscope’s main ASRs and communication products still has long commercialization challenges ahead, but we believe the ~billion dollars market potential presents high rewards for the risks.

Current valuation attractive: We calculate a 12-month price target for shares of Knightscope to be \$3.50 based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company’s high risks with its high growth prospects and large upside opportunities.

Company Description

Knightscope, based in Mountain View, CA, is a security technology company whose autonomous security robots and blue light emergency communications systems help protect the places people live, work, study and visit.

United States
Technology

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COVERAGE INITIATION

Rating: BUY

Ticker: KSCP

Price: \$0.40

Target: \$3.50

Stock Data

Exchange:	NasdaqGM
52-week Range:	0.36 – 3.90
Shares Outstanding (million):	64
Market cap (\$million):	\$26
EV (\$million):	\$29
Debt (\$million):	\$5
Cash (\$million):	\$2
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	36
Short Interest (million shares):	2
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022A</u>	<u>2023E</u>	<u>2024E</u>
	<u>(Cur.)</u>	<u>(Cur.)</u>	<u>(Cur.)</u>
Q1 Mar	0.9A	2.9A	3.7E
Q2 Jun	1.0A	2.7E	3.6E
Q3 Sep	1.3A	2.9E	4.0E
Q4 Dec	<u>2.3A</u>	<u>3.9E</u>	<u>6.7E</u>
Total	5.6A	12.4E	18.0E
EV/Revs	5x	2x	2x

Earnings per Share (pro forma)

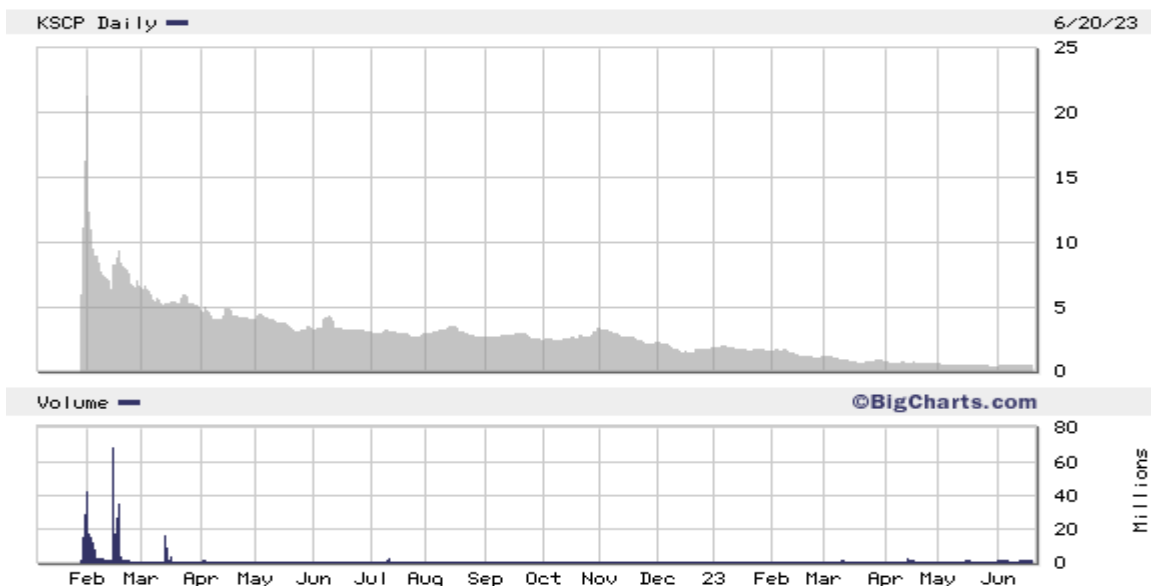
	<u>2022A</u>	<u>2023E</u>	<u>2024E</u>
	<u>(Cur.)</u>	<u>(Cur.)</u>	<u>(Cur.)</u>
Q1 Mar	(0.30)A	(0.06)A	(0.10)E
Q2 Jun	0.02A	(0.11)E	(0.09)E
Q3 Sep	(0.14)A	(0.10)E	(0.08)E
Q4 Dec	<u>(0.31)A</u>	<u>(0.10)E</u>	<u>(0.04)E</u>
Total	(0.72)A	(0.38)E	(0.31)E
P/E	N/A	N/A	N/A

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 30.

Exhibit 1: Knightscope, Inc. Stock Price (since IPO January 27, 2022)



Source: <https://bigcharts.marketwatch.com/>

INVESTMENT THESIS

We are initiating coverage of Knightscope with a BUY rating and a 12-month price target of \$3.50.

Knightscope, based in Mountain View, CA, is a security technology company whose autonomous security robots and blue light emergency communications systems help protect the places people live, work, study and visit. The company’s mission is making the U.S.A. the safest country in the world by allowing public and private safety professionals to more effectively deter, intervene, capture, and prosecute criminals. The company is a leading provider of Autonomous Security Robots (“ASRs”) and blue light emergency communication devices consisting of emergency blue light towers, blue light emergency phone (“E-Phone”) towers, fully integrated, solar-powered cellular emergency phone towers, and emergency call box systems (“Call Box”).

The company’s core technologies are suitable for most environments that require security patrol coverage and are designed to be force multipliers that offer security teams improved situational awareness and better security at a lower cost. ASRs conduct real-time on-site data collection and analysis in both indoor and outdoor spaces delivering alerts to security professionals through the KSOC to access the data for investigative and evidence collection purposes.

The company is a pioneer in the use of AI (artificial intelligence) for its ASRs. The K3 and K5 ASRs are designed to patrol autonomously (using AI) either on a random basis or based on a particular or scheduled patrolling algorithm/pattern. They can navigate around people, vehicles and objects in dynamic indoor or outdoor environments. These ASRs are well developed AI machines with over 2+ million hours of commercially operating service logged.

Exhibit 2: Knightscope Corporate Overview

Overview

Knightscope is an advanced security technology company based in Silicon Valley that builds fully autonomous security robots that deter, detect and report. Our groundbreaking technology has proven to help in fighting crime, providing security and public safety professionals unprecedented situational awareness. Knightscope's cost-effective security robots help secure the places you live, work, study and visit. Our long-term ambition is to make the United States of America the safest country in the world. #LongKnightscopeShortTheCriminals

BREAKING OF AUTONOMOUS SECURITY ROBOTS PROVES CRIME FIGHTING EFFECTIVENESS

KNIGHTSCOPE NEWS

Crime-Fighting Robots Report Growing List Of Wins:

- Burglaries
- Domestic Violence
- Fire
- Fraud
- Hit and Run
- Incident Reduction
- Sexual Predator

Police Renew Contract

By a unanimous 5 to 0 vote, the Huntington Park City Council has approved the renewal of the Knightscope contract for an additional two-year term.

Source: Company reports.

The company's blue light emergency communication devices consist of emergency blue light towers, blue light emergency phones ("E-Phone"), fully integrated, solar powered cellular emergency phone towers, and emergency call box systems ("Call Box"). Tower devices are tall, highly visible and recognizable devices that provide emergency communications using cellular and satellite communications with solar power for additional safety in remote locations. E-Phones and Call Boxes offering a smaller, yet still highly visible, footprint than the stationary security towers, but with the same reliable communication capabilities.

Exhibit 3: Knightscope's Products - Autonomous Security Robots (ASRs) and Blue Light Emergency Communication Devices



Source: Company reports.

In the U.S., there are over 8,000 private security firms and 19,000 law enforcement agencies – a fragmented marketplace relying primarily on human beings for monitoring and patrol activities. Knightscope believes that its security products offer a better economic proposition for its clients relative to a human guard or a mobile vehicle patrol unit operating 24/7, enabling the estimated 2.5 million law enforcement and security professionals to better focus on strategic decision-making and law enforcement.

Knightscope's technologies and products are designed to supplement the work of law enforcement and security professionals and are known to be effective in reducing crime. Knightscope's ASRs, Blue Light Towers, and Call Boxes provide its clients with the ability to augment their existing security infrastructure, enabling human security resources to be more strategic in their approach to security.

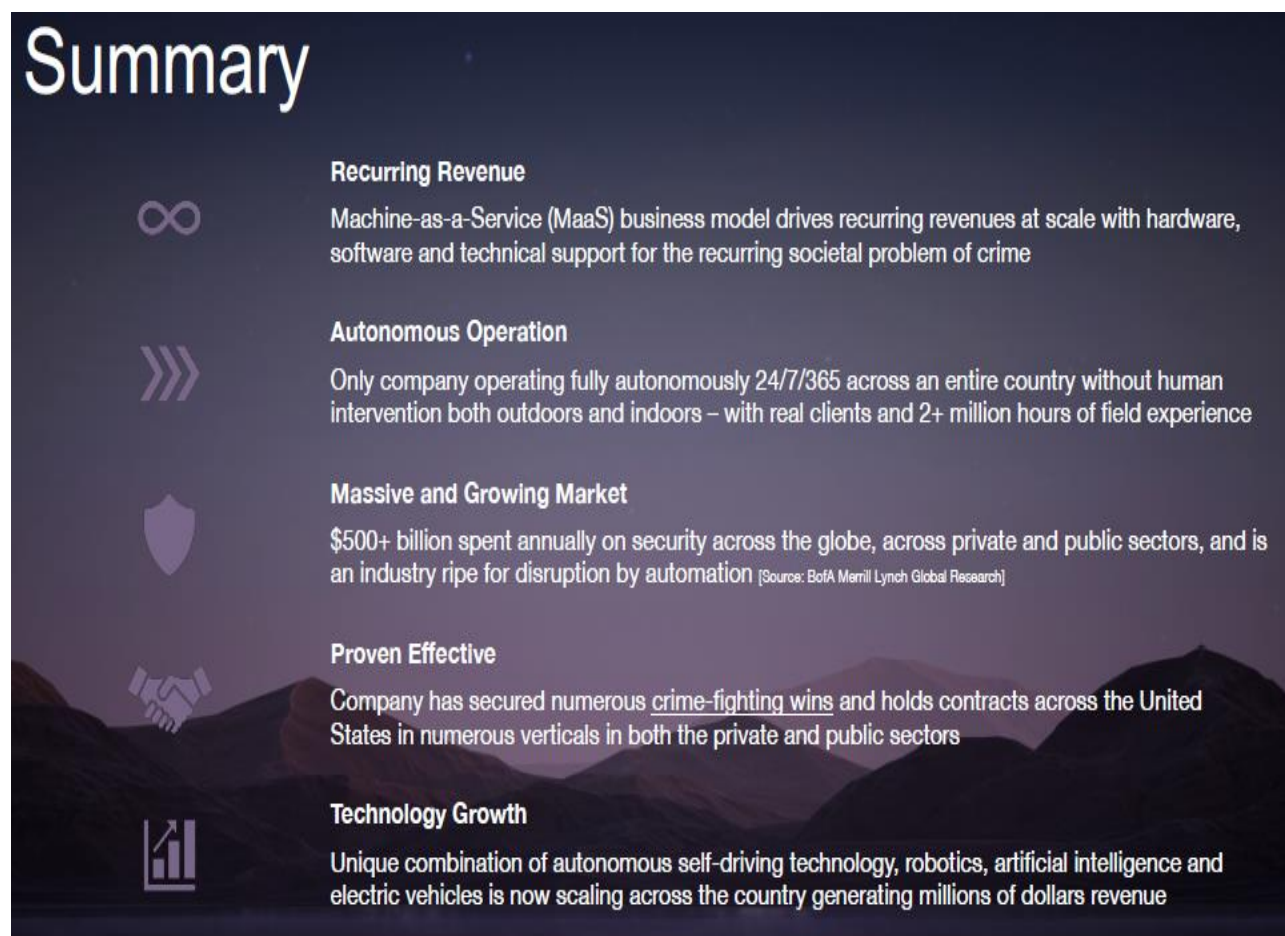
Its ASRs, Blue Light Tower and Call Box solutions have been deployed across a broad range of clients, including casinos, corporations, law enforcement, county agencies, universities, and property management companies. Nearly 50% of Knightscope's Autonomous Security Robots (ASRs) currently deployed are used to secure parking lots or structures.

Knightscope does compete indirectly with private physical security firms that provide clients with security personnel and other security services. The company's ASRs offer clients a significant cost reduction relative to the cost of human security guards. In addition, ASRs offer significantly more capabilities, such as license plate detection, data gathering, thermal imaging and people

detection that are delivered consistently, on a 24-hour, 7 day per week basis, without regular human intervention. Knightscope's technology complements and improves the operations of traditional security firms.

The company believes that having these two types of systems working together provide a more complete approach to promoting safety and reducing crime. While traditional human guards provide a closer comparator or competitor in some cases, Knightscope believes that utilizing its "Software, Hardware, Humans" approach is much more effective. Due to numerous geopolitical events, recent large rise in crime, labor and shortages issues for public safety officers, and new safety requirements as well as various high-profile incidents of violence across the United States, the company believes that the market for its technologies will continue to grow.

Exhibit 4: Knightscope's Investment Summary



Summary

- Recurring Revenue**
Machine-as-a-Service (MaaS) business model drives recurring revenues at scale with hardware, software and technical support for the recurring societal problem of crime
- Autonomous Operation**
Only company operating fully autonomously 24/7/365 across an entire country without human intervention both outdoors and indoors – with real clients and 2+ million hours of field experience
- Massive and Growing Market**
\$500+ billion spent annually on security across the globe, across private and public sectors, and is an industry ripe for disruption by automation [Source: BofA Merrill Lynch Global Research]
- Proven Effective**
Company has secured numerous crime-fighting wins and holds contracts across the United States in numerous verticals in both the private and public sectors
- Technology Growth**
Unique combination of autonomous self-driving technology, robotics, artificial intelligence and electric vehicles is now scaling across the country generating millions of dollars revenue

Source: Company reports.

Knightscope's recent financial performance is reflective of its early and high growth commercialization stage. On October 14, 2022, the company completed the acquisition of CASE Emergency Systems ("CASE") for \$6.7 million. CASE is a leader in blue light emergency phones and an innovator in next generation wireless emergency communications technology, providing Knightscope with a strategic entry into a nationwide market.

In its Q1 2023 report (on May 15, 2023), the company reported revenues of \$2.9 million and net loss was \$2.4 million (EPS of \$(0.06)), compared with Q4 2022's revenue of \$2.3 million and net loss of \$11.7 million (EPS of \$(0.31)). Revenues grew +207% y-o-y and +23% sequentially from Q4 (reflecting the new contributions from CASE both sequentially and annually). In Q1 (January 9), the company announced a cost-reduction plan to streamline its operations and newly combined workforce with a reduction of its workforce by ~20%.

Although revenues are still relatively low, we believe revenues should increase significantly in 2023. In 2023, the company will have its first full year of CASE's results and we expect revenues to ramp up significantly going forward. Knightscope currently has a strong sales pipeline and a backlog of ~\$4.7 million (as of April 2023) that we believe will translate into product revenue in 2023.

We have modeled high revenue growth in 2023 (+121%) and 2024 (+45%) and thereafter to scale up significantly which should drive improved margins and profitability. For 2023, we expect revenue of \$12.4 million (+121% y-o-y), a net loss of \$19.7 million, and EPS of \$(0.38). For 2024, we expect revenues of \$18.0 million (+45%), a net loss of \$18.2 million, and EPS of \$(0.31). We expect the company to be profitable in 2025.

The company's balance sheet has \$2 million in cash and \$5 million in debt as of March 2023. In the current Q2 (ending June 2023), the company has so far (through mid-May) raised ~\$3.2 million selling stock (~\$0.59/share). We believe the company has enough cash through Q2 2023, but that it will likely need to raise capital soon (in the current Q2 or Q3).

Knightscope's share price has been weak (and highly volatile) in the past year. In 2023, Knightscope's share price is -79% (was \$1.89 on 12/30/22) to the current share price of \$0.40 (as of 6/22/23). The share price has traded between \$0.36 and \$3.90 in the past year and \$0.36 and \$2.00 in the past 6 months (YTD 2023).

We believe that there are near term catalysts that can drive the stock (particularly for key sales, growth, and profitability milestones expected in 2023). As the company is likely to make significant progress (and revenue growth) in its product commercialization over the next several years, we believe this will result in much improved visibility into profitability and future cash flows and higher share price. Although it is very likely that the company will have to keep raising capital near term to achieve its product commercialization and development goals, we believe that positive progress will make future financings accretive to current shareholders.

Our investment thesis factors in an uncertain product commercialization, growth, and profitability prospects which is offset by the very large potential upside opportunities created from successful business execution of its financial and strategic plans. We believe that the current valuation for Knightscope has already factored in many of its risks (principally successful commercialization, growth, and profitability) but is under valuing its overall growth prospects and market opportunities, resulting in a positive risk versus reward scenario for an investment in Knightscope.

We believe the current valuation is attractive.

Based on our expectations and assumptions and our NPV analysis, we calculate a 12-month price target for shares of Knightscope to be \$3.50, representing significant upside from current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities. We acknowledge that Knightscope is still at an early stage in its product commercialization, but we believe its high growth and key commercialization, revenue, and profitability milestones over the next year should be positive catalysts for the stock.

Exhibit 5: Knightscope Market Opportunities

\$40B+ Recurring Revenue Opportunity (USA)

Selected Vertical	Total Number of Guards and Officers	Estimated % Augmentation with Robots		Potential Annual Recurring Revenue (estimate)		
		Near-Term	Long-Term	Per Robot	Near-Term Opportunity	Long-Term Opportunity
Corporate Campuses	12,000	2%	20%	\$70,000 *	\$17M	\$168M
Healthcare	193,550				\$271M	\$2,710M
Casinos	59,160				\$83M	\$828M
Commercial Real Estate	260,400				\$365M	\$3,646M
Manufacturing & Logistics	270,869				\$379M	\$3,792M
Law Enforcement	1,000,000			\$150,000 **	\$3B	\$30B
Total	~ 1.8 million	~ 36,000 robots	~ 360,000 robots		~ \$4.1 billion	~ \$41 billion

* Assumed average revenue for K1 portfolio, K3 portfolio and K5 portfolio combined as well as future products and services

** Assumed average revenue for all K7 versions combined

Source: Company reports.

INVESTMENT RISKS

Growth and Commercialization Risks

Knightscope's goal is to increase the operational and financial growth and profitability of its main security business. The company will need to increase awareness to its target markets (enterprise, government, and public safety organizations) and to demonstrate superiority (more effective, lower costs, and/or better technologies) of its technologies and services. The markets for security technology software and hardware are characterized by high competition, frequent technological developments and innovations, new product and services, and evolving technology and security industry standards and processes. This will require Knightscope to develop its technologies, services, expertise and reputation, and continue to improve the effectiveness and ease of use of its technologies and services. While the market opportunities are large, there are always significant risks to grow (add new customers) and commercialize products (grow or maintain revenue per customers). The company sells its products to many governmental and public safety organizations, which has very long sales cycles and many governmental requirements and regulations.

Competition

Knightscope operates in a highly competitive environment and competes against a wide range of other security and technology companies that are attempting to replicate or have better technologies and operations than the company's main security products. Although Knightscope believes that its products and services are superior to competing products and technologies and has limited direct competition, there are always the possibility of new entrants or difficulties with existing competition. In addition, Knightscope will need to replace existing security products and technologies and processes being used currently.

Knightscope competes directly and indirectly with very large technology, securities companies, and public safety organizations that are much larger, have greater resources, very large customer base, and proprietary technology; which could result in lower projected sales for Knightscope and at higher costs, reduced margins, and lowered profitability for the company.

Technology Risks

Technologies are constantly changing and improving due to new technologies, changing business and consumer demands, or changes in government regulations. This requires a company like Knightscope to constantly invest in its technology, products, and services. This is much more the case for Knightscope since the company is relatively small and it is actively focused on security solutions and AI (artificial intelligence) software and hardware which has rapidly changing technologies. If Knightscope is unable to keep its products innovative, effective, and useful, it may find its technologies and products obsolete.

Concentrated Products

The company is currently focused on its one main product (security solutions). These products include its autonomous security robots (ASRs) and blue light emergency communication devices and are aimed for enterprises and governments to help to protect the people, places, and things where they live, work, study and visit. While the company has a large and wide range of customers to target, its customer base is still small and highly concentrated in certain industries. All of its revenue is derived in the U.S. The company is very leveraged to the success or failure of its security product solutions. If Knightscope were to experience difficulties with development and commercialization of its security products, then it may have a material negative impact on its business and financials as there are no meaningful products which can offset.

Economic Uncertainties

While security costs tends to be less correlated with economic activity and income levels due to their nondiscretionary nature, major deterioration in economic conditions tends to result in an overall decline in consumer, enterprise, and government spending. This was demonstrated during the 2008 and 2009 Great Recession and global economic slowdown. While enterprise and consumer spending levels and economic conditions have rebounded since and have been strong the past several years, the global macroeconomic environment can change significantly quickly as was shown with the start of the pandemic in March 2020. Since then, due to huge government stimulus the U.S. economy has been very strong the past 3 years. However, recent macro slowdowns, high inflation, and disrupted supply chains have caused costs to soar, inventory and product input shortages, and unreliable lead

times. Further economic disruptions and weakness may result in depressed enterprise, consumer, and government spending levels; this may have a negative impact on Knightscope and its customers.

Capital Markets Risks

We believe Knightscope's cash position is tight and that it will need to raise money soon (in the current Q2 or Q3). We believe that it will be at least two years before the company can be cash flow self-sufficient from operations. Many technology companies fund their operations from the sale of equity or debt capital until their products reach commercial success or until they sell off their commercial assets to other companies. Early stage technology companies valuations tend to fluctuate widely, and they were very weak in 2022 (mainly due to a weak general stock market and larger weakness and volatility for small/microcap stocks). There is always the chance that market interests and valuations for companies in this industry to further decline significantly. Although the company has been successful raising cash so far in 2023 (~\$8 million), the share price volatility in the past year (with a stock price range of \$0.36 – 3.90) in Knightscope share price may make capital raising much more difficult and expensive.

VALUATION

We are initiating coverage of Knightscope with a BUY rating and a 12-month price target of \$3.50, which is based on a NPV analysis. The company currently generates revenue (fast growing) but also significant losses as it invests to grow its businesses so traditional valuation metrics are not useful. We believe a more accurate valuation should take into consideration the potential future value of its businesses. We do acknowledge that this valuation is complex and requires a large number of forward assumptions that we have to estimate that may be imprecise and may vary significantly from actual results. This is particularly so for a company like Knightscope which is still in early high growth phase with its main business.

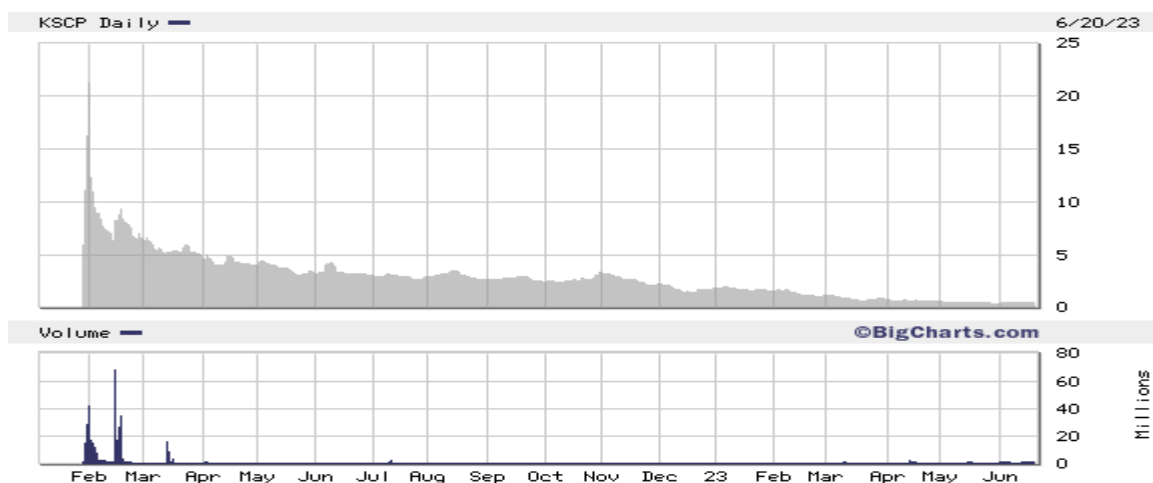
However, we believe our assumptions are fair and provide a reasonable basis for our valuation analysis. Our analysis considers future estimated profits from its major business segment (based on estimated future revenue and profits and discounted this back to a current value), currently focused on its Autonomous Security Robots (ASRs) and emergency communication devices. We apply a discount rate (16%) to capture the high risks and uncertainties associated generally early stage companies. We then added up the values, made an assumption about future investments required and allocated the value based on current share count (including an estimated 10 million shares of unconverted preferred stock). Based on our NPV analysis, we arrived at our 12-month price target of \$3.50, which we believe appropriately balances out the company's risks with its high growth prospects.

Knightscope's share price has been weak (and highly volatile) in the past year. In 2023, Knightscope's share price is -79% (was \$1.89 on 12/30/22) to the current share price of \$0.40 (as of 6/22/23).

The share price has traded between \$0.36 and \$3.90 in the past year and \$0.36 and \$2.00 in the past 6 months (YTD 2023). We believe the share price weakness is due to general stock price weakness and volatility with small/microcap tech stocks in 2022 (Russell 2000 Index of small-cap U.S. stocks was -20% in 2022). While the Russell 2000 Index (along with the overall stock market) has improved in 2023 (+6% YTD), it and the overall stock market has remained very volatile.

We believe that there are near term catalysts that can drive the stock (particularly for key sales, growth, and profitability milestones expected in 2023). As the company is likely to make significant progress (and revenue growth) in its product commercialization over the next several years, we believe this will result in much improved visibility into profitability and future cash flows and higher share price. Although it is very likely that the company will have to keep raising capital near term to achieve its product commercialization and development goals, we believe that positive progress will make future financings accretive to current shareholders.

Exhibit 6: Knightscope, Inc. Stock Price (since IPO January 27, 2022)



Source: <https://bigcharts.marketwatch.com/>

The company has raised ~\$3 million so far (through mid-May) in the current Q2 (ending June) 2023 from its ATM selling common stock, but we believe the company's cash position is tight and that it needs to raise money soon (in the current Q2 or Q3) to fund its commercialization and growth plans and to achieve its strategic goals.

We expect valuations for Knightscope to improve as visibility into profitability and cash flow generation becomes clearer, resulting in significant upside to the current share price. We want to note that investor's interest in technology and AI (artificial intelligence) companies are still high (even with recent market pullbacks and volatilities) with many companies in this area attributed high valuations due to the large market and growth opportunities.

Exhibit 7: Company Valuation (DCF) (in millions)

Valuation of Business Segments (in millions)

Product	Calculated NPV	Discount Rate	Estimated Annual Profits	Net Profit Margin	Estimated Annual Sales
Autonomous Security Robots (ASRs)	\$ 254	16%	39	26.3%	\$ 150
Total	\$ 254				

Net cash	\$ (3)
Estimated additional investments (& debt) required	\$ 27
Current Value for existing shareholders	\$ 224
Shares Outstanding (mils)	64
Estimated Value per share	\$ 3.50

Source: Ascendant Capital Markets estimates

COMPANY

Knightscope, based in Mountain View, CA, is a security technology company whose autonomous security robots and blue light emergency communications systems help protect the places people live, work, study and visit. The company's mission is making the U.S.A. the safest country in the world by allowing public and private safety professionals to more effectively deter, intervene, capture, and prosecute criminals. The company is a leading provider of Autonomous Security Robots ("ASRs") and blue light emergency communication devices consisting of emergency blue light towers, blue light emergency phone ("E-Phone") towers, fully integrated, solar-powered cellular emergency phone towers, and emergency call box systems ("Call Box").





In October 2022, the company completed the acquisition of CASE Emergency Systems ("CASE") for \$6.7 million. CASE is a leader in blue light emergency phones and an innovator in next generation wireless emergency communications technology, providing Knightscope with a strategic entry into a nationwide market.

Knightscope was originally founded in April 2013. In December 2013, the company launched the first K5 ASRs. In May 2015, the company deployed the first commercial K5 ASRs to a mall in the SF Bay area. In April 2016, the company launched the first K3 ASRs. In August 2017, the company launched the first K1 stationary ASRs. In January 2022, the company had its IPO (initial public offering). As of March 30, 2023, Knightscope had ~93 employees.

Exhibit 8: Knightscope Management Team



Management Team

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William Santana Li, Chairman and Chief Executive Officer
 - Seasoned entrepreneur, intrapreneur and former corporate executive at Ford Motor Company
 - Founder and Chief Operating Officer of GreenLeaf, which became the world's 2nd largest automotive recycler (now NASDAQ: LKQ)
- 
Stacy Dean Stephens, EVP and Chief Client Officer
 - Former Dallas-area law enforcement officer and seasoned entrepreneur
 - Government Technology magazine's Top 25 Doers, Dreamers & Drivers for commitment to advancing law enforcement technology
- 
Mercedes Soria, EVP and Chief Intelligence Officer
 - Winner of Leadership ABIE Award for Women in Technology and Silicon Valley Business Journal's Woman of Influence Award
 - Former Deloitte software engineering leader with 15+ years of experience in enterprise, artificial intelligence and machine learning
- 
Aaron J Lehnhardt, EVP and Chief Design Officer
 - 20+ years in two- and three-dimensional product and industrial design
 - Former Ford Motor Company senior designer, digital design expert and Alias 3D instructor at College for Creative Studies
- 
Mallorie S Burak, President and Chief Financial Officer
 - Seasoned financial executive for private and publicly traded companies in Silicon Valley leveraging significant U.S. SEC experience
 - Successful track record of M&A, corporate growth, challenging turnaround assignments and exit strategies including public listings
- 
Peter M Weinberg, General Counsel
 - Experienced attorney in both public and private company settings as well startups and turnarounds
 - Former General Counsel Alta Devices, NEC Electronics America, and Takenaka Corporation

Source: Company reports.

William (“Bill”) Santana Li (age 53) has served as Chairman and Chief Executive Officer since April 2013, when he co-founded the company. Mr. Li is an American entrepreneur with over 30 years of experience from working in the global automotive sector and founding and leading a number of startups. From 1990 to 1999, Mr. Li held multiple business, technical, management, and leadership positions at Ford Motor Company across four continents. Mr. Li founded and served as COO of GreenLeaf LLC, a Ford Motor Company subsidiary that became the world’s second largest automotive recycler. After establishing GreenLeaf, Mr. Li was recruited by SoftBank Venture Capital to establish and serve as the President and CEO of the Model E Corporation, a newly established automobile manufacturer that focused on the “Subscribe and Drive” model in California. Mr. Li also founded Carbon Motors Corporation in 2003, and as its Chairman and CEO until February 2013, which was developing the world’s first purpose-built law enforcement patrol vehicle. Mr. Li earned a BSEE from Carnegie Mellon University and an MBA from the University of Detroit Mercy.

Stacy Dean Stephens (age 51) has served as Chief Client Officer since May 2013 and co-founded the company in April 2013. Previously, he co-founded Carbon Motors Corporation with Mr. Li, where he led marketing operations, sales, product management, partnership marketing and client service. At Carbon Motors, Mr. Stephens established the “Carbon Council,” a client interface and users group consisting of over 3,000 law enforcement professionals across all 50 states and actively serving over 2,200 law enforcement agencies. Prior to co-founding Carbon Motors Corporation, Mr. Stephens served as a police officer for the Coppell (Texas) Police Department from 2000 to 2002. Mr. Stephens studied aerospace engineering at the University of Texas in Arlington. He subsequently earned a degree in criminal justice and graduated as valedictorian from Tarrant County College in Fort Worth, Texas.

Mallorie Burak (age 52) has served as Chief Financial Officer since October 2020 and as President since January 2023. Ms. Burak is an experienced financial executive, bringing over 28 years of expertise across a broad spectrum of industries ranging from early-stage start-ups to multi-national, public corporations. Prior to joining the company, she served as CFO at ThinFilm Electronics ASA, an innovative solid-state lithium battery start-up, from 2019 to 2020 and Alta Devices, Inc., a GaAs thin-film solar technology start-up, from 2016 to 2019. Prior to Alta Devices, Ms. Burak served as CFO at FriendFinder Networks, Rainmaker Systems, FoodLink, and Southwall Technologies. Ms. Burak holds a BSBA and MBA from San Jose State University.

PRODUCT

Knightscope is a leading provider of Autonomous Security Robots (“ASRs”) and blue light emergency communications systems. Its technologies are “Made in the USA” (in California) and allow public safety professionals to more effectively deter, intervene, capture, and prosecute criminals. Knightscope designs, develops, manufactures, markets, deploys, and support ASRs, autonomous charging stations, the proprietary Knightscope Security Operations Center (“KSOC”) software user interface, and blue light emergency communication devices.

The company’s core technologies are suitable for most environments that require security patrol coverage and are designed to be force multipliers that offer security teams improved situational awareness and better security at a lower cost. ASRs conduct real-time on-site data collection and analysis in both indoor and outdoor spaces delivering alerts to security professionals through the KSOC to access the data for investigative and evidence collection purposes.

The company’s blue light emergency communication devices consist of emergency blue light towers, blue light emergency phones (“E-Phone”), fully integrated, solar powered cellular emergency phone towers, and emergency call box systems (“Call Box”). Tower devices are tall, highly visible and recognizable devices that provide emergency communications using cellular and satellite communications with solar power for additional safety in remote locations. E-Phones and Call Boxes offering a smaller, yet still highly visible, footprint than the stationary security towers, but with the same reliable communication capabilities.

On October 14, 2022, the company completed the acquisition of CASE Emergency Systems (“CASE”). CASE is a leader in blue light emergency phones and an innovator in next generation wireless emergency communications technology. CASE provides Knightscope with a strategic entry into a nationwide market with over 7,000 devices currently deployed across the U.S., 9 production and logistics

facilities spread throughout California, Texas and New York, and a seasoned team located across 4 states. CASE clients includes many of the same clients as Knightscope such as major airports, top law enforcement agencies, universities, municipalities, rail, healthcare, parks, and the U.S. Federal Government.

The company sells its ASR and stationary multi-purpose security solutions under an annual subscription, Machine-as-a-Service (“MAAS”) business model, which includes the ASR lease as well as maintenance, service, support, data transfer, KSOC access, charging stations, and unlimited software, firmware and select hardware upgrades.

The company stationary blue light, E-Phone, and Call Box towers are sold as point-of-sale modular systems, including self-diagnostic, alarm monitoring system firmware that provides system owners daily email reports on the operational status of their system, a one-year parts warranty, and optional installation services.

Exhibit 9: Knightscope Products Solution



Knightscope Solution (Software + Hardware + Humans)

- Serve all domestic public safety organizations with an amalgamated set of hardware, software and monitoring solutions
- Positively impact restricted budgets with affordable products and subscription services
- Augment expensive guard details with advanced technologies that deter, detect, observe and report 24/7/365
- Expand emergency communication end-points to provide a lifeline to those in need
- Create an open feedback loop with end users to continually advance and future-proof technological development

Autonomous Security Robots and Emergency Communication Systems



Source: Company reports.

Exhibit 10: Sample Customer Experience

Automation Disruption Underway

PG&E (NYSE: PCG)

Major Power Utility
Doubles Knightscope
Order to Ten Robots



ABM (NYSE: ABM)

Deploys Knightscope
Autonomous Robot in
Major Parking Facility



Long Term Technology Strategy



AUTONOMY

- Autonomously navigate both outdoors and indoors in dynamic or static environments providing a physical deterrence 24/7/365 at low and high speeds

SEE

- Computer Vision and Video Analytics (people, faces, vehicles, plates, gait, weapons)

FEEL

- Thermal Imaging and Emotion Detection (fire, crowds, forensics)

HEAR

- Acoustic Event Detection and Machine Listening (gunshot, vehicle crash, yelling, glass breaking)

SMELL

- WMD Threat Detection (Devices, Pathogens, Chemical, Biological, Radiological and Nuclear)

SPEAK

- Automated Pre-Recorded Broadcasts, Live Public Address, Text-to-Speech, Concierge

Source: Company reports.

In the U.S., there are over 8,000 private security firms and 19,000 law enforcement agencies – a fragmented marketplace relying primarily on human beings for monitoring and patrol activities. Knightscope believes that its security products offer a better economic proposition for its clients relative to a human guard or a mobile vehicle patrol unit operating 24/7, enabling the estimated 2.5 million law enforcement and security professionals to better focus on strategic decision-making and law enforcement.

Knightscope's technologies and products are designed to supplement the work of law enforcement and security professionals and are known to be effective in reducing crime. Knightscope's ASRs, Blue Light Towers, and Call Boxes provide its clients with the ability to augment their existing security infrastructure, enabling human security resources to be more strategic in their approach to security.

Its ASRs, Blue Light Tower and Call Box solutions have been deployed across a broad range of clients, including casinos, corporations, law enforcement, county agencies, universities, and property management companies. Nearly 50% of Knightscope's Autonomous Security Robots (ASRs) currently deployed are used to secure parking lots or structures.

The company is not currently aware of any direct competitors for its ASR products in the advanced physical security technology space that have viable commercial products in the U.S., addressing both outdoor and indoor applications, and at the same scale as Knightscope. It is a common misconception by some people that Knightscope compete against closed-circuit television (CCTV) providers. CCTV are not directly competitive products because cameras do not provide a physical presence, are typically used for forensics after an event, and do not offer a client the capabilities available in an ASR/KSOC combination.

Knightscope does compete indirectly with private physical security firms that provide clients with security personnel and other security services. The company's ASRs offer clients a significant cost reduction relative to the cost of human security guards. In addition, ASRs offer significantly more capabilities, such as license plate detection, data gathering, thermal imaging and people detection that are delivered consistently, on a 24-hour, 7 day per week basis, without regular human intervention. Knightscope's technology complements and improves the operations of traditional security firms.

The company believes that having these two types of systems working together provide a more complete approach to promoting safety and reducing crime. While traditional human guards provide a closer comparator or competitor in some cases, Knightscope believes that utilizing its "Software, Hardware, Humans" approach is much more effective. Due to numerous geopolitical events, recent large rise in crime, labor and shortages issues for public safety officers, and new safety requirements as well as various high-profile incidents of violence across the United States, the company believes that the market for its technologies will continue to grow.

Exhibit 11: Automation Opportunities

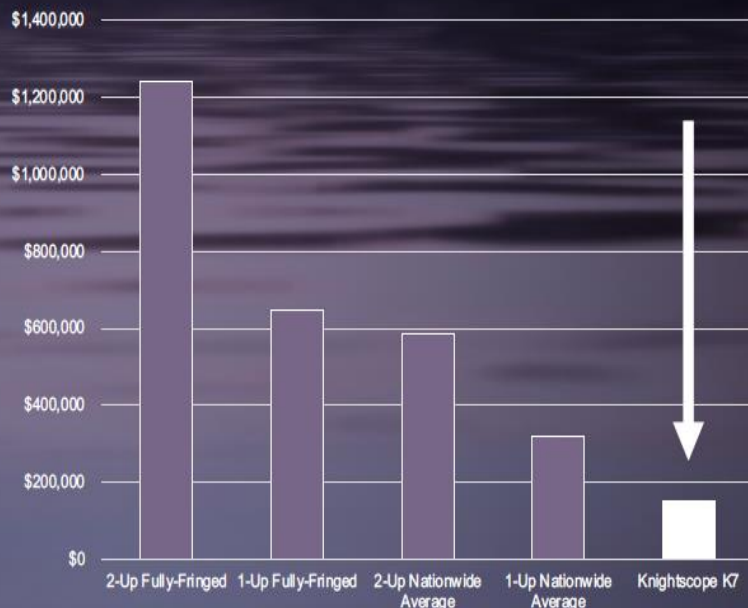
Automation in Private Security

- Security guards are trained and typically contractually obligated and sometimes regulated to 'observe and report' only
- Automation can be highly cost effective and allows humans to focus on strategic decisions and enforcement
- Robots are not distracted, have a perfect memory and are consistent
- Best suited for monotonous, dangerous and computationally heavy work
- Technology improves over time as new features and capabilities are released, typically with OTA (Over-the-Air) upgrades
- ASRs can efficiently and cost effectively do the 'observe and report' work leaving the humans to do the strategic decision making and enforcement work

	Autonomous Security Robot	Human Guarding
National Hourly Rate	\$0.75 - \$9 per hour	\$17.50 per hour
24/7 Monthly Rate	\$548 - \$6,570	\$12,775
Security Guard Turnover Rate	0%	Up to 100% to 400%
Hours Available per Week	168	40
Easy to Recruit	Yes	Inconsistent
Always Trained and on Time	Yes	Inconsistent
Always on Best Behavior	Yes	Inconsistent
Follows Orders Consistently	Yes	Inconsistent
Advanced Detection Capabilities	Yes	No
Improves Capabilities Over Time	Yes	No

Automation in Law Enforcement

- The nationwide average for a police officer is \$67,000 and fully-fringed is estimated to be up to \$149,000
- A 24/7 patrol requires 4 humans for 1-up patrol or 8 humans for a 2-up patrol costing a municipality over \$1 million per annum
- The long-term K7 + KSOC solution would provide autonomous patrol and remote monitoring by 9-11 dispatch
- Only escalating to human officers when needed – having a net de-escalation effect in the community
- It is estimated that there are over 450,000 patrol vehicles nationwide and 60,000 to 85,000 new ones are purchased annually¹



Source: Company reports.

Autonomous Security Robots (ASRs)

The company is a pioneer in the use of AI (artificial intelligence) for its ASRs. The K3 and K5 ASRs are designed to roam a geo-fenced area autonomously (using artificial intelligence (AI)) by utilizing numerous sensors and lasers, either on a random basis or based on a particular or scheduled patrolling algorithm/pattern. They can navigate around people, vehicles and objects in dynamic indoor or outdoor environments. To do this, the ASRs employ several autonomous motion and self-driving technologies, including lasers, ultrasonic sensors, inertial measurement unit (“IMU”), and wheel encoders integrated into a navigation software stack enabling autonomy. These ASRs are well developed AI machines with over 2+ million hours of commercially operating service logged.

The ASRs include several communications features and can transfer data over both 4G LTE networks and Private LTE as well as future 5G capabilities. Each ASR can generate 1 to 2 terabytes of data per week, which is accessible for review and analysis via the KSOC. Clients can recall, review, and save the data for analysis, forensic or archival purposes. Each ASR has an available intercom that may be used for two-way communication with a security team. In addition, they may be used as a live broadcast public address system or to deliver pre-recorded messages based on time, location, detection or randomly. The ASRs run on rechargeable batteries and can autonomously charge and recharge on a 24-hour basis, 7 days per week without human intervention. They are configured to patrol for two to three hours, following which the ASRs autonomously find and dock to a charging station, recharging for ~20 minutes before resuming patrol.

K5

The K5 is designed to be used primarily outdoors environments such as open air malls, corporate campuses, hospitals, stadiums, retailers, warehouses, logistics facilities, college campuses, airports, train stations and multi-level parking structures.

The K5’s advanced anomaly detection features include:

- 360-degree high-definition night and day video capture positioned at eye-level;
- Live streaming and recorded high-definition video capabilities;
- Automatic license plate recognition;
- Parking meter feature, which assesses the top 10 vehicles and their “dwell time” in a particular location. If a vehicle is parked for more than 24 hours in the same location, a user can receive an alert or have the data flagged;
- People detection, which can alert a user in real-time of people detected on their premises, together with 360-degree recorded high-definition video. Thermal imaging, which allows for triggered alerts based on temperature. For example, assisting with alerts regarding increased risks of fires;
- Two-way communication feature may be utilized for both public announcements and avoidance of human physical confrontations with dangerous individuals; and
- Signal detection can be utilized as a rogue router detector for sensitive locations such as a data center.

The approximate dimensions of the K5 are as follows: Height: 5 feet, Width: 3 feet, Weight: 398 pounds.

K3

The K3 is tailored for indoor usage, allowing it to autonomously navigate complex dynamic indoor environments such as an indoor mall, office building, manufacturing facility, hospital, stadium plaza, warehouse or school. It has the same suite of advanced anomaly detection capabilities as the K5, but the parking utilization, parking meter and license plate recognition features are turned off.

The approximate dimensions of the K3 are as follows: Height: 4 feet, Width: 2 feet, Weight: 340 pounds.

K1 Tower


The K1 Tower carries all the relevant features from the K3 and K5 but in a large stationary format. The K1 can be used indoors or outdoors and works well at entry/exit points for people and vehicles.

The approximate dimensions of the K1 are: Height: 6 feet, Width: 3 feet, Weight: 150 pounds.

Exhibit 12: Autonomous Security Robots (“ASRs”)

K5 Outdoor

A Fully Autonomous Outdoor Security Robot



OUTDOOR
Autonomous Monitoring

Servicing corporate campuses, malls, warehouses, hospitals, airports, casinos, lobbies, offices, and more


Knightscope's first and most versatile model.

The Knightscope K5 is intended for outdoor use running 24/7 on its own, including autonomously recharging itself without any human intervention. It has contributed to the majority of the 2.0+ million hours of our experience in the field. The K5 is best suited for securing large, multi-floor spaces through the winters of the Northeast and the summers of the South. Give yourself additional eyes, ears and a voice by utilizing our fully integrated Knightscope Security Operations Center user interface. Now you have an advanced, force-multiplying physical presence on your team, giving you the power to better secure the places people work, study, and visit.

3 mph <small>Maximum Speed</small>	Outdoor & Indoor <small>Terrain Capability</small>
398 lbs. <small>Weight</small>	62.5" <small>Height</small>
33.5" <small>Width</small>	36" <small>Length</small>

K3 Indoor

A Fully Autonomous Indoor Security Robot



Big technology. small package.

The Knightscope K3 is an indoor ASR that runs 24/7 on its own, including autonomously recharging itself without any human intervention. Suitable for indoor environments and, as with all of our machines, the K3 is fully integrated into the Knightscope Security Operations Center (KSOC) user interface, providing your security team “smart eyes and ears” to cover a lot more ground efficiently and consistently.


3 mph <small>Maximum Speed</small>	Indoor <small>Terrain Capability</small>
340 lbs. <small>Weight</small>	51" <small>Height</small>
24" <small>Width</small>	33" <small>Length</small>

INDOOR
Autonomous Monitoring

Ideally suited for malls, warehouses, hospitals, airports, casinos, lobbies, offices, and more

K1 Tower

An Award Winning Multi Purpose Security Robot



Standing a post... indefinitely.

The Knightscope K1 Tower is a stationary machine with the same features you've come to expect from the K3 and K5, but optimized for use in smaller areas or at points of ingress and egress – and, of course, it runs 24/7. Suitable for outdoor or indoor environments with remote monitoring from anywhere utilizing our state-of-the-art KSOC user interface. It is a simple installation by Knightscope and can be branded with custom graphics. It utilizes a standard 110v power outlet and transfers data through 4G & 5G LTE, WiFi, or Ethernet.

Stationary <small>Maximum Speed</small>	Indoor & Outdoor <small>Terrain Capability</small>
150 lbs. <small>Weight</small>	69" <small>Height</small>
28.8" <small>Width</small>	11.2" <small>Length</small>

INDOOR | OUTDOOR
Static Monitoring


Ideally suited for parking lots & structures, pedestrian entrances, lobbies, malls, hospitals, airports, casinos, offices, and more

Source: Company reports.

Exhibit 13: Blue Light Emergency Communication Devices

K1 Blue Light Tower

A Beacon for Public Safety



OUTDOOR
Static Monitoring

Ideally suited for parking lots & structures, college & university campuses, electric charging stations, remote biking/hiking paths, transit stations, offices, and more

A Familiar Symbol

The K1 Blue Light Tower emergency phone delivers completely wireless emergency phone operation, 24/7/365, even in harsh weather conditions with voice connectivity, broadcast warning capability, a flashing strobe, and night area illumination to assist responders in locating callers.

Stationary Maximum Speed	Outdoor Terrain Capability
208 lbs. Weight	11'8" Height
10.5" Width	8" Length

K1 Blue Light Emergency Phone

The Compact Emergency Calling Solution



Connect anywhere.

Ideal for areas with limited space, this full-featured emergency phone offers one-touch connectivity and a high-visibility blue strobe in places tower designs may not fit. The E-Phone enhances public safety by providing robust, reliable and clear voice-to-voice communication over a cellular network.


Stationary Maximum Speed	Indoor & Outdoor Terrain Capability
52 lbs. Weight	31.5" Height
10.5" Width	8" Length

INDOOR | OUTDOOR
Static Monitoring

Ideally suited for parking lots & structures, building interiors, college & university campuses, electric charging stations, transit stations, offices, and more

K1 Call Box

The Essential Public Safety Phone



INDOOR / OUTDOOR
Static Communications

Ideally suited for bridges, highways, freeways, roadways, national/city parks, beaches, metro stations, military, remote parking lots/structures and more

Emergency roadside assistance.

Our smallest emergency call box system delivers one-touch connection with a simple housing and interface. Like all Knightscope emergency communication products, it can provide a completely wireless solution for emergency phone calls, or it can be adapted to work with existing wiring nearby. Designed to work with hands-free ease, a handset and TTY pad are additional options available on this device.

Stationary Maximum Speed	Indoor & Outdoor Terrain Capability
47.4 lbs. Weight	19.6" Height
15.3" Width	11.3" Length

Source: Company reports.

K1 Blue Light Tower

The K1 Blue Light Tower emergency phone (E-Phone) is for outdoor use and delivers completely wireless emergency phone operation, 24/7/365, even in harsh weather conditions with voice connectivity, broadcast warning capability, a flashing strobe, and night area illumination to assist responders in locating callers.

The approximate dimensions of the K1 Blue Light Tower are: Height: 12 feet, Width: less than one foot, Weight: 208 pounds.

K1 Blue Light Emergency Phone

The K1 Blue Light Emergency Phone (E-Phone) is a compact, full-featured emergency calling solution for indoor and outdoor use. It is ideally suited for areas with limited space and offers one-touch connectivity and a high-visibility blue strobe in places tower designs may not fit. The E-Phone enhances public safety by providing robust, reliable, and clear voice-to-voice communication over a cellular network.

The dimensions of the K1 Blue Light Emergency Phone are: Height: 31.5 inches, Width: 10.5 inches, Weight: 52 pounds.

K1 Call Box

The K1 Call Box is the company's smallest emergency call box system, delivering one-touch connection with a simple housing and interface. Call Boxes are typically mounted to a pole for outdoor use, and can be outfitted with solar charging capabilities. Like all Knightscope emergency communications products, it can provide a completely wireless solution for emergency phone calls, or it can be adapted to work with existing nearby wiring.

The dimensions of the K1 Call Box are: Height: 19.6 inches, Width: 15.3 inches, Weight: 47 pounds.

Products in Development

The company is in process of developing the 5th generation of the K5 (in process of being released), as well as the 1st generation K1 Hemisphere. In addition, the K7 multi-terrain ASR is under concept development. The K7 is expected to have the same features as the K5, but to employ four wheels for use on more rugged outdoor terrain such as dirt, sand, and gravel. The K7 is targeted for use at airfields, power utilities, borders, solar farms, wind farms or oil or gas fields.


The new K1 Hemisphere, soon to be commercially released, with its smaller profile (than a K1 Tower), is a stationary unit designed for both indoor and outdoor use. The K1 Hemisphere provides up to 210 degree eye-level HD Recording, can be wall or pole mounted, and includes several features from the K3 and K5.

The dimensions of the K1 Hemisphere are: Diameter: 24 inches, Depth: 10 inches, Weight: 30 pounds.

Exhibit 14: KSOC (Knightscope Security Operations Center)

KSOC (Knightscope Security Operations Center)

- KSOC is a user interface accessible 24/7/365 remotely from anywhere with an internet connection
- ASRs feed data to the KSOC, providing guards and officers unprecedented situational awareness by giving them additional eyes, ears and a voice on the ground at multiple locations simultaneously
- The combined KSOC + ASR solution is a force multiplier that gives officers and guards an opportunity to make safer, smarter and faster decisions



Recording & Streaming

- Live 360-degree HD video
- Recorded HD-video storage
- Downloadable files for evidence

People Detection

- Detections during off hours
- Alerts for restricted places
- Direct communication capable

Facial Recognition

- Key person / VIP alerts
- User generated watchlists
- Workplace violence prevention

Thermal

- Fire detection
- Heat blooms from recently driven vehicles
- People concealed in darkness

Automatic License Plate Recognition

- Vehicle location assistance
- Approved / denied plates
- Parking monitoring

Source: Company reports.

KSOC

The KSOC (Knightscope Security Operations Center) is the company's intuitive, browser-based interface that, coupled with ASRs, provides security professionals with "smart mobile eyes and ears and voice – on the ground". Once alerted of an abnormal event, such as a person spotted during a specific time in a particular location, authorized users can view the live stream of data in the KSOC, accessing it from a security operations center or a remote laptop.

KNOC

The company has built a custom set of tools that enables it to manage and monitor the network of ASRs operating in the field nationwide, which it refers to as the Knightscope Network Operations Center (KNOC). These tools allow the company's team to monitor the health of the ASRs, with dozens of alerts related to critical indicators and statistics, including charging, software, navigation and temperatures. The company also use the KNOC to execute over-the-air software upgrades, patches and other related items. The KNOC is staffed 24/7 by the company in the U.S.

Knightscope+

Knightscope+ is a virtual monitoring and response solution providing an alternative for client sites that do not have the resources to receive and respond to alerts generated by Knightscope's ASRs. This service enables a full service solution for ASR clients, including alerts, broadcast messaging, and two-way communications. Knightscope+ operators have extensive training and experience related to surveillance and remote monitoring for greater situational awareness and security. The company offers "Knightscope+" remote monitoring as an optional service that can be bundled into its MaaS subscriptions, primarily for clients that operate without a fully staffed 24/7 Security Operations Center ("SOC").

Exhibit 15: Business Model and Unit Economic Targets

MaaS Business Model

Recurring revenue MaaS (Machine-as-a-Service) business model for the recurring societal problem of crime and terrorism

Annual automatic renewal subscriptions at an effective price of approximately \$0.75 to \$9 per hour with an all-inclusive service

- Deployment** - needs assessment, virtual demo, site assessment, site survey, shipping, logistics, setup, configuration and training
- Technology** - Autonomous Security Robot (ASR), Knightscope Security Operations Center (KSOC) user interface, charging systems, data transfer and data storage
- Service** - all maintenance, service, parts, repairs plus 24/7 U.S. based technical support
- Knightscope+** - optional 24/7 remote security monitoring by former military and law enforcement professionals
- Upgrades** - unlimited software, firmware and at times hardware upgrades improve the technology over time based on real world operating experience

- Needs Assessment**: Define a measurable pain point or problem to be solved; consider budget, funding source and signing authority; and identify all affected parties
- Initial Site Assessment**: Determine feasibility of deployment locations for each machine
- Virtual Demo**: Demonstrate to all stakeholders how Knightscope's technologies will fulfill the need; kick off client-required cybersecurity risk assessment, if needed
- Proposal**: Issue a proposal addressing each specific deployment location for client review and approval; clearly communicate disaster preparedness and machine cosmetic damage procedure
- Accept Proposal**: Client accepts the proposal and signs the corresponding Order Form
- Order Execution**: The Order Form is countersigned and approved to be scheduled for site survey
- Site Survey**: Knightscope performs a formal site survey with the client to set/capture expectations and confirm suitability of terrain and data transmission
- Pre-Deployment**: New client meets with Client Experience team to ensure deployment readiness including site preparations, branding/graphics, internal communication protocols, public relations/social media plan, logistics, timing, etc.
- Deployment Setup**: Knightscope deployment specialists arrive onsite to map the patrol area, setup the docking station, and test functionality
- KSOC Setup**: The client's deployment information is loaded into the user interface (KSOC) and prepped for 'Go Live' date
- Training**: Knightscope trains the appropriate staff on machine operations and KSOC usage
- Go Live**: Release date for fully autonomous operation and client utilization

Unit Economics Target

Illustrative Example of Unit Economics

A notional representation based on operating experience thus far and the Company's internal targets

- High annual recurring revenue per unit economics (e.g., luxury automotive) with margins like a SaaS (Software-as-a-Service) business
- While still providing clients a very attractive price point at an effective rate of \$0.75 to \$9 per hour
- For example, a single ASR can generate ~\$255,000 of revenue over a 5-year period and is either paid up front by the client or financed by a funding partner
- Cash outflows for building of the machine and deployment activities are incurred in year one only
- Support includes maintenance, service labor, parts, shipping, telecommunications and cloud services
- Total cash outflows over the period is ~(\$84,530) yielding a margin of \$170,470 or 67% as an example

	Year 1	Year 2	Year 3	Year 4	Year 5
Recurring Revenue Contract	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Machine Build	(\$52,280)	\$0	\$0	\$0	\$0
Service	(\$6,450)	(\$6,450)	(\$6,450)	(\$6,450)	(\$6,450)
Net Cash Flow	(\$7,730)	\$44,550	\$44,550	\$44,550	\$44,550

Source: Company reports.

Exhibit 16: Long Term Growth Strategy

Long Term Growth Strategy

WHY NOW?

- Public safety is at top of mind for the Nation
- Autonomy, robotics, artificial intelligence and electric vehicles are disruptive technologies
- Technology has been proven to be effective with over 2 million hours in field operation

MACRO

- Long-term we are targeting to put 1 million machines-in-network to assist the 1 million law enforcement professionals and 1 million security guards with a recurring revenue business model for a recurring societal problem
- Analogous to building a defense contractor but instead of focusing on the DoD, the Company is focused on the U.S. DHS, U.S. DOJ and the 19,000+ law enforcement agencies and 8,000+ private security firms



SHORT TERM

- Verticals** – focus on commercial real estate, hospitals, hotels, residential, manufacturing, logistics, casinos, corporate campuses, and transportation
- Marketing** - continue the Robot Roadshow as a highly unique selling tool to place our advanced technology at the doorstep of prospective clients

LONG TERM

- FedRAMP** – continue to work towards a targeted ATO (“Authority to Operate”) with the U.S. Federal Government during 2023
- Technology** – building a wide-ranging portfolio of form factors that can see, feel, hear and smell and operate across environments both outdoors and indoors at low and high speeds – and do 100x more than a human could ever do
- Everywhere** – criminals and terrorists can be anywhere and therefore in order to meet our mission Knightscope needs to be everywhere

Source: Company reports.

The company’s primary goal remains meeting client demand and orders of its products and technology, attracting new client orders, and ensuring consistent performance in the field. The company is focused on scaling its business and increasing demand and inquiries through various marketing efforts, including its nationwide Robot Roadshow and media coverage.

Current sales trends shows positive demand across all of Knightscope’s product service lines. The sales pipeline continues to grow and is strong, though similar to many business-to-business transactions, the enterprise sales cycle is lengthy. Although the company has executed contracts in less than 30 days, many of these negotiations can range up to several months and years, taking into account the client’s budget, finance, legal, cyber security, human resources, facilities and other reviews.

The company has been able to successfully sell new contracts through virtual private demonstrations and has embarked on an innovative “Robot Roadshow” beginning in Q4 2021 and has now completed over 75 Pod landings across the country. This initiative entails a cross country tour of a physical “Pod” housing numerous ASRs providing a one-on-one hybrid offline/online selling technique with in-person robots and telepresence sales staff.

The company has a seven-point plan to improve its cash and business position:

1. Continuing to grow top line revenue with new service contracts and product sales
2. Leveraging its financing partnerships with Dimension Funding and Balboa Capital to fund new orders upfront, improving cash flow
3. Accelerating delivery of its backlog of orders
4. Continuing to use its At-The-Market (ATM) program (with H.C. Wainwright)
5. Realizing cost savings from the cost cuts implemented in January 2023
6. Reducing its variable costs related to its ASRs, such as telecommunications, service, and cloud costs to improve margins
7. Exploring a possible non-dilutive debt offering to continue to fuel growth

FINANCIALS

Knightscope's fiscal year ends on December 31. We expect its next earnings report (for Q2 2023 ending June) to be in mid-August. Because the company is at an early stage in its product commercialization, it currently generates high revenue growth but incurs significant losses as it funds its commercial sales development to reach profitable scale.

Exhibit 17: Knightscope Historical and Projected Financials

FYE Dec 31					
(in millions except EPS)	2020A	2021A	2022A	2023E	2024E
Total Revenue	3.3	3.4	5.6	12.4	18.0
Growth % (y/y)		3%	65%	121%	45%
Gross Profit	(1.3)	(2.1)	(3.3)	(0.1)	5.1
Operating income (loss)	(14.6)	(24.6)	(32.0)	(23.2)	(17.6)
Net income (pro forma)	(20.0)	(44.5)	(25.6)	(19.7)	(18.2)
EPS	\$ (1.96)	\$ (4.18)	\$ (0.72)	\$ (0.38)	\$ (0.31)

Source: Company reports and Ascendant Capital Markets estimates.

Recent Results (fiscal Q1 ending March 2023)

Knightscope's recent financial performance is reflective of its early and high growth commercialization stage. On October 14, 2022, the company completed the acquisition of CASE Emergency Systems ("CASE") for \$6.7 million. CASE had over \$5.4 million of profitable revenue in 2021. Its Q1 2023 report reflects the first full quarter with CASE's results included with Knightscope's so year-over-year comparisons are difficult.

In its Q1 2023 report (on May 15, 2023), the company reported revenues of \$2.9 million and net loss was \$2.4 million (EPS of \$(0.06)), compared with Q4 2022's revenue of \$2.3 million and net loss of \$11.7 million (EPS of \$(0.31)). Revenues grew +207% y-o-y and +23%

sequentially from Q4 (reflecting the new contributions from CASE both sequentially and annually). Operating expenses were \$6.3 million, compared to Q4 2022's \$7.6 million and \$7.7 million in Q1 2022. In Q1 (January 9), the company announced a cost-reduction plan to streamline its operations and newly combined workforce with a reduction of its workforce by ~20%.

Although revenues are still relatively low, we believe revenues should increase significantly in 2023. In 2023, the company will have its first full year of CASE's results and we expect revenues to ramp up significantly going forward. Knightscope currently has a strong sales pipeline and a backlog of ~\$4.7 million (as of April 2023) that we believe will translate into product revenue in 2023.

Exhibit 18: Q1 2023 Town Hall Update (as of May 15, 2023)

With respect to the 1st quarter 2023, there are 3 key points:

First, I am pleased to report that for the 1st quarter of 2023, we recorded approximately \$2.9M in revenue over the first 3 months of the year, which is an over 300% improvement over the 1st quarter of 2022. This included a year-over-year increase in service revenue of approximately 85%. Service revenue includes our ASR Machine-as-a-Service revenue as well as maintenance and support revenue related to the blue light towers and call boxes, which was the primary driver of the significant increase as compared to the first quarter of 2022. Product revenue relates to emergency communication device sales and contributed approximately \$1.1M in Q1 2023. Despite the ongoing drag from supply chain issues, this reflects an annualized revenue run rate of approximately \$11M.

Second, with our focus on top line revenue growth and cost reductions taking effect during the first quarter, we had a significant positive swing from a gross loss in 1Q 2022 of \$549,000, to a gross loss during 1Q 2023 of \$213,000, a nearly \$336,000 improvement. The increase in gross margins is primarily attributable to the positive margins generated by our product sales. On a percentage basis, gross margins moved from a negative 58% gross margin to negative 7% gross margin, and our plans are in place to continue to improve our service and product margins as we scale up.

Comparing first quarter of 2022 to first quarter of 2023, on a per share basis, we improved significantly from a 30-cent loss per common share to a 6 cent loss. Last year we noted our plan was to achieve profitability in the next 24 months, and we have made positive movements in that direction.

We plan to continue growing the Company, and we believe our sales pipeline is strong, and increasing sales will allow us to grow, drive economies of scale, and better leverage our fixed cost base.

Third, during the first quarter 2023, despite supply chain challenges, we were able to reduce our backlog of new orders from its peak of \$5.2M reported in our 2022 10-K down to \$4.7M in about 30 days. However, given the ongoing positive demand for our technologies, our multi-million dollar backlog of orders is continuing to increase.

Our cash on hand at the end of 2022 was \$4.8M and our cash and cash equivalents at the end of Q1 2023 was approximately \$2.4M. We seek to improve our cash position through a seven-fold plan which is underway and includes:

1. Continuing to grow our top line revenue with new service contracts and product sales
2. Leveraging our financing partnerships with Dimension Funding and Balboa Capital to fund new orders upfront, improving our cash flow
3. Accelerating delivery of our backlog of orders
4. Continuing to use our At-The-Market program, managed by H.C. Wainwright
5. Realizing cost savings from the cost cuts implemented in January 2023
6. Reducing our variable costs related to our ASRs, such as telecommunications, service, and cloud costs to improve margins
7. Exploring a possible non-dilutive debt offering to continue to fuel our growth

Source: Company reports.

The company has not provided any financial guidance, but has stated that its current annual revenue run rate is \$12 – 14 million and that it expects to be profitable within 24 months. We believe that the high revenue growth in 2023/24 should provide strong operating leverage and improve gross margins and operating income (loss).

We have modeled high revenue growth in 2023 (+121%) and 2024 (+45%) and thereafter to scale up significantly which should drive improved margins and profitability. For 2023, we expect revenue of \$12.4 million (+121% y-o-y), a net loss of \$19.7 million, and EPS of \$(0.38). For 2024, we expect revenues of \$18.0 million (+45%), a net loss of \$18.2 million, and EPS of \$(0.31). We expect the company to be profitable in 2025.

We believe investors should be focused on its progress on its security products commercialization, which is growing fast and is expected to have continued high growth over the next several years. We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully commercialize, develop, and grow its security business platforms. If the company can make significant progress towards these goals, then revenue and earnings will likely be able to grow significantly. However, if the company has difficulties in making progress towards these goals, then revenue growth and profitability may not be achieved or will likely grow at a low rate or even not at all.

The company's balance sheet has \$2 million in cash and \$5 million in debt as of March 2023. In Q1 (ending March 2023), the company raised ~\$3.4 million selling stock (~\$0.95/share) from its ATM (At-The-Market) stock sales. In the current Q2 (ending June 2023), the company has so far (through mid-May) raised ~\$3.2 million selling stock (~\$0.59/share). We believe the company has enough cash through Q2 2023, but that it will likely need to raise capital soon (in the current Q2 or Q3). In January 2022, the company had its IPO (initial public offering) when it raised \$22 million (2.2 million shares at \$10.00/share).

Exhibit 19: Knightscope Financial Metrics

Recent Share Price (6/22/23)	\$ 0.40
52-Weeks Share Price (Low - High)	\$0.36 - 3.90
Shares Outstanding	64 million
Market Capitalization	\$26 million
Enterprise Value	\$29 million
Cash (3/31/23)	\$2 million
Debt (3/31/23)	\$5 million
2022A Revenue	\$5.6 million
2022A Net loss	\$25.6 million
2022A EPS	\$ (0.72)
2023E Revenue	\$12.4 million
2023E Net loss	\$19.7 million
2023E EPS	\$ (0.38)
2024E Revenue	\$18.0 million
2024E Net loss	\$18.2 million
2024E EPS	\$ (0.31)

Source: Company reports and Ascendant Capital Markets estimates.

FINANCIAL MODEL

Knightscope, Inc.

Income Statement (\$ mils)	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	3.3	0.9	0.9	0.8	0.8	3.4	0.9	1.0	1.3	2.3	5.6	2.9	2.7	2.9	3.9	12.4	3.7	3.6	4.0	6.7	18.0
Cost of Revenues	4.6	1.2	1.3	1.3	1.6	5.5	1.5	1.7	2.2	3.5	9.0	3.1	2.8	2.9	3.7	12.5	3.1	2.9	3.0	3.8	12.9
Gross Profit	(1.3)	(0.3)	(0.4)	(0.5)	(0.8)	(2.1)	(0.5)	(0.7)	(0.9)	(1.2)	(3.3)	(0.2)	(0.2)	0.1	0.3	(0.1)	0.6	0.7	1.0	2.9	5.1
Research & development	3.2	1.1	1.5	1.2	1.7	5.6	1.8	2.1	2.1	2.5	8.4	1.4	1.2	1.2	1.2	4.9	1.1	1.1	1.2	1.1	4.5
Sales and marketing	7.3	3.1	3.6	0.7	4.7	12.0	3.5	1.5	1.9	1.6	8.5	1.1	1.1	1.0	1.2	4.4	1.1	1.1	1.2	1.3	4.7
General & administrative	2.8	0.5	1.1	1.5	1.7	4.9	2.3	3.0	2.9	3.5	11.7	3.6	3.5	3.2	3.3	13.7	3.7	3.6	3.2	3.1	13.6
Restructuring and other						0.0					0.0		0.1			0.1					0.0
Total operating expenses	13.3	4.7	6.2	3.5	8.1	22.5	7.7	6.5	6.9	7.6	28.6	6.3	5.7	5.4	5.7	23.2	5.9	5.8	5.6	5.4	22.7
Operating income (loss)	(14.6)	(5.1)	(6.6)	(4.0)	(8.9)	(24.6)	(8.2)	(7.2)	(7.8)	(8.8)	(32.0)	(6.5)	(5.9)	(5.4)	(5.4)	(23.2)	(5.3)	(5.1)	(4.6)	(2.5)	(17.6)
Interest income (expense)	(2.3)	(0.5)	(0.6)	(0.9)	(2.3)	(4.3)	(8.9)	0.0		(0.3)	(9.2)	(0.5)	(0.2)	(0.2)	(0.2)	(1.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.6)
Other income (expense)	(3.1)	(0.2)	(10.1)	(0.2)	(5.1)	(15.6)	7.5	8.1	2.5	(2.6)	15.6	4.6	0.0	0.0	0.0	4.6	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(20.0)	(5.8)	(17.3)	(5.1)	(16.3)	(44.5)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(6.1)	(5.5)	(5.6)	(19.7)	(5.5)	(5.3)	(4.8)	(2.7)	(18.2)
Income taxes	0.0					0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(20.0)	(5.8)	(17.3)	(5.1)	(16.3)	(44.5)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(6.1)	(5.5)	(5.6)	(19.7)	(5.5)	(5.3)	(4.8)	(2.7)	(18.2)
Nonrecurring/noncash adjustments						0.0					0.0					0.0					0.0
Net income (pro forma)	(20.0)	(5.8)	(17.3)	(5.1)	(16.3)	(44.5)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(6.1)	(5.5)	(5.6)	(19.7)	(5.5)	(5.3)	(4.8)	(2.7)	(18.2)
EBITDA	(12.8)	(4.5)	(6.0)	(3.2)	(8.1)	(21.7)	(7.1)	(6.2)	(6.1)	(7.0)	(26.5)	(5.2)	(5.1)	(4.6)	(4.6)	(19.5)	(4.5)	(4.3)	(3.8)	(1.7)	(14.3)
Shares, Basic	10.2	10.2	10.2	10.2	12.0	10.63	31.7	35.7	36.9	38.0	35.6	42.7	54.0	55.0	56.0	51.9	57.0	58.0	59.0	60.0	58.5
Shares, Diluted	10.2	10.2	10.2	10.2	12.0	10.63	31.7	49.7	36.9	38.0	35.6	42.7	54.0	55.0	56.0	51.9	57.0	58.0	59.0	60.0	58.5
EPS Basic (pro forma)	(\$1.96)	(\$0.56)	(\$1.70)	(\$0.50)	(\$1.36)	(\$4.18)	(\$0.30)	\$0.02	(\$0.14)	(\$0.31)	(\$0.72)	(\$0.06)	(\$0.11)	(\$0.10)	(\$0.10)	(\$0.38)	(\$0.10)	(\$0.09)	(\$0.08)	(\$0.04)	(\$0.31)
EPS Diluted (pro forma)	(\$1.96)	(\$0.56)	(\$1.70)	(\$0.50)	(\$1.36)	(\$4.18)	(\$0.30)	\$0.02	(\$0.14)	(\$0.31)	(\$0.72)	(\$0.06)	(\$0.11)	(\$0.10)	(\$0.10)	(\$0.38)	(\$0.10)	(\$0.09)	(\$0.08)	(\$0.04)	(\$0.31)
Margins																					
Gross margin	-39%	-37%	-46%	-67%	-94%	-60%	-58%	-66%	-69%	-50%	-59%	-7%	-6%	2%	6%	-1%	15%	18%	26%	43%	29%
Research & development	97%	130%	168%	158%	202%	164%	195%	199%	160%	105%	150%	48%	45%	40%	30%	40%	30%	30%	30%	16%	25%
Sales and marketing	219%	354%	391%	89%	555%	353%	370%	145%	147%	68%	151%	39%	40%	35%	30%	35%	30%	30%	30%	19%	26%
General & administrative	84%	63%	123%	196%	199%	143%	246%	284%	224%	150%	208%	126%	130%	110%	85%	110%	100%	100%	80%	46%	75%
Operating margin	-439%	-584%	-727%	-509%	-1050%	-721%	-869%	-694%	-600%	-373%	-568%	-225%	-221%	-183%	-139%	-187%	-145%	-142%	-114%	-38%	-98%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-600%	-664%	-1902%	-648%	-1926%	-1305%	-1017%	83%	-404%	-497%	-455%	-84%	-228%	-188%	-143%	-158%	-149%	-146%	-118%	-40%	-101%
YY % change																					
Total Revenue						2%	9%	14%	65%	178%	65%	207%	156%	127%	67%	121%	27%	35%	37%	71%	45%
Gross margin						58%	73%	63%	71%	49%	61%	-61%	-76%	-106%	-121%	-98%	-363%	-496%	1753%	1056%	-7025%
Research & development						73%	-67%	13%	0%	19%	51%	-83%	-14%	-2%	0%	-41%	-78%	-2%	12%	-11%	-10%
Sales and marketing						64%	14%	-58%	174%	-66%	-29%	-68%	-29%	-46%	-26%	-48%	-2%	1%	17%	9%	6%
General & administrative						75%	-52%	27%	-2%	21%	140%	-69%	-5%	-7%	3%	17%	-73%	-2%	-11%	-4%	-1%
Operating income (loss)						68%	62%	9%	95%	-1%	30%	-21%	-18%	-31%	-38%	-27%	-18%	-14%	-15%	-53%	-24%
Net income (loss)						122%	67%	-105%	3%	-28%	-42%	-75%	-801%	6%	-52%	-23%	125%	-14%	-14%	-52%	-7%
EPS Diluted (pro forma)						113%	-46%	-101%	-72%	-77%	-83%	-81%	-745%	-29%	-68%	-48%	68%	-20%	-20%	-55%	-18%

Source: Company reports and Ascendant Capital Markets estimates.

Knightscope, Inc.

Balance Sheet (\$ mils)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q4A			Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																	
Cash and cash equivalents	7.1			9.7	10.7	21.1	15.6	11.1	4.8	2.4	0.4	(4.6)	(10.1)	(14.8)	(19.4)	(23.8)	(27.1)
Short term investments										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.9			1.0	1.2	2.0	1.6	0.3	1.4	1.9	1.5	1.6	2.2	2.0	2.0	2.2	3.7
Inventory									2.6	2.7	2.4	2.6	3.5	3.3	3.2	3.6	6.0
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.9			1.2	1.4	1.3	1.3	2.0	1.3	1.5	1.3	1.5	2.0	1.8	1.8	2.0	3.4
Total current assets	8.8			11.9	13.3	24.3	18.5	13.3	10.1	8.4	5.6	1.1	(2.4)	(7.6)	(12.4)	(15.9)	(14.0)
Autonomous Security Robots, net	2.3			2.9	3.0	3.4	4.0	4.6	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Property and equipment, net	0.0			0.1	0.1	0.1	0.2	0.2	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Leases	1.6			1.2	1.1	0.9	0.8	0.6	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Intangibles, net									3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.2			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total assets	12.9			16.1	17.6	28.9	23.5	18.8	22.1	20.4	17.6	13.1	9.6	4.4	(0.4)	(3.9)	(1.9)
Liabilities and stockholders' equity																	
Accounts payable	0.2			0.6	1.5	1.1	1.2	1.7	2.5	1.7	2.0	2.2	2.9	2.8	2.7	3.0	5.0
Accrued expenses	0.9			0.4	1.2	0.5	0.6	1.2	2.4	1.8	2.0	2.2	2.9	2.8	2.7	3.0	5.0
Deferred revenue	0.5			0.9	0.9	1.3	1.5	1.4	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities				1.3						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leases	0.6			0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Other	0.5			0.6	0.9	1.1	1.2	0.6	1.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Short term debt				5.6	7.1				2.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	2.6			10.0	12.2	4.6	5.3	5.4	10.5	9.0	8.6	9.0	10.5	10.1	10.0	10.7	14.7
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities	5.6			16.7	30.6	22.7	14.5	12.0	11.2	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Other long term liabilities									0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Leases	1.1			0.7	0.5	0.3	0.1		1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Deferred revenue										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt	4.6								6.6	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total other liabilities	11.3			17.3	31.1	23.0	14.7	12.0	19.4	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Preferred stock	65.2			82.3	57.2	40.0	36.6	36.1	35.8	34.7	34.7	34.7	34.7	34.7	34.7	34.7	34.7
Common stock	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	1.9	2.5	3.1	3.7	4.3
Additional paid-in capital	3.1			3.9	30.7	84.6	89.3	92.9	95.7	106.3	106.3	106.3	106.3	106.3	106.3	106.3	106.3
Retained earnings	(69.2)			(97.4)	(113.7)	(123.3)	(122.4)	(127.7)	(139.3)	(141.8)	(147.9)	(153.4)	(159.0)	(164.5)	(169.7)	(174.5)	(177.2)
Other										3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Accumulated other comprehensive income										0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	(1.0)			(11.2)	(25.7)	1.3	3.5	1.4	(7.8)	(0.7)	(3.1)	(8.0)	(13.0)	(17.9)	(22.5)	(26.6)	(28.7)
Total stockholders' equity and liabilities	12.9			16.1	17.6	28.9	23.5	18.8	22.1	20.4	17.6	13.1	9.6	4.4	(0.4)	(3.9)	(1.9)

Balance Sheet Drivers

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q4A			Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	103%			154%	166%	133%	120%	151%	57%	51%	50%	50%	50%	50%	50%	50%	50%
Inventory as % of total rev	0%			0%	0%	0%	0%	0%	109%	93%	90%	90%	90%	90%	90%	90%	90%
A/P as % of total rev	28%			72%	179%	114%	119%	131%	105%	58%	75%	75%	75%	75%	75%	75%	75%
Accrued exp related as % of total rev	104%			54%	141%	48%	56%	89%	102%	64%	75%	75%	75%	75%	75%	75%	75%
Activity Ratios																	
A/R Days Sales Outstanding	94			111	127	188	141	22	52	58	50	50	50	50	50	50	50
Book & Cash Value (per share)																	
Book Value per Share (diluted)	-\$0.10			-\$1.10	-\$2.15	\$0.04	\$0.07	\$0.04	-\$0.21	-\$0.02	-\$0.06	-\$0.15	-\$0.23	-\$0.31	-\$0.39	-\$0.45	-\$0.48
Cash per Share (diluted)	\$0.69			\$0.95	\$0.90	\$0.67	\$0.31	\$0.30	\$0.13	\$0.06	\$0.01	-\$0.08	-\$0.18	-\$0.26	-\$0.34	-\$0.40	-\$0.45
Net cash per Share (diluted)	\$0.24			\$0.40	\$0.30	\$0.67	\$0.31	\$0.30	-\$0.10	-\$0.06	-\$0.07	-\$0.16	-\$0.25	-\$0.33	-\$0.41	-\$0.47	-\$0.52

Source: Company reports and Ascendant Capital Markets estimates

Knightscope, Inc.

Cash Flow Statement (\$ mils)	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																						
Net income	(19.3)	(5.6)	(17.2)	(4.9)	(16.2)	(43.8)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(6.1)	(5.5)	(5.6)	(19.7)	(5.5)	(5.3)	(4.8)	(2.7)	(18.2)	
Depreciation	1.4	0.3	0.4	0.4	0.4	1.6	0.4	0.3	0.5	0.6	1.7	0.6	0.2	0.2	0.2	1.2	0.2	0.2	0.2	0.2	0.8	
Amortization						0.0					0.0					0.0					0.0	
Non-cash lease expense						0.0					0.0					0.0					0.0	
Debt related amortization expense	1.5	0.4	0.4	0.5	3.0	4.3	8.9	0.7	1.2	0.3	9.2					0.0					0.0	
Stock comp	0.5	0.2	0.2	0.4	0.4	1.3	0.7	0.7	1.2	1.2	3.8	0.6	0.6	0.6	0.6	2.5	0.6	0.6	0.6	0.6	2.5	
Deferred income taxes						0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in fair value of warrant	2.4		10.7		5.0	15.7	(7.5)	(8.1)	(2.5)	2.0	(16.2)	(4.7)				(4.7)						
Accrued interest						0.0	0.0			0.0		0.5				0.5					0.0	
Writedowns and impairments						0.0					0.0					0.0					0.0	
Other gains/losses			(0.8)			(0.8)					0.0					0.0					0.0	
Other	0.1		0.0			0.0					0.0					0.0					0.0	
Changes in operating assets and liabilities:																						
Accounts receivable	(0.2)	(0.3)	0.4	(0.2)	(0.2)	(0.3)	(0.8)	0.3	1.3	(0.7)	0.2	(0.5)	0.4	(0.2)	(0.5)	(0.8)	0.1	0.0	(0.2)	(1.5)	(1.6)	
Inventory						0.0				(0.0)	(0.0)	(0.1)	0.3	(0.2)	(0.9)	(1.0)	0.2	0.1	(0.4)	(2.4)	(2.5)	
Prepaid expenses & other current assets	0.1	(1.3)	1.4	(0.4)	(0.2)	(0.5)	0.1	(0.1)	(0.1)	0.4	0.4	(0.2)	0.1	(0.1)	(0.5)	(0.7)	0.1	0.0	(0.2)	(1.3)	(1.4)	
Income tax						0.0					0.0					0.0					0.0	
Other assets	0.1	0.1				0.1				(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	(0.7)	0.6	(0.3)	0.1	1.0	1.3	(0.4)	0.2	0.5	0.8	0.9	(0.8)	0.3	0.2	0.7	0.5	(0.2)	(0.1)	0.3	2.0	2.1	
Accrued expenses	(0.8)	(0.1)	0.0	0.1	0.3	0.3	(0.7)	0.1	0.6	1.2	1.2	(0.6)	0.2	0.2	0.7	0.5	(0.2)	(0.1)	0.3	2.0	2.1	
Deferred revenue	(0.0)	(0.4)	0.2	0.5	0.0	0.4	0.4	0.2	(0.2)	0.1	0.6	0.7				0.7					0.0	
Other liabilities	(0.1)	0.2	(0.2)	0.3	0.1	0.4	0.2	0.1	(0.7)	0.2	(0.2)	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(15.2)	(5.8)	(4.8)	(3.1)	(6.5)	(20.1)	(8.4)	(5.3)	(4.8)	(5.6)	(24.1)	(6.5)	(4.0)	(4.9)	(5.2)	(20.5)	(4.6)	(4.4)	(4.1)	(3.1)	(16.2)	
Cash flow from investing activities																						
Purchases of property and equipment		(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)		(0.0)	(0.1)	(0.4)	(0.2)	(0.2)	(0.2)	(1.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	
Purchases of short-term investments						0.0					0.0					0.0					0.0	
Acquisitions						0.0				(5.4)	(5.4)					0.0					0.0	
Other	(0.6)	(0.4)	(0.5)	(0.8)	(0.5)	(2.2)	(0.8)	(0.9)	(1.1)	(1.6)	(4.4)	(0.3)				(0.3)					0.0	
Net cash used in investing activities	(0.6)	(0.4)	(0.5)	(0.9)	(0.5)	(2.3)	(0.8)	(0.9)	(1.1)	(7.1)	(9.9)	(0.8)	(0.2)	(0.2)	(0.2)	(1.4)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	
Cash flow from financing activities																						
Issuance of debt	3.6			1.5	8.1	9.6				3.2	3.2		(0.9)	0.0	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0	
Repayment of debt	(2.9)					0.0					0.0					0.0					0.0	
Issuance of stock	21.5	6.4	10.0	0.2	(0.0)	16.5	19.5	0.5	1.0	1.5	22.5	4.7	0.0	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exercise	0.0					0.0	0.1	0.1	0.3	1.8	2.4	0.2				0.2					0.0	
Other						0.0	(0.1)		(0.0)	(0.0)	(0.1)	(0.0)	3.0			3.0					0.0	
Dividends and distributions						0.0					0.0					0.0					0.0	
Cash provided by (used in) financing activities	22.2	6.4	10.0	1.7	8.1	26.1	19.5	0.7	1.3	6.5	28.0	4.9	2.1	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash						0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	6.4	0.3	4.7	(2.3)	1.1	3.7	10.3	(5.6)	(4.6)	(6.2)	(6.0)	(2.3)	(2.1)	(5.1)	(5.4)	(14.9)	(4.8)	(4.6)	(4.3)	(3.3)	(17.0)	
Beginning cash and equivalents	0.7	7.2	7.4	12.1	9.8	7.2	10.8	21.2	15.6	11.1	10.8	4.8	2.5	0.4	(4.6)	4.8	(10.1)	(14.8)	(19.4)	(23.8)	(10.1)	
Ending cash and equivalents	7.2	7.4	12.1	9.8	10.8	10.8	21.2	15.6	11.1	4.9	4.8	2.5	0.4	(4.6)	(10.1)	(10.1)	(14.8)	(19.4)	(23.8)	(27.1)	(27.1)	

Source: Company reports and Ascendant Capital Markets estimates

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			Count	Percent
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