Certified:

E-84-21

Filed with
Clerk of Nassau County Legislature
May 20, 2021 12:07PM

NIFS ID:CQPD21000001 **Department: Police Dept.**

Capital:

SERVICE: Gunshot detection and location system

Contract ID #:CQPD21000001 NIFS Entry Date: 04-FEB-21 Term: from 26-AUG-20 to 25-AUG-25

New
Time Extension:
Addl. Funds:
Blanket Resolution:
RES#

1) Mandated Program:	N
2) Comptroller Approval Form Attached:	Y
3) CSEA Agmt. § 32 Compliance Attached:	N
4) Material Adverse Information Identified? (if yes, attach memo):	N
5) Insurance Required	Y

Vendor Info:	
Name: **ShotSpotter, Inc.**	Vendor ID#: [redacted]
Address: 7979 Gateway Blvd., Suite 210 Newark, CA 94560	Contact Person: [redacted]
	Phone: [redacted]

Department:
Contact Name: Jaclyn Delle
Address: 1 West St. Mineola, NY 11501
Phone: (516) 571-3054

Routing Slip

Department	**NIFS Entry: X**	**05-APR-21 -- JDELLE**
Department	**NIFS Approval: X**	**05-APR-21 -- JDELLE**
DPW	**Capital Fund Approved:**	
OMB	**NIFA Approval: X**	**12-APR-21 -- IQURESHI**
OMB	**NIFS Approval: X**	**08-APR-21 -- JNOGID**
County Atty.	**Insurance Verification: X**	**05-APR-21 -- AAMATO**
County Atty.	**Approval to Form: X**	**05-APR-21 -- DMCDERMOTT**

CPO	**Approval: X**	**23-APR-21 -- KOHAGEN**
DCEC	**Approval: X**	**26-APR-21 -- JCHIARA**
Dep. CE	**Approval: X**	**28-APR-21 -- TFOX**
Leg. Affairs	**Approval/Review:**	
Legislature	**Approval:**	
Comptroller	**Deputy:**	
NIFA	**NIFA Approval:**	

Contract Summary

Purpose: This is a new contract with ShotSpotter, Inc. (the "Contractor") for maintenance to the Police Department's existing gunshot detection and location system, which provides real-time gunfire analysis and alert services. The term of the contract is five (5) years, with a maximum amount of $1,376,519. Contractor shall be paid on an annual basis in accordance with Exhibit A of the contract.
Method of Procurement: ShotSpotter, Inc. has been determined to be a sole source provider. There is no other vendor capable of providing ongoing maintenance and support to the patent-protected ShotSpotter system that has been implemented in the services areas set forth in the contract.
Procurement History: New contract. Please see method of procurement above.
Description of General Provisions: ShotSpotter, Inc. delivered a gunshot location and detection system to the Police Department that provides specific locations where gunshots occur. This contract is to set forth the terms and conditions for the next five (5) years of maintenance and support for the system.
Impact on Funding / Price Analysis: Maximum amount is $1,376,519. Initial Encumbrance $108,937
Change in Contract from Prior Procurement: N/A
Recommendation: (approve as submitted) Approve as submitted.

Advisement Information

BUDGET CODES	
Fund:	PDH
Control:	**PD**
Resp:	**1560**
Object:	**DE500**
Transaction:	
Project #:	
Detail:	

RENEWAL	
% Increase	
% Decrease	

FUNDING SOURCE	AMOUNT
Revenue Contract:	
County	$ 108,937.00
Federal	$ 0.00
State	$ 0.00
Capital	$ 0.00
Other	$ 0.00
TOTAL	$ **108,937.00**

LINE	INDEX/OBJECT CODE	AMOUNT
1	PDPDH1560/DE500	$ 108,937.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
	TOTAL	$ 108,937.00

RULES RESOLUTION NO. – 2021

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE A PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU COUNTY POLICE DEPARTMENT, AND SHOTSPOTTER, INC.

WHEREAS, the County has negotiated a personal services agreement with Shotspotter, Inc., to provide subscription services for the installed Shotspotter Gunshot Detection, Location and Forensic Analysis Services, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said agreement with Shotspotter, Inc.

NIFA Nassau County Interim Finance Authority

Contract Approval Request Form (As of January 1, 2015)

1. Vendor: ShotSpotter, Inc.

2. Dollar amount requiring NIFA approval: $1376519

Amount to be encumbered: $108937

This is a New

If new contract - $ amount should be full amount of contract
If advisement ?NIFA only needs to review if it is increasing funds above the amount previously approved by NIFA
If amendment - $ amount should be full amount of amendment only

3. Contract Term: 8/26/20-8/25/2025

Has work or services on this contract commenced? Y

If yes, please explain: Vendor continued to maintain system while Department negotiated cost proposal.

4. Funding Source:

X General Fund (GEN)
Capital Improvement Fund (CAP)
Other

Grant Fund (GRT)
Federal % 0
State % 0
County % 100

Is the cash available for the full amount of the contract?	Y
If not, will it require a future borrowing?	N
Has the County Legislature approved the borrowing?	N/A
Has NIFA approved the borrowing for this contract?	N/A

5. Provide a brief description (4 to 5 sentences) of the item for which this approval is requested:

This is a new contract with ShotSpotter, Inc. (the "Contractor") for maintenance to the Police Department's existing gunshot detection and location system, which provides real-time gunfire analysis and alert services. The term of the contract is five (5) years, with a maximum amount of $1,376,519. Contractor shall be paid on an annual basis in accordance with Exhibit A of the cont

6. Has the item requested herein followed all proper procedures and thereby approved by the:

Nassau County Attorney as to form Y

Nassau County Committee and/or Legislature

Date of approval(s) and citation to the resolution where approval for this item was provided:

7. Identify all contracts (with dollar amounts) with this or an affiliated party within the prior 12 months:

Contract ID	Date	Amount

AUTHORIZATION

To the best of my knowledge, I hereby certify that the information contained in this Contract Approval Request Form and any additional information submitted in connection with this request is true and accurate and that all expenditures that will be made in reliance on this authorization are in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan. I understand that NIFA will rely upon this information in its official deliberations.

IQURESHI 12-APR-21

Authenticated User ***Date***

COMPTROLLER'S OFFICE

To the best of my knowledge, I hereby certify that the information listed is true and accurate and is in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan.

Regarding funding, please check the correct response:

_ I certify that the funds are available to be encumbered pending NIFA approval of this contract.

If this is a capital project:

I certify that the bonding for this contract has been approved by NIFA.

Budget is available and funds have been encumbered but the project requires NIFA bonding authorization

Authenticated User ***Date***

NIFA

Amount being approved by NIFA: _

Payment is not guaranteed for any work commenced prior to this approval.

Authenticated User ***Date***

NOTE: All contract submissions MUST include the County's own routing slip, current NIFS printouts for all relevant accounts and relevant Nassau County Legislature communication documents and relevant supplemental information pertaining to the item requested herein.

NIFA Contract Approval Request Form MUST be filled out in its entirety before being submitted to NIFA for review.

NIFA reserves the right to request additional information as needed.

FLEX SERVICES AGREEMENT

ShotSpotter®

Detect · Protect · Connect

ShotSpotter, Inc.
7979 Gateway Blvd., Suite 210
Newark, California 94560
+1.888.274.6877
info@shotspotter.com
www.shotspotter.com

Contents

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

This ShotSpotter® Flex™ Services Agreement (this "Agreement") is entered into by and between ShotSpotter, Inc. (referred to herein as "ShotSpotter" or "Contractor"), with offices located at 7979 Gateway Blvd., Suite 210, Newark, CA 94560 and Nassau County, a municipal corporation having its principal office located at 1550 Franklin Avenue, Mineola, NY 11501 (referred to herein as "Customer" or "County"), acting for and on behalf of the Nassau County Police Department, having its principal office at 1490 Franklin Avenue, Mineola, NY 11501 (the "Department") effective as of the last date of signature herein (the "Effective Date"). ShotSpotter and Customer may also be referred to in this Agreement individually as a "Party" or collectively as the "Parties".

WHEREAS, ShotSpotter and Customer previously entered into a Flex Services Contract dated May 27, 2017 (the "Original Agreement"); and

WHEREAS, the Parties desire to replace and supersede the Original Agreement with this Agreement in order to incorporate all existing and future Coverage Areas within Nassau County under a single agreement; and

WHEREAS, this Agreement and its exhibits define the applicable deliverables, implementation, and subscription services for ShotSpotter's gunshot location system ("ShotSpotter® Gunshot Detection, Location, and Forensic Analysis Service") currently licensed to Customer, or to be provided under this Agreement; and

WHEREAS, this is a personal service contract within the intent and purview of Section 2206 of the County Charter.

NOW, THEREFORE, in consideration of the Parties' mutual covenants and promises set forth in this Agreement, the Parties agree as follows:

1. EXHIBITS

The following exhibits ("Exhibits") are attached to, and incorporated in this Agreement:

A. Coverage Area(s) and Subscription Fees

B. Service Level Agreement

2. DEFINITIONS

All capitalized terms not otherwise defined in this Agreement shall have the meanings set forth below:

A. Investigator Portal means the internet portal to which Customer will have access to Reviewed Alerts.

B. Confidential Information means that information designated by either Party as confidential or proprietary as further defined in Section 6 of this Agreement.

C. Coverage Area means the area in square miles covered by the Services as set forth in Exhibit A and any subsequent amendments thereto.

D. Data means all data created, generated, modified, complied, stored, kept, or displayed by ShotSpotter in performance of the Subscription Services, including the Software.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

E. Reviewed Alerts means the data reviewed by ShotSpotter's incident review staff related to gunfire incidents detected by the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service.

F. ShotSpotter Flex System means the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service provided on a subscription basis under this Agreement.

G. Software means the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service, Reviewed Alerts, ShotSpotter Respond™ and ShotSpotter Dispatch™ applications, and ShotSpotter® Investigator Portal user interface to which Customer will have access under this Agreement on a subscription basis.

H. Subscription Services means the services provided to Customer on a subscription basis to access, and ShotSpotter's maintenance of, the Software.

I. System means collectively the Software and Subscription Services provided under this Agreement.

3. SUBSCRIPTION SERVICES

A. ShotSpotter has installed the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service in the Coverage Area(s) specified in Exhibit A attached to this Agreement. ShotSpotter will host the Subscription Services and may update the functionality and Software of the Subscription Services from time to time at its sole discretion and in accordance with this Agreement. Any expansion of the current Coverage Area(s), or addition of Coverage Area(s) for other governmental entities in Nassau County will be defined by a ShotSpotter proposal.

B. ShotSpotter will be responsible for determining the location(s) for installation of acoustic sensor(s) (the "Sensors") that detect gunshot-like sounds, and obtaining permission from the premises owner/property manager/lessee.

C. The ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service acoustic Sensor may use wired, wireless, or cellular wireless communications which necessitates the existence of a real-time data communications channel from each Sensor to the ShotSpotter hosted servers via a commercial carrier. The unavailability or deterioration of the quality of such wired, wireless, or wireless cellular communications may impact the ability of ShotSpotter to provide the Subscription Services. In such circumstances ShotSpotter will use commercially reasonable efforts to obtain alternate wired or wireless cellular communications or adjust the coverage area as necessary. In the event ShotSpotter is unable to do so, ShotSpotter will terminate the Subscription Services and refund a pro-rata portion of the annual Subscription Services fee to Customer.

D. ShotSpotter will provide Customer with user documentation, online help, online training presentation, and online training sessions (as available).

E. ShotSpotter will provide reasonable efforts to respond via email to requests for support relating to incident classification within eight (8) hours of the request.

F. During the term of this Agreement, ShotSpotter will provide real-time gunfire analysis and alert services. After an explosive (or impulsive) sound triggers enough ShotSpotter Sensors that an incident is detected and located, audio from the incident is sent to the ShotSpotter Incident Review Center (IRC) via secure, high-speed network connections for real-time qualification. Within

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

seconds, a ShotSpotter professional reviewer analyzes audio data and recordings to confirm gunfire or explosions. The qualified alert is then sent directly to the Customer's dispatch center, PSAP, mobile/patrol officers, and any other relevant safety or security personnel, as determined by the Customer. ShotSpotter's IRC will review gunfire incidents as further defined in Exhibit B.

G. The Subscription Services provided under this Agreement shall consist of (i) providing access to the Customer of Reviewed Alerts delivered via the Investigator Portal password-protected internet portal and user interface supplied by ShotSpotter; (ii) providing Customer access to historical Reviewed Alerts and incident information via the Software; and (iii) other services as specified in this Agreement and its Exhibits.

H. ShotSpotter will use commercially reasonable efforts to respond to support requests within twenty-four (24) hours of receipt of the request during the period of 8 am to 5 pm Monday through Friday. A ShotSpotter email support specialist will be responsible for receiving Customer reports of missed incidents, or errors in the Subscription Services, and, to the extent practicable over email or telephone, making commercially reasonable efforts to assist the Customer in resolving the Customer's reported problems. In the event the problem cannot be resolved telephonically, then ShotSpotter will use commercially reasonable efforts to restore functionality of the Subscription Services in accordance with the standard ShotSpotter user documentation provided with the Subscription Services within seventy-two (72) hours of receipt of the report.

I. FORENSIC REPORTS.

i. Investigative Lead Summary ("ILS"). ShotSpotter provides an on-demand report available through the ShotSpotter Respond Application. The Investigative Lead Summary (ILS) provides useful details about the approximate location, timing, and sequence of each shot fired during an incident. The ILS is very valuable on scene, helping law enforcement find shell casings, confirm witness accounts, and identify suspects. ILS reports are available immediately after an incident occurs via the mobile, web, or desktop ShotSpotter Respond application (machine-generated). The ILS is not a court-admissible document.

ii. Detailed Forensic Report ("DFR"). If requested by Customer, ShotSpotter will provide a DFR for any ShotSpotter-detected incidents, including Reviewed Alerts. The DFR is intended to be a court-admissible document used by attorneys as part of a court case for the exact, verified timing, sequence and location of each shot fired. Secondarily, the DFR is available for use by law enforcement to obtain a search warrant or to investigate an Officer Involved Shooting.

DFRs must be requested in writing and addressed to the ShotSpotter Customer Support Department. Requests may be submitted via the Forensics Services page under the Law Enforcement tab on ShotSpotter's website (www.shotspotter.com). ShotSpotter will use commercially reasonable efforts to provide a DFR within ten (10) business days of receipt of the request.

J. EXPERT WITNESS SERVICES.

ShotSpotter offers reasonable expert witness services, including Reviewed Alerts, for an hourly fee of $350.00, as well as reimbursement of all travel and per diem costs. If requested to provide such services, ShotSpotter will invoice the Customer for the number of hours expended to prepare for and provide expert witness testimony, and actual travel expenses, upon completion of the services.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Travel expenses shall be subject to the prior approval of the Department. Customer understands that ShotSpotter undertakes to provide individuals whose qualifications are sufficient for such services, but does not warrant that any person or his or her opinion will be accepted by every court. ShotSpotter requires at least fourteen (14) days prior notice of such a requirement in writing from the Customer. Customer must include dates, times, specific locations, and a point of contact for ShotSpotter personnel. Due to the nature of legal proceedings, ShotSpotter cannot guarantee that its services described in this section shall produce the outcome, legal or otherwise, which Customer desires. Payment for expert witness services described shall be due and payable when services are rendered regardless of the outcome of the proceedings, subject to Contractor's compliance with the County Comptroller's bill paying procedures set forth in section 4 of this Agreement.

4. PAYMENT

A. Amount of Consideration. The maximum amount to be paid to the Contractor as full consideration for the Subscription Services under this Agreement shall not exceed the sum of One Million Three Hundred Seventy-Six Thousand Five Hundred Nineteen Dollars ($1,376,519.00) (the "Maximum Amount"), which shall be payable in accordance with Exhibit A, attached hereto and incorporated herein.

B. Vouchers; Voucher Review, Approval and Audit. Payments shall be made to the Contractor in arrears, unless otherwise specified in this Agreement, and shall be contingent upon (i) the Contractor submitting a claim voucher (the "Voucher") in a form satisfactory to the County, that (a) states with reasonable specificity the services provided and the payment requested as consideration for such services, (b) certifies that the services rendered and the payment requested are in accordance with this Agreement, and (c) is accompanied by documentation satisfactory to the County supporting the amount claimed, and (ii) review, approval and audit of the Voucher by the Department and/or the County Comptroller or his or her duly designated representative (the "Comptroller").

C. Timing of Payment Claims. Fees for the Subscription Services are due on an annual basis as set forth in Exhibit A. For all other services, the Contractor shall submit claims no later than three (3) months following the County's receipt of the services that are the subject of the claim and no more frequently than once a month.

D. No Duplication of Payments. Payments under this Agreement shall not duplicate payments for any work performed or to be performed under other agreements between the Contractor and any funding source including the County.

E. Payments in Connection with Termination or Notice of Termination. Unless a provision of this Agreement expressly states otherwise, payments to the Contractor following the termination of this Agreement shall not exceed payments made as consideration for services that were (i) performed prior to termination, (ii) authorized by this Agreement to be performed, and (iii) not performed after the Contractor received notice that the County did not desire to receive such services.

5. INITIAL TERM AND RENEWAL

The initial term of this Agreement will commence on August 26, 2020 and terminate five (5) years thereafter, on August 25, 2025. Fees for the initial term are due on an annual basis as set forth in Exhibit A. Unless otherwise specified in the applicable ShotSpotter proposal, the initial term of the Subscription Services for any expanded or additional Coverage Areas shall commence on the date that the Subscription Services are made available to the Customer via the Investigator Portal. Customer's current annual subscription periods for the existing Coverage Areas are set forth in Exhibit A.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

This Agreement and the Subscription Services may be renewed for successive periods of one year each (or multiple years as mutually agreed upon in writing by the Parties), in accordance with the following procedure, subject to availability of funding. ShotSpotter shall provide Customer with a renewal notice stating the renewal fees, terms, and conditions for the next successive renewal term approximately ninety (90) days prior to the expiration date of the then current term. Customer acknowledges that the Subscription Services fees, terms and conditions, and service levels hereunder are subject to change and that such fees, terms and conditions, and service levels may vary from those applicable to this Agreement in successive renewal terms. Subsequent to the initial term, annual subscription fees are subject to increase at a rate of five percent (5%) for Customers whose annual subscription fee is less than the current ShotSpotter list price.

If Customer fails to renew prior to expiration of the then current subscription term, the Subscription Services will terminate in accordance with Section 5.C. At its discretion, ShotSpotter may remove the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service and any components from the Coverage Area at that time. If ShotSpotter does not remove the ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service from the Coverage Area, Customer may reinstate the Subscription Services at a later date by renewing this Agreement and payment of the applicable reactivation and Subscription Services renewal fees; however, Customer will not have access to any Reviewed Alerts that they would have had access to during the lapsed period.

6. LICENSE, OWNERSHIP, AND DATA RIGHTS

In consideration for and subject to the payment of the annual Subscription Services fees as set forth in Exhibit A, Customer is granted a non-transferrable, non-exclusive and terminable license ("License") to use the Subscription Services and Data as set forth in this Section 5. <u>Please read the terms and conditions of this Agreement carefully. By using the Subscription Services and Data, you agree to be bound by the terms and conditions of this Agreement. If you do not agree to these terms, you must notify ShotSpotter and discontinue any use of the Subscription Services and Data</u>.

A. Rights in Data.

For the purposes of this Agreement, "Data" is defined as data, information, and electronic files created, generated, modified, compiled, displayed, stored or kept in the course of providing the Subscription Services, including, without limitation, information in Reviewed Alerts accessible through the Service and/or Software.

ShotSpotter shall own and have the unrestricted right to use the Data for internal purposes such as research or product development. ShotSpotter may provide, license, or sell Data on an aggregated basis to third parties (excluding press or media) to be used for research or analytical purposes, or for law enforcement and/or security purposes.

ShotSpotter will not release or disseminate to any person or entity Data related to or consisting of specific forensic or law enforcement sensitive incident information pertaining to any active inquiry, investigation, or prosecution, unless in response to a valid order or subpoena issued by a court or other governmental body, or as otherwise required by law. ShotSpotter will not release, sell, license, or otherwise distribute the gunfire alert Data to the press or media without the prior express written consent of an authorized representative of the Customer.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Customer shall have the unrestricted right to download, make copies of, distribute, and use the Data within its own organization, exclusively for its own internal purposes, and for purposes of detecting and locating gunfire, routine archival recordkeeping, evidence preservation, and investigative, or evidentiary, and prosecutorial purposes. Customer shall not provide to, license the use of, or sell Data to any third parties, which restriction will not pertain to the collaboration with other law enforcement agencies for the purposes of investigating and prosecuting crimes detected by the ShotSpotter systems.

B. License and Restrictions.

Software and Subscription Services. The Software is the proprietary product of ShotSpotter, licensed to Customer on an annual subscription basis. The ShotSpotter Software may incorporate components supplied to ShotSpotter under license by third-party suppliers, and may be protected by United States patent, trade secret, copyright law and international treaty provisions. All such rights in and to the Software and Subscription Services any part thereof are the property of ShotSpotter or, if applicable, its suppliers. All right and title to the ShotSpotter computer programs, including, but not limited to related documentation, technology, know-how and processes embodied in or made available to Customer in connection with the Subscription Services, patent rights, copyrights, trade secret rights, trademarks, and services marks remain with ShotSpotter. Customer may not make any copies of the written materials or documentation that accompany any component of the Software, or use them, or any other information concerning the Subscription Services that ShotSpotter has designated as confidential, for any purpose other than bona fide use of the Subscription Services or Software for in accordance with the terms of this Agreement, nor allow anyone else to do so. Customer shall not: (i) modify, adapt, alter, translate, copy, perform, or display (publicly or otherwise) or create compilations, derivative, new, or other works based, in whole or in part, on the Software, or on the Subscription Services; (ii) merge, combine, integrate, or bundle the Software, in whole or in part, with other software, hardware, data, devices, systems, technologies, products, services, functions, or capabilities; (iii) transfer, distribute, make available the Subscription Services, or Software to any person other than Customer; or (iv) sell, resell, sublicense, lease, rent, or loan the Subscription Services or Software, in whole or in part. No component of the Subscription Services, or Software may be used to operate a service bureau, rental or time-sharing arrangement.

Data. Customer's rights to use the Data are defined in paragraph A of this section 5.

Nothing in this Agreement shall be construed as granting any right or title to the Software, Data or any component thereof, or any other intellectual property of ShotSpotter or its suppliers to Customer.

Customer shall not alter, remove or obscure any copyright, patent, trademarks, confidential, proprietary, or restrictive notices or markings on any component of the Subscription Services, Software or any documentation.

Customer acknowledges that the ShotSpotter System has been determined by the United States Department of State to be a controlled commodity, software and/or technology subject to the United States Export Administration Regulations of the U.S. Department of Commerce. Customer is specifically prohibited from the export, or re-export, transfer, consignment, shipment, delivery, downloading, uploading, or transmitting in any form, any ShotSpotter Software, Data,

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

documentation, or any component thereof or underlying information or technology related thereto, to any third party, government, or country for any end uses except in strict compliance with applicable U.S. export controls laws, and only with the express prior written agreement of ShotSpotter. In the event that such written agreement is provided, Customer shall be responsible for complying with all applicable export laws and regulations of the United States and destination country, including, but not limited to the United States Export Administration Regulations of the U.S. Department of Commerce, including the sanctions laws administered by the U.S. Department of Treasury, Office of Foreign Assets Control (OFAC), the U.S. Anti-Boycott regulations, and any applicable laws of Customer's country. In this respect, no resale, transfer, or re-export of any ShotSpotter Flex System or any ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service component thereof exported to Customer pursuant to a license from the U.S. Department of Commerce may be resold, transferred, or reported without prior authorization by the U.S. Government. Customer agrees not to export, re-export or engage in any "deemed export," or to transfer or deliver, or to disclose or furnish, to any foreign (non- U.S.) government, foreign (non-U.S.) person or third party, or to any U.S. person or entity, any of the ShotSpotter Flex System, ShotSpotter Gunshot Detection, Location, and Forensic Analysis Service components, Data, Software, Services, or any technical data or output data or direct data product thereof, or any service related thereto, in violation of any such restrictions, laws or regulations, or without all necessary registrations, licenses and or approvals. Customer shall bear all expenses relating to any necessary registrations, licenses or approvals.

Use, duplication, or disclosure by applicable U.S. government agencies is subject to restrictions as set forth in in the provisions of DFARS 48 CFR 252.227-7013 or FAR 48 CFR 52.227-14, as applicable.

In addition to the foregoing, Customer shall not disclose, discuss, download, ship, transfer, deliver, furnish, or otherwise export or re-export any such item(s) to or through: (a) any person or entity on the U.S Department of Commerce Bureau of Industry and Security's List of Denied Persons or Bureau of Export Administration's anti-proliferation Entity List; (b) any person on the U.S. Department of State's List of Debarred Parties; (c) any person or entity on the U.S. Treasury Department Office of Foreign Asset Control's List of Specially Designated Nationals and Blocked Persons; or (d) any third party or for any end-use prohibited by law or regulation, as any and all of the same may be amended from time to time, or any successor thereto.

C. Termination.

Customer agrees that its right to use the Subscription Services, Software and Data will terminate following thirty (30) day's prior written notice due to a material breach of the terms of this Agreement, including failure to pay any sums to ShotSpotter when due, or failure to renew the Subscription Services prior to expiration of the then current subscription term unless such has been cured within said thirty (30) day period. In the event of a breach of ShotSpotter's intellectual property rights, ShotSpotter at its sole discretion may terminate this Agreement immediately upon written notice to Customer. In the event of termination, Customer's access to the Data and Software will be terminated, and ShotSpotter will cease delivering Reviewed Alerts, and disable Customer's access to the Data. Customer agrees that ShotSpotter shall not be liable to Customer nor to any third party for any suspension of the Subscription Services resulting from Customer's nonpayment of the Subscription Services fees as described in this section.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

D. Modification to, or Discontinuation of the Subscription Services.

Upon reasonable notice to Customer, ShotSpotter reserves the right at its discretion to modify, temporarily or permanently, the Subscription Services (or any part thereof). In the event that ShotSpotter modifies the Subscription Services in a manner which removes or disables a feature or functionality on which Customer materially relies, ShotSpotter, at Customer's request, shall use commercially reasonable efforts to restore such functionality to Customer. In the event that ShotSpotter is unable to substantially restore such functionality, Customer shall have the right to terminate the Agreement and receive a pro-rata refund of the annual Subscription Services fees paid under the Agreement for the subscription term in which this Agreement is terminated. Customer acknowledges that ShotSpotter reserves the right to discontinue offering the Subscription Services at the conclusion of Customer's then current term. Customer agrees that ShotSpotter shall not be liable to Customer or to any third party for any modification of the Subscription Services as described in this section.

E. No Use by Third Parties.

Use by anyone other than Customer of the Subscription Services, documentation, and Data is prohibited, unless pursuant to a valid assignment of this Agreement as set forth in Section 22 of this Agreement.

7. CONFIDENTIALITY AND PROPRIETARY RIGHTS

A. ShotSpotter Privacy Policy.

ShotSpotter has structured its technology, processes and policies in such a way as to minimize the risk of privacy infringements from audio surveillance while still delivering important public safety benefits to its customers. These efforts to maintain privacy include the following:

1) ShotSpotter will not provide extended audio to customers beyond the audio snippet (1 second of ambient noise prior to a gunshot, the gunshot audio itself, and 1 second after the incident). ShotSpotter will vigorously resist any subpoena or court order for extended audio that goes beyond an audio snippet.
2) ShotSpotter will not provide a list or database of the precise location of Sensors to police or the public if requested and will challenge any subpoenas for this location data.

B. ShotSpotter Confidential Information.

Customer acknowledges and agrees that the source code, technology, and internal structure of the Software, Data, and Subscription Services, as well as documentation, operations manual(s) and training material(s), are the confidential information and proprietary trade secrets of ShotSpotter, the value of which would be destroyed by disclosure to the public. Use by anyone other than Customer of the Subscription Services, documentation, and Data is prohibited, unless pursuant to a valid assignment under this Agreement. Unless prohibited by applicable law, the terms and conditions of this Agreement, including pricing and payment terms shall also be treated as ShotSpotter's confidential information. Customer shall not disassemble, decompile, or otherwise reverse engineer or attempt to reconstruct, derive, or discover any source code, underlying ideas, algorithms, formulae, routines, file formats, data structures, programming, routines, interoperability interfaces, drawings, or plans from the Software, or any data or information created, compiled,

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

displayed, or accessible through the Subscription Services, in whole or in part. Customer agrees during the term of this Agreement, and thereafter, to hold the confidential information and proprietary trade secrets of ShotSpotter in strict confidence and to not permit any person or entity to obtain access to it except as required for the Customer's exercise of the license rights granted under this Agreement. Nothing in this Agreement is intended to or shall limit any rights or remedies under applicable law relating to trade secrets, including the Uniform Trade Secrets Act as enacted in applicable jurisdictions.

C. Customer Confidential Information

During the term of this Agreement or any subsequent renewals, ShotSpotter agrees to maintain Customer information designated by the Customer as confidential to which ShotSpotter gains access in the performance of its obligations under this Agreement, and not disclose such Customer Confidential Information to any third parties except as may be required by law. ShotSpotter agrees that Customer's Confidential Information shall be used solely for the purpose of performing ShotSpotter's obligations under this Agreement.

D. Obligations of the Parties.

The receiving Party's ("Recipient") obligations under this section shall not apply to any of the disclosing Party's ("Discloser") Confidential Information that Recipient can document: (a) was in the public domain at or subsequent to the time such Confidential Information was communicated to Recipient by Discloser through no fault of Recipient; (b) was rightfully in Recipient's possession free of any obligation of confidence at or subsequent to the time such Confidential Information was communicated to Recipient by such Discloser; (c) was developed by employees or agents of Recipient independently of and without reference to any of Discloser's Confidential Information; or (d) was communicated by Discloser to an unaffiliated third party free of any obligation of confidence. A disclosure by Recipient of any Discloser Confidential Information (a) in response to a valid order by a court or other governmental body; (b) as otherwise required by law; or (c) necessary to establish the rights of either party under this Agreement shall not be considered to be a breach of this Agreement by the Recipient<u>; provided, however, that Recipient shall provide prompt prior written notice thereof to the Discloser to enable Discloser to seek a protective order or otherwise prevent such disclosure</u>. The Recipient shall use reasonable controls to protect the confidentiality of and restrict access to all Confidential Information of the Discloser to those persons having a specific need to know for the purpose of performing the Recipient's obligations under this Agreement. The Recipient shall use controls no less protective than Recipient uses to secure and protect its own confidential, but not "Classified" or otherwise Government-legended, information. Upon termination of this Agreement the Recipient, as directed by the Discloser, shall either return the Discloser's Confidential Information, or destroy all copies thereof and verify such destruction in writing to the Discloser.

Unless the Recipient obtains prior written consent from the Discloser, the Recipient agrees that it will not reproduce, use for purposes other than those expressly permitted in this Agreement, disclose, sell, license, afford access to, distribute, or disseminate any information designated by the Discloser as confidential.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

8. LIMITED WARRANTIES

ShotSpotter warrants that the Software will function in substantial conformity with the ShotSpotter documentation accompanying the Software and Subscription Services. The Software covered under this warranty consists exclusively of the ShotSpotter Dispatch, ShotSpotter Respond, and ShotSpotter Investigator Portal and user interface made available to the Customer under this Agreement. ShotSpotter will provide support services as defined in Exhibit B Service Level Agreement.

A. ShotSpotter further warrants that the Subscription Services, Data, and Software shall be free of viruses, Trojan horses, worms, spyware, or other malicious code or components.

B. The Subscription Services are not designed, sold, or intended to be used to detect, intercept, transmit, or record oral or other communications of any kind. ShotSpotter cannot control how the Subscription Services are used, and, accordingly, ShotSpotter does not warrant or represent, expressly or implicitly, that use of the Subscription Services will comply or conform to the requirements of federal, state, or local statutes, ordinances, and laws, or that use of the Subscription Services will not violate the privacy rights of third parties. Customer shall be solely responsible for using the Subscription Services in full compliance with applicable law and the rights of third persons.

C. ShotSpotter does not warrant or represent, expressly or implicitly, that the Software or Subscription Services or its use will: result in the prevention of crime, apprehension or conviction of any perpetrator of any crime, or detection of any criminal; prevent any loss, death, injury, or damage to property due to the discharge of a firearm or other weapon; in all cases result in a Reviewed Alert for all firearm discharges within the designated coverage area; or that the ShotSpotter-supplied network will remain in operation at all times or under all conditions.

D. ShotSpotter expressly disclaims, and does not undertake or assume any duty, obligation, or responsibility for any decisions, actions, reactions, responses, failure to act, or inaction, by Customer as a result of or in reliance on, in whole or in part, any Subscription Services or Reviewed Alerts provided by ShotSpotter, or for any consequences or outcomes, including any death, injury, or loss or damage to any property, arising from or caused by any such decisions, actions, reactions, responses, failure to act, or inaction. It shall be the sole and exclusive responsibility of the Customer to determine appropriate decisions, actions, reactions, or responses, including whether or not to dispatch emergency responder resources. The Customer hereby expressly assumes all risks and liability associated with any and all action, reaction, response, and dispatch decisions, and for all consequences and outcomes arising from or caused by any decisions made or not made by the Customer in reliance, in whole or in part, on any Subscription Services provided by ShotSpotter, including any death, injury, or loss or damage to any property.

E. Any and all warranties, express or implied, of fitness for high-risk purposes requiring fail-safe performance are hereby expressly disclaimed.

F. The Parties acknowledge and agree that the Subscription Services is not a consumer good, and is not intended for sale to or use by or for personal, family, or household use.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 7, SHOTSPOTTER MAKES AND CUSTOMER RECEIVES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF NON-INFRINGEMENT, QUALITY, SUITABLITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. CUSTOMER OBLIGATIONS.

Customer acknowledges and agrees that ShotSpotter's duties, including warranty obligations, and ability to perform its obligations to Customer under this Agreement shall be predicated and conditioned upon Customer's timely performance of and compliance with Customer's obligations hereunder, including, but not limited to:

A. Customer agrees to pay all sums due under this Agreement when they are due pursuant to the payment terms in Exhibit A, or the applicable ShotSpotter Proposal. Actual access and use of the ShotSpotter Service shall constitute evidence that the Subscription Services are active, and the final implementation payment is due (if applicable).

B. Customer agrees to use reasonable efforts to timely perform and comply with all of Customer's obligations allocated to Customer under this Agreement, including providing assistance to ShotSpotter, as needed in obtaining premise permissions for installation of the Sensors.

C. Customer shall not permit any alteration, modification, substitution, or supplementation of the ShotSpotter Subscription Services or web portal, or the combining, connection, merging, bundling, or integration of the ShotSpotter Subscription Services or web portal into or with any other system, equipment, hardware, software, technology, function, or capability, without ShotSpotter's express prior written consent.

D. Unless otherwise expressly agreed in advance in writing by ShotSpotter, Customer shall not authorize or appoint any contractors, subcontractors, original equipment manufacturers, value added integrators, systems integrators, or other third parties to operate, or have access to any part of the Subscription Services.

E. In order to use the Subscription Services, Customer must have and maintain access to the World Wide Web to enable a secure https connection from the Customer's workstation(s) to ShotSpotter's hosted services, either directly or through devices that access Web-based content. Customer must also provide all equipment necessary to make such (and maintain such) connection.

F. ShotSpotter will assist the Customer in initially setting up passwords and user names for Customer's employees, agents, or representatives to whom Customer designates access to the Subscription Services ("Authorized Users"). Thereafter, Customer shall be responsible for assigning passwords and user names for its Authorized Users. Customer shall be responsible for maintaining the confidentiality and use of Customer's password and user names and shall not allow passwords and/or user names to be shared by Authorized Users; nor shall Customer permit any unauthorized users to access the Subscription Services.

G. Customer shall comply with all applicable laws, rules and regulations relating to the goods and services provided hereunder.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

10. INTELLECTUAL PROPERTY INFRINGEMENT

ShotSpotter will, at its expense, defend and indemnify Customer from and against losses, suits, damages, liability, and expenses (including reasonable attorney fees) arising out of a claim asserted in a lawsuit or action against the Customer by a third party unrelated to the Customer, in which such third party asserts a claim that the Subscription Services and/or Software, when used in accordance with ShotSpotter's user documentation, infringes any United States patent which was issued by the U.S. Patent and Trademark Office, or United States copyright which was registered by the U.S. Copyright Office, as of the effective date of Customer's agreement to license the ShotSpotter Flex System (collectively "Action"), provided that Customer provides ShotSpotter with reasonably prompt notice of any such Action, or circumstances of which Customer becomes aware that could reasonably be expected to lead to such Action including but not limited to any cease and desist demands or warnings, and further provided that Customer cooperates with ShotSpotter and its defense counsel in the investigation and defense of such Action.

ShotSpotter shall have the right to choose counsel to defend such suit and/or action, and to control the settlement (including determining the terms and conditions of settlement) and the defense thereof, provided, that, except with the prior written consent of the County, ShotSpotter shall not, in the defense of any such suit and/or, consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the County or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to the County a release from all liability with respect to such suit or action. Customer may participate in the defense of such action at its own expense.

This Section 9 shall not apply and ShotSpotter shall have no obligation to defend and indemnify Customer in the event the Customer or a third party modifies, alters, substitutes, or supplements any of the Subscription Services, or Software, or to the extent that the claim of infringement arises from or relates to the integration, bundling, merger, or combination of any of the same with other hardware, software, systems, technologies, or components, functions, capabilities, or applications not licensed by ShotSpotter as part of the Subscription Services, nor shall it apply to the extent that the claim of infringement arises from or relates to meeting or conforming to any instruction, design, direction, or specification furnished by the Customer, nor to the extent that the Subscription Services or Software are used for or in connection with any purpose, application, or function other than detecting and locating gunshots exclusively through acoustic means.

If, in ShotSpotter's opinion, the Subscription Services, or Software may, or is likely to become, the subject of such a suit or action, does become the subject of a claim asserted against Customer in a lawsuit which ShotSpotter is or may be obliged to defend under this section, or is determined to infringe the foregoing patents or copyrights of another in a final, non-appealable judgment subject to ShotSpotter's obligations under this section, then ShotSpotter may in full and final satisfaction of any and all of its obligations under this section, at its option: (1) procure for Customer the right to continue using the affected Subscription Services or Software, (2) modify or replace such Subscription Services or Software to make it or them non-infringing, or (3) refund to Customer a pro-rata portion of the annual Subscription Services fees paid for the Subscription Services for the term in which the Agreement is terminated.

This Section 9 states the entire liability of ShotSpotter and is Customer's exclusive remedy for or relating to infringement or claims or allegations of infringement of any patent, copyright, or other intellectual property rights in or to the Subscription Services, the ShotSpotter Gunshot Detection, Location and Forensic Analysis Service components, and software. This section is in lieu of and

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

replaces any other expressed, implied, or statutory warranty against infringement of any and all intellectual property rights.

11. INDEMNIFICATION AND LIMITATION OF LIABILITY

ShotSpotter shall, at its expense, indemnify, defend, save, and hold Customer harmless from any and all claims, lawsuits, or liability, including attorneys' fees and costs, arising out of, in connection with, any loss, damage, or injury to persons or property to the extent of the negligence, or willful misconduct or wrongful act, error, or omission of ShotSpotter, its employees, agents, or subcontractors as a result of ShotSpotter's or any of its employees, agents, or subcontractor's performance pursuant to this Agreement. ShotSpotter shall not be required to indemnify Customer for any claims or actions caused to the extent of the negligence or wrongful act of Customer, its employees, agents, or contractors. Notwithstanding the foregoing, if a claim, lawsuit, or liability results from or is contributed to by the actions or omissions of Customer, or its employees, agents, or contractors, ShotSpotter's obligations under this provision shall be reduced to the extent of such actions or omissions based upon the principle of comparative fault.

In no event shall either Party, or any of its affiliates or any of its/their respective directors, officers, members, attorneys, employees, or agents, be liable to the other Party under any legal or equitable theory or claim, for lost profits, lost revenues, lost business opportunities, exemplary, punitive, special, indirect, incidental, or consequential damages, each of which is hereby excluded by agreement of the Parties, regardless of whether such damages were foreseeable or whether any Party or any entity has been advised of the possibility of such damages.

Except for its Intellectual Property infringement indemnity obligations under Section 11 of this Agreement, and its confidentiality obligations, ShotSpotter's cumulative liability for all losses, claims, suits, controversies, breaches or damages for any cause whatsoever arising out of or related to this Agreement, whether in contract, tort, by way of indemnification or under statute, and regardless of the form of action or legal theory shall not exceed two (2) times the amount paid to ShotSpotter under this Agreement, or the amount of insurance maintained by ShotSpotter available to cover the loss, whichever is greater. The foregoing limitations shall apply without regard to any failure of essential purpose of any remedies given herein.

12. INSURANCE

During the term of this Agreement, ShotSpotter shall obtain and maintain insurance in the following limits which may be met through a combination of the primary insurance and umbrella insurance:

A. Commercial General Liability: $3,000,000 per occurrence; $5,000,000 aggregate. which policy(ies) shall name "Nassau County" as an additional insured

B. Technical E&O: Combined single liability $3,000,000

C. Worker's Compensation in compliance with the New York State Workers' Compensation Law

Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers authorized to do business in New York State and acceptable to the County, and which is (ii) in form and substance acceptable to the County. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement, copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the Department. Not less than thirty (30) days prior to the date of any expiration or renewal of, or actual, proposed or threatened reduction or cancellation of coverage under, any insurance required hereunder, the Contractor shall provide written notice to the Department of the same and deliver to the Department renewal or replacement certificates of insurance. The Contractor shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not take or omit to take any action that would suspend or invalidate any of the required coverages. The failure of the Contractor to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Contractor to maintain the other required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

13. DEFAULT AND TERMINATON; REMEDIES

A. Generally. This Agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County immediately upon the receipt by the Contractor of written notice of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination. In the event of termination of this Agreement by the County due to an uncured material breach by ShotSpotter, ShotSpotter shall refund a pro-rata portion of the prepaid fees for the annual subscription period in which the Agreement is terminated.

   As used in this Agreement the word "Cause" includes: (i) a breach of this Agreement, after affording Contractor a thirty (30) day period within which to effect a cure, except that no cure period shall be required for Contractor's breach of the Confidentiality provisions of Section 6; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

B. By the Contractor. This Agreement may be terminated by the Contractor for non-payment of any amounts due and payable hereunder, for breach of the County's obligations or violation of Contractor's rights under this Agreement, or if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the commissioner or other head of the Department (the "Commissioner"), at least thirty (30) days prior to the termination date (or a shorter period if thirty (30) days' notice is not reasonable including but not limited to County's breach of the Confidentiality provisions of Section 6, or County's violation of ShotSpotter's intellectual property rights), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection. A copy of the notice given to the Commissioner shall be given to the Deputy County Executive who oversees the administration of the Department (the "Applicable DCE") on the same day that notice is given to the Commissioner.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

14. NOTICES

Any notice or other communication required or permitted to be given under this Agreement shall be in writing delivered to the address set forth in this Agreement by certified mail return receipt; overnight delivery services; or delivered in person. Notice shall be deemed given or made on the date the delivery receipt was signed by an employee of the Party to whom notice has been sent, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable. Notice shall be delivered to Customer as follows: (i) if to the Department, to the attention of the Commissioner at the address specified above for the Department, (ii) if to an Applicable DCE, to the attention of the Applicable DCE (whose name the Contractor shall obtain from the Department) at the address specified above for the County, and (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501. Notice to ShotSpotter shall be sent to the attention of the Chief Financial Officer at ShotSpotter's address specified above. A Party's address may be changed by written notice to the other Party.

15. RECORDS AND RIGHT TO AUDIT

ShotSpotter shall maintain and retain, for a period of six (6) years following the later of termination of or final payment under this Agreement, complete and accurate records, documents, accounts and other evidence, whether maintained electronically or manually ("Records"), pertinent to performance under this Agreement. Records shall be maintained in accordance with Generally Accepted Accounting Principles. Such Records shall at all times be available for audit and inspection by the Comptroller, the Department, any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. Customer shall be responsible for its expenses incurred in conducing such audits. The provisions of this Section shall survive the termination of this Agreement.

16. FORCE MAJEURE

In no event shall ShotSpotter be liable for any delay or default in its performance of any obligation under this Agreement caused directly or indirectly by an act or omission of Customer, or persons acting under its direction and/or control, fire, flood, act of God, an act or omission of civil or military authority of a state or nation, strike, lockout, or other labor disputes, inability to secure, delay in securing, or shortage of labor, materials, supplies, transportation, or energy, failures, outages or denial of services of wireless, power, telecommunications, or computer networks, acts of terrorism, sabotage, vandalism, hacking, natural disaster or emergency, war, riot, embargo, or civil disturbance, breakdown or destruction of plant or equipment, or arising from any cause whatsoever beyond ShotSpotter's reasonable control. At ShotSpotter's option and following notice to Customer, any of the foregoing causes shall be deemed to suspend such obligations of ShotSpotter so long as any such cause shall prevent or delay performance, and ShotSpotter agrees to make and Customer agrees to accept performance of such obligations whenever such cause has been remedied.

17. ENTIRE AGREEMENT

This Agreement and its Exhibits represent the entire agreement and understanding of the Parties and a final expression of their agreements with respect to the subject matter of this Agreement and supersedes all prior written or oral agreements, representations, understandings, or negotiations with respect to the matters covered by this Agreement.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

18. GOVERNING LAW, JURISDICTION AND VENUE

The validity, performance, and construction of this Agreement shall be governed by the laws of the state of New York, without giving effect to the conflict of law principles thereof. The United Nations Convention on Contracts for the International Sale of Goods is expressly disclaimed and shall not apply. The Parties agree that the jurisdiction for all legal claims or actions arising in connection with this Agreement will take place in the Supreme Court in Nassau County, New York, or the United States District Court for the Eastern District of New York and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens.

19. NO WAIVER

No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by both Parties. Any consent by either Party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to, waiver of, or excuse for any other, different, prior, or subsequent breach.

The failure of either Party to enforce at any time any of the provisions of this Agreement shall not constitute a present of future waiver of any such provisions or the right of either Party to enforce each and every provision.

20. SEVERABILITY

If any term, clause, sentence, paragraph, article, subsection, section, provision, condition or covenant of this Agreement is held to be invalid or unenforceable, for any reason, it shall not affect, impair, invalid or nullify the remainder of this Agreement, but the effect thereof shall be confined to the term, clause, sentence, paragraph, article, subsection, section, provision, condition or covenant of this Agreement so adjudged to be invalid or unenforceable.

21. DISPUTE RESOLUTION

If the Parties disagree as to any matter arising under this Agreement or the relationship and dealings of the Parties hereto, then at the request of either Party, ShotSpotter and Customer shall promptly consult with one another and make diligent, good faith efforts to resolve the disagreement by negotiation prior to either Party taking legal action. If such negotiations do not resolve the dispute within sixty (60) days of the initial request, either Party may take appropriate legal action.

22. ASSIGNMENT; AMENDMENT; WAIVER; SUBCONTRACTING

This Agreement and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the other party. In the event of County consent, it must be granted by the County Executive or his or her duly designated deputy (the "County Executive"), which shall not be unreasonably withheld, conditioned or delayed, and any purported assignment, other disposal or modification without such prior written consent shall be null and void. In the event of a merger or acquisition of all or substantially all of ShotSpotter's assets, ShotSpotter shall provide notice to Customer as soon as reasonably possible. No assignee for the benefit of Customer's creditors, custodian, receiver, trustee in bankruptcy, debtor in possession, sheriff, or any other officer of a court, or other person charged with taking custody of Customer's assets or business, shall have any right to continue or to assume or to assign these without ShotSpotter's express consent.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

23. COMPLIANCE WITH LAW

A. Generally. ShotSpotter shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, a living wage, disclosure of information, and vendor registration, in connection with its performance under this Agreement. In furtherance of the foregoing, if utilizing subcontractors the Contractor shall be bound by and shall comply with the applicable terms of Appendix EE attached hereto and with the County's registration protocol. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

B. Nassau County Living Wage Law. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Contractor agrees as follows:

(i) Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;

(ii) Failure to comply with the Living Wage Law, as amended, may constitute a material breach of this Agreement, the occurrence of which shall be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

(iii) It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of the certification of compliance, attached to this Agreement as Appendix L, and shall provide to the County any information necessary to maintain the certification's accuracy.

C. Records Access. Except as otherwise expressly set forth in this Agreement, the Parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. ShotSpotter acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate, and shall protect, through invocation of applicable FOIL exemptions, Contractor's Confidential Information to fullest extent permitted under the FOIL.

D. Prohibition of Gifts. In accordance with County Executive Order 2-2019, ShotSpotter shall not offer, give, or agree to give anything of value to any County employee, agent, consultant, construction manager, or other person or firm representing the County (a "County Representative"), including members of a County Representative's immediate family, in connection with the performance by such County Representative of duties involving transactions with the Contractor on behalf of the County, whether such duties are related to this Agreement or to any other County contractor matter.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

As used herein, "anything go value" shall include, but not be limited to, meals, holiday gifts, holiday baskets, gift cards, tickets to golf outings, tickets to sporting events, currency of any kind, or any other gifts, gratuities, favorable opportunities or preferences. For purposes of this subsection, any immediate family member shall include a spouse, child, parent, or sibling. ShotSpotter shall include the provisions of this subsection in each subcontract entered into under this Agreement.

E. Disclosure of Conflicts of Interest. In accordance with County Executive Order 2-2018, ShotSpotter has disclosed as part of its response to the County's Business History Form, or other disclosure form(s), any and all instances where ShotSpotter employs any spouse, child, or parent of a County employee of the agency or department that contracted or procured the goods and/or services described in this Agreement. ShotSpotter shall have a continuing obligation, as circumstances arise, to update this disclosure throughout the term of this Agreement.

F. Vendor Code of Ethics. By executing this Agreement, the Contractor hereby certifies and covenants that:
    i. The Contractor has been provided a copy of the Nassau County Vendor Code of Ethics issued on June 5, 2019, as may be amended from time to time (the "Vendor Code of Ethics"), and will comply with all of its provisions;
    ii. All of the Contractor's Participating Employees, as such term is defined in the Vendor Code of Ethics (the "Participating Employees"), have been, or will be provided a copy of the Vendor Code of Ethics;
    iii. All Participating Employees will be required to complete the acknowledgment required by the Vendor Code of Ethics;
    iv. The Contractor will retain all of the signed Participating Employee acknowledgements for the period it is required to retain other records pertinent to performance under this Agreement;
    v. The Contractor will continue to distribute the Vendor Code of Ethics, obtain signed Participating Employee acknowledgments as new Participating Employees are added or changed during the term of this Agreement, and retain such signed acknowledgments for the period the Contractor is required to retain other records pertinent to performance under this Agreement; and
    vi. The Contractor will obtain the certifications required by the Vendor Code of Ethics from any subcontractors or other lower tier participants providing any services under this Agreement.

24. INDEPENDENT CONTRACTOR

The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or Person with the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

25. NO ARREARS OR DEFAULT

The Contractor is not in arrears to the County upon any debt or contract and it is not in default as surety, contractor, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.

26. MINIMUM SERVICE STANDARDS

A. The Contractor shall, and shall cause any subcontractors performing services under this Agreement to, conduct its, his or her activities in connection with this Agreement so as not to endanger or harm any Person or property.

B. The Contractor shall deliver services under this Agreement in a professional manner consistent with the best practices of the industry in which the Contractor operates. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately preceding sentence, including obtaining and maintaining, and causing all Contractor subcontractors providing services under this Agreement to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

27. WORK PERFORMANCE LIABILITY

The Contractor is and shall remain primarily liable for the successful completion of all work in accordance this Agreement irrespective of whether the Contractor is using a subcontractor to perform some or all of the work contemplated by this Agreement, and irrespective of whether the use of such subcontractor has been approved by the County.

28. CONSENT TO JURISDICTION AND VENUE; GOVERNING LAW

Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

29. ADMINISTRATIVE SERVICE CHARGE

The Contractor agrees to pay the County an administrative service charge of Five Hundred Thirty-Three Dollars ($533.00) for the processing of this Agreement pursuant to Ordinance Number 74-1979, as amended by Ordinance Numbers 201-2001, 128-2006, and 153-2018. The administrative service charge shall be due and payable to the County by the Contractor upon signing this Agreement.

30. GENERAL PROVISIONS

A. This Agreement shall be binding on and inure to the benefit of the Parties and any permitted successors and assigns; however, nothing in this paragraph shall be construed as a consent to any assignment by either Party except as provided in Section 22 of this Agreement.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

B. This Agreement shall not become a binding contract until signed by an authorized representative of each Party, effective as of the date of signature.

C. Notwithstanding any other provision of this Agreement:

i. Approval and Execution. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County approvals, third party approvals and other governmental approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

ii. Availability of Funds. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated or otherwise lawfully available for this Agreement, and, if any portion of the funds for this Agreement are from the state and/or federal governments, then beyond funds available to the County from the state and/or federal governments.

D. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed a duplicate original.

E. The provisions of this Agreement shall not be construed in favor of or against either Party because that Party or its legal counsel drafted this Agreement, but shall be construed as if all Parties prepared this Agreement.

F. A facsimile or scanned signature copy of this Agreement and its Exhibits, notices and documents prepared under this Agreement shall be considered an original. The Parties agree that any document in electronic format or any document reproduced from an electronic format shall not be denied legal effect, validity, or enforceability, and shall meet any requirement to provide an original or hard copy.

G. This Agreement is made for the benefit of the Parties, and is not intended to benefit any third party or be enforceable by any third party. The rights of the Parties to terminate, rescind, or agree to any amendment, waiver, variation or settlement under or relating to this Agreement are not subject to the consent of any third party.

EACH PARTY'S ACCEPTANCE HEREOF IS EXPRESSLY LIMITED TO THE TERMS OF THIS AGREEMENT AND NO DIFFERENT OR ADDITIONAL TERMS CONTAINED IN ANY CONFIRMATION, PURCHASE ORDER, AMENDMENT OR OTHER BUSINESS FORM, WRITING OR MATERIAL SHALL HAVE ANY FORCE OR EFFECT UNLESS EXPRESSLY AGREED TO IN WRITING BY THE PARTIES.

SIGNATURE PAGE FOLLOWS

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

NASSAU COUNTY, NY	SHOTSPOTTER, INC.
Accepted By (Signature)	Accepted By (Signature)
Printed Name	Jean Chay Printed Name
Title	Corporate Controller Title
Date	9/30/2020 Date

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

STATE OF CALIFORNIA)

)ss.:

COUNTY OF ALAMEDA)

On the 30TH day of SEPTEMBER in the year 2020 before me personally came JEAN CHAY to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of COSTA CONTRA; that he or she is the CORPORATE CONTROLLER of **ShotSpotter, Inc.**, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

NOTARY PUBLIC SEE ATTACHED

STATE OF NEW YORK)

)ss.:

COUNTY OF NASSAU)

On the ____ day of ________________ in the year 20__ before me personally came ________________________ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of _______________; that he or she is the County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

NOTARY PUBLIC

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of ALAMEDA }

On SEPT 30 2020 before me, LAURA B GOLDEN, NOTARY PUBLIC
(Date) (insert name and title of the officer)
personally appeared JEAN CHAY who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

LAURA B. GOLDEN
COMMISSION #2193754
Notary Public - California
ALAMEDA COUNTY
MY COMMISSION EXPIRES
April 25, 2021
PNS1 PNS1

WITNESS my hand and official seal.

Signature (Seal)

OPTIONAL DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document: SHOTSPOTTER FLEX SERVICES AGREEMENT
Document Date: SEPT 30, 2020 Number of Pages: 34
Other Information: BETWEEN SHOTSPOTTER + NASSAU COUNTY

EXHIBIT A

Pricing

3 mi² Nassau County Coverage Area

- Current annual rate per square mile: $35,944

2 mi² Freeport Coverage Area

- Current annual rate per square mile: $60,000

2 mi² Elmont Coverage Area

- Current annual rate per square mile: $60,000

Coverage Area	2021 Rate (Year 1 of 5) 8/26/20-8/25/21	2022 Rate (Year 2 of 5) 8/26/21-8/25/22	2023 Rate (Year 3 of 5) 8/26/22-8/25/23	2024 Rate (Year 4 of 5) 8/26/23-8/25/24	2025 Rate (Year 5 of 5) 8/26/24-8/25/25	Five-Year Total
Nassau County	$104,690	$104,690	$104,690	$104,690	$104,690	**$523,450**
Freeport*	$0	$48,822	$90,000	$90,000	$90,000	**$318,822**
Elmont*	$54,247	$120,000	$120,000	$120,000	$120,000	**$534,247**
SUBTOTAL:	**$158,937**	**$273,512**	**$314,690**	**$314,690**	**$314,690**	**$1,376,519**
DEFERRED AMOUNTS:**	($50,000)	($50,000)	$33,334	$33,333	$33,333	
TOTAL AMOUNT DUE:	**$108,937**	**$223,512**	**$348,024**	**$348,023**	**$348,023**	**$1,376,519**

Pricing in the above table reflects:

Coverage area for Freeport reduced to 1.5 sq mi.

3% annual increase waived.

*Year 1 fees waived for Freeport coverage area.

*Year 1 term for Elmont prorated (3/14/2021-8/25/2021) to make coterminous with Nassau County.

**$50,000 from Year 1 and $50,000 from Year 2 deferred over the course of Year 3, Year 4, and Year 5.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

EXHIBIT B – SERVICE LEVEL AGREEMENT

ShotSpotter Gunshot Location System®

Reviewed Alert Service Levels

Summary

Under the terms and conditions of the ShotSpotter Services Agreement between ShotSpotter, Inc. ("ShotSpotter") and Customer, ShotSpotter commits to meet or exceed the following Service Level Agreement (SLA) standards as it provides its ShotSpotter Gunshot Location Services[1]:

Service	SLA and Measurement
Gunshot Detection & Location	90% of unsuppressed, outdoor gunfire incidents, using standard, commercially available rounds greater than .25 caliber, inside the Coverage Area will be detected and located within 25 meters of the actual gunshot location.
Reviewed Alerts	90% of gunshot incidents will be reviewed and published in less than 60 seconds.
Service Availability	The ShotSpotter Gunshot Location System service will be available to the Customer 99.9% of the time with online access to ShotSpotter data, excluding scheduled maintenance windows.

Gunshot Detection & Location Performance

ShotSpotter will detect and accurately locate to within 25 meters of the actual gunshot location 90% of unsuppressed, outdoor gunshots fired inside the contracted coverage area using standard, commercially available rounds greater than .25 caliber.

Reviewed Alerts Service

The ShotSpotter real-time Incident Review Center (IRC) will review at least 90% of all gunfire incidents within 60 seconds. This human review is intended to confirm or change the machine classification of the incident type, and, depending on the reviewer's confidence level that the incident is or may be gunfire, will result in an alert ("Reviewed Alert") sent to the Customer's dispatch center, patrol car mobile data terminals (MDT), and officer smartphones (via the ShotSpotter App), based on the following criteria:

Incident Type	Action
High confidence incident is gunfire	Reviewed Gunfire Alert, (Single Gunshot "SG" or Multiple Gunshots "MG") sent to Customer's dispatch center, patrol car mobile data terminals (MDT), and officer smartphones (via the ShotSpotter App)
Uncertain if incident is gunfire or not	Reviewed Probable Gunfire ("PG") Alert sent to Customer's dispatch center, patrol care MDTs, and officer smartphones
Low confidence incident is gunfire	**No alert** will be sent; incident available for Customer review in the incident history available through the Investigator Portal

[1] See attached "ShotSpotter – Definition of Key Terms" for a complete definition of terms associated with this SLA and further details in the expanded definitions listed below the Summary. The basis for this SLA and performance measurement will be total gunshot incidents as defined by the Definition of Key Terms.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Reviewed Alerts are sent to the Customer's dispatch center, patrol car MDTs, and officer smartphones. Information in a Reviewed Alert will include the following:

- "Dot on the map" with latitude and longitude indicating the location of the incident.
- Parcel address closest to location of the incident.
- When available, additional situational awareness data points may be included, such as:
  - Qualitative data on the type/severity of incident: Fully automatic, High Capacity
  - Other comments (if any)

The ShotSpotter App, and Investigator Portal provide the Customer with full and immediate access to incident history including information ShotSpotter uses in its internal review process. This information includes, among other things, the initial incident classification and any reclassifications of an incident, incident audio wave forms, and incident audio files. This data access is available as long as the Customer is under active subscription.

Service Availability

The ShotSpotter Gunshot Location Service[2] will be able to detect gunfire and available to users with online access to ShotSpotter data 99.9% of the time, on a 24x7 by 365 day per year basis, excluding: a) scheduled maintenance periods which will be announced to Customer in advance; b) select holidays; and c) third party network outages beyond ShotSpotter's control.

Customer SLA Credits

Each Service Level measurement shall be determined quarterly, the results of which will be reviewed during the periodic account review meetings with Customer. For each calendar quarter that ShotSpotter does not meet at least two of the three above standards, a fee reduction representing one free week of service (for the affected Coverage Area) for each missed quarter shall be included during a future Customer renewal.

Service Level Exclusions and Modifications

ShotSpotter takes commercially reasonable efforts to maintain Service Levels at all times. However, Service Level performance during New Year's Eve and Independence Day and the 48-hour periods before and after these holidays, are specifically excluded from Service Level standards. During these excluded periods, because of the large amount of fireworks activity, ShotSpotter uses fireworks suppression techniques[3].

The ShotSpotter sensors send incident information to the ShotSpotter cloud via third party cellular, wireless or wired networks. ShotSpotter is not responsible for outages on the third-party networks.

---

[2] Flex service includes all database, applications, and communications services hosted by ShotSpotter, Inc. at our data center and specifically exclude Customer's internal network or systems or 3rd party communications networks, e.g. Verizon, AT&T or Customer's Internet Service Provider.

[3] ShotSpotter will put the ShotSpotter system into "fireworks suppression mode" during this period in order to reduce the non-gunfire incidents required for human classification. ShotSpotter will formally inform the customer prior to the system being placed in fireworks suppression mode and when the mode is disabled. While in fireworks suppression mode, the incident alerts determined to be fireworks are not sent to the reviewer nor the Customer dispatch center, patrol car MDTs, and officer smartphones; however, these non-gunfire incidents will continue to be stored in the database for use if required at a later time.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Service Failure Notification

Should ShotSpotter identify any condition (disruption, degradation or failure of network, cloud, servers, sensors etc.) that impacts ShotSpotter's ability to meet the Gunshot Detection & Location standard (above), ShotSpotter will proactively notify the Customer with: a) a brief explanation of the condition; b) how the Customer's service is affected; and c) the approximate timeframe for resolution. ShotSpotter will also notify the Customer once any such condition is resolved.

Customer Responsibilities

The purpose of the Reviewed Alert service is to provide incident data to the Customer, reviewed, analyzed and classified in the manner described above. However, it is the sole responsibility of the Customer to interpret the data provided, and to determine any appropriate follow-up reaction or response, including whether or not to dispatch emergency responder resources based on a Reviewed Alert. ShotSpotter does not assume any obligation, duty or responsibility for reaction, response, or dispatch decisions, which are solely and exclusively the responsibility of Customer, or for the consequences or outcomes of any decisions made or not made by the Customer in reliance, in whole or in part, on any services provided by ShotSpotter.

Customer must inform ShotSpotter when Verified Incidents of gunfire are missed by the ShotSpotter Gunshot Location System in order to properly calculate Performance Rate, as defined below.

Customer is responsible for providing any required workstations, mobile devices and internet access for the Customer's dispatch center, patrol car MDTs, and officer smartphones, or Investigator Portal.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

ShotSpotter – Definition of Key Terms

The ShotSpotter Gunshot Location System will provide data for correct detection and accurate location for ninety percent (90%) of detectable (outdoor, unsuppressed) community gunfire which occurs within a coverage area, the "Coverage Area", provided the measurement is Statistically Significant, as defined below. This performance rate shall be calculated as a percentage as follows:

$$Performance\ Rate = \frac{NumberAccuratelyLocated}{(NumberAccuratelyLocated + NumberNotDetected + NumberMislocated)}$$

where the "*Performance Rate*" is a number expressed as a percentage, "*NumberAccuratelyLocated*" is the number of "Gunfire Incidents" occurring within the Coverage Area during the specified period for which the ShotSpotter produced an Accurate Location, *NumberMislocated* is the number of Verified Incidents (a "Verified Incident" is an incident where Customer has physical or other credible evidence that gunfire took place) for which the ShotSpotter produced an inaccurate location (i.e., a Mislocated Incident), and *NumberNotDetected* is the number of Verified Incidents for which the ShotSpotter failed to report a location at all (i.e., Missed Incidents).

An "Accurate Location" shall mean an incident located by the ShotSpotter to a latitude/longitude coordinate that lies within a 25-meter radius of the confirmed shooters location (25 meters = approximately 82 feet). "Detectable Gunfire" incidents are unsuppressed discharges of ballistic firearms which occur fully outdoors in free space (i.e. not in doorways, vestibules, windows, vehicles, etc.) using standard commercially available rounds of caliber greater than .25.

ShotSpotter Review Period is measured as the period commencing when the Incident Review Center (IRC) receives the alert and the first audio download to the time it is published to the customer

ShotSpotter performance is guaranteed after a "Statistically Significant" set of incidents has been detected in accordance with timeframes set forth herein and following DQV and commercial system acceptance. The ShotSpotter system is designed to detect gunfire which is typically well distributed throughout the Coverage Area; however, performance should not be construed to mean that 90% of gunfire fired at any given location within the Coverage Area will be detected and located within the guaranteed accuracy.

The ShotSpotter Gunshot Location system is not a "point protection" system and is therefore not designed to consistently detect gunfire at every single location within the Coverage Area, but rather to Accurately Locate 90% of the Detectable Incidents in aggregate throughout the entire Coverage Area. There may be certain locations within the Coverage Area where obstacles and ambient noise impede and/or overshadow the propagation of acoustic energy such that locating the origin at those positions is inconsistent or impossible. The Performance Rate calculation is thus specifically tied to the Community Gunfire across the entire Coverage Area.

Statistically Significant shall be defined as measurements and calculations which shall be performed as follows: (a) Across an entire Coverage Area; (b) Aggregating over a period of at least 30 days under weather conditions seasonally normal for the area; and (c) Provided that the total number of gunfire incidents being counted is equal to or greater than: (i) thirty (30) incidents for systems of up to three (3) square miles of Coverage Area, or (ii) ten (10) incidents multiplied by the number of square miles of Coverage Area for systems where one or more Coverage Areas are three (3) square miles or larger.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Appendix EE

Equal Employment Opportunities for Minorities and Women

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined herein and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make best efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBEs") as defined in Section 101 of Local Law No. 14-2002, for the purpose of granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBEs and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all Subcontractors will be approved prior to commencement of work.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.

b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.

c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of sanctions, fines or penalties. The Executive Director shall either (i) adopt the recommendation of the arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

receipt of the arbitrators award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the respondent by personal service or by certified mail return receipt requested. The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

Provisions (a), (b) and (c) shall not be binding upon Contractors or Subcontractors in the performance of work or the provision of services or any other activity that are unrelated, separate, or distinct from the County Contract as expressed by its terms.

The requirements of the provisions (a), (b) and (c) shall not apply to any employment or application for employment outside of this County or solicitations or advertisements therefor or any existing programs of affirmative action regarding employment outside of this County and the effect of contract provisions required by these provisions (a), (b) and (c) shall be so limited.

The Contractor shall include provisions (a), (b) and (c) in every Subcontract in such a manner that these provisions shall be binding upon each Subcontractor as to work in connection with the County Contract.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars ($25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars ($100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project.

As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.

b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation

c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation

d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.

e. Proof or affidavit that sufficient time prior to making award was allowed for M/WBEs to participate effectively, to the extent practicable given the timeframe of the County Contract.

f. Proof or affidavit that negotiations were held in good faith with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.

h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation

i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

Appendix L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The Chief Executive Officer of the Contractor is:

(Name) Ralph A. Clark

(Address) ShotSpotter, Inc., 7979 Gateway Blvd., Suite 210, Newark, CA 94560

(Telephone Number) (888) 274-6877

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the Contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such Contractor establishes to the satisfaction of the Department that at the time of execution of this Agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor

3. In the past five years, Contractor ______ has _X_ has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

____

____

4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action ______ has _X_ has not been commenced against or relating to the Contractor in connection with federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

____

____

5. Contractor agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

Dated 30 Sept 2020

Signature of Chief Executive Officer

Ralph A. Clark
Name of Chief Executive Officer

Sworn to before me this

30 day of SEPTEMBER, 20 20

SEE ATTACHED
Notary Public

Copyright © 2020 ShotSpotter, Inc. – Confidential
All rights reserved under the copyright laws of the United States

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of ALAMEDA }

On SEPT 30, 2020 before me, LAURA B GOLDEN, NOTARY PUBLIC
(Date) (insert name and title of the officer)

personally appeared RALPH CLARK who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(~~ies~~), and that by his/her/their signature(~~s~~) on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

LAURA B. GOLDEN
COMMISSION #2193754
Notary Public - California
ALAMEDA COUNTY
MY COMMISSION EXPIRES
April 25, 2021
PNS1

WITNESS my hand and official seal.

Laura B. Golden

Signature (Seal)

OPTIONAL DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document: SHOTSPOTTER FLEX SERVICES AGREEMENT

Document Date: SEPT 30, 2020 Number of Pages: 34

Other Information: BETWEEN SHOTSPOTTER + NASSAU COUNTY

Jack Schnirman
Comptroller

OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: Shotspotter, Inc.

CONTRACTOR ADDRESS: 7979 Gateway Boulevard, Suite 210, Newark CA 94560

FEDERAL TAX ID #: 470949915

Instructions: **Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.**

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in____________________ [newspaper] on ____________ [date]. The sealed bids were publicly opened on ____________ [date]. ________ [#] of sealed bids were received and opened.

II. ☐ The contractor was selected pursuant to a Request for Proposals.
The Contract was entered into after a written request for proposals was issued on ____________ [date]. Potential proposers were made aware of the availability of the RFP by advertisement in ____________________ [newspaper], posting on industry websites, via email to interested parties and by publication on the County procurement website. Proposals were due on ____________ [date]. ________ [state #] proposals were received and evaluated. The evaluation committee consisted of: ____ (list # of persons on committee and their respective departments). The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☐ This is a renewal, extension or amendment of an existing contract.
The contract was originally executed by Nassau County on ___________________________[date]. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after____.____________________________
____
____ [describe procurement method, i.e., RFP, three proposals evaluated, etc.] Attach a copy of the most recent evaluation of the contractor's performance for any contract to be renewed or extended. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to continue to contract with the county.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

☐ **A.** The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**

☐ **B.** The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☑ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

☑ **A.** There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.

☐ **B.** The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).

☐ **C.** Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no.________________________, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

☐ **D.** Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No. 928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

<u>Instructions with respect to Sections VIII, IX and X:</u> **All Departments must check the box for VIII. Then, check the box for either IX or X, as applicable.**

VIII. ☑ Participation of Minority Group Members and Women in Nassau County Contracts. The selected contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of the contractual utilization of best efforts as outlined in Exhibit "EE" may be requested at any time, from time to time, by the Comptroller's Office prior to the approval of claim vouchers.

IX. ☐ Department MWBE responsibilities. To ensure compliance with MWBE requirements as outlined in Exhibit "EE", Department will require vendor to submit list of sub-contractor requirements prior to submission of the first claim voucher, for services under this contract being submitted to the Comptroller.

X. ☑ Vendor will not require any sub-contractors.

<u>In addition</u>, if this is a contract with an individual or with an entity that has only one or two employees: ☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No*. 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

Department Head Signature

3/1/2021

Date

<u>NOTE:</u> Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.

COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator?

YES [ ] NO [X] If yes, to what campaign committee?

2. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

<u>The undersigned further certifies and affirms that the contribution(s) to the campaign committees identified above were made freely and without duress, threat or any promise of a governmental benefit or in exchange for any benefit or remuneration</u>.

Electronically signed and certified at the date and time indicated by:
Jean Chay [JCHAY@SHOTSPOTTER.COM]

Dated: 02/09/2021 04:18:01 PM

Vendor: ShotSpotter, Inc.

Title: Corporate Controller

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD

1. Principal Name: Ralph Clark
   Date of birth: [redacted]
   Home address: [redacted]
   City: [redacted] State/Province/Territory: [redacted] Zip/Postal Code: [redacted]
   Country: US

   Business Address: 7979 Gateway Blvd Suite 210
   City: Newark State/Province/Territory: CA Zip/Postal Code: 94560
   Country US
   Telephone: 5102075453

   Other present address(es):
   City: Newark State/Province/Territory: CA Zip/Postal Code: 94560
   Country: US
   Telephone: 5102075453

   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President		Treasurer	
Chairman of Board		Shareholder	
Chief Exec. Officer	07/01/2010	Secretary	
Chief Financial Officer		Partner	
Vice President			
(Other)			

3. Do you have an equity interest in the business submitting the questionnaire?
   YES [X] NO [ ] If Yes, provide details.
   I own equity in the company

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?

YES [ ] NO [X] If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?

YES [ ] NO [X] If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

9.

a. Is there any felony charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Is there any misdemeanor charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Is there any administrative charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? Y
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

f. In the past 5 years, have you been found in violation of any administrative or statutory charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

10. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?

YES [X] NO [ ] If yes, provide an explanation of the circumstances and corrective action taken.

"The Oakland, California Public Ethics Commission (PEC) initiated an investigation for alleged violations of city lobbying regulations. In December of 2019 the parties settled the matter and entered into a "no contest" stipulation with the PEC."

11. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

12. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

13. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

I, Ralph Clark , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Ralph Clark , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

ShotSpotter

Name of submitting business

Electronically signed and certified at the date and time indicated by:
Ralph Clark [RCLARK@SHOTSPOTTER.COM]

CEO

Title

03/04/2021 02:34:45 PM

Date

ShotSpotter®

May 7, 2021

Jaclyn Delle
Deputy County Attorney
Counsel, Nassau County Police Department
Office of the Nassau County Attorney
Municipal Transactions Bureau
1 West Street
Mineola, New York 11501

Dear Jackie -

This letter is in response to your request for additional information from Procurement Compliance Office for Question 10 on Ralph Clark's Principal Questionnaire Form. In his response to question 10, Mr. Clark stated "The Oakland, California Public Ethics Commission (PEC) initiated an investigation for alleged violations of city lobbying regulations. In December of 2019, the parties settled the matter and entered into a "no contest" stipulation with the PEC."

In 2015, a local newspaper made a claim that Mr. Clark and Joe Hawkins had violated lobbying laws when they met with City Council members to discuss performance on an existing contract at their request. The paper further also alleged that Mr. Clark and Mr. Hawkins had made an improper campaign contribution. The contribution amount of $100 was not the issue, rather it was that the contribution was requested and then made during a 180-day "blackout" period when contractors have submitted bids to the City. In July of 2019, Mr. Clark and Mr. Hawkins were informed that Oakland PEC, the agency charged with overseeing, among other matters, compliance with the City's lobbying laws, had completed its investigation. At that time, both were presented with a draft stipulation alleging violations of lobbying registration and filing requirements in 2014 and 2015 and untimely campaign contributions during the contractor blackout period in 2014. Mr. Clark and Mr. Hawkins denied the allegations presented by the PEC. That said, Mr. Clark actively engaged with the PEC to resolve the matter. Ultimately, rather than proceeding in a full evidentiary hearing before the City Council, Mr. Hawkins, Mr. Clark and the PEC agreed to a" No Contest" Stipulation, neither agreeing nor denying the facts and allegations and the payment of a reduced administrative fine. On December 2, 2019, the full Oakland City Council accepted the "No Contest" Stipulation, and the matter was closed with no further action taken by the PEC or City of Oakland.

I hope this context for Mr. Clark's response is adequate and please let me know if you have additional questions.

Sincerely,

Scott Beisner
Senior Sales Engineer

[redacted]
www.shotspotter.com

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD

1. Principal Name: Alan R. Stewart
Date of birth: [redacted]
Home address: [redacted]
City: [redacted] State/Province/Territory: [redacted] Zip/Postal Code: [redacted]
Country: US

Business Address: 7979 Gateway Blvd. Suite 210
City: Newark State/Province/Territory: CA Zip/Postal Code: 94560
Country US
Telephone: 8584423238

Other present address(es): 7979 Gateway Blvd, Suite 210
City: Newark State/Province/Territory: ____ Zip/Postal Code: ____
Country: US
Telephone: 8584423238

List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President		Treasurer	
Chairman of Board		Shareholder	
Chief Exec. Officer		Secretary	
Chief Financial Officer	02/02/2017	Partner	
Vice President			
(Other)			

3. Do you have an equity interest in the business submitting the questionnaire?
YES [X] NO [ ] If Yes, provide details.

I own common shares of the company. Approximately 60,000 common shares

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?
YES [ ] NO [X] If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?
YES [X] NO [ ] If Yes, provide details.

I am currently CEO and 100% owner of Smallbiztraining, Inc. and its wholley-owned subsidiary FIT Advisors, LLC, neither of which have any affiliation with the business submitting the questionnaire or any affiliation or business relationship with Nassau County.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?
YES [ ] NO [X] If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?
YES [ ] NO [X] If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

9.

a. Is there any felony charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Is there any misdemeanor charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Is there any administrative charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? Y
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

f. In the past 5 years, have you been found in violation of any administrative or statutory charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

10. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

11. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

12. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

13. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

I, Alan R. Stewart , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Alan R. Stewart , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

ShotSpotter, Inc.

Name of submitting business

Electronically signed and certified at the date and time indicated by:
Alan R. Stewart [ASTEWART@SHOTSPOTTER.COM]

CFO

Title

03/04/2021 04:49:30 PM

Date

Business History Form

The contract shall be awarded to the responsible proposer who, at the discretion of the County, taking into consideration the reliability of the proposer and the capacity of the proposer to perform the services required by the County, offers the best value to the County and who will best promote the public interest.

In addition to the submission of proposals, each proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the Proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 07/16/2020

1) Proposer's Legal Name: ShotSpotter, Inc.

2) Address of Place of Business: 7979 Gateway Blvd., Suite 210

City: Newark State/Province/Territory: CA Zip/Postal Code: 94560

Country: US

3) Mailing Address (if different): ____

City: ____ State/Province/Territory: ____ Zip/Postal Code: ____

Country: ____

Phone: ____

Does the business own or rent its facilities? Rent If other, please provide details:

4) Dun and Bradstreet number: 884728650

5) Federal I.D. Number: [redacted]

6) The proposer is a: Corporation (Describe) ____

7) Does this business share office space, staff, or equipment expenses with any other business?

YES [ ] NO [X] If yes, please provide details:

8) Does this business control one or more other businesses?

YES [X] NO [ ] If yes, please provide details:

Subsidiaries of ShotSpotter, Inc. include: SHOTSPOTTER PROPRIETARY LIMITED (SOUTH AFRICA), SHOTSPOTTER COLOMBIA S.A.S. (COLOMBIA), SHOTSPOTTER MEXICO, S DE R.L. DE C.V. (MEXICO), and SHOTSPOTTER SISTEMAS DE DETECÇÃO DE TIROS LTDA (BRASIL).

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business?

YES [ ] NO [X] If yes, please provide details:

10) Has the proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated?
YES [ ] NO [X] If yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract).

11) Has the proposer, during the past seven years, been declared bankrupt?
YES [ ] NO [X] If yes, state date, court jurisdiction, amount of liabilities and amount of assets

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business.
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business.
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:
a) Any felony charge pending?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

b) Any misdemeanor charge pending?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?
YES [X] NO [ ] If yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire.

US Virgin Islands Internal Revenue - Lien for unpaid taxes was filed incorrectly. Proof of paid taxes was provided and lien was discharged without further payment. Obligation filed 1/3/2017, Discharged 4/20/2017. Original obligation was $39,381.25. $0 is outstanding.

17 Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. NOTE: If no conflicts exist, please expressly state "No conflict exists."

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

1. Our company has a policy: Any donation made by the company or any employee or member of the Board of Directors to any charity, political organization, political campaign or other entity or organization that is associated with any business or entity with which the Company does business or proposes to do business, in an amount of $500 or more (either as a single donation or in the aggregate in any calendar year) must also be approved in advance by the Compliance Officer (CFO, Alan Stewart). Donations greater than $5,000 (either as a single donation or in the aggregate in any calendar year) must be approved by the Audit Committee.

2. Any new vendor of ours is screened for any potential conflict of interest or related party affiliation and in general, we refrain from using such vendors.

A. Include a resume or detailed description of the Proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Have you previously uploaded the below information under in the Document Vault?

YES [ ] NO [X]

Is the proposer an individual?

YES [ ] NO [X] Should the proposer be other than an individual, the Proposal MUST include:

i) Date of formation;

06/30/2004

ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner. If none, explain.

We are a public incorporated company listed on NASDAQ with numerous public shareholders, with only one individual owning more than 10% of the company. All other shareholders are individually below 10%.

First Name	Gary				
Last Name	Lauder				
MI	M	Suffix			
Address	88 Mercedes Lane				
City	Atherton	State/Province/Territory	CA	Zip/Postal Code	94027
Country	US				
Position	Shareholder				

iii) Name, address and position of all officers and directors of the company. If none, explain.

First Name	Paul				
Last Name	Ames				
MI		Suffix			
Address	7979 Gateway Blvd.				
City	Newark	State/Province/Territory	CA	Zip/Postal Code	94560
Country	US				
Position	Senior Vice President				

First Name	Gary				
Last Name	Bunyard				
MI		Suffix			
Address	7979 Gateway Blvd.				
City	Newark	State/Province/Territory	CA	Zip/Postal Code	94560
Country	US				
Position	Senior Vice President				

First Name	RALPH				
Last Name	CLARK				
MI		Suffix			
Address	7979 Gateway Blvd suite 210				
City	Newark	State/Province/Territory	CA	Zip/Postal Code	94560
Country	US				
Position	President				

First Name	Nasim				
Last Name	Golzadeh				
MI		Suffix			
Address	1288 Silverado ST				
City	La Jolla	State/Province/Territory	CA	Zip/Postal Code	92037
Country	US				
Position	Vice President				

First Name	Joseph				
Last Name	Hawkins				
MI	O	Suffix			
Address	7979 Gateway Blvd				
City	Newark	State/Province/Territory	CA	Zip/Postal Code	94560
Country	US				
Position	Vice President				

First Name	Robert				
Last Name	Klepper				
MI	S	Suffix			
Address	7979 Gateway Blvd #210				
City	Newark	State/Province/Territory	CA	Zip/Postal Code	94560
Country	US				
Position	SVP Marketing				

First Name	Alan				
Last Name	Stewart				
MI	R	Suffix			
Address	2820 Carleton St. Unit 29				
City	San Diego	State/Province/Territory	CA	Zip/Postal Code	92106
Country	US				
Position	Chief Financial Officer				

iv) State of incorporation (if applicable);

DE

v) The number of employees in the firm;

120

vi) Annual revenue of firm;

[redacted]

vii) Summary of relevant accomplishments

Leading provider of gunshot detection solutions.

viii) Copies of all state and local licenses and permits.

1 File(s) Uploaded: New York State Certificate.pdf

B. Indicate number of years in business.

16

C. Provide any other information which would be appropriate and helpful in determining the Proposer's capacity and reliability to perform these services.

We are the leading provider of gunshot detection solutions and the product has been in service for many years. This is a renewal application.

D. Provide names and addresses for no fewer than three references for whom the Proposer has provided similar services or who are qualified to evaluate the Proposer's capability to perform this work.

Company	New York Police Department		
Contact Person	Deputy Chief Anthony Tasso		
Address	One Police Plaza		
City	New York	State/Province/Territory	NY
Country	US		
Telephone	(646) 610-8877		
Fax #			
E-Mail Address	anthony.tasso@nypd.org		

Company	Hempstead Police Department
Contact Person	Assistant Chief Kevin Colgan
Address	99 Nichols Ct

City	Hempstead	State/Province/Territory	NY
Country	US		
Telephone	(516) 478-6317		
Fax #			
E-Mail Address	kcolgan@hempsteadpd.com		

Company	Long Beach Police Department		
Contact Person	Officer Alexandra Nielsen		
Address	1 West Chester St.		
City	Long Beach	State/Province/Territory	NY
Country	US		
Telephone	(516) 705-7358		
Fax #			
E-Mail Address	anielsen@lbpd.com		

I, Jean Chay , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Jean Chay , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Name of submitting business: ShotSpotter, Inc.

Electronically signed and certified at the date and time indicated by:
Jean Chay [JCHAY@SHOTSPOTTER.COM]

Corporate Controller
Title

02/09/2021 04:22:49 PM
Date

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

R

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission Fi e Number 001-38107

ShotSpotter, Inc.
(Exact Name of Registrant as Specified in its Charter)

elaware	**47-0949915**
(State or other urisdiction of in orporation or organization)	**(I.R.S. Employer Identification No.)**
7979 Gateway Blvd., Suite 210 Newark, California	**94560**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (510) 794-3100

Securities registered pursuant to Section 12(b) of the Act Common Stock, $0 005 par va ue per share Common Stock traded on the Nasdaq Capita Market trading symbo SS

Securities registered pursuant to Section 12(g) of the Act **None**

ndicate by check mark if the Registrant is a we -known seasoned issuer, as defined in Ru e 05 of the Securities Act Y S NO ☒

nd c te b check m rk the Reg str nt s not requ red to e reports pursu nt to Sect on 1 or 15(d) o the Act S NO

ndicate by check mark whether the Registrant (1) has fi ed a reports required to be fi ed by Section 13 or 15(d) of the Securities xchange Act of 193 during the preceding 12 months (or for such shorter period that the Registrant was required to fi e such reports), and (2) has been subject to such fi ing requirements for the past 90 days Y S ☒ NO

ndicate by check mark whether the Registrant has submitted e ectronica y every nteractive Data Fi e required to be submitted pursuant to Ru e 05 of Regu ation S- (§232 05 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such fi es) Y S ☒ NO

ndicate by check mark whether the Registrant is a arge acce erated fi er, an acce erated fi er, a non-acce erated fi er, sma er reporting company, or an emerging growth company See the definitions of arge acce erated fi er," acce erated fi er," sma er reporting company," and emerging growth company" in Ru e 12b-2 of the xchange Act

arge acce erated fi er		Acce erated fi er	☒
Non-acce erated fi er		Sma er reporting company	☒
merging growth company	☒		

f an emerging growth company, indicate by check mark if the Registrant has e ected not to use the extended transition period for comp ying with any new or revised financia accounting standards provided pursuant to Section 13(a) of the xchange Act ☒ ndicate by check mark whether the Registrant is a she company (as defined in Ru e 12b-2 of the xchange Act) Yes ☐ No ☒

he aggregate market va ue of the voting and non-voting common equity he d by non-affi iates of the Registrant, based on a c osing price of $ 20 per share of the Registrant s common stock as reported on the Nasdaq Capita Market on June 28, 2019 was $360,807,561

he number of shares of Registrant s common stock outstanding as of March 6, 2020 was 11,3 6,538

Portions of the Registrant s Definitive Proxy Statement re ating to the Annua Meeting of Stockho ders, schedu ed to be he d on June 10, 2020, are incorporated by reference into Part of this Report Such Proxy Statement wi be fi ed with the Securities and xchange Commission no ater than 120 days fo owing the end of the Registrant s fisca year ended December 31, 2019

Table of Contents

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Th s Annua Repo t on Fo m   0-K conta ns fo wa d- ook ng statements that nvo ve substant a   sks and unce ta nt es The fo wa d- ook ng statements a e conta ned p nc pa y   n the sect ons of th s Annua Repo t on Fo m   0-K ent t ed "R sk Facto s," "Management's D scuss on and Ana ys s of F nanc a Cond t on and Resu ts of Ope at ons" and "Bus ness," but a e a so conta ned e sewhe e   n th s Annua Repo t on Fo m   0-K Often, you can dent fy fo wa d- ook ng statements by the wo ds "ant c pate," "be eve," "cont nue," "cou d," "est mate," "expect," " ntend," "may," "m ght," "object ve," "ongo ng," "p an," "p ed ct," "p oject," "potent a ," "shou d," "w   ," o "wou d," o the negat ve of these te ms, o othe compa ab e te m no ogy ntended to dent fy statements about the futu e Fo wa d- ook ng statements nc ude statements about

- ou ab   ty to cont nue to nc ease evenues, secu e custome   enewa s and expand cove age a eas of ex st ng pub c safety custome s;
- ou ab   ty to cont nue to add new custome s fo ou pub c safety and secu ty so ut ons;
- ou ab   ty to g ow both domest ca y and nte nat ona y;
- ou ab   ty to effect ve y manage o susta n ou g owth;
- ou ab   ty to ma nta n, nc ease o st engthen awa eness of ou so ut ons;
- ou ab   ty to ach eve and ma nta n se v ce eve ag eement standa ds (SLAs) n ou custome cont acts;
- futu e evenues, h   ng p ans, expenses, cap ta expend tu es, cap ta   equ ements and stock pe fo mance;
- ou ab   ty to se v ce outstand ng debt, f any, and sat sfy covenants assoc ated w th outstand ng debt fac   t es;
- ou ab   ty to att act and eta n qua f ed emp oyees and key pe sonne and fu the expand ou ove a   headcount;
- ou ab   ty to comp y w th new o mod f ed aws and egu at ons that cu ent y app y o become app cab e to ou bus ness both n the Un ted States and nte nat ona y; and
- ou ab   ty to ma nta n, p otect and enhance ou   nte ectua p ope ty

We caut on you that the fo ego ng   st may not conta n a   of the fo wa d- ook ng statements made n th s Annua Repo t on Fo m   0-K

These fo wa d- ook ng statements nvo ve known and unknown   sks, unce ta nt es and othe facto s that may cause ou actua   esu ts, eve s of act v ty, pe fo mance o ach evements to be mate a y d ffe ent f om the nfo mat on exp essed o   mp ed by these fo wa d- ook ng statements A though we be eve that we have a easonab e bas s fo each fo wa d- ook ng statement conta ned n th s Annua Repo t on Fo m   0-K, we caut on you that these statements a e based on a comb nat on of facts and facto s cu ent y known by us and ou expectat ons of the futu e, about wh ch we cannot be ce ta n You shou d efe to the "R sk Facto s" sect on of th s Annua Repo t on Fo m   0-K fo a d scuss on of mpo tant facto s that may cause ou actua   esu ts to d ffe mate a y f om those exp essed o   mp ed by ou fo wa d- ook ng statements As a esu t of these facto s, we cannot assu e you that the fo wa d- ook ng statements n th s Annua Repo t on Fo m   0-K w   p ove to be accu ate We unde take no ob gat on to pub c y update any fo wa d- ook ng statements, whethe as a esu t of new nfo mat on, futu e events o othe w se, except as equ ed by aw You shou d ead th s Annua Repo t on Fo m   0-K and the documents that we efe ence n th s Annua Repo t on Fo m   0-K comp ete y and w th the unde stand ng that ou actua futu e esu ts may be mate a y d ffe ent f om what we expect We qua fy a   of ou fo wa d- ook ng statements by these caut ona y statements

PART I

Item 1. BUSINESS

Overview

We p ov de p ec s on-po c ng and secu ty so ut ons fo aw enfo cement and secu ty pe sonne to he p dete gun v o ence and make c t es, campuses and fac t es safe Ou f agsh p pub c safety so ut on, ShotSpotte F ex, s the ead ng outdoo gunshot detect on, ocat on and a e t ng system Ou pat o management softwa e, ShotSpotte M ss ons (fo me y HunchLab), c eates c me fo ecasts des gned to enab e mo e p ec se and effect ve use of pat o esou ces to dete c me In 20 9, we c eated a new techno ogy nnovat on un t, ShotSpotte Labs, to expand ou effo ts suppo t ng nnovat ve uses of ou techno ogy to he p p otect w d fe and the env onment Ou secu ty so ut ons, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, a e des gned to he p aw enfo cement and secu ty pe sonne se v ng un ve s t es, co po ate campuses and key nf ast uctu e o t anspo tat on cente s m t gate sk and enhance secu ty by not fy ng autho t es of a potent a outdoo gunf e nc dent, sav ng c t ca m nutes fo f st esponde s to a ve Ou gunshot detect on so ut ons a e t usted by aw enfo cement agenc es n ove 00 c t es as of Decembe 3 , 20 9

Ou gunshot detect on so ut ons cons st of h gh y-spec a zed, c oud-based softwa e nteg ated w th p op eta y, nte net-enab ed senso s des gned to detect outdoo gunf e The speed and accu acy of ou gunf e a e ts enab e aw enfo cement and secu ty pe sonne to educe the esponse t mes to shoot ng events, wh ch can nc ease the chances of app ehend ng the shoote , p ov d ng t me y a d to v ct ms, and dent fy ng w tnesses befo e they scatte , as we as a d n ev dent a y co ect on and se ve as an ove a dete ent When a potent a gunf e nc dent s detected by ou senso s, ou system app es mach ne c ass f cat on comb ned w th human ev ew to ana yze and va date the nc dent and p ec se y ocate whe e the nc dent occu ed An a e t conta n ng a ocat on on a map and c t ca nfo mat on about the nc dent s sent d ect y to subsc b ng aw enfo cement o secu ty pe sonne th ough any nte net-connected compute and to Phone o And o d mob e dev ces

Ou softwa e sends va dated gunf e data a ong w th the aud o of the t gge ng sound to ou Inc dent Rev ew Cente (“IRC”), whe e ou t a ned acoust c expe ts a e on duty 24 hou s a day, seven days a week, 365 days a yea to sc een and conf m actua gunf e nc dents Ou acoust c expe ts can supp ement a e ts w th add t ona tact ca nfo mat on, such as the potent a p esence of mu t p e shoote s o the use of h gh-capac ty weapons Gunshot nc dents ev ewed by ou IRC esu t n a e ts typ ca y sent w th n 45 seconds of the ece pt of the gunf e nc dent

We gene ate annua subsc pt on evenues f om the dep oyment of ShotSpotte F ex on a pe -squa e-m e bas s Ou secu ty so ut ons, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, a e typ ca y so d on a subsc pt on bas s, each w th a custom zed dep oyment p an Ou ShotSpotte M ss ons so ut on s a so so d on a subsc pt on bas s As of Decembe 3 , 20 9, we had ShotSpotte F ex, ShotSpotte Secu eCampus and ShotSpotte S teSecu e cove age a eas unde cont act fo app ox mate y 760 squa e m es, of wh ch 730 squa e m es had gone ve Cove age a eas unde cont act nc uded ove 00 c t es and 2 campuses/s tes ac oss the Un ted States, South Af ca and the Bahamas, nc ud ng th ee of the ten a gest c t es n the Un ted States Most of ou evenues a e att butab e to custome s based n the Un ted States

We a e a m ss on-d ven o gan zat on focused on ea n ng the t ust of aw enfo cement to he p them p ov de equa p otect on to a and st engthen the po ce-commun ty e at onsh p, u t mate y educ ng gun v o ence Ou nsp at on comes f om ou p nc pa founde , D Bob Showen, who be eves that the h ghest and best use of techno ogy s to p omote soc a good We a e comm tted to deve op ng comp ehens ve, espectfu and engaged pa tne sh ps w th aw enfo cement agenc es, e ected off c a s and commun t es focused on mak ng a pos t ve d ffe ence n ou soc ety

Industry Background: The Problem of Gun Violence

Acco d ng to the Fede a Bu eau of Invest gat on (the “FBI”), an est mated 2 m on v o ent c mes occu ed n the Un ted States n 20 8 Of those v o ent c mes, t s est mated that f ea ms we e used n 72 7% of mu de s, 38 2% of obbe es and 26 % of agg avated assau ts

The e s a stagge ng econom c cost assoc ated w th gun v o ence A 20 9 study comm ss oned by the U S Cong ess Jo nt Econom c Comm ttee Democ at c Staff found that gun v o ence costs the Ame can economy at east $229 b on eve yyea

The Challenge of Urban Gun-Related Crime

The majo ty of u ban gunf e goes un epo ted A epo t pub shed by The B ook ngs Inst tute ana yz ng data co ected f om ShotSpotte F ex and ou custome s suggests that app ox mate y 90% of the gunshots detected by ou pub c safety so ut on a e not epo ted to 9 by es dents Even n the nstances when 9 ca s a e made, the nfo mat on epo ted by the ca e s often ncomp ete o naccu ate as to the t me and ocat on of the gunshot Fu the mo e, n many cases t s often d ff cu t fo the ca e to authent cate the nc dent as gunf e In add t on, we be eve that n commun t es p agued by gun v o ence, the e s often a ack of t ust between the commun ty's es dents and ts po ce fo ce, wh ch can exace bate the unde epo t ng of gunf e and c eate a v c ous cyc e of unde epo t ng, ack of esponse and nc eased m st ust due to cont nued unadd essed gun v o ence n the commun ty When gunf e s not epo ted o s epo ted naccu ate y, aw enfo cement and med ca pe sonne cannot add ess nju es no effect ve y nvest gate and so ve e ated c mes o p event futu e nc dents

The commun t es n wh ch gun v o ence occu s suffe s gn f cant econom c oss A 20 6 epo t by the U ban Inst tute, wh ch stud ed the effect of gun v o ence n M nneapo s, M nnesota, Oak and, Ca fo n a and Wash ngton, D C , noted that the pe ce ved sk of gun v o ence mposed heavy soc a , psycho og ca and moneta y damages n commun t es, nc ud ng fewe jobs and owe econom c v ta ty The study conc uded

- In M nneapo s, one fewe gun hom c de n a g ven yea was stat st ca y assoc ated w th the c eat on of 80 jobs and an add t ona $9 4 m on n sa es ac oss a bus ness estab shments n the next yea
- In Oak and, eve y add t ona gun hom c de n a g ven yea was stat st ca y assoc ated w th f ve fewe job oppo tun t es n cont act ng bus nesses n the next yea
- In Wash ngton, D C , eve y add t ona gun hom c de n a g ven yea was stat st ca y assoc ated w th two fewe eta and se v ce estab shments the next yea

In add t on, seve a stud es have suggested that p ope ty va ues a e nve se y co e ated w th v o ent c me Fo examp e, the Cente fo Ame can P og ess conducted a study of changes n hom c de nc dents and hous ng p ces n Boston, Massachusetts; Seatt e, Wash ngton; Ch cago, I no s; Ph ade ph a, Pennsy van a and M waukee, W scons n and found that a educt on n a g ven yea of one hom c de n a ZIP code causes a 5% nc ease n hous ng va ues n that same ZIP code the fo ow ng yea

The Rise of Active-Shooter Events

In add t on to the p ob em of oca zed, pe s stent gun v o ence, the e has been an nc eas ng numbe of h gh-p of e mass shoot ngs and te o events ove the past seve a yea s Acco d ng to a 20 6 epo t by the FBI, the numbe of act ve-shoote events n the Un ted States n 20 4 and 20 5 was among the h ghest fo any two-yea ave age pe od n the p eced ng 6 yea s and nea y s x t mes as many as the pe od between 2000 and 200 , the f st two yea s that the FBI began t ack ng act ve-shoote events

Un ke gunf e nc dents occu ng n h gh-c me a eas, act ve-shoote events often esu t n a h gh vo ume of te ephone epo ts to 9 Howeve , each ca e may p ov de unt me y, naccu ate o ncomp ete nfo mat on, caus ng confus on o de ays n f st esponde s' ab ty to eact qu ck y and accu ate y Response t me s c t ca as nea y 70% of act ve-shoote events ast f ve m nutes o ess w th ove one th d end ng n two m nutes o ess acco d ng to a 20 3 study conducted by the FBI of act ve-shoote events

Our Market

We be eve the e s s gn f cant demand fo advanced gunf e detect on and ocat on not f cat on so ut ons that accu ate y and qu ck y epo t nstances of gunf e, based on two p ma y use cases

- aw enfo cement fo domest c and nte nat ona aw enfo cement se v ng commun t es p agued by pe s stent, oca zed gun v o ence, n o de to dent fy, ocate and dete gun v o ence; and
- secu ty fo secu ty pe sonne (wh ch may nc ude aw enfo cement pe sonne) se v ng un ve s t es, co po ate campuses, key nf ast uctu e, t anspo tat on cente s and othe a eas n wh ch autho t es des e to p epa e fo and m t gate sks e ated to an act ve-shoote event, and des e to p ov de a zone of detect on cove age su ound ng the espect ve campus o secu ed a ea

Based on data f om the 20 8 FBI Un fo m C me Repo t, we est mate that the domest c ma ket fo ou pub c safety so ut on cons sts of the app ox mate y ,400 c t es that had fou o mo e hom c des pe 00,000 es dents n 20 5 The Un fo m C me Repo t nc udes nfo mat on epo ted d ect y to the FBI on a vo unta y bas s by 8,000 c ty, un ve s ty and co ege, county, state, t ba and fede a aw enfo cement agenc es We be eve that fou o mo e hom c des pe 00,000 es dents ep esents a s gn f cant gun v o ence p ob em We est mate that a custome n th s ma ket cou d nvest an ave age of app ox mate y $400,000 pe yea fo ShotSpotte F ex

Outs de of the Un ted States, we est mate that the ma ket fo ShotSpotte F ex nc udes app ox mate y 200 c t es n the Eu opean Un on, Cent a Ame ca, the Ca bbean, South Ame ca and southe n Af ca that have at east 500,000 es dents We est mate that a custome n th s ma ket cou d nvest an ave age of app ox mate y $ 0 m on pe yea fo ou pub c safety so ut on

We est mate the ave age nvestment amounts fo p ospect ve custome s based on ou expe ence w th ex st ng custome s, ou ant c pated demand fo ou so ut ons and the co espond ng cove age a eas that we expect p ospect ve custome s wou d e ect to cove w th ou so ut ons

Based on data made ava ab e by the Nat ona Cente fo Educat on Stat st cs and the Fede a Av at on Adm n st at on, we be eve that the domest c ma ket fo ou secu ty so ut ons nc udes app ox mate y 5,000 co ege campuses and a po ts We est mate that, on ave age, a custome n th s ma ket cou d nvest app ox mate y $50,000-$75,000 pe yea fo one of ou secu ty so ut ons In add t on, we be eve that the e ex sts a b oade ma ket fo ou secu ty so ut ons that nc ude, p ma y the outdoo a eas of co ege campuses and a po ts outs de of the Un ted States as we as a ge co po ate campuses, t a n stat ons and othe h gh y-t aff cked a eas wo dw de

We a so be eve the e s demand fo ShotSpotte M ss ons w th n ou ex st ng ShotSpotte F ex custome s and w th n po ce depa tments n the same c t es we ta get fo ou gunshot detect on so ut ons, as t des gned to he p po ce depa tments st ateg ca y p an pat o d ected m ss ons and tact cs fo mo e effect ve c me dete ence We est mate that the ma ket fo ou ShotSpotte M ss ons so ut on nc udes app ox mate y ,500 c t es, based on c t es that have a popu at on above 25,000 peop e We expect that, on ave age, a custome cou d nvest app ox mate y $50,000 pe yea fo ou ShotSpotte M ss ons so ut on

The ShotSpotter Solutions

A of ou so ut ons a e based on ou h gh y-spec a zed, c oud-based softwa e In the case of ou gunshot detect on so ut ons, ShotSpotte F ex, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, the softwa e s nteg ated w th ou p op eta y, nte net-enab ed senso s and connected th ough th d-pa ty commun cat on netwo ks We b and ou so ut ons based on pa t cu a use cases and ta get custome s as fo ows

- **ShotSpotter Flex.** ShotSpotte F ex, a pub c safety so ut on, se ves c t es and mun c pa t es seek ng to dent fy, ocate and dete pe s stent, oca zed gun v o ence by nco po at ng a ea -t me gunshot detect on system nto the po c ng systems
- **ShotSpotter Missions.** Th s c oud-based pat o management so ut on uses a t f c a nte gence-d ven ana ys s to he p po ce depa tments st ateg ca y p an d ected pat o m ss ons and tact cs fo mo e effect ve c me dete ence The system p ov des c me fo ecast ng and m ss on p ann ng to enab e mo e p ec se dep oyment of pat o esou ces and epo ts on m ss on act v ty and tact cs fo command staff

- **ShotSpotter SecureCampus.** ShotSpotte Secu eCampus he ps the aw enfo cement and secu ty pe sonne se v ng un ve s t es, co eges and othe educat ona nst tut ons m t gate sk and enhance secu ty by not fy ng autho t es and f st esponde s of an act ve-shoote event, nvo v ng outdoo gunf e, a most mmed ate y, and p ov de “dome of p otect on” outs de the campus whe e ou cove age a eas extends
- **ShotSpotter SiteSecure.** ShotSpotte S teSecu e s des gned to se ve custome s such as co po at ons t y ng to safegua d the fac t es and pub c agenc es focused on p otect ng c t ca nf ast uctu e, nc ud ng t a n stat ons, a po ts and f eeways
- **ShotSpotter Labs.** ShotSpotte Labs houses ou advanced techno ogy effo ts to adapt and extend ou comme c a techno ogy to add ess s gn f cant w d fe and env onmenta ssues Ou cu ent focus s on combat ng h no poach ng n K uge Nat ona Pa k, South Af ca and b ast f sh ng that th eatens co a eefs and food secu ty n Southeast As a The company has been ab e to co ect evenues f om ph anth op c ent t es to cove d ect and nd ect costs Innovat ons have made the way back nto ou comme c a bus ness such as the deve opment of so a -powe ed senso f om the K uge dep oyment, p esent ng that techno og es s m a to those now be ng used fo ou f eeway dep oyment

The key featu es of ou gunshot detect on so ut ons a e

- ***Comprehensive Coverage.*** We be eve that we se the on y pub c safety so ut on that p ov des comp ehens ve outdoo cove age fo gunshot detect on ove a ge and comp ex acoust c env onments Ou outdoo acoust c senso s a e st ateg ca y p aced n an a ay of 20 to 25 senso s pe squa e m e and can eas y be expanded to cove any s ze a ea In add t on to p ov d ng acoust c su ve ance ove w de a eas, ou so ut ons ope ate on a cont nuous bas s 24 hou s a day, seven days a week, 365 days a yea to p ov de mmed ate not f cat on of gunf e at any t me of day
- ***Real-Time, Precise Alerts.*** Ou so ut ons typ ca y not fy use s w th n 45 seconds of a gunshot, p ov d ng data on the t me and ocat on of the shoot ng and the numbe of shots f ed An a e t s sent dep ct ng a dot on a map that co esponds to a spec f c add ess o at tud na and ong tud na coo d nates In add t on, ou a e ts p ov de va uab e add t ona nfo mat on about the scene of the nc dent, such as the potent a p esence of mu t p e shoote s o the use of fu y automat c and h gh-capac ty weapons Th s enhanced tact ca awa eness can he p p otect f st esponde s n dange ous and unp ed ctab e s tuat ons
- ***Forensically-Sound Data.*** Because ou so ut ons p ov de an exact t me, ocat on and aud o eco d ng of a gunshot, we can p ov de autho t es w th c t ca ev dence fo nvest gat ons and p osecut ons Ou Deta ed Fo ens c Repo ts (“DFRs”) p ov de aw enfo cement pe sonne and p osecuto s w th comp ehens ve, cou t-adm ss b e ana ys s of a shoot ng nc dent nc ud ng the gunf e aud o We a so offe expe t w tness test mony to nt oduce the fo ens c ana ys s of the DFRs at t a and to p ov de techn ca ex pe t se ega d ng ou techno ogy Du ng the yea ended Decembe 3 , 20 9, we comp eted and de ve ed 266 DFRs fo outdoo gunshot nc dents, and ou ev dence was p esented n fo m of expe t w tness test mony n 33 state and Fede a t a s In 20 9 we nt oduced a new automated, mach ne gene ated fo ens c epo t, ca ed an Invest gat ve Lead Summa y (“ILS”), wh ch f s the need fo a s gn f cant pe centage of DFRs n a mo e cost effect ve, t me y manne Du ng 20 9, ove 45,000 ILS epo ts we e gene ated by ou custome s and used fo nvest gat ve pu poses
- ***Annual Subscription to a Cloud-Based Solution.*** We p ov de each of ou gunshot detect on so ut ons as an annua subsc pt on-based se v ce n wh ch we des gn, dep oy, own, manage and ma nta n the acoust c senso s, host the softwa e and gunshot data and ope ate ou IRC w th t a ned acoust c expe ts Occas ona y we ece ve custome equests fo d ect pu chase of ou senso s n conjunct on w th the pu chase of a subsc pt on se v ce We eva uate each of these equests on a case by case bas s

The key benef ts p ov ded by these featu es of ou gunshot detect on so ut ons nc ude

- ***Expedited Response to Gunfire.*** n 20 9, we ssued ove 40,000 gunshot a e ts to ou custome s In a eas whe e gun v o ence s pe s stent, we be eve most gunshots a e not othe w se epo ted Even when ca s a e made, many ca e s a e unab e to p ov de a ocat on of the gunshot o othe e evant deta s Human esponse t me to unfo d ng v o ence often de ays ca s fo seve a m nutes n c cumstances whe e esponse t me can be c t ca By cont ast, ou so ut ons typ ca y a e t eme gency d spatch cente s and f e d pe sonne w th n 45 seconds of conf med gunf e and p ov de an exact ocat on, enab ng them to espond faste and to a spec f c ocat on The ab ty to espond mo e qu ck y nc eases the chances of app ehend ng the shoote and ass st ng v ct ms of v o ence, n add t on to a d ng n ev dence co ect on
- ***Prevention and Deterrence of Gun Violence.*** e be eve nc eas ng the speed and accu acy of aw enfo cement esponses to gunf e can act as a ong-te m dete ent that can dec ease the ove a p eva ence of gunf e We a so be eve that know edge of the ex stence of ou so ut ons may have a dete ent effect on oca zed gun v o ence When e ected off c a s and aw enfo cement have an enhanced awa eness of gun v o ence act v ty and patte ns, they have too s to fac tate a ap d and accu ate esponse to gunf e nc dents and mp ove e at ons between aw enfo cement and these commun t es, potent a y nc eas ng c me epo t ng and commun ty coope at on w th nvest gat ons, wh ch can esu t n mp oved pub c safety
- ***Improved Community Relations and Collaboration.*** We be eve that pe s stent gun v o ence m ts the ab ty of po ce and othe commun ty eade s to se ve the const tuents and mp ove the commun t es Many c t es st ugg e to estab sh and foste a coope at ve and t ust ng e at onsh p between the po ce depa tment and the commun t es they se ve Ou pub c safety so ut on p ov des c t es w th the ab ty to eact qu ck y to gun v o ence, thus p ov d ng the ab ty to mp ove the esponses and es dents' pe cept on of the esponses Th s p ov des ou custome s w th the oppo tun ty to foste mp oved commun ty e at ons and co abo at on w th the es dents
- ***Improved Police Officer Safety.*** We be eve that ou so ut ons p ov de add t ona and va uab e nfo mat on ega d ng gunshot nc dents as the a e ts we p ov de g ve add t ona ns ght and s tuat ona awa eness, nc ud ng, n the case shots f ed outdoo s, ound count, potent a mu t p e shoote s and use of an automat c weapon, that a ow the esponde s to be bette p epa ed to espond app op ate y
- ***Ease to Procure and Use.*** y de ve ng ou so ut on as a c oud- and subsc pt on-based se v ce, ou custome s do not need to des gn, nsta o ma nta n the own comp ex nf ast uctu e o h e o t a n acoust c expe ts to cont nuous y manage such a so ut on We offe consu tat ve ongo ng on-boa d ng, best p act ces and tact ca t a n ng suppo t to ou custome s to nsu e they de ve the fu va ue of mp ement ng ou so ut on
- ***Integration Capability.*** We can custom ze the nteg at on of ou so ut ons w th ex st ng custome systems, nc ud ng v deo management systems, compute - a ded d spatch, eco ds management systems, v deo ana yt cs, automated cense p ate numbe eade s, came a management systems, c me ana ys s and stat st cs packages (nc ud ng the COMPSTAT softwa e too s common y used by po ce depa tments) and common ope at ng p ctu e softwa e Inte fac ng w th ou a e ts can enhance the effect veness of these custome too s by p ov d ng nfo mat on such as p ec se at tude and ong tude (geo ocat on), t mestamps, nc dent aud o and s tuat ona context Fo examp e, po ce n M nneapo s, M nnesota used ou a e ts to t gge v deo eco d ngs of ce ta n key nte sect ons n h gh c me a eas and captu e the mage of a suspect f ee ng the scene of a shoot ng S m a y, n Boston, Massachusetts, po ce co e ate ou data w th su ve ance came as and pa o ee ank e b ace et t ack ng data to mon to pa o ees who may be v o at ng pa o e te ms by comm tt ng c mes o conso t ng w th c m na s
- ***Gun Violence Data Collection.*** We be eve that we have amassed the wo d's a gest and most accu ate co ect on of u ban gunshot data We p ov de ou pub c safety custome s w th deta ed gun c me patte n ana ys s fo the cove age a eas as we as access to add t ona data that can ass st them w th fu the ana yt cs Th s nfo mat on p ov des an awa eness of gunshot act v ty that may othe w se go un epo ted Fo examp e, by co ect ng nfo mat on ega d ng the t me and ocat on of othe w se un epo ted gunf e, ou custome s can become awa e of patte ns of v o ence n the commun ty Th s nc eased awa eness can he p ou custome s c eate po cy, a ocate app op ate esou ces and he p to add ess pe vas ve p ob ems n h gh gun-act v ty a eas

The key featu es and key benef ts of ou ShotSpotte M ss ons so ut on nc ude

- ***Crime Forecasting and Mission Planning.*** ShotSpotte M ss ons p ov des c me fo ecast ng and m ss on p ann ng to enab e mo e p ec se dep oyment of pat o esou ces and epo ts on m ss on act v ty and tact cs fo command staff ShotSpotte M ss ons a so p ov des agenc es the f ex b ty to se ect wh ch c me types to fo ecast and to we ght them based on po ce and commun ty p o t es
- ***Tactical Mission Confirmation.*** Tact ca m ss ons can be conf gu ed w th po ce nput, and effect ve y commun cate p ed ct ons to po ce staff of d sc ete a eas of h gh sk fo c me types The key benef t of ShotSpotte M ss ons s ts ab ty to he p po ce depa tments st ateg ca y p an d ected pat o m ss ons and tact cs fo mo e effect ve c me dete ence w th focused, d ected and v s b e pat o p esence

Strategy

We ntend to d ve g owth n ou bus ness by cont nu ng to bu d on ou pos t on as the ead ng p ov de of outdoo gunshot detect on, ocat on and a e t ng so ut ons Key e ements of ou st ategy nc ude

- ***Accelerate Our Acquisition of Public Safety Customers.*** e be eve that we cont nue to be n the ea y stages of penet at ng the ma kets fo ou pub c safety so ut ons We count aw enfo cement agenc es n th ee of the ten a gest U S c t es among ou ShotSpotte F ex custome s Ove the ast few yea s we expanded ou d ect sa es fo ce and custome success teams and added ma ket ng ead-gene at on capab t es to acce e ate g owth n th s ma ket Mo eove , as we add new pub c safety custome s, pub c ty and the numbe of potent a efe ences fo ou so ut ons nc ease, wh ch esu ts n ou b and and ou so ut ons becom ng mo e we known We ntend to cap ta ze on th s momentum to d ve an nc ease n sa es
- ***Expand Our International Footprint.*** W th on y two cu ent y dep oyed ShotSpotte F ex custome s outs de of the Un ted States n South Af ca and the Bahamas, we be eve that we have a s gn f cant oppo tun ty to expand nte nat ona y We est mate that the ma ket outs de the Un ted States fo ou pub c safety so ut ons nc udes app ox mate y 200 c t es n the Eu opean Un on, Cent a Ame ca, the Ca bbean, South Ame ca and southe n Af ca that have at east 500,000 es dents In add t on, we be eve that the e s a ma ket fo ou secu ty so ut ons and ShotSpotte M ss ons outs de the Un ted States that p ma y nc udes the outdoo a eas of co ege campuses and a po ts, a ge co po ate campuses, t a n stat ons and othe h gh y-t aff cked a eas We ntend to nvest n ou nte nat ona sa es and ma ket ng effo ts to each these custome s
- ***Expand ShotSpotter Flex Revenue within Our Existing Customer Base.*** As custome s ea ze the benef ts of ou so ut ons, we be eve that we have a s gn f cant oppo tun ty to nc ease the fet me va ue of ou custome e at onsh ps by expand ng cove age w th n the commun t es th ough a " and and expand" st ategy Fo examp e, of ou ShotSpotte F ex custome s, app ox mate y 36% have expanded the cove age a eas f om the o g na dep oyment a eas by an ave age of ten squa e m es as of Decembe 3 , 20 9 Ou ove a evenue etent on ate has been ove 00% fo each of 20 9, 20 8 and 20 7
- ***Drive Additional Revenue per Customer with the Development or Acquisition of New Products and Services.*** We eva uate oppo tun t es to deve op o acqu e comp ementa y p oducts and se v ces Fo examp e, ou acqu s t on of HunchLab, enamed ShotSpotte M ss ons, n 20 8 p ov des an oppo tun ty to nc ease ou evenue pe custome w th a e ated and va ue-added techno ogy that he ps dete c me th ough st ateg ca y p anned pat o m ss ons Ou cu ent focus s to eve age t usted e at onsh ps w th cu ent custome s to d ve n t a adopt on, and nc ease evenue and fet me va ue pe custome
- ***Maintain Passionate Focus on Customer Success and Net Promoter Score.*** G ven the spec a zed natu e of ou ma ket, a key component of ou st ategy s to ma nta n ou pass onate focus on custome success and sat sfact on We p de ou se ves on ou execut on of custome on-boa d ng as we as ongo ng consu t ng and custome suppo t, a of wh ch a e c t ca to ensu e not on y h gh custome etent on ates, but new custome acqu s t ons We mp ement ou custome success n t at ve ea y n the sa es p ocess n o de to ensu e that we a e a gned w th the custome 's object ves and can pos t ve y mpact the def ned outcomes We app y consu tat ve best p act ces and po cy deve opment at the command staff eve as we as tact ca t a n ng fo f e d pat o off ce s We a so cons stent y measu e ou pe fo mance w th custome s th ough an annua Net P omote Su vey We have ext eme y h gh agency pa t c pat on ates and ou sco es the ast two yea s have anked between "exce ent" and "wo d c ass" acco d ng to ou Su vey pa tne benchma ks A of ou effo ts a e focused on d v ng pos t ve measu ab e outcomes on gun v o ence educt on and p event on, wh ch we know eads to pos t ve wo d of mouth efe a s that can att act new custome s and d ve an nc ease n sa es

- ***Integrate with New Technologies that Enhance our Value.*** We be eve that nteg at ng ou so ut ons w th othe too s and techno og es enhances the va ue of ou so ut ons to ou custome s Fo examp e, ou so ut ons can be used n connect on w th compute -a ded d spatch systems, v deo su ve ance came as, Nat ona Integ ated Ba st c Info mat on Netwo k (“NIBIN”), and automated cense p ate eade s used by aw enfo cement to mp ove the effect veness of po ce esponse and nvest gat on effo ts We cont nue to eva uate new techno og es that may nteg ate w th ou so ut ons to gene ate add t ona va ue fo ou custome s
- ***Leverage ShotSpotter Labs to Accelerate the Introduction of Innovations into our Commercial Business.*** Labs a ows us to nvest n deve op ng nnovat ve extens ons to ou techno ogy that p otect w d fe and the env onment wh e cove ng ou costs th ough ph anth op c pa tne s These nnovat ons can and have made the way back nto ou comme c a bus ness Fo examp e, the techno ogy beh nd the so a senso s deve oped fo h no p otect on ac oss a ge swaths of and n K uge Nat ona Pa k we e s m a to those used n ou f eeway dep oyments whe e some senso p acements d d not have d ect access to e ect c ty
- ***Grow Our Security Business.*** We have deve oped ou ShotSpotte Secu eCampus so ut on fo un ve s t es and othe educat ona nst tut ons We have a so deve oped ShotSpotte S teSecu e fo custome s such as co po at ons t y ng to safegua d the fac t es, and pub c agenc es focused on p otect ng c t ca nf ast uctu e, nc ud ng t a n stat ons, a po ts and h ghways As of Decembe 3 , 20 9, we had 2 ShotSpotte Secu eCampus and ShotSpotte S teSecu e custome s W th mo e than 5,000 ta get custome s n the Un ted States, we be eve that these ma kets ep esent an oppo tun ty fo g owth
- ***Extend Our Market and Product Leadership in Gun Violence Prevention.*** We w cont nue to nvest n mp ov ng ou acoust c gunshot detect on so ut ons, ou senso s, ou gunshot detect on a go thms, the des gn and dep oyment of ou netwo k a ays, ou mob e app cat ons, and the nteg at on of ou p atfo m w th th d-pa ty techno og es, to ma nta n ou techno ogy eade sh p pos t on W th what we be eve s the wo d’s a gest co ect on of oud, mpu s ve sounds co ected ove 20 yea s, we be eve we a e n a un que pos t on to mp ove gunshot detect on accu acy v a mach ne ea n ng In add t on, we ntend to eve age ou extens ve co ect on of gunf e data to bette unde stand the facts, t ends and c cumstances su ound ng gun act v ty n o de to ma nta n ou eputat on as gun v o ence expe ts In do ng so, we hope to cont bute to the effo ts of the commun ty at a ge to dent fy, ocate and dete gun v o ence
- ***Extend our Platform of Services and the Value of our Data.*** We w cont nue to nvest n esea ch and deve opment to eve age ou a ge and g ow ng database of mpu s ve acoust c events, wh ch nc udes those f om both gunf e and non-gunf e We a so ntend to eve age th d-pa ty a t f c a nte gence (“AI”) and ou own evo v ng cogn t ve and ana yt ca app cat ons to mp ove the eff c ency of ou so ut ons, wh ch may nc ude nte na softwa e app cat ons, data ana ys s, event out ng and custome outputs Ce ta n of these app cat ons and outputs may expand the p atfo m of se v ces that we w be ab e to offe ou custome s

Integrated Platform

Ou gunshot detect on so ut ons p ov de fo the comp ete nteg at on of seve a comp ex components- nte gent senso s, netwo k ng nf ast uctu e, and ente p se softwa e and comput ng esou ces n an easy-to-adopt and affo dab e annua subsc pt on that e m nates the need fo ou custome s to des gn, nsta o ma nta n the own comp ex nf ast uctu e o h e o t a n acoust c expe ts to mon to cont nuous y the so ut on

We be eve that offe ng these so ut ons as a se v ce on an annua subsc pt on bas s s cost-effect ve, p ov des fo mo e es ent, edundant nf ast uctu e and s gn f cant y educes f ct on du ng custome adopt on by e m nat ng the comp ex ty and f ont- oaded cap ta expend tu e assoc ated w th pe petua censes fo on-s te techno ogy p ojects Ou senso s ope ate on mach ne-to-mach ne netwo ks and, because we ma nta n thousands of ve senso connect ons, we a e ab e to agg egate usage fo a of ou custome s and negot ate owe ates f om commun cat ons se v ce p ov de s than a s ng e custome wou d ke y be ab e to p ocu e on the own

Ou hyb d c oud nf ast uctu e s a ch tected to de ve a p atfo m fo h gh ava ab ty and e ast c ty We pa tne w th an ndust y eadng p vate c oud vendo that supp es co ocat on fac t es wo dw de and w th Amazon Web Se v ces the ead ng vendo of pub c c oud se v ces We a e ab e to p ov de a eve of 24/7/365 fau t-to e ant ha dwa e and netwo k upt me that few of ou custome s cou d affo d to p ocu e o ma nta n on the own

Gunshot Detection Software

The hea t of ou gunshot detect on so ut ons s ou soph st cated and h gh y-spec a zed softwa e Ou softwa e ana yzes aud o s gna s fo potent a gunshots f st n ou nte gent senso s Ou senso f te s out amb ent backg ound no se, such as t aff c o w nd, and ooks fo mpu s ve sounds cha acte st c of gunf e If the senso detects such an mpu se, t ext acts pu se featu es of the soundwave, such as sha pness, st ength, du at on, se t me and decay t me Then, the senso sends these featu es to ou c oud se ve s as pa t of a data packet that nc udes the ocat on coo d nates of the epo t ng senso and the p ec se t me-of-a va and ang e-of-a va of the sound

When the data eaches ou c oud se ve s, ou softwa e assesses whethe th ee o mo e of ou outdoo senso s detected the same sound mpu se and, f so, mu t ate ates the ocat on coo d nates of the sound sou ce based on the t me of a va and the ang e of a va of the sound The softwa e then ve f es that the data s mathemat ca y cons stent w th the sound hav ng o g nated at a s ng e ocat on The accu acy of the coo d nates de ved f om ou p op eta y softwa e s s gn f cant y mp oved when mo e than th ee senso s pa t c pate, as s typ ca y the case We dep oy ou senso a ays such that, on ave age, s x to e ght senso s pa t c pate n the detect on of a gunshot

Afte the softwa e dete m nes the ocat on of the sound sou ce, the mach ne c ass f e a go thms ana yze the pu se featu es to dete m ne f the sound s ke y to be gunf e Ou a go thms cons de pu se featu es, the d stance f om the sound sou ce, patte n match ng and othe heu st c methods to eva uate and c ass fy the sound The mach ne c ass f e s pe od ca y t a ned and va dated aga nst a a ge database of known gunf e and othe commun ty sounds that a e mpu s ve n natu e We cont nue to add new data to ou mach ne ea n ng database f om the nc dents ev ewed by ou acoust c expe ts n ou IRC p ocess C ass f cat on cont nuous y mp oves as the mach ne c ass f e s a e e-t a ned us ng the expanded data set

Once an nc dent s c ass f ed as ke y gunf e, t s sent to the acoust c expe ts n ou IRC fo add t ona ana ys s and conf mat on A ong w th conf m ng an nc dent s gunf e, ou acoust c expe ts a so annotate the a e ts w th add t ona nfo mat on that may be he pfu to f st esponde s, such as whethe the e a e mu t p e shoote s o f a h gh-capac ty o fu y automat c weapon s be ng used Inc dent not f cat ons a e sent when the nc dent s conf med as gunf e by one of ou acoust c expe ts A e ts a e de ve ed by SMS text and push not f cat ons and a so th ough ou mob e app cat ons The t me f om outdoo t gge -pu to a not f cat on be ng sent to ou custome s s typ ca y 45 seconds o ess

Ou pat o management softwa e, ShotSpotte M ss ons, comb nes h sto ca c me data ngested th ough agency compute -a ded d spatch (“CAD”) and eco d management system (“RMS”) feeds a ong w th tempo a , ocat on and event-based nputs nc ud ng ShotSpotte data fo c t es that use ou ShotSpotte F ex so ut on, to c eate c me fo ecasts The system ngests mu t p e yea s’ wo th of agency data and s “t a ned” us ng mach ne ea n ng to dete m ne co e at ons ac oss va ab es The mode s a e then tested aga nst ecent c me data to ca b ate fo ecast accu acy

The ShotSpotte M ss ons system s f ex b e, enab ng agenc es to se ect wh ch c me types to fo ecast and to we ght them based on po ce and commun ty p o t es M ss on du at on and suggested tact cs a e conf gu ed w th po ce nput Upon dep oyment, new m ss ons a e c eated fo eve y pat o sh ft and beat us ng co o ed boxes ove a d on a map to nd cate d sc ete a eas of h gh sk fo pa t cu a c me types These m ss on a eas enab e focused, d ected and v s b e pat o p esence to dete c me

Intelligent Sensors Used in Gunshot Detection Solutions

Ou ugged gunshot detect on senso s an nte gent, nte net-enab ed dev ce that s spec a y bu t to gno e amb ent no se and espond to mpu s ve sounds, accu ate y t me-stamp ng the a va t mes Advanced d g ta s gna p ocess ng a go thms f te out backg ound sounds such as t aff c, and ext act pu se featu es f om the aud o s gna that, a ong w th the t me and ang e of a va of the sound, a e sent to ou se ve s whe e a go thms compute the ocat on of the sound sou ce

The senso s do not have the ab ty to ve st eam aud o Typ ca y, sounds, no ses o vo ces captu ed on the secu e senso s a e cached tempo a y but a e w tten ove and pe manent y de eted w th n 30 hou s When a senso s t gge ed by an mpu s ve sound, t c eates a potent a gunshot " nc dent" that conta ns a eco d ng nc ud ng no mo e than one second befo e the nc dent and one second afte the nc dent Th s aud o sn ppet s p ese ved ndef n te y fo potent a ev dent a y use

Ou senso s a e des gned and tested aga nst nte nat ona standa ds fo nsta at on n unp otected outdoo env onments Spec a cons de at on s g ven to m n m ze the sound of w nd, a n and ha , wh ch cou d othe w se m t the ange of detect on and p oduce fa se esu ts Env onmenta cond t on tests pe fo med on the senso s nc ude tempe atu e cyc ng, tempe atu e soak, shock, v b at on, sa t fog and mo stu e ng ess p otect on

We typ ca y des gn and dep oy a ays of 20 to 25 senso s pe squa e m e ak ng nto cons de at on the un que acoust c env onment n wh ch we a e dep oy ng The cumu at ve expe ence of dep oy ng n va ous c t es w th d ffe ent acoust c p ope t es has p ov ded a d st nct advantage n ta o ng ou senso a ays to pe fo m at h gh eve s We have fu te emet y to each senso that p ov des deta ed hea tbeat data to ou system to mon to each senso 's hea th and ava ab ty Senso f mwa e s ma nta ned w th ove -the-a updates Because we pu pose y ove -dep oy ou senso a ays, mu t p e senso s can be off ne at any g ven t me w thout affect ng the ove a pe fo mance of the system

Incident Review Center

Ou IRC ope ates 24 hou s a day, seven days a week, 365 days a yea When a oud mpu s ve sound t gge s enough of ou outdoo senso s that an nc dent s detected and ocated, aud o f om the nc dent s sent to ou IRC v a secu e, h gh-speed netwo k connect ons fo ea -t me conf mat on W th n seconds of an nc dent, one of ou acoust c expe ts ana yzes aud o data and eco d ngs of the potent a gunf e When gunf e s conf med, ou IRC team sends an a e t d ect y to eme gency d spatch cente s and f e d pe sonne th ough any compute o mob e dev ce w th access to the Inte net Th s p ocess typ ca y takes ess than 45 seconds f om the t me of the gunshot A e ts nc ude

- the p ec se ocat on of gunf e, nc ud ng both at tude/ ong tude and st eet add ess;
- the numbe and exact t me of shots f ed;
- the numbe of shoote s; and
- f detectab e, the use of fu y automat c o h gh-capac ty weapons

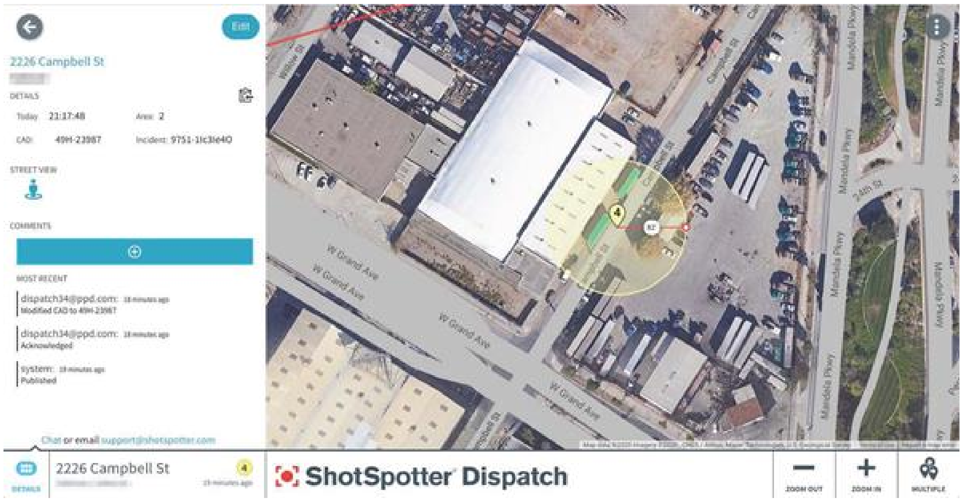
Ou IRC ope ates p ma y out of ou p nc pa fac t es n Newa k, Ca fo n a and ece ves aud o f om nc dents detected by ou outdoo senso s ega d ess of whe e such nc dents occu A though ou IRC cu ent y ope ates at a s ng e ocat on, ou t a ned pe sonne can pe fo m IRC funct ons f om any ocat on that has a h gh-speed nte net connect on

Gunshot Detection Alerts

Ou a e ts a e de ve ed n the fo ow ng fo ms

ShotSpotter Dispatch

Ou IRC sends ea -t me not f cat ons of outdoo gunf e nc dents to the ShotSpotte D spatch app cat on, wh ch s the use nte face des gned fo eme gency d spatch cente s In add t on, a e ts can a so be sent d ect y to f e d pe sonne us ng the ShotSpotte Respond app cat on nsta ed on compute s n po ce ca s

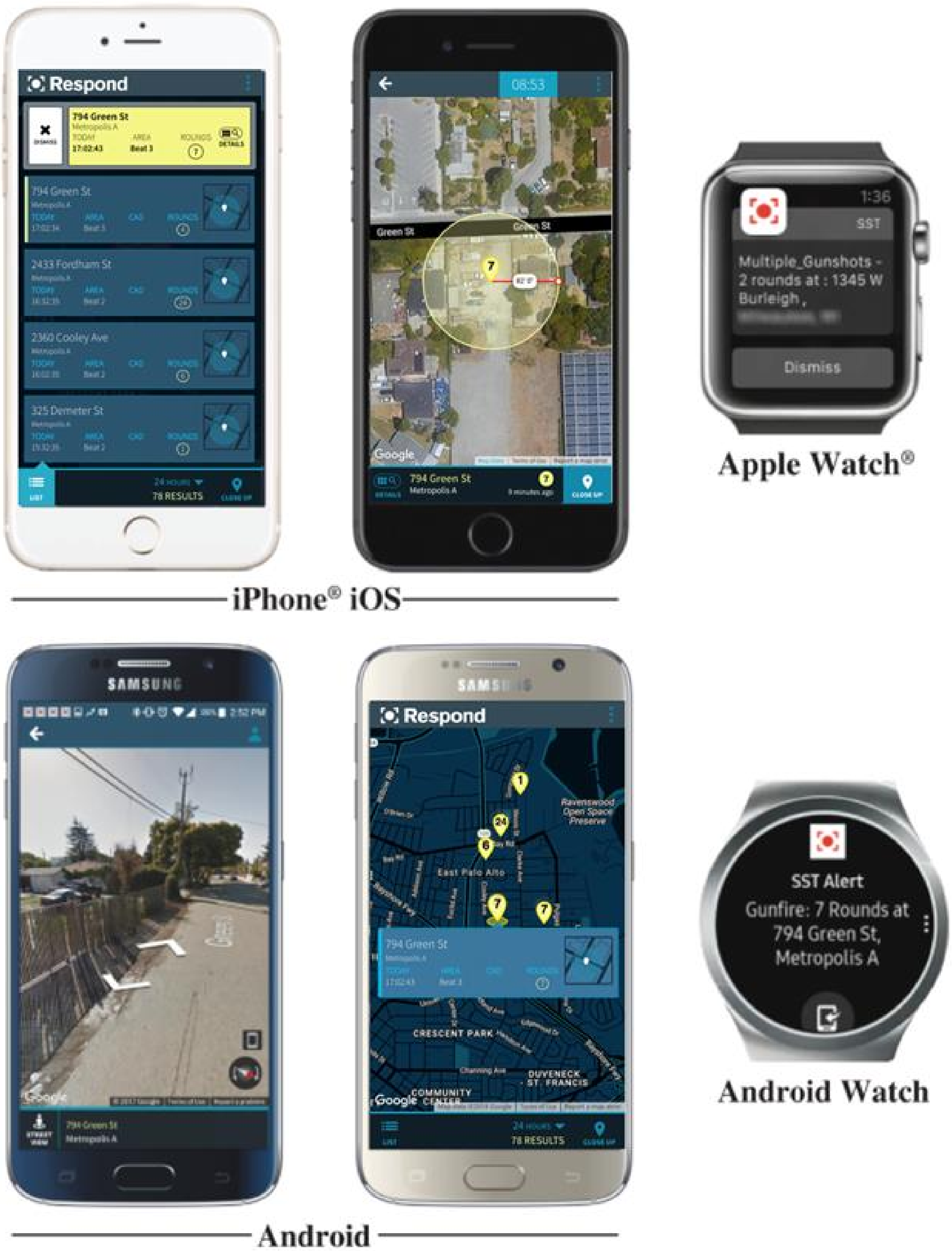


Th ough the ShotSpotte app cat ons, the a e t p ov des the type of gunf e (s ng e- ound o mu t p e- ound), a un que dent f cat on numbe (F ex ID numbe), a date and t me of the muzz e b ast (t gge t me), nea est add ess to the p ec se at tude and ong tude of the gunf e, numbe of shots and po ce d st ct and beat dent f cat on The a e t a so nc udes an aud o c p of the nc dent

One of ou acoust c expe ts may add othe contextua nfo mat on e ated to the nc dent such as the poss b ty of mu t p e shoote s, h gh-capac ty o fu y automat c weapons, and the shoote 's ocat on e at ve to a bu d ng (fo examp e, n the f ont o back ya d o n the st eet) An aud t t a of the t me the a e t was pub shed to and acknow edged by ou custome s a so conta ned n the epo t Any notes added by 9 d spatche s a e t me- and date-stamped and nd cate the ope ato 's dent f cat on

ShotSpotter Respond

We a so offe a obust mob e app cat on, fo custome s us ng Phone and And o d dev ces Th s app cat on a ows f e d pe sonne to d ect y ece ve mmed ate a e ts of outdoo gunshots and e ated c t ca nfo mat on The a e t p ov des the type of gunf e (s ng e- ound o mu t p e- ound), a un que dent f cat on numbe (F ex ID numbe), a date and t me of the muzz e b ast (t gge t me), nea est add ess to the ocat on of the gunf e, numbe of shots and po ce d st ct and beat dent f cat on The a e t a so nc udes an aud o c p of the nc dent


Respond
794 Green St
Metropolis A
2433 Fordham St
2360 Cooley Ave
325 Demeter St
78 RESULTS
08:53
Green St
1:36
SST
Multiple_Gunshots - 2 rounds at : 1345 W Burleigh ,
Dismiss
Apple Watch®
iPhone® iOS
SAMSUNG
East Palo Alto
CRESCENT PARK
SST Alert
Gunfire: 7 Rounds at 794 Green St, Metropolis A
Android Watch
Android

Rea -t me a e t data w th espect to gunshots can a so be de ve ed to custome s th ough ema o SMS text messages

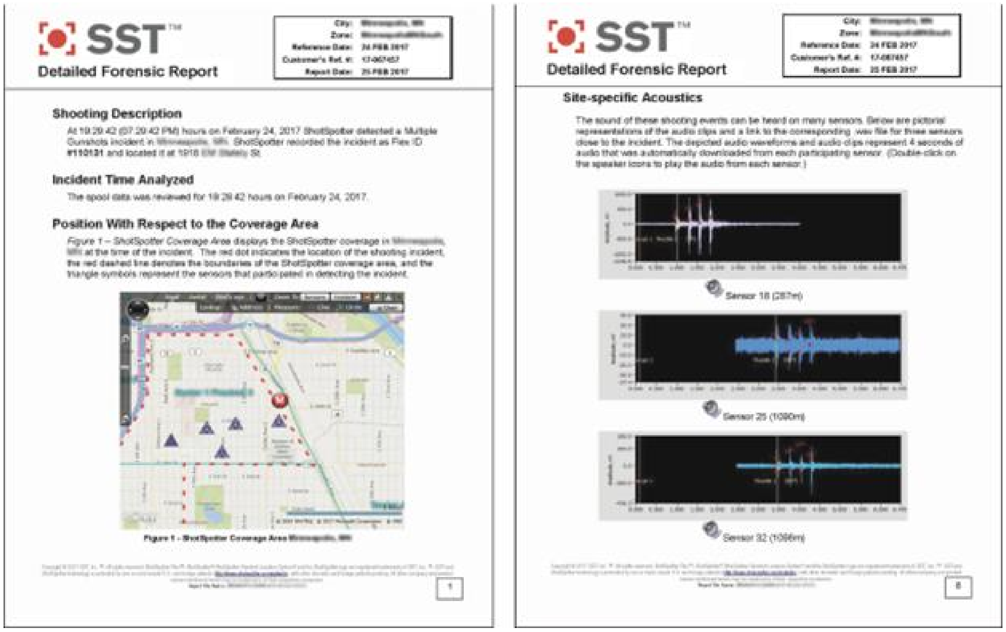
Other Applications and Services

Investigator Portal

A h sto ca nc dent data n ou database can be v ewed, sea ched, so ted, and f te ed us ng the Invest gato Po ta The Invest gato Po ta can c eate epo ts fo s ng e nc dents o g oups of nc dents F te sett ngs may be used to se ect nc dents g ouped nto a s ng e epo t Any p edef ned epo ts may be v ewed, p nted, o the aw data expo ted fo use n th d-pa ty app cat ons The Invest gato Po ta a so nc udes the ab ty to save aud o c ps to any eco dab e med a

Forensic Reports and Certified Expert Witness Services

Ou gunshot data s a so usefu fo deta ed fo ens c ana ys s that he ps evea and c a fy what actua y occu ed du ng a gunf e nc dent, nc ud ng the dent f cat on of ce ta n weapon types, the numbe and spec f c t me of each nd v dua ound f ed, the numbe of shoote s nvo ved and the changes n ocat on and d ect on of shoote s n mot on Because ou so ut ons p ov de an exact t me, ocat on and aud o eco d ng of a gunshot, we a e ab e to p ov de autho t es w th c t ca ev dence fo nvest gat ons and p osecut ons



As pa t of ou so ut on, we offe Deta ed Fo ens c Repo ts (“DFRs”) These p ov de aw enfo cement pe sonne and p osecuto s w th comp ehens ve, cou t-adm ss b e ana ys s of a shoot ng nc dent, nc ud ng the gunf e aud o We a so offe expe t w tness test mony to nt oduce the fo ens c ana ys s of the DFRs at t a and to p ov de techn ca expe t se ega d ng ou techno ogy Ou fo ens c ev dence has been adm tted n ove 00 c m na p osecut ons th oughout the Un ted States Ou techno ogy and the fo ens c esu ts ach eved f om t have been found to be adm ss b e n nume ous states, adhe ng to e the the F ye o Daube t expe t test mony standa d, nc ud ng M nnesota, Neb aska, Pennsy van a, Ca fo n a, M ssou , New Yo k, Co o ado, Ind ana and New Je sey

ShotSpotter Missions

In the e a whe e po ce agenc es a e constant y asked to do mo e w th ess, ShotSpotte M ss ons he ps agenc es make the a gest cost cente pat o mo e eff c ent and effect ve n educ ng c me The softwa e-based pat o management system d sp ays AI-d ven sk assessments fo off ce s by sh ft and beat that d ect the pat o ng and tact cs n a mo e p ec se, standa d zed and mpactfu way ShotSpotte M ss ons co ects data f om a d ected pat o sess ons that can be ana yzed to dete m ne the mpact on c me so that ope at ons and tact cs can be opt m zed ove t me

ShotSpotte M ss ons p ov des

- c me fo ecast ng and d ected pat o p ann ng;
- dosage and tact cs gu dance by c me type; and
- epo ts on d ected pat o act v ty and tact cs fo command staff

The system comb nes h sto ca c me data ngested th ough agency CAD and RMS feeds a ong w th tempo a , ocat on and event-based nputs nc ud ng ShotSpotte data fo c t es use ou ShotSpotte F ex so ut on, to c eate c me fo ecasts The system ngests mu t p e yea s' wo th of agency data and s "t a ned" us ng mach ne ea n ng to dete m ne co e at ons ac oss va ab es The mode s a e then tested aga nst ecent c me data to ca b ate fo ecast accu acy

Deployment and Customer Success

When we dep oy ou ShotSpotte F ex, ShotSpotte S teSecu e and ShotSpotte Secu eCampus so ut ons, we nsta ou outdoo senso s n a spec f ed cove age a ea acco d ng to ou cont act w th the custome As an n t a step, we pe fo m s te su veys of the cove age a ea to des gn a senso a ay, wh ch typ ca y cons st of 20 to 25 senso s pe squa e m e We typ ca y nsta senso s on the h ghest bu d ngs n the a ea, but we may a so use ex st ng nf ast uctu e assets such as ght po es Once pe m ss on fo nsta at on s obta ned, we typ ca y engage oca e ect c ans to augment ou team of f e d se v ce techn c ans to nsta the senso s and pe fo m equ ed ma ntenance

G ven the spec a zed natu e of ou ma ket, a key component of ou st ategy s to ma nta n ou pass onate focus on custome success We p de ou se ves onou execut on n custome on-boa d ng as we as ongo ng consu t ng and custome suppo t, a of wh ch s c t ca to ensu e not on y h gh custome etent on ates but new custome acqu s t ons We mp ement ou custome success n t at ve ea y n the sa es p ocess n o de to ensu e that we a e a gned w th the custome 's object ves and can pos t ve y mpact the def ned outcomes Fo examp e, du ng dep oyment, ou custome success team, cons st ng of expe enced aw enfo cement p ofess ona s, p ov des on-s te t a n ng to the custome 's off ce s, d spatche s and nvest gato s, nc ud ng t a n ng on how to use the so ut on and best p act ces fo opt ma esu ts We app y consu tat ve best p act ces and po cy deve opment at the command staff eve as we as tact ca t a n ng fo f e d pat o off ce s A of ou effo ts a e focused on d v ng pos t ve measu ab e outcomes on gun v o ence educt on and p event on

Ou IRC and custome se v ce o gan zat ons p ov de cont nuous outdoo nc dent c ass f cat on and techn ca suppo t 24 hou s a day, seven days a week, 365 days a yea The natu e of ou outdoo nc dent c ass f cat on p ocess p ov des ongo ng and s gn f cant touchpo nts w th ou custome s th ough ou pub shed a e ts We a so nte act w th ou custome s th ough ema , chat and te ephone nqu es, and mon to ou custome s' oca news feeds and ad o d spatch t aff c n o de to ema n awa e of the v o ence p event on act v t es

Ou custome success team s espons b e fo conduct ng pe od c n-pe son account ev ews that deta a aspects of the se v ces p ov ded, nc ud ng outcomes gene ated and a eas fo futu e mp ovement We be eve that these account ev ews, a ong w th ou fo ma zed on-boa d ng custome success p og am, a e a ge y espons b e fo ou h gh net p omote sco e ("NPS") We obta n ou NPS by conduct ng su veys to measu e custome oya ty and sat sfact on We be eve a h gh NPS nd cates a substant a compet t ve advantage n fac tat ng custome acqu s t on and etent on and nc eases custome fet me va ue In 20 9, we ach eved an NPS sco e of 53%

Customers

We gene ate annua subsc pt on evenues f om the dep oyment of ou pub c safety and secu ty so ut ons on a pe -squa e-m e bas s As of Decembe 3 , 20 9, we had cove age a eas unde cont act of app ox mate y 760 squa e m es n the agg egate, of wh ch 730 m es have gone ve, wh ch nc uded 02 c t es and campuses and othe s tes ac oss the Un ted States, South Af ca and Bahamas, nc ud ng th ee of the ten a gest c t es n the Un ted States S nce t ans t on ng ou pub c safety bus ness to the ShotSpotte F ex subsc pt on mode n 20 , we have added ove 70 new ShotSpotte F ex custome s, but on y ten such custome s have te m nated se v ce, two of wh ch we e te m nated due to hu cane damage n 20 7, and one of wh ch, Pue to R co, had etu ned as a custome at the end of 20 9 Fo the yea ended Decembe 3 , 20 9, ou two a gest custome s, C ty of Ch cago and C ty of New Yo k accounted fo 20% and 4% of ou evenues, espect ve y Fo the yea ended Decembe 3 , 20 8, ou two a gest custome s, C ty of Ch cago and C ty of New Yo k accounted fo 22% and 5% of ou evenues, espect ve y The C ty of New Yo k and Pue to R co Hous ng Adm n st at on accounted fo 8% and 7%, espect ve y, of ou evenues fo the yea ended Decembe 3 , 20 7

Sales

We se ou so ut ons th ough ou d ect sa es teams Ou sa es teams focus on both new custome acqu s t on, custome enewa and cove age expans on Ou pub c safety so ut on sa es team dent f es commun t es w th the oppo tun ty to benef t f om ou so ut ons, commun cates w th key stakeho de s, nav gates the cha enges assoc ated w th ou custome s' comp ex fund ng and sa es cyc es, and estab shes a foundat on fo a successfu custome e at onsh p In add t on, ou sa es team wo ks w th custome s to dent fy and p ocu e funds f om a te nate sou ces, nc ud ng state and fede a gove nment g ants Ou secu ty so ut ons sa es team focuses p ma y on co ege and un ve s ty campuses, typ ca y w th the head of campus secu ty, but a so by engag ng w th boa ds of egents, budget off ce pe sonne and othe campus stakeho de s We ntend to cont nue to nvest n bu d ng a g oba sa es o gan zat on as we fu the penet ate the ma ket fo ShotSpotte F ex and expand the custome base fo ou secu ty so ut ons

At t mes, we may se ou so ut ons th ough channe pa tne s as pa t of "Sma t C t es" n t at ves To he p nteg ate ou so ut ons w th othe se v ces n th s space and to take advantage of cu ent and eme g ng techno og es, we seek to ente nto a ances w th ead ng compan es focused on such n t at ves In August 20 8, we ente ed nto an ag eement w th Ve zon, th ough wh ch they may se ou F ex so ut ons as a ese e , n add t on to the so ut on bund ed w th the L ght Senso y Netwo k In Octobe 20 9, we ente ed nto an ag eement w th AT&T, th ough wh ch they may se ou F ex so ut ons as a ese e as we

Marketing

The company cont nues to expand the scope and capab ty of the ma ket ng funct on The top ma ket ng n t at ves nc ude) ta geted ead-gene at on campa gns and events to bu d sa es p pe ne; 2) c eat on of compe ng content to educate p ospects and bu d c ed b ty as po ce agenc es go th ough the buye s' jou ney; and 3) an act ve pub c e at ons p og am to nc ease the ove a awa eness of ou p oducts

In 20 9, we aunched a ead-gene at on n t at ve to d ve add t ona p pe ne fo the sa es team cons st ng of a ma ket ng automat on techno ogy p atfo m, a se es of on ne campa gns and an outbound ca ng team of sa es deve opment ep esentat ve ("SDR"s) The campa gns a e des gned to educated p ospects and gene ate n t a nte est based on compe ng content The SDR team suppo ts the campa gns w th outbound ca s to d ve fu the nte est and qua fy the ead Ove the cou se of the yea the f ow of qua f ed eads that tu ned nto sa es oppo tun t es doub ed A key pa t of the ead gene at on p og am s c eat ng a p esence at key ndust y events and confe ences whe e we can pe sona y engage w th custome s, p ospects and nf uence s such as mayo s, c ty manage s, and t auma su geons The face-to-face nte act ons a e nva uab e fo nt oduc ng ou va ue p opos t on, estab sh ng e at onsh ps and bu d ng t ust

Content c eat on s focused on eve ag ng ou happy custome base to sha e the expe ences and esu ts w th othe p ospects We have deve oped an n t a set of v deo and on ne assets that sha e success sto es f om ou custome s' po nt of v ew and desc be how ou techno ogy pos t ve y mpacts the depa tment and commun ty We a e expand ng the b eadth and depth of ou content b a y s gn f cant y fo the use , econom c buye and nf uence s

In the a ea of pub c e at ons, we nc eased ou soc a med a p esence, have expanded the numbe of spokespeop e ava ab e to ta k to the med a and cont nue to put out a s gn f cant numbe of p ess e eases each yea Due to the h gh v s b ty of shoot ngs, the med a's nte est n cove ng them, and ShotSpotte 's key o e n a e t ng po ce fo a qu ck esponse to these events, we benef t f om s gn f cant te ev s on, p nt and on ne p ess that s gene ated at tt e to no cost In 20 9, we we e ment oned n ove ,000 a t c es, b oadcast TV and ad o segments - the majo ty of wh ch we e o gan ca y gene ated Membe s of the med a have access to a se f-se ve, comp ehens ve med a k t to eas y nse t v deo and photos that dep ct the se v ce and ts benef ts n a compe ng fash on to enhance b oadcast TV segments and p nt/on ne a t c es Th s exposu e c eates awa eness fo ou system and ends c ed b ty to ou ma ket eade sh p pos t on

Research and Development

We focus ou esea ch and deve opment effo ts on enhanc ng ou advanced s gna p ocess ng and c ass f cat on a go thms, updat ng ou senso ha dwa e techno ogy, educ ng manufactu ng costs, deve op ng mob e, web and desktop app cat ons, evo v ng ou c oud-dep oyed back-end nf ast uctu e and nteg at on w th "sma t c t es" n t at ves ShotSpotte M ss ons c me fo ecast ng uses mach ne ea n ng and has ed to add t ona nvestment n data sc ence esou ces As of Decembe 3 , 20 9, we had 20 emp oyees n ou esea ch and deve opment o gan zat on In add t on, we engage n esea ch and deve opment act v t es w th manufactu ng pa tne s and outsou ce ce ta n act v t es to eng nee ng f ms to fu the supp ement ou nte na team Ou esea ch and deve opment team s nc eas ng y focused on exp o ng the use of ou data sets to conduct cogn t ve ana ys s and AI nteg at on

Competition

The ma kets fo pub c safety and secu ty so ut ons a e h gh y f agmented and evo v ng Whethe nsta ed n oca commun t es, on c t ca nf ast uctu e o on a campus, fo a gunf e detect on system to be effect ve, the p otect on zone must be comp ehens ve We be eve ou gunshot detect on so ut ons ep esent the most effect ve pub c safety and secu ty so ut ons on the ma ket

We compete on the bas s of a numbe of facto s, nc ud ng

- p oduct funct ona ty, nc ud ng the ab ty to cove b oad outdoo geog aph c spaces;
- so ut on pe fo mance, nc ud ng the ap d captu e of mu t p e acoust c nc dents and accu acy;
- ease of mp ementat on, use and ma ntenance;
- tota cost of owne sh p; and
- custome suppo t and custome success n t at ves

ShotSpotter Flex Solution Competitors

Ou ShotSpotte F ex so ut on s un que because t p ov des sca ab e w de a ea gunshot detect on ove a ge and geog aph ca y d ve se a eas, p ov des mmed ate and p ec se data on gunf e, he ps commun t es def ne the scope of ega gunf e, and p ov des c t es w th deta ed fo ens c data fo nvest gat on, p osecut on and ana ys s Wh e we a e not awa e of any d ect compet to s offe ng w de-a ea so ut ons compa ab e to ShotSpotte F ex, we be eve the p ma y compet to s n the b oade gunf e detect on space a e Rafae Advanced Defense Systems Ltd , Raytheon Company, V5 Systems, Safety Dynam cs, Inc , W -f be , Inc EAGL Techno ogy, Shoote Detect on Systems and Tha es G oup

Most of these othe outdoo so ut ons on the ma ket offe m ted scope po nt p otect on, p ox m ty senso s, o "counte -sn pe systems " These systems a e des gned p ma y fo cove ng sma a eas, o fo def ned m ta y o SWAT team app cat ons, whe e the ta get s known n advance and t s poss b e to put a senso d ect ona y towa d the ta get Howeve , u ban a eas and c t ca nf ast uctu e equ e a w de system of p otect on that can cove a a ge a ea

We a so compete w th othe poss b e uses of the m ted fund ng ava ab e to ou ShotSpotte F ex custome s Because aw enfo cement agenc es o gove nment ent t es have m ted funds, they may have to choose among esou ces o so ut ons that he p them to meet the ove a m ss on Acco d ng y, we compete not on y w th ou custome s' nte na budget dec s ons, but w th nume ous compan es vy ng fo these m ted funds, nc ud ng Eve b dge, Inc and Axon Ente p ses, Inc , among othe s We be eve that n a eas w th s gn f cant eve s of gun act v ty, ShotSpotte F ex s un que y pos t oned to ass st custome s n nte upt ng, detect ng and p event ng gun v o ence

Security Solutions Competitors

Ou secu ty so ut ons ope ate n a h gh y compet t ve env onment In add t on to othe gunf e detect on compan es, we may face compet t on f om compan es offe ng a te nat ve secu ty techno og es, such as v deo su ve ance, access cont o , a a m and ght ng systems The d ect compet to s fo secu ty so ut ons nc ude the Gua d an system by Shoote Detect on Systems LLC, Safety Dynam cs Inc , V5 Systems, EAGL, W -f be , and Ambe Box, Inc We be eve none of ou secu ty so ut ons compet to s s ab e to offe the comp ehens ve outdoo cove age we offe

ShotSpotter Missions Competitors

ShotSpotte M ss ons ope ates n a deve op ng and potent a y compet t ve env onment In add t on to cont o management and data ana yt cs custome s compan es, we may face compet t on f om compan es offe ng a te nat ve so ut ons as we as so ut ons deve oped nte na y by ou custome s The d ect compet to s to ou M ss ons so ut on nc ude P edPo , Inc and may nc ude othe CAD/RMS p ov de s and othe th d-pa ty so ut ons p ov de s, such as Genetech, Inc , Cent a Squa e Techno og es, Ma k 43, and Moto o a So ut ons, Inc

Intellectual Property

Ou futu e success and compet t ve pos t on depend n pa t on ou ab ty to p otect ou nte ectua p ope ty and p op eta y techno og es To safegua d these ghts, we e y on a comb nat on of patent, t adema k, copy ght and t ade sec et aws, and cont actua p otect ons n the Un ted States and othe ju sd ct ons

As of Decembe 3 , 20 9, we had 34 ssued patents, 32 n the Un ted States, one n Is ae and one n Mex co, as we as patent app cat ons pend ng fo exam nat on n the Un ted States, Eu ope and B az

The ssued patents exp e on va ous dates f om 2022 to 2034 We a so cense one patent f om a th d pa ty, wh ch exp es n 2023

We a so cense softwa e f om th d pa t es fo nteg at on nto ou offe ngs, nc ud ng open sou ce softwa e and othe softwa e ava ab e on comme c a y easonab e te ms We cannot assu e you that such th d pa t es w ma nta n such softwa e o cont nue to make t ava ab e

Facilities

Ou p nc pa fac t es cons st of off ce space fo ou co po ate headqua te s n Newa k, Ca fo n a, whe e we occupy app ox mate y 2,020 squa e feet of space unde a ease that exp es n Octobe 202

We ease ou fac t es and do not own any ea p ope ty We may p ocu e add t ona space as we add emp oyees and expand geog aph ca y We be eve that ou fac t es a e adequate to meet ou needs fo the mmed ate futu e and that shou d t be needed, su tab e add t ona space w be ava ab e to accommodate expans on of ou ope at ons

Employees

As of Decembe 3 , 20 9, we had 08 fu -t me and fou pa t-t me emp oyees, of wh ch 2 we e n sa es and ma ket ng, we e n gene a and adm n st at ve funct ons, 20 n esea ch and deve opment and 60 n ope at ons, custome suppo t and custome success None of ou emp oyees a e ep esented by a abo un on o cove ed by co ect ve ba ga n ng ag eements We cons de ou e at onsh p w th ou emp oyees to be good

Segment and Geographic Information

Info mat on about segment epo t ng and ong- ved assets s set fo th n Note 3 of ou Notes to Conso dated F nanc a Statements nc uded n “F nanc a Statements and Supp ementa y Data” of th s Annua Repo t on Fo m 0-K Tota evenues gene ated outs de the Un ted States we e de ved f om ou custome ocated n South Af ca and Bahamas and we e $ 0 m on n the yea ended Decembe 3 , 20 9, and $0 9 m on and $0 8 m on, n the yea s ended Decembe 3 , 20 8 and 20 7, espect ve y Substant a y a of ou non-moneta y ong- ved assets a e ocated n the Un ted States Fo a d scuss on of sks e ated to ou nte nat ona ope at ons, see the sk facto s set fo th n Pa t I, Item A of th s Annua Repo t on Fo m 0-K

Corporate Information

We we e fo med as ShotSpotte , Inc , a Ca fo n a co po at on, n 200 and e nco po ated as ShotSpotte , Inc , a De awa e co po at on, n 2004 We a so do bus ness as “SST” pu suant to a eg ste ed t ade name

Ou p nc pa execut ve off ces a e ocated at 7979 Gateway Bou eva d, Su te 2 0, Newa k, Ca fo n a 94560 and ou te ephone numbe s (5 0) 794-3 00 Ou webs te add ess s www shotspotte com The nfo mat on conta ned on, o that can be accessed th ough, ou webs te s not nco po ated by efe ence nto th s Annua Repo t on Fo m 0-K, and you shou d not cons de any nfo mat on conta ned on, o that can be accessed th ough, ou webs te as pa t of th s Annua Repo t on Fo m 0-K

ShotSpotte , the ShotSpotte ogo, ShotSpotte M ss ons, ShotSpotte F ex, ShotSpotte Secu eCampus, ShotSpotte S teSecu e, and othe t ade names, t adema ks o se v ce ma ks of ShotSpotte appea ng n th s Annua Repo t on Fo m 0-K a e the p ope ty of ShotSpotte , Inc T ade names, t adema ks and se v ce ma ks of othe compan es appea ng n th s Annua Repo t on Fo m 0-K a e the p ope ty of the espect ve ho de s

Where You Can Find More Information

You can ead ou SEC f ngs, nc ud ng th s Annua Repo t on Fo m 0-K, ove the nte net at the SEC’s webs te at www sec gov You may a so ead and copy any document we f e w th the SEC at ts pub c efe ence fac t es at 00 F St eet, N E , Wash ngton, D C 20549 You may a so obta n cop es of these documents at p esc bed ates by w t ng to the Pub c Refe ence Sect on of the SEC at 00 F St eet, N E , Wash ngton, D C 20549 P ease ca the SEC at -800-SEC-0330 fo fu the nfo mat on on the ope at on of the pub c efe ence fac t es

We a e subject to the nfo mat on epo t ng equ ements of the Exchange Act, and we a e equ ed to f e epo ts, p oxy statements and othe nfo mat on w th the SEC These epo ts, p oxy statements and othe nfo mat on a e ava ab e fo nspect on and copy ng at the pub c efe ence oom and webs te of the SEC efe ed to above We a so ma nta n a webs te at www shotspotte com, at wh ch you may access these mate a s, f ee of cha ge, as easonab y p act cab e afte they a e e ect on ca y f ed w th, o fu n shed to, the SEC We a e not, howeve , nc ud ng the nfo mat on conta ned on ou webs te, o nfo mat on that may be accessed th ough nks on ou webs te, as pa t of, o nco po at ng such nfo mat on by efe ence nto, th s Annua Repo t on Fo m 0-K

Item 1A. RISK FACTORS.

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this report, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, operating results, financial condition and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment. Moreover, the risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business, operating results, prospects or financial condition. You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K as well as our other publicly available filings with the SEC.

Risks Related to Our Business and Industry

Our success depends on maintaining and increasing our sales, which depends on factors we cannot control, including the availability of funding to our customers.

To date, substant a y a of ou evenues have been de ved f om cont acts w th oca gove nments and the agenc es, n pa t cu a the po ce depa tments of majo c t es n the Un ted States To a esse extent, we a so gene ate evenues f om fede a agenc es, fo e gn gove nments and h ghe educat on nst tut ons We be eve that the success and g owth of ou bus ness w cont nue to depend on ou ab ty to add new po ce depa tments and othe gove nment agenc es, domest ca y and nte nat ona y, as custome s of ou pub c safety so ut on and new un ve s t es, co po ate campuses and key nf ast uctu e and t anspo tat on cente s as custome s of ou secu ty so ut ons Many of ou ta get custome s have est cted budgets, such that we a e fo ced to compete w th p og ams o so ut ons that offe an a te nat ve use of the same funds A numbe of facto s cou d cause cu ent and/o potent a custome s to de ay o ef a n f om pu chas ng ou so ut ons, p event expans on of, o educe cove age a eas and/ o te m nate use of ou so ut ons, nc ud ng

- dec eases o changes n ava ab e fund ng, nc ud ng budgeta y a ocat ons, gove nment g ants and othe gove nment fund ng p og ams;
- potent a de ays o changes n app op at ons o othe fund ng autho zat on p ocesses;
- changes n f sca o cont act ng po c es;
- mac o-and/o oca econom c changes that may affect custome fund ng;
- changes n e ected o appo nted off c a s; and
- changes n aws o pub c sent ment ega d ng p vacy o su ve ance

The occu ence of any of the fo ego ng wou d mpede o de ay ou ab ty to ma nta n o nc ease the amount of evenues de ved f om these custome s, wh ch cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts and f nanc a cond t on

Contracting with government entities can be complex, expensive and time-consuming.

The p ocu ement p ocess fo gove nment ent t es s n many ways mo e cha eng ng than cont act ng n the p vate secto We must comp y w th aws and egu at ons e at ng to the fo mat on, adm n st at on, pe fo mance and p c ng of cont acts w th gove nment ent t es, nc ud ng U S fede a , state and oca gove nmenta bod es These aws and egu at ons may mpose added costs on ou bus ness o p o ong o comp cate ou sa es effo ts, and fa u e to comp y w th these aws and egu at ons o othe app cab e equ ements cou d ead to c a ms fo damages f om ou custome s, pena t es, te m nat on of cont acts and othe adve se consequences Any such damages, pena t es, d s upt ons o m tat ons n ou ab ty to do bus ness w th gove nment ent t es cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts and f nanc a cond t on

Gove nment ent t es often equ e h gh y spec a zed cont act te ms that may d ffe f om ou standa d a angements Fo examp e, f the fede a gove nment p ov des g ants to ce ta n state and oca gove nments fo ou so ut ons, and such gove nments do not cont nue to ece ve these g ants, then these custome s have the ab ty to te m nate the cont acts w th us w thout pena ty Gove nment ent t es often mpose comp ance equ ements that a e comp cated, equ e p efe ent a p c ng o "most favo ed nat on" te ms and cond t ons, o a e othe w se t me-consum ng and expens ve to sat sfy Comp ance w th these spec a standa ds o sat sfact on of such equ ements cou d comp cate ou effo ts to obta n bus ness o nc ease the cost of do ng so Even f we do meet these spec a standa ds o equ ements, the nc eased costs assoc ated w th p ov d ng ou so ut ons to gove nment custome s cou d ha m ou ma g ns Add t ona y, even once we have secu ed a gove nment cont act, the enewa p ocess can be engthy and as t me-consum ng as the n t a sa e, and we may be p ov d ng ou se v ce fo months past the cont act exp at on date w thout ce ta nty f the enewa ag eement w be s gned o not

Changes n the unde y ng egu ato y cond t ons, po t ca andscape o equ ed p ocu ement p ocedu es that affect these types of custome s cou d be nt oduced p o to the comp et on of ou sa es cyc e, mak ng t mo e d ff cu t o cost y to f na ze a cont act w th a new custome o expand o enew an ex st ng custome e at onsh p Fo examp e, custome s may equ e a compet t ve b dd ng p ocess w th extended esponse dead nes, ev ew o appea pe ods, o custome attent on may be d ve ted to othe gove nment matte s, postpon ng the cons de at on of the pu chase of ou p oducts Such de ays cou d ha m ou ab ty to p ov de ou so ut ons eff c ent y and to g ow o ma nta n ou custome base

If we are unable to maintain and expand coverage of our existing public safety customer accounts and further penetrate the public safety market, our revenues may not grow.

Ou ab ty to nc ease evenues w depend n a ge pa t on ou ex st ng pub c safety so ut on custome s enew ng the annua subsc pt ons and expand ng the m eage cove age, o pu chas ng and mp ement ng ou ShotSpotte M ss ons so ut ons Most of ou ShotSpotte F ex custome s beg n us ng ou so ut on n a m ted cove age a ea Ou expe ence has been, and we expect w cont nue to be, that afte the n t a mp ementat on of ou so ut ons, ou new custome s typ ca y enew the annua subsc pt ons, and many a so choose to expand the cove age a ea If ou ex st ng custome s do not enew the subsc pt ons, ou evenues may dec ease Howeve , some custome s may choose to not enew o educe the cove age Fo examp e, as a esu t of w desp ead dest uct on caused by hu canes n Pue to R co and the U S V g n Is ands, n Septembe 20 7, we d scont nued ou se v ce to ou custome s n cove age a eas n those ocat ons and we c ass f ed the cont acts as exp ed because the custome s we e no onge ve At the t me, the Hous ng Autho ty of Pue to R co had been one of ou a gest custome s If othe ex st ng custome s do not choose to enew o expand the cove age a eas, ou evenues w not g ow as we ant c pate

Ou ab ty to fu the penet ate the ma ket fo ou pub c safety so ut ons depends on seve a facto s, nc ud ng ma nta n ng a h gh eve of custome sat sfact on and a st ong eputat on among aw enfo cement; nc eas ng the awa eness of ou ShotSpotte F ex and ShotSpotte M ss ons so ut ons and the benef ts; the effect veness of ou ma ket ng p og ams; the ava ab ty of fund ng to ou custome s; and the costs of ou so ut ons Some potent a pub c safety custome s may be e uctant o unw ng to use ou so ut on fo a numbe of easons, nc ud ng conce ns about add t ona costs, unw ngness to expose o ack of conce n ega d ng the extent of gun v o ence n the commun ty, unce ta nty ega d ng the e ab ty and secu ty of c oud-based offe ngs o ack of awa eness of the benef ts of ou pub c safety so ut ons If we a e unsuccessfu n expand ng the cove age of ShotSpotte F ex by ex st ng pub c safety custome s o add ng new ShotSpotte F ex and ShotSpotte M ss ons pub c safety custome s, ou evenues and g owth p ospects wou d suffe

If we are unable to sell our solutions into new markets, our revenues may not grow.

Pa t of ou g owth st ategy depends on ou ab ty to nc ease sa es of ou secu ty so ut ons and add new custome s fo ou pub c safety so ut on n ma kets outs de of the Un ted States Ou secu ty so ut ons nc ude ShotSpotte M ss ons, ShotSpotte Labs, ShotSpotte Secu eCampus and ShotSpotte S teSecu e We a e focused on expand ng the sa es of these so ut ons nto new ma kets, but custome s n these new ma kets may not be ecept ve o sa es may be de ayed beyond ou expectat ons, caus ng ou evenues g owth and g owth p ospects to suffe

Ou ab ty to successfu y face these cha enges depends on seve a facto s, nc ud ng nc eas ng the awa eness of ou so ut ons and the benef ts; the effect veness of ou ma ket ng p og ams; the costs of ou so ut ons; ou ab ty to att act, eta n and effect ve y t a n sa es and ma ket ng pe sonne ; and ou ab ty to deve op e at onsh ps w th commun cat on ca e s and othe pa tne s If we a e unsuccessfu n deve op ng and ma ket ng ou so ut ons nto new ma kets, new ma kets fo ou so ut ons m ght not deve op o m ght deve op mo e s ow y than we expect, e the of wh ch wou d ha m ou evenues and g owth p ospects

Our sales cycle can be lengthy, time-consuming and costly, and our inability to successfully complete sales could harm our business.

Ou sa es p ocess nvo ves educat ng p ospect ve custome s and ex st ng custome s about the use, techn ca capab t es and benef ts of ou so ut ons P ospect ve custome s, espec a y gove nment agenc es, often unde take a p o onged eva uat on p ocess that may ast up to n ne months o mo e and that typ ca y nvo ves compa ng the benef ts of ou so ut ons to a te nat ve uses of funds We may spend substant a t me, effo t and money on ou sa es and ma ket ng effo ts w thout any assu ance that ou effo ts w p oduce any sa es

Add t ona y, events affect ng ou custome s' budgets o m ss ons may occu du ng the sa es cyc e that cou d negat ve y mpact the s ze o t m ng of a pu chase afte we have nvested substant a t me, effo t and esou ces nto a potent a sa e, cont but ng to mo e unp ed ctab ty n the g owth of ou bus ness If we a e unab e to succeed n c os ng sa es w th new and ex st ng custome s, ou bus ness, ope at ng esu ts and f nanc a cond t on w be ha med

Changes in the availability of federal funding to support local law enforcement efforts could impact our business.

Many of ou custome s e y to some extent on funds f om the U S fede a gove nment n o de to pu chase and pay fo ou so ut ons Any educt on n fede a fund ng fo oca aw enfo cement effo ts cou d esu t n ou custome s hav ng ess access to funds equ ed to cont nue, enew, expand o pay fo ou so ut ons Fo examp e, changes n po c es w th espect to "sanctua y c t es" may esu t n a educt on n fede a funds ava ab e to ou cu ent o potent a custome s If fede a fund ng s educed o e m nated and ou custome s cannot f nd a te nat ve sou ces of fund ng to pu chase ou so ut ons, ou bus ness w be ha med

If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business prospects would suffer.

Ou ab ty to successfu y g ow ou bus ness depends on a numbe of facto s nc ud ng ou ab ty to

- acce e ate ou acqu s t on of new custome s;
- fu the se expans ons of cove age a eas to ou ex st ng custome s;
- expand ou nte nat ona footp nt;
- expand nto new ve t ca ma kets, such as ou ShotSpotte M ss ons, and ou secu ty so ut ons;
- nc ease awa eness of the benef ts that ou so ut ons offe ; and
- ma nta n ou compet t ve and techno ogy eade sh p pos t on

As usage of ou so ut ons g ows, we w need to cont nue to make nvestments to deve op and mp ement new o updated so ut ons, techno og es, secu ty featu es and c oud-based nf ast uctu e ope at ons In add t on, we w need to app op ate y sca e ou nte na bus ness systems and ou se v ces o gan zat on, nc ud ng the supp e s of ou detect on equ pment and custome suppo t se v ces, to se ve ou g ow ng custome base Any fa u e of, o de ay n, these effo ts cou d mpa the pe fo mance of ou so ut ons and educe custome sat sfact on

Further, our growth could increase quickly and place a strain on our managerial, operational, financial and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully, we will need to continue to invest in sales and marketing, research and development, and general and administrative functions and other areas. We are likely to recognize the costs associated with these investments earlier than receiving some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or upgrades to our existing solutions, satisfy customer requirements, maintain the quality and security of our solutions or execute on our business plan, any of which could have a material adverse effect on our business, operating results and financial condition.

Our business is dependent upon our ability to deploy and deliver our solutions, and the failure to meet our customers' expectations could harm our reputation, which may have a material adverse effect on our business, operating results and financial condition.

Promoting and demonstrating the utility of our solutions as useful, reliable and important tools for law enforcement and security personnel is critical to the success of our business. Our ability to secure customer renewals and enter into new customer contracts is dependent on our reputation and our ability to deliver our solutions effectively. We believe that our reputation among police departments using ShotSpotter Flex is particularly important to our success. Our ability to meet customer expectations will depend on a wide range of factors, including:

- our ability to continue to offer high-quality, innovative and accurate gunshot detection and gunshot deterrence services, and precision policing software and solutions;
- our ability to maintain continuous monitoring during high outdoor-noise activity periods such as New Year's Day, the Fourth of July and Cinco de Mayo, and Carnival for international deployments;
- our ability to maintain high customer satisfaction, including meeting our SLA standards;
- the perceived value and quality of our solutions;
- differences in opinion regarding the metrics that measure the success of our solutions;
- our ability to successfully communicate the unique value proposition of our solutions;
- our ability to provide high-quality customer support;
- any misuse or perceived misuse of our solutions;
- interruptions, delays or attacks on our platform;
- litigation- or regulation-related developments; and
- damage to or degradation of our sensors or sensor network by third parties.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributable to us, our solutions, our employees, our partners or others associated with any of these parties, may tarnish our reputation. Damage to our reputation may reduce demand for our solutions and would likely have a material adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation may be costly and time-consuming, and such efforts may not ultimately be successful.

Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and results of operations.

We have in the past experienced, and may in the future experience, performance issues due to a variety of factors, including infrastructure changes, human or software errors, intentional or accidental damage to our technology (including sensors), website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, natural disasters or security attacks. If our security is compromised, our platform is unavailable or our users are unable to receive our alerts or otherwise communicate with our IRC, within a reasonable amount of time or at all, our business could be negatively affected. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time.

In add t on, ou IRC s ocated n a s ng e fac ty A though the funct ons of ou IRC can be pe fo med emote y, any nte upt on o de ay n se v ce f om ou IRC, such as f om a commun cat ons o powe outage, cou d m t ou ab ty de ve ou so ut ons In add t on, t may become nc eas ng y d ff cu t to ma nta n and mp ove the pe fo mance of ou so ut ons, espec a y du ng peak usage t mes as the capac ty of ou IRC ope at ons eaches ts m ts If the e s an nte upt on o de ay n se v ce f om ou IRC and a gunshot s detected but not ev ewed n the a otted t me, ou softwa e w f ag the nc dent fo off ne ev ew Th s may esu t n de ayed not f cat ons to ou custome s and as a esu t, we cou d expe ence a dec ne n custome sat sfact on w th ou so ut ons and ou eputat on and g owth p ospects cou d be ha med

We expect to cont nue to make s gn f cant nvestments to ma nta n and mp ove the pe fo mance of ou so ut ons To the extent that we do not effect ve y add ess capac ty const a nts, upg ade ou systems as needed and cont nua y deve op ou techno ogy to accommodate actua and ant c pated changes n techno ogy, ou bus ness, ope at ng esu ts and f nanc a cond t on may be adve se y affected

We rely on wireless carriers to provide access to wireless networks through which our acoustic sensors communicate with our cloud-based backend and with which we provide our notification services to customers, and any interruption of such access would impair our business.

We e y on w e ess ca e s, ma n y AT&T and Ve zon, to p ov de access to w e ess netwo ks fo mach ne-to-mach ne data t ansm ss ons, wh ch a e an nteg a pa t of ou se v ces Ou w e ess ca e s may suspend w e ess se v ce to expand, ma nta n o mp ove the netwo ks These w e ess ca e s pe fo m out ne ma ntenance and pe od c softwa e and f mwa e updates that may damage ou senso s o make them nope ab e Any suspens on o othe nte upt on of se v ces wou d adve se y affect ou ab ty to p ov de ou se v ces to ou custome s and may adve se y affect ou eputat on In add t on, the te ms of ou ag eements w th these w e ess ca e s p ov de that e the pa ty can cance o te m nate the ag eement fo conven ence w th 90 days' not ce If one of ou w e ess ca e s we e to te m nate ts ag eement w th us, we wou d need to sou ce a d ffe ent w e ess ca e and/o mod fy ou equ pment du ng the not ce pe od n o de to m n m ze d s upt on n the pe fo mance of ou so ut ons P ce nc eases o te m nat on by ou w e ess ca e s o changes to ex st ng cont act te ms cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts and f nanc a cond t on

Natural disasters, infectious disease outbreaks, power outages or other events impacting us or our customers could harm our operating results and financial condition.

We ecogn ze evenue on a subsc pt on bas s as ou so ut ons a e p ov ded to ou custome s ove t me If ou se v ces a e d s upted due to natu a d saste s, powe outages o othe events that we cannot cont o , as happened when hu canes h t Pue to R co and the U S V g n Is ands n 20 7, we may not be ab e to cont nue p ov d ng ou so ut ons as expected

When we stop p ov d ng cove age, we a so stop ecogn z ng evenues as a esu t of the affected subsc pt on ag eement If we a e fo ced to d scont nue ou se v ces due to natu a d saste s, powe outages and othe events outs de of ou cont o , ou evenues may dec ne, wh ch wou d negat ve y mpact ou esu ts of ope at ons and f nanc a cond t on In add t on, we may face ab ty fo damages caused by ou senso s n the event of heavy weathe o othe natu a d saste s We may a so ncu add t ona costs to epa o ep ace nsta ed senso netwo ks damaged by heavy weathe , hu canes o othe natu a d saste s

Any of ou fac t es o ope at ons may be ha med o ende ed nope ab e by natu a o man-made d saste s, nc ud ng ea thquakes, to nadoes, hu canes, w df es, f oods, nuc ea d saste s, acts of te o sm o othe c m na act v t es, nfect ous d sease outb eaks, such as COVID- 9, and powe outages, wh ch may ende t d ff cu t o mposs b e fo us to ope ate ou bus ness fo some pe od of t me o dec ease p oduct v ty Fo examp e, ou IRC and a data cente that hosts some of ou custome se v ces a e ocated n the San F anc sco Bay A ea, a eg on known fo se sm c act v ty Ou fac t es wou d ke y be cost y to epa o ep ace, and any such effo ts wou d ke y equ e substant a t me In add t on, ke many compan es, we have ecent y mp emented a wo k f om home po cy as a esu t of the COVID- 9 pandem c Th s po cy may negat ve y mpact p oduct v ty Any d s upt ons n ou ope at ons cou d negat ve y mpact ou bus ness and ope at ng esu ts, and ha m ou eputat on In add t on, we may not ca y bus ness nsu ance o may not ca y suff c ent bus ness nsu ance to compensate fo osses that may occu Any such osses o damages cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts and f nanc a cond t on In add t on, the fac t es of s gn f cant vendo s, nc ud ng the manufactu e of ou p op eta y acoust c senso , may be ha med o ende ed nope ab e by such natu a o man-made d saste s, wh ch may cause d s upt ons, d ff cu t es o mate a adve se effects on ou bus ness

Real or perceived false positive gunshot alerts or failure or perceived failure to generate alerts for actual gunfire could adversely affect our customers and their operations, damage our brand and reputation and adversely affect our growth prospects and results of operations.

A fa se pos t ve a e t, n wh ch a non-gunf e nc dent s epo ted as gunf e, cou d esu t n an unnecessa y ap d dep oyment of po ce off ce s and f st esponde s, wh ch may a se unnecessa y fea among the occupants of a commun ty o fac ty, and may be deemed a waste of po ce and f st esponde esou ces A fa u e to a e t aw enfo cement o secu ty pe sonne of actua gunf e (fa se negat ve) cou d esu t n a ess ap d o no esponse by po ce off ce s and f st esponde s, nc eas ng the p obab ty of nju y o oss of fe Both fa se pos t ve a e ts and the fa u e to gene ate a e ts of actua gunf e (fa se negat ve) may esu t n custome d ssat sfact on, potent a oss of conf dence n ou so ut ons, and potent a ab t es to custome s o othe th d pa t es, any of wh ch cou d ha m ou eputat on and adve se y mpact ou bus ness and ope at ng esu ts Add t ona y, the pe cept on of a fa se pos t ve a e t o of a fa u e to gene ate an a e t, even whe e ou custome s unde stand that ou so ut ons we e ut zed co ect y, cou d ead to negat ve pub c ty o ha m the pub c pe cept on of ou so ut ons, wh ch cou d ha m ou eputat on and adve se y mpact ou bus ness and ope at ng esu ts

Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could materially adversely affect our business.

Econom c unce ta nt es o downtu ns cou d adve se y affect ou bus ness and ope at ng esu ts Negat ve cond t ons n the gene a economy both n the Un ted States and ab oad, nc ud ng cond t ons esu t ng f om changes n g oss domest c p oduct g owth, f nanc a and c ed t ma ket f uctuat ons, po t ca dead ock, natu a catast ophes, such as the devastat on caused by the hu canes n Pue to R co and U S V g n Is ands, wa fa e, te o st attacks and nfect ous d sease outb eaks, such as COVID- 9, n the Un ted States, Eu ope, the As a Pac f c eg on o e sewhe e, cou d cause a dec ease n funds ava ab e to ou custome s and potent a custome s and negat ve y affect the ate of g owth of ou bus ness

These econom c cond t ons may make t ext eme y d ff cu t fo ou custome s and us to fo ecast and p an futu e budgeta y dec s ons o bus ness act v t es accu ate y, and they cou d cause ou custome s to eeva uate the dec s ons to pu chase ou so ut ons, wh ch cou d de ay and engthen ou sa es cyc es o esu t n cance at ons of p anned pu chases Fu the mo e, du ng cha eng ng econom c t mes o as a esu t of po t ca changes, ou custome s may t ghten the budgets and face const a nts n ga n ng t me y access to suff c ent fund ng o othe c ed t, wh ch cou d esu t n an mpa ment of the ab ty to make t me y payments to us In tu n, we may be equ ed to nc ease ou a owance fo doubtfu accounts, wh ch wou d adve se y affect ou f nanc a esu ts

We cannot p ed ct the t m ng, st ength o du at on of any econom c s owdown, nstab ty o ecove y, gene a y o w th n any pa t cu a ndust y, o the mpact of po t ca changes If the econom c cond t ons of the gene a economy o ndust es n wh ch we ope ate wo sen f om p esent eve s, o f ecent po t ca changes esu t n ess fund ng be ng ava ab e to pu chase ou so ut ons, ou bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows cou d be adve se y affected

We have not been profitable historically and may not achieve or maintain profitability in the future.

We on y eached ou f st fu yea of net ncome n 20 9; p o to that, we posted a net oss n each yea s nce ncept on As of Decembe 3 , 20 9, we had an accumu ated def c t of $95 6 m on We a e not ce ta n whethe we w be ab e to ma nta n h gh enough vo ume of sa es of ou so ut ons to susta n o nc ease ou g owth o ma nta n p of tab ty n the futu e We a so expect ou costs to nc ease n futu e pe ods, wh ch cou d negat ve y affect ou futu e ope at ng esu ts f ou evenues do not nc ease In pa t cu a , we expect to cont nue to expend substant a f nanc a and othe esou ces on

- sa es and ma ket ng, nc ud ng a s gn f cant expans on of ou sa es o gan zat on, both domest ca y and nte nat ona y;
- esea ch and deve opment e ated to ou so ut ons, nc ud ng nvestments n ou eng nee ng and techn ca teams;
- acqu s t on of comp ementa y techno og es o bus nesses, such as ou acqu s t on of HunchLab techno ogy n Octobe 20 8;

- cont nued nte nat ona expans on of ou bus ness; and
- gene a and adm n st at ve expenses, nc ud ng ega and account ng expenses e ated to ope at ng as a pub c company

These nvestments may not esu t n nc eased evenues o g owth n ou bus ness If we a e unab e to nc ease ou evenues at a ate suff c ent to offset the expected nc ease n ou costs, ou bus ness, ope at ng esu ts and f nanc a pos t on may be ha med, and we may not be ab e to ma nta n p of tab ty ove the ong te m Add t ona y, we may encounte unfo eseen ope at ng expenses, d ff cu t es, comp cat ons, de ays and othe unknown facto s that may esu t n osses n futu e pe ods If ou evenues g owth does not meet ou expectat ons n futu e pe ods, ou f nanc a pe fo mance may be ha med, and we may not ma nta n p of tab ty n the futu e

We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.

We ntend to cont nue to make substant a nvestments to fund ou bus ness and suppo t ou g owth In add t on, we may equ e add t ona funds to espond to bus ness cha enges, nc ud ng the need to deve op new featu es o enhance ou so ut ons, mp ove ou ope at ng nf ast uctu e o acqu e o deve op comp ementa y bus nesses and techno og es As a esu t, n add t on to the evenues we gene ate f om ou bus ness and ou ex st ng cash ba ances, we may need to engage n add t ona equ ty o debt f nanc ngs to p ov de the funds equ ed fo these and othe bus ness endeavo s If we a se add t ona funds th ough futu e ssuances of equ ty o conve t b e debt secu t es, ou ex st ng stockho de s cou d suffe s gn f cant d ut on, and any new equ ty secu t es we ssue cou d have ghts, p efe ences and p v eges supe o to those of ho de s of ou common stock Any debt f nanc ng that we may secu e n the futu e cou d nvo ve est ct ve covenants e at ng to ou cap ta a s ng act v t es and othe f nanc a and ope at ona matte s, wh ch may make t mo e d ff cu t fo us to obta n add t ona cap ta and to pu sue bus ness oppo tun t es, nc ud ng potent a acqu s t ons We may not be ab e to obta n such add t ona f nanc ng on te ms favo ab e to us, f at a If we a e unab e to obta n adequate f nanc ng o f nanc ng on te ms sat sfacto y to us when we equ e t, ou ab ty to cont nue to suppo t ou bus ness g owth and to espond to bus ness cha enges cou d be s gn f cant y mpa ed, and ou bus ness may be adve se y affected In add t on, ou nab ty to gene ate o obta n the f nanc a esou ces needed may equ e us to de ay, sca e back, o e m nate some o a of ou ope at ons, wh ch may have a mate a adve se effect on ou bus ness, ope at ng esu ts, f nanc a cond t on and p ospects

The incurrence of debt may impact our financial position and subject us to additional financial and operating restrictions.

On Septembe 27, 20 8, we ente ed nto a $ 0 0 m on sen o secu ed evo v ng c ed t fac ty w th Umpqua Bank (the "Umpqua C ed t Ag eement"), wh ch we ntend to use fo gene a wo k ng cap ta pu poses As of Decembe 3 , 20 9, we had no outstand ng amounts due on no any usage of the Umpqua C ed t Ag eement

Unde the Umpqua C ed t Ag eement, we a e subject to va ous negat ve covenants that m t, subject to ce ta n exc us ons, ou ab ty to ncu ndebtedness, make oans, nvest n o secu e the ob gat ons of othe pa t es, pay o dec a e d v dends, make d st but ons w th espect to ou secu t es, edeem outstand ng sha es of ou stock, c eate subs d a es, mate a y change the natu e of ts bus ness, ente nto e ated pa ty t ansact ons, engage n me ge s and bus ness comb nat ons, the acqu s t on o t ansfe of Company assets outs de of the o d na y cou se of bus ness, g ant ens o ente nto co ate a e at onsh ps nvo v ng company assets o e nco po ate, eo gan ze o d sso ve the Company These covenants cou d adve se y affect ou f nanc a hea th and bus ness and futu e ope at ons by, among othe th ngs

- mak ng t mo e d ff cu t to sat sfy ou ob gat ons, nc ud ng unde the te ms of the Umpqua C ed t Ag eement;
- m t ng ou ab ty to ef nance ou debt on te ms acceptab e to us o at a ;
- m t ng ou f ex b ty to p an fo and adjust to chang ng bus ness and ma ket cond t ons and nc eas ng ou vu ne ab ty;

- m t ng ou ab ty to use ou ava ab e cash f ow to fund futu e acqu s t ons, wo k ng cap ta , bus ness act v t es, and othe gene a co po ate equ ements; and
- m t ng ou ab ty to obta n add t ona f nanc ng fo wo k ng cap ta to fund g owth o fo gene a co po ate pu poses, even when necessa y to ma nta n adequate qu d ty

We a e a so equ ed to ma nta n ce ta n f nanc a covenants t ed to ou eve age, nte est cha ges and p of tab ty Ou ab ty to meet such covenants (those negat ve covenants d scussed n the p eced ng pa ag aph) o othe est ct ons can be affected by events beyond ou cont o , and ou fa u e to comp y w th the f nanc a and othe covenants wou d be an event of defau t unde the Umpqua C ed t Ag eement If an event of defau t unde the Umpqua C ed t Ag eement, has occu ed and s cont nu ng, the outstand ng bo ow ngs the eunde cou d become mmed ate y due and payab e, and we wou d then be equ ed to cash co ate a ze any ette s of c ed t then outstand ng, and the ende cou d efuse to pe m t add t ona bo ow ngs unde the fac ty We cannot assu e you that we wou d have suff c ent assets to epay those bo ow ngs and, f we a e unab e to epay those amounts, the ende cou d p oceed aga nst the co ate a g anted to them to secu e such ndebtedness We have p edged substant a y a of ou assets as co ate a , and an event of defau t wou d ke y have a mate a adve se effect on ou bus ness

New competitors may enter the market for our public safety solution.

If c t es and othe gove nment ent t es nc ease the effo ts to educe gun v o ence o ou so ut ons ga n v s b ty n the ma ket, compan es cou d dec de to ente nto the pub c safety so ut on ma ket and the eby nc ease the compet t on we face In add t on to othe gunshot detect on p oducts, we a so compete w th othe techno og es and so ut ons ta get ng ou pub c safety custome s' esou ces fo aw enfo cement and c me p event on Ou compet to s cou d benef t f om the d sc osu e of ou data o nfo mat on conce n ng ou techn ques and p ocesses due to ega o othe ob gat ons (fo examp e, as a esu t of pub c- eco ds equests o subpoenas to p ov de nfo mat on o to test fy n cou t) Because the e a e seve a poss b e uses fo these m ted budgeta y esou ces, f we a e not ab e to compete successfu y fo these m ted esou ces, ou bus ness may not g ow as we expect, wh ch cou d adve se y mpact ou evenues and ope at ng esu ts

The competitive landscape for our security solutions is evolving.

The ma ket fo secu ty so ut ons fo un ve s ty campuses, co po ate campuses and t anspo tat on and key nf ast uctu e cente s nc udes a numbe of ava ab e opt ons, such as v deo su ve ance and nc eased human secu ty p esence Because the e a e seve a poss b e uses of funds fo secu ty needs, we may face nc eased cha enges n demonst at ng o d st ngu sh ng the benef ts of ShotSpotte Secu eCampus and ShotSpotte S teSecu e In pa t cu a , wh e we have seen g ow ng nte est n ou secu ty so ut ons, nte est n the ndoo gunshot detect on offe ng was m ted, and as a esu t, n June 20 8, we made the st ateg c dec s on to cease ndoo cove age as pa t of ou se v ce offe ng Wh e ou ShotSpotte M ss ons may nc ease sa es of ou outdoo detect on se v ces, we may face cha enges n demonst at ng o d st ngu sh ng the benef ts of ShotSpotte M ss ons' deve opment of c me fo ecasts and nc eased effect veness of pat o esou ces

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our solutions.

To nc ease tota custome s and custome cove age a eas and to ach eve b oade ma ket acceptance of ou so ut ons, we w need to expand ou sa es and ma ket ng o gan zat on and nc ease ou bus ness deve opment esou ces, nc ud ng the ve t ca and geog aph c d st but on of ou sa es fo ce and ou teams of account execut ves focused on new accounts and espons b e fo enewa and g owth of ex st ng accounts

Ou bus ness equ es that ou sa es pe sonne have pa t cu a expe t se and expe ence n wo k ng w th aw enfo cement agenc es, othe gove nment o gan zat ons and h ghe educat on nst tut ons We may not ach eve evenues g owth f om expand ng ou sa es fo ce f we a e unab e to h e, deve op and eta n ta ented sa es pe sonne w th app op ate expe ence, f ou new sa es pe sonne a e unab e to ach eve des ed p oduct v ty eve s n a easonab e pe od of t me o f ou sa es and ma ket ng p og ams a e not effect ve

Our strategy includes pursuing acquisitions, and our inability to successfully integrate newly-acquired technologies, assets or businesses may harm our financial results. Future acquisitions of technologies, assets or businesses, which are paid for partially or entirely through the issuance of stock or stock rights, could dilute the ownership of our existing stockholders.

We w eva uate and cons de potent a st ateg c t ansact ons, nc ud ng acqu s t ons of, o nvestments n, bus nesses, techno og es, se v ces, p oducts and othe assets n the futu e Fo examp e, n Octobe 20 8, we acqu ed the HunchLab techno ogy and e ated assets f om Azavea Inc We a so may ente nto e at onsh ps w th othe bus nesses to expand ou p atfo m and app cat ons, wh ch cou d nvo ve p efe ed o exc us ve censes, add t ona channe s of d st but on, d scount p c ng o nvestments n othe compan es

We be eve that pa t of ou cont nued g owth w be d ven by acqu s t ons of othe compan es o the techno og es, assets, bus nesses and teams The HunchLab acqu s t on g ves se, and any acqu s t ons n the futu e that we comp ete w g ve se, to sks, nc ud ng

- ncu ng h ghe than ant c pated cap ta expend tu es and ope at ng expenses;
- fa ng to ass m ate the ope at ons and pe sonne o fa ng to eta n the key pe sonne of the acqu ed company o bus ness;
- fa ng to nteg ate the acqu ed techno og es, o ncu ng s gn f cant expense to nteg ate acqu ed techno og es, nto ou p atfo m and app cat ons;
- d s upt ng ou ongo ng bus ness;
- d ve t ng ou management's attent on and othe company esou ces;
- fa ng to ma nta n un fo m standa ds, cont o s and po c es;
- ncu ng s gn f cant account ng cha ges;
- mpa ng e at onsh ps w th ou custome s and emp oyees;
- f nd ng that the acqu ed techno ogy, asset o bus ness does not fu the ou bus ness st ategy, that we ove pa d fo the techno ogy, asset o bus ness o that we may be equ ed to w te off acqu ed assets o nvestments pa t a y o ent e y;
- fa ng to ea ze the expected syne g es of the t ansact on;
- be ng exposed to unfo eseen ab t es and cont ngenc es that we e not dent f ed p o to acqu ng the company; and
- be ng unab e to gene ate suff c ent evenues and p of ts f om acqu s t ons to offset the assoc ated acqu s t on costs

Fu y nteg at ng an acqu ed techno ogy, asset o bus ness nto ou ope at ons may take a s gn f cant amount of t me We may not be successfu n ove com ng these sks o any othe p ob ems encounte ed w th acqu s t ons To the extent that we do not successfu y avo d o ove come the sks o p ob ems e ated to any such acqu s t ons, ou esu ts of ope at ons and f nanc a cond t on cou d be ha med Acqu s t ons a so cou d mpact ou f nanc a pos t on and cap ta equ ements, o cou d cause f uctuat ons n ou qua te y and annua esu ts of ope at ons Acqu s t ons cou d nc ude s gn f cant goodw and ntang b e assets, wh ch may esu t n futu e mpa ment cha ges that wou d educe ou stated ea n ngs We may ncu s gn f cant costs n ou effo ts to engage n st ateg c t ansact ons and these expend tu es may not esu t n successfu acqu s t ons

We expect that the cons de at on we m ght pay fo any futu e acqu s t ons of techno og es, assets, bus nesses o teams cou d nc ude stock, ghts to pu chase stock, cash o some comb nat on of the fo ego ng If we ssue stock o ghts to pu chase stock n connect on w th futu e acqu s t ons, net ncome pe sha e and then-ex st ng ho de s of ou common stock may expe ence d ut on

The nature of our business exposes us to inherent liabilty risks.

Ou so ut ons, nc ud ng ShotSpotte F ex, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, a e des gned to commun cate ea -t me a e ts of gunf e nc dents to po ce off ce s and f st esponde s Due to the natu e of such app cat ons, we a e potent a y exposed to g eate sks of ab ty fo emp oyee acts o om ss ons o system fa u es than may be nhe ent n othe bus nesses A though substant a y a of ou custome ag eements conta n p ov s ons m t ng ou ab ty to ou custome s, we cannot be ce ta n that these m tat ons w be enfo ced o that the costs of any t gat on e ated to actua o a eged om ss ons o fa u es wou d not have a mate a adve se effect on us even f we p eva Fu the , ce ta n of ou nsu ance po c es and the aws of some states may m t o p oh b t nsu ance cove age fo pun t ve o ce ta n othe types of damages o ab ty a s ng f om g oss neg gence, o othe ssues, such as damages caused due to nsta at on of ou senso s on bu d ngs owned by th d pa t es, and we cannot assu e you that we a e adequate y nsu ed aga nst the sks that we face

The nature of our business may result in undesirable press coverage or other negative publicity.

Ou so ut ons a e used to ass st aw enfo cement and f st esponde s n the event that gunf e s detected Even when ou so ut ons wo k as ntended, the nc dents detected by ou so ut ons cou d ead to nju y, oss of fe and othe negat ve outcomes, and such events a e ke y to ece ve negat ve pub c ty If we fa to detect an nc dent, o f we detect an nc dent, such as a te o st attack o act ve-shoote event, but the esponse t me of aw enfo cement o f st esponde s s not suff c ent y qu ck to p event nju y, oss of fe, p ope ty damage o othe adve se outcomes, we may ece ve negat ve med a attent on At t mes, ou data o nfo mat on conce n ng ou techn ques and p ocesses may become a matte of pub c eco d due to ega o othe ob gat ons (fo examp e, as a esu t of pub c- eco ds equests o subpoenas to p ov de nfo mat on o to test fy n cou t), and we may ece ve negat ve med a attent on as a esu t

In add t on, ou so ut ons equ e that ou custome s mon to a e ts and espond t me y to not f cat ons of gunshots If ou custome s do not fu y ut ze ou systems, we may be subject to c t c sm and unf atte ng med a cove age ega d ng the effect veness of ou so ut ons and the cost of ou so ut ons to ou custome s Such negat ve pub c ty cou d have an adve se mpact on new sa es o enewa s o expans ons of cove age a eas by ex st ng custome s, wh ch wou d adve se y mpact ou f nanc a esu ts and futu e p ospects

Real or perceived errors, failures or bugs in our software could adversely affect our operating results and growth prospects.

Because ou softwa e s comp ex, undetected e o s, fa u es o bugs may occu Ou softwa e s often nsta ed and used w th d ffe ent ope at ng systems, system management softwa e, and equ pment and netwo k ng conf gu at ons, wh ch may cause e o s o fa u es of ou softwa e o othe aspects of the comput ng env onment nto wh ch t s dep oyed In add t on, dep oyment of ou softwa e nto comput ng env onments may expose undetected e o s, compat b ty ssues, fa u es o bugs n ou softwa e Desp te ou test ng, e o s, fa u es o bugs may not be found n ou softwa e unt t s e eased to ou custome s Mo eove , ou custome s cou d nco ect y mp ement o nadve tent y m suse ou softwa e, wh ch cou d esu t n custome d ssat sfact on and adve se y mpact the pe ce ved ut ty of ou p oducts as we as ou b and Any of these ea o pe ce ved e o s, compat b ty ssues, fa u es o bugs n ou softwa e cou d esu t n negat ve pub c ty, eputat ona ha m, oss of o de ay n ma ket acceptance of ou softwa e, oss of compet t ve pos t on o c a ms by custome s fo osses susta ned by them In any such event, we may be equ ed, o may choose, fo custome e at ons o othe easons, to expend add t ona esou ces n o de to co ect the p ob em A ev at ng any of these p ob ems cou d equ e s gn f cant expend tu es of ou cap ta and othe esou ces and cou d cause nte upt ons o de ays n the use of ou so ut ons, wh ch cou d cause us to ose ex st ng o potent a custome s and cou d adve se y affect ou ope at ng esu ts and g owth p ospects

Interruptions or delays in service from our third-party providers could impair our ability to make our solutions available to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenues.

We cu ent y use th d-pa ty data cente host ng fac t es to host ce ta n components of ou so ut ons Ou ope at ons depend, n pa t, on ou th d-pa ty p ov de s' ab t es to p otect these fac t es aga nst damage o nte upt on f om natu a d saste s, powe o commun cat ons fa u es, cybe nc dents, c m na acts and s m a events In the event that any of ou th d-pa ty fac ty a angements s te m nated, o f the e s a apse of se v ce o damage to a fac ty, we cou d expe ence se v ce nte upt ons n ou so ut ons as we as de ays and add t ona expenses n a ang ng new fac t es and se v ces Any changes n th d-pa ty se v ce eve s at ou data cente s o any e o s, defects, d s upt ons, cybe nc dents o othe pe fo mance p ob ems w th ou so ut ons cou d ha m ou eputat on

Any damage to, o fa u e of, the systems of ou th d-pa ty p ov de s cou d esu t n nte upt ons to ou so ut ons Desp te p ecaut ons taken at ou data cente s, the occu ence of sp kes n usage vo ume, natu a d saste s, cybe nc dents, acts of te o sm, vanda sm o sabotage, c osu e of a fac ty w thout adequate not ce o othe unant c pated p ob ems cou d esu t n engthy nte upt ons n the ava ab ty of ou se v ces P ob ems faced by ou th d-pa ty data cente ocat ons, w th the netwo k p ov de s w th whom they cont act, o w th the systems by wh ch ou commun cat ons p ov de s a ocate capac ty among the custome s, nc ud ng us, cou d adve se y affect the expe ence of ou custome s Inte upt ons n ou se v ces m ght cause us to ssue efunds to custome s and subject us to potent a ab ty

Fu the , ou nsu ance po c es may not adequate y compensate us fo any osses that we may ncu n the event of damage o nte upt on, and the efo e the occu ence of any of the fo ego ng cou d subject us to ab ty, cause us to ssue c ed ts to custome s o cause custome s not to enew the subsc pt ons fo ou app cat ons, any of wh ch cou d mate a y adve se y affect ou bus ness

If our security measures or those of our customers or third-party providers are compromised, or if unauthorized access to the data of our customers is otherwise obtained, our solutions may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our solutions, our reputation may be damaged and we may incur significant liabilities.

Ou ope at ons nvo ve the sto age and t ansm ss on of gunf e nc dent data, nc ud ng date, t me, add ess and GPS coo d nates, occu ng n ou custome 's cove age a ea Secu ty nc dents, whethe as a esu t of th d-pa ty act on, emp oyee o custome e o , techno ogy mpa ment o fa u e, ma feasance o c m na act v ty, cou d esu t n unautho zed access to, o oss o unautho zed d sc osu e of, th s gunf e nc dent data, wh ch cou d esu t n t gat on expenses o damages, ndemn ty and othe cont actua ob gat ons and othe poss b e ab t es, nc ud ng but not m ted to gove nment f nes and pena t es and m t gat on expenses, as we as negat ve pub c ty, wh ch cou d damage ou eputat on, mpa ou sa es and ha m ou custome s and ou bus ness Cybe nc dents and ma c ous nte net-based act v ty cont nue to nc ease gene a y, and p ov de s of c oud-based se v ces have been ta geted If th d pa t es w th whom we wo k, such as vendo s o deve ope s, v o ate app cab e aws o ou secu ty po c es, such v o at ons may a so put ou gunf e nc dent data at sk and cou d n tu n have an adve se effect on ou bus ness In add t on, such a v o at on cou d expose the ocat ons of ou senso s, nc ud ng those senso s fo wh ch we obta ned th d-pa ty consents that nc ude conf dent a ty ob gat ons We may be unab e to ant c pate o p event techn ques used to obta n unautho zed access o to sabotage systems because such techn ques change f equent y and often a e not detected unt afte an nc dent has occu ed As we nc ease ou custome base and ou b and becomes mo e w de y known and ecogn zed, th d pa t es may nc eas ng y seek to comp om se ou secu ty cont o s o ga n unautho zed access to custome data o othe sens t ve nfo mat on Fu the , because of the natu e of the se v ces that we p ov de to ou custome s, we may be a un que ta get fo attacks

Many gove nments have enacted aws equ ng compan es to not fy nd v dua s of data secu ty nc dents o unautho zed t ansfe s nvo v ng ce ta n types of pe sona data In add t on, some of ou custome s cont actua y equ e not f cat on of any data secu ty nc dent Acco d ng y, secu ty nc dents expe enced by ou compet to s, by ou custome s o by us may ead to pub c d sc osu es, wh ch may ead to w desp ead negat ve pub c ty Any secu ty comp om se n ou ndust y, whethe actua o pe ce ved, cou d ha m ou eputat on, e ode custome conf dence n the effect veness of ou secu ty measu es, negat ve y mpact ou ab ty to att act new custome s, cause ex st ng custome s to e ect not to enew the subsc pt ons o subject us to th d-pa ty awsu ts, egu ato y f nes o othe act on o ab ty, wh ch cou d mate a y and adve se y affect ou bus ness and ope at ng esu ts Fu the , the costs of comp ance w th not f cat on aws and cont actua ob gat ons may be s gn f cant and any equ ement that we p ov de such not f cat ons as a esu t of an actua o a eged comp om se cou d have a mate a and adve se effect on ou bus ness

Wh e we ma nta n gene a ab ty nsu ance cove age and cove age fo e o s o om ss ons, we cannot assu e you that such cove age wou d be adequate o wou d othe w se p otect us f om ab t es o damages w th espect to c a ms a eg ng comp om se o oss of data, o that such cove age w cont nue to be ava ab e on acceptab e te ms o at a

We rely on the cooperation of customers and third parties to permit us to install our ShotSpotter sensors on their facilities, and failure to obtain these rights could increase our costs or limit the effectiveness of our ShotSpotter Flex solution.

Ou ShotSpotte F ex so ut on equ es us to dep oy ShotSpotte senso s n ou custome cove age a eas, wh ch typ ca y enta s the nsta at on of app ox mate y 20 to 25 senso s pe squa e m e The ShotSpotte senso s a e mounted on c ty fac t es and th d-pa ty bu d ngs, and occas ona y on c ty o ut ty-owned ght po es, and nsta ng the senso s equ es the consent of the p ope ty owne s, wh ch can be t me-consum ng to obta n and can de ay dep oyment Gene a y, we do not pay a s te cense fee n o de to nsta ou senso s, and ou cont actua ag eements w th these fac ty owne s p ov de them the ght to evoke pe m ss on to use the fac ty w th not ce of gene a y 60 days

To the extent that equ ed consents de ay ou ab ty to dep oy ou so ut ons o fac ty owne s do not g ant pe m ss on to use the fac t es, evoke p ev ous y g anted pe m ss ons, o equ e us to pay a s te cense fee n o de to nsta ou senso s, ou bus ness may be ha med If we we e equ ed to pay a s te cense fee n o de to nsta senso s, ou dep oyment expenses wou d nc ease, wh ch wou d mpact ou g oss ma g ns If we cannot obta n a suff c ent numbe of senso mount ng ocat ons that a e app op ate y d spe sed n a cove age a ea, the effect veness of ou ShotSpotte F ex so ut on wou d be m ted, we may need to educe the cove age a ea of the so ut on, o we may not be ab e to meet ou se v ce eve equ ements, any of wh ch cou d esu t n custome d ssat sfact on o have a mate a adve se mpact on ou eputat on, ou bus ness and ou f nanc a esu ts

If we fail to offer high-quality customer support, our business and reputation may suffer.

We offe custome suppo t 24 hou s a day, seven days a week, as we as t a n ng on best p act ces, fo ens c expe t se and expe t w tness se v ces P ov d ng these se v ces equ es that ou pe sonne have spec f c expe ence, know edge and expe t se, mak ng t mo e d ff cu t fo us to h e qua f ed pe sonne and to sca e up ou suppo t ope at ons The mpo tance of h gh-qua ty custome suppo t w nc ease as we expand ou bus ness and pu sue new custome s We may be unab e to espond qu ck y enough to accommodate sho t-te m nc eases n custome demand fo suppo t se v ces o sca e ou se v ces f ou bus ness g ows Inc eased custome demand fo these se v ces, w thout co espond ng evenues, cou d nc ease ou costs and ha m ou ope at ng esu ts If we do not he p ou custome s use app cat ons w th n ou so ut ons and p ov de effect ve ongo ng suppo t, ou ab ty to se add t ona app cat ons to, o to eta n, ex st ng custome s may suffe and ou eputat on w th ex st ng o potent a custome s may be ha med

Our reliance on wireless carriers will require updates to our technology, and making such updates could result in disruptions in our service or increase our costs of operations.

App ox mate y 60% of ou nsta ed ShotSpotte senso s use fou th-gene at on Long-Te m Evo ut on (“LTE”) w e ess techno ogy and 40% use th d-gene at on (“3G”) ce u a commun cat ons Ou US w e ess ca e s have adv sed us that they w d scont nue the 3G se v ces n the futu e and ou ShotSpotte senso s w not be ab e to t ansm t on these netwo ks As a esu t, we w have to upg ade the senso s that use 3G ce u a commun cat ons at no add t ona cost to ou custome s p o to the d scont nuat on of 3G se v ces As ou w e ess ca e s phase out the 3G se v ces o make changes to the spect um a ocat on, we may expe ence educed se v ce pe fo mance, wh ch may equ e us to ep ace ou 3G senso s soone than p anned O g na y, we had expected to sta t ncu ng costs to do so m d-2020 th ough 2022 We have begun p ans to ep ace senso s n ce ta n geog aph c a eas sta t ng n ea y 202 Acce e ated bandw dth changes by ou ca e s may equ e us to cont nue to acce e ate the upg ade of ou 3G senso s p o to 202 , wh ch wou d acce e ate the costs assoc ated w th the upg ade These senso ep acements w equ e s gn f cant cap ta expend tu es, wh ch a e est mated to be between $4 0 m on and $6 0 m on n tota and may educe ou g oss ma g ns and a so d ve t management’s attent on and othe mpo tant esou ces away f om ou custome se v ce and sa es effo ts fo new custome s

In the futu e, we may not be ab e to successfu y mp ement new techno og es o adapt ex st ng techno og es to chang ng maket demands If we a e unab e to adapt t me y to chang ng techno og es, ma ket cond t ons o custome p efe ences, ou bus ness, ope at ng esu ts and f nanc a cond t on cou d be mate a y and adve se y affected

Concerns regarding privacy and government-sponsored surveillance may deter customers from purchasing our solutions.

Gove nmenta agenc es and p vate c t zens have become nc eas ng y sens t ve to ea o pe ce ved gove nment o th d-pa ty su ve ance and may w ong y be eve that ou outdoo senso s a ow custome s to sten to p vate conve sat ons and mon to p vate c t zen act v ty Ou senso s a e not des gned fo " ve sten ng" and a e t gge ed on y at oud mpu s ve sounds that may ke y be gunf e Howeve , pe ce ved p vacy conce ns may esu t n negat ve med a cove age and effo ts by p vate c t zens to pe suade mun c pa t es, educat ona nst tut ons o othe potent a custome s not to pu chase ou so ut ons fo the commun t es, campuses o fac t es In add t on, aws may ex st o be enacted to add ess such conce ns that cou d mpact ou ab ty to dep oy ou so ut ons Fo examp e, the C ty of To onto, Canada dec ded aga nst us ng ShotSpotte so ut ons because the M n st y of the Atto ney Gene a of Onta o nd cated that t may comp om se Sect on 8 of Canada's Cha te of R ghts and F eedoms, wh ch e ates to un easonab e sea ch and se zu e If custome s choose not to pu chase ou so ut ons due to p vacy o su ve ance conce ns, then the ma ket fo ou so ut ons may deve op mo e s ow y t an we expect, o t may not ach eve the g owth potent a we expect, any of wh ch wou d adve se y affect ou bus ness and f nanc a esu ts

We rely on a limited number of suppliers and contract manufacturers, and our proprietary ShotSpotter sensors are manufactured by a single contract manufacturer.

We e y on a m ted numbe of supp e s and cont act manufactu e s In pa t cu a , we use a s ng e manufactu e , w th wh ch we have no ong-te m cont act and f om wh ch we pu chase on a pu chase-o de bas s, to p oduce ou p op eta y ShotSpotte senso s Ou e ance on a so e cont act manufactu e nc eases ou sks s nce we do not cu ent y have any a te nat ve o ep acement manufactu e s, and we do not ma nta n a h gh vo ume of nvento y In the event of an nte upt on f om a cont act manufactu e , we may not be ab e to deve op a te nate o seconda y sou ces w thout ncu ng mate a add t ona costs and substant a de ays Fu the mo e, these sks cou d mate a y and adve se y affect ou bus ness f ou cont act manufactu e s mpacted by a natu a d saste o othe nte upt on at a pa t cu a ocat on because each of ou cont act manufactu e s p oduces ou p oducts f om a s ng e ocat on A though ou cont act manufactu e has a te nat ve manufactu ng ocat ons, t ansfe ng manufactu ng to anothe ocat on may esu t n s gn f cant de ays n the ava ab ty of ou senso s A so, many standa d zed components used b oad y n ou senso s a e manufactu ed n s gn f cant quant t es n concent ated geog aph c eg ons, pa t cu a y n G eate Ch na As a esu t, p ot acted eg ona c ses, such as the ecent outb eak of the COVID- 9 d sease n G eate Ch na, cou d ead to eventua sho tages of necessa y components It cou d be d ff cu t, cost y and t me consum ng to obta n a te nat ve sou ces fo these components, o to change p oduct des gns to make use of a te nat ve components In add t on, d ff cu t es n t ans t on ng f om an ex st ng supp e to a new supp e cou d c eate de ays n component ava ab ty that wou d have a s gn f cant mpact on ou ab ty to fu f o de s fo ou p oducts

Many of the key components used to manufactu e ou p op eta y ShotSpotte senso s a so come f om m ted o so e sou ces of supp y Ou cont act manufactu e gene a y pu chases these components on ou beha f, and we do not have any ong-te m a angements w th ou supp e s We a e the efo e subject to the sk of sho tages and ong ead t mes n the supp y of these components and the sk that supp e s d scont nue o mod fy components used n ou p oducts In add t on, the ead t mes assoc ated w th ce ta n components a e engthy and p ec ude ap d changes n quant t es and de ve y schedu es Deve op ng a te nate sou ces of supp y fo these components may be t me-consum ng, d ff cu t, and cost y, and we o ou supp e s may not be ab e to sou ce these components on te ms that a e acceptab e to us, o at a , wh ch may unde m ne ou ab ty to f ou o de s n a t me y manne

If we expe ence s gn f cant y nc eased demand, o f we need to ep acean ex st ng supp e o cont act manufactu e , we may be unab e to supp ement o ep ace such supp y o cont act manufactu ng on te ms that a e acceptab e to us, wh ch may unde m ne ou ab ty to de ve ou p oducts to custome s n a t me y manne Fo examp e, fo ou ShotSpotte senso s, t may take a s gn f cant amount of t me to dent fy a cont act manufactu e that has the capab ty and esou ces to bu d the senso s to ou spec f cat ons Ident fy ng su tab e supp e s and cont act manufactu e s s an extens ve p ocess that equ es us to become sat sf ed w th the qua ty cont o , techn ca capab t es, espons veness and se v ce, f nanc a stab ty, egu ato y comp ance, and abo and othe eth ca p act ces Acco d ng y, the oss of any key supp e o cont act manufactu e cou d adve se y mpact ou bus ness, ope at ng esu ts and f nanc a cond t on

Our solutions use third-party software and services that may be difficult to replace or cause errors or failures of our solutions that could lead to a loss of customers or harm to our reputation and our operating results.

We cense th d-pa ty softwa e and depend on se v ces f om va ous th d pa t es fo use n ou so ut ons In the futu e, such softwa e o se v ces may not be ava ab e to us on comme c a y easonab e te ms, o at a Any oss of the ght to use any of the softwa e o se v ces cou d esu t n dec eased funct ona ty of ou so ut ons unt equ va ent techno ogy s e the deve oped by us o , f ava ab e f om anothe p ov de , s dent f ed, obta ned and nteg ated, wh ch cou d ha m ou bus ness In add t on, any e o s o defects n o fa u es of the th d-pa ty softwa e o se v ces cou d esu t n e o s o defects n ou so ut ons o cause ou so ut ons to fa , wh ch cou d ha m ou bus ness and be cost y to co ect Many of these p ov de s attempt to mpose m tat ons on the ab ty fo such e o s, defects o fa u es, and f enfo ceab e, we may have add t ona ab ty to ou custome s o th d-pa ty p ov de s that cou d ha m ou eputat on and nc ease ou ope at ng costs

We w need to ma nta n ou e at onsh ps w th th d-pa ty softwa e and se v ce p ov de s, and obta n f om such p ov de s softwa e and se v ces that do not conta n any e o s o defects Any fa u e to do so cou d adve se y mpact ou ab ty to de ve effect ve p oducts to ou custome s and cou d ha m ou ope at ng esu ts

If we do not or cannot maintain the compatibility of our platform with applications that our customers use, our business could suffer.

Some of ou custome s choose to nteg ate ou so ut ons w th ce ta n othe systems used by ou custome s, such as ea -t me c me cente p atfo ms o compute -a ded d spatch systems The funct ona ty and popu a ty of ou so ut ons depend, n pa t, on ou ab ty to nteg ate ou so ut ons these systems P ov de s of these systems may change the featu es of the techno og es, est ct ou access to the app cat ons o a te the te ms gove n ng use of the app cat ons n an adve se manne Such changes cou d funct ona y m t o te m nate ou ab ty to use these techno og es n conjunct on w th ou so ut ons, wh ch cou d negat ve y mpact ou custome se v ce and ha m ou bus ness If we fa to nteg ate ou so ut ons w th app cat ons that ou custome s use, we may not be ab e to offe the funct ona ty that ou custome s need, and ou custome s may not enew the ag eements, wh ch wou d negat ve y mpact ou ab ty to gene ate evenues and adve se y mpact ou bus ness

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could impair our efforts to maintain and expand our customer base, and thereby decrease our revenues.

Ou outdoo senso s a e acoust c dev ces that a e des gned to ecogn ze mpu s ve sounds that a e ke y to be gunf e ShotSpotte senso s do not use h gh ga n, d ect ona o othe spec a zed m c ophones

The senso s do not have the ab ty to ve st eam aud o Typ ca y, sounds, no ses o vo ces captu ed on the secu e senso s a e cached tempo a y but a e w tten ove and pe manent y de eted w th n 30 hou s When a senso s t gge ed by an mpu s ve sound, t c eates a potent a gunshot " nc dent" that conta ns a eco d ng, wh ch nc udes no mo e than one second befo e the nc dent and one second afte the nc dent Th s nc dent aud o sn ppet s p ese ved ndef n te y fo potent a ev dent a y use

The e s the potent a to nc ude human vo ces that occu at the same t me as the gunshot n these nc dent aud o sn ppets We eta n nc dent aud o sn ppets ndef n te y as ev dence We a so use nfo mat on co ected to suppo t, expand and mp ove ou softwa e a go thms as we as ou gunf e detect on and not f cat on methods Senso s a e often nsta ed n dense y popu ated u ban a eas They a e not des gned o tuned to captu e human vo ces, but t s poss b e they cou d p ck up a human vo ce Human vo ces a e not mpu s ve and do not typ ca y t gge the senso s, and un ess accompan ed by an mpu s ve sound no aud o sn ppet wou d be t ansm tted out of the senso and p ese ved as an nc dent aud o sn ppet The human vo ce wou d be tempo a y cached on the senso fo 30 hou s and wou d then be w tten ove and pe manent y de eted Info mat on co ected f om oud mpu s ve sounds (" nc dents") s used to p ov de nfo mat on to ou custome s ega d ng those nc dents, but sha ed nfo mat on s m ted, by both ou techno ogy and ou p vacy po c es, to the aud t sn ppet conta n ng the nc dent

Ou hand ng and sto age of data s subject to a va ety of aws and egu at ons, nc ud ng egu at on by va ous gove nment agenc es and va ous state, oca and fo e gn agenc es The U S fede a and va ous state and fo e gn gove nments have adopted o p oposed eg s at on that egu ates the mon to ng and co ect on of pe sona nfo mat on of nd v dua s and that mandates secu ty equ ements w th espect to ce ta n pe sona y dent f ab e nfo mat on In the Un ted States, the Fede a T ade Comm ss on and nume ous state atto neys gene a a e mpos ng standa ds fo the on ne co ect on, d st but on, use and sto age of data by app y ng fede a and state consume p otect on aws The ack of a c ea and un ve sa standa d fo p otect ng such nfo mat on means, howeve , that these ob gat ons may be nte p eted and app ed n a manne that s ncons stent f om one j u sd ct on to anothe and may conf ct w th othe equ ements o ou p act ces Any fa u e o pe ce ved fa u e by us to comp y w th p vacy o secu ty aws, po c es, ega ob gat ons o ndust y standa ds o any secu ty nc dent that esu ts n the unautho zed e ease o t ansfe of sens t ve co po ate nfo mat on, pe sona y dent f ab e nfo mat on o othe custome data may esu t n gove nmenta enfo cement act ons, t gat on, f nes and pena t es and/o adve se pub c ty, and cou d cause ou custome s to ose t ust n us, wh ch cou d have an adve se effect on ou eputat on and bus ness

Ca fo n a enacted the Ca fo n a Consume P vacy Act (the “CCPA”), wh ch became ope at ve on Janua y , 2020 The CCPA equ es cove ed compan es to, among othe th ngs, p ov de new d sc osu es to Ca fo n a consume s, and affo ds such consume s new ab t es to opt-out of ce ta n sa es of pe sona nfo mat on The CCPA s the subject of p oposed egu at ons of the Ca fo n a Atto ney Gene a that we e e eased on Octobe 0, 20 9 but have yet to be f na zed Aspects of the CCPA and ts nte p etat on ema n unc ea at th s t me We cannot fu y p ed ct the mpact of the CCPA on ou bus ness o ope at ons, but t may equ e us to mod fy ou data p ocess ng p act ces and po c es and to ncu substant a costs and expenses n an effo t to comp y

Some p oposed aws o egu at ons conce n ng p vacy, data p otect on and nfo mat on secu ty a e n the ea y stages, and we cannot yet dete m ne how these aws a nd egu at ons may be nte p eted no can we dete m ne the mpact these p oposed aws and egu at ons, may have on ou bus ness Such p oposed aws and egu at ons may equ e compan es to mp ement p vacy and secu ty po c es, pe m t use s to access, co ect and de ete pe sona nfo mat on sto ed o ma nta ned by such compan es, nfo m nd v dua s of secu ty b eaches that affect the pe sona nfo mat on, and, n some cases, obta n nd v dua s’ consent to use pe sona nfo mat on fo ce ta n pu poses In add t on, a fo e gn gove nment cou d equ e that any pe sona nfo mat on co ected n a count y not be d ssem nated outs de of that count y, and we may not be cu ent y equ pped to comp y w th such a equ ement Ou fa u e to comp y w th fede a , state and nte nat ona data p vacy aws and egu ato s cou d ha m ou ab ty to successfu y ope ate ou bus ness and pu sue ou bus ness goa s

Our quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.

Ou evenues and esu ts of ope at ons cou d va y s gn f cant y f om qua te to qua te as a esu t of va ous facto s, many of wh ch a e outs de of ou cont o , nc ud ng

- the expans on o cont act on of ou custome base;
- the enewa o non enewa of subsc pt on ag eements w th, and expans on of cove age a eas by, ex st ng custome s;
- the s ze, t m ng, te ms and dep oyment schedu es of ou sa es to both ex st ng and new custome s;
- the nt oduct on of p oducts o se v ces that may compete w th us fo the m ted funds ava ab e to ou custome s, and changes n the cost of such p oducts o se v ces;
- changes n ou custome s' and potent a custome s' budgets;
- ou ab ty to cont o costs, nc ud ng ou ope at ng expenses;
- ou ab ty to h e, t a n and ma nta n ou d ect sa es fo ce;
- the t m ng of sat sfy ng evenues ecogn t on c te a n connect on w th n t a dep oyment and enewa s;
- f uctuat ons n ou effect ve tax ate; and
- gene a econom c and po t ca cond t ons, both domest ca y and nte nat ona y

Any one of these o othe facto s d scussed e sewhe e n th s epo t may esu t n f uctuat ons n ou evenues and ope at ng esu ts, mean ng that qua te -to-qua te compa sons of ou evenues, esu ts of ope at ons and cash f ows may not necessa y be nd cat ve of ou futu e pe fo mance

Because of the f uctuat ons desc bed above, ou ab ty to fo ecast evenues s m ted and we may not be ab e to accu ate y p ed ct ou futu e evenues o esu ts of ope at ons In add t on, we base ou cu ent and futu e expense eve s on ou ope at ng p ans and sa es fo ecasts, and ou ope at ng expenses a e expected to nc ease n the sho t te m Acco d ng y, we may not be ab e to educe ou costs suff c ent y to compensate fo an unexpected sho tfa n evenues, and even a sma sho tfa n evenues cou d d sp opo t onate y and adve se y affect ou f nanc a esu ts fo that qua te The va ab ty and unp ed ctab ty of these and othe facto s cou d esu t n ou fa ng to meet o exceed f nanc a expectat ons fo a g ven pe od

Because we generally recognize our subscription revenues ratably over the term of our contract with a customer, fluctuations in sales will not be fully reflected in our operating results until future periods.

Ou evenues a e p ma y gene ated f om subsc pt ons to ou so ut ons W th the except on of a sma numbe of egacy custome s, ou custome s do not have the ght to take possess on of ou equ pment o softwa e p atfo m Revenues f om subsc pt ons to ou softwa e p atfo m s ecogn zed atab y ove the subsc pt on pe od beg nn ng on the date that the subsc pt on s made ava ab e to the custome , wh ch we efe to as the "go- ve" date Ou ag eements w th ou custome s typ ca y ange f om one to f ve yea s As a esu t, much of the evenues that we epo t n each qua te a e att butab e to ag eements ente ed nto du ng p ev ous qua te s Consequent y, a dec ne n sa es, custome enewa s o ma ket acceptance of ou so ut ons n any one qua te wou d not necessa y be fu y ef ected n the evenues n that qua te , and wou d negat ve y affect ou evenues and p of tab ty n futu e qua te s Th s atab e evenues ecogn t on a so makes t d ff cu t fo us to ap d y nc ease ou evenues th ough add t ona sa es n any pe od, as evenues f om new custome s gene a y a e ecogn zed ove the app cab e ag eement te m Ou subsc pt on-based app oach may esu t n uneven ecogn t on of evenues

We ecogn ze subsc pt on evenues ove the te m of a subsc pt on ag eement Once we ente nto a cont act w th a custome , the e s a de ay unt we beg n ecogn z ng evenues wh e we su vey the cove age a eas, obta n any equ ed consents fo nsta at on, and nsta ou senso s, wh ch togethe can take up to seve a months o mo e We beg n ecogn z ng evenues f om a sa e on y when a of these steps a e comp ete and the so ut on s ve

Wh e most of ou custome s e ect to enew the subsc pt on ag eements fo ow ng the exp at on of a te m, n some cases, they maynot be ab e to obta n the p ope app ova s o fund ng to comp ete the enewa p o to such exp at on Fo these custome s, we stop ecogn z ng subsc pt on evenues at the end of the cu ent te m, even though we may cont nue to p ov de se v ces fo a pe od of t me wh e the enewa p ocess s comp eted Once the enewa s comp ete, we then ecogn ze subsc pt on evenues fo the pe od between the exp at on of the te m of the ag eement and the comp et on of the enewa p ocess

The va at on n the t me ne fo dep oy ng ou so ut ons and comp et ng enewa s may esu t n f uctuat ons n ou evenues, wh ch cou d cause ou esu ts to d ffe f om p oject ons Add t ona y, wh e we gene a y nvo ce fo 50% of the cont act cost upon a custome 's go- ve date, ou cash f ows may be vo at e and w not match ou evenues ecogn t on

We are in the process of expanding our international operations, which exposes us to significant risks.

We cu ent y ope ate n m ted numbe of ocat ons outs de the Un ted States A key component to ou bus ness st ategy s to expand ou nte nat ona ope at ons to nc ease ou evenues f om custome s outs de of the Un ted States as pa t of ou g owth st ategy Ope at ng n nte nat ona ma kets equ es s gn f cant esou ces and management attent on and w subject us to egu ato y, econom c and po t ca sks n add t on to those we a eady face n the Un ted States In add t on, we w need to nvest t me and esou ces n unde stand ng the egu ato y f amewo k and po t ca env onments of ou potent a custome s ove seas n o de to focus ou sa es effo ts Because such egu ato y and po t ca cons de at ons a e ke y to va y ac oss ju sd ct ons, th s effo t w equ e add t ona t me and attent on f om ou sa es team and cou d ead to a sa es cyc e that s onge than ou typ ca p ocess fo sa es n the Un ted States We a so may need to h e add t ona emp oyees and othe w se nvest n ou nte nat ona ope at ons n o de to each new custome s Because of ou m ted expe ence w th nte nat ona ope at ons as we as deve op ng and manag ng sa es n nte nat ona ma kets, ou nte nat ona expans on effo ts may be de ayed o may not be successfu

In add t on, we face and w cont nue to face sks n do ng bus ness nte nat ona y that cou d adve se y affect ou bus ness, nc ud ng

- the potent a mpact of cu ency exchange f uctuat ons;
- the need to comp y w th oca data es dency equ ements;
- the ava ab ty and e ab ty of oca data cente s and nte net bandw dth p ov de s;
- the d ff cu ty of staff ng and manag ng nte nat ona ope at ons and the nc eased ope at ons, t ave , sh pp ng and comp ance costs assoc ated w th hav ng custome s n nume ous nte nat ona ocat ons;
- potent a y g eate d ff cu ty co ect ng accounts ece vab e and onge payment cyc es;
- the ava ab ty of cove age by w e ess ca e s n nte nat ona ma kets;
- h ghe o mo e va ab e costs assoc ated w th w e ess ca e s and othe se v ce p ov de s;
- the need to offe custome suppo t n va ous anguages;
- cha enges n unde stand ng and comp y ng w th oca aws, egu at ons and customs n fo e gn ju sd ct ons, nc ud ng aws ega d ng p vacy and gove nment su ve ance;
- expo t cont o s and econom c sanct ons adm n ste ed by the Depa tment of Comme ce Bu eau of Indust y and Secu ty and the T easu y Depa tment's Off ce of Fo e gn Assets Cont o ;
- comp ance w th va ous ant -b be y and ant -co upt on aws such as the Fo e gn Co upt P act ces Act and Un ted K ngdom B be y Act of 20 0;
- ta ffs and othe non-ta ff ba e s, such as quotas and oca content u es;
- mo e m ted p otect on fo ou nte ectua p ope ty n some count es;
- adve se o unce ta n tax consequences as a esu t of nte nat ona ope at ons;

- cu ency cont o egu at ons, wh ch m ght est ct o p oh b t ou conve s on of othe cu enc es nto U S do a s;
- est ct ons on the t ansfe of funds;
- dete o at on of po t ca e at ons between the Un ted States and othe count es; and
- po t ca o soc a un est o econom c nstab ty n a spec f c count y o eg on n wh ch we ope ate, wh ch cou d have an adve se mpact on ou ope at ons n that ocat on

A so, we expect that due to costs e ated to ou nte nat ona expans on effo ts and the nc eased cost of do ng bus ness nte nat ona y, we w ncu h ghe costs to secu e sa es to nte nat ona custome s than the compa ab e costs fo domest c custome s As a esu t, ou f nanc a esu ts may f uctuate as we expand ou ope at ons and custome base wo dw de

Ou fa u e to manage any of these sks successfu y cou d ha m ou nte nat ona ope at ons, and adve se y affect ou bus ness, ope at ng esu ts and f nanc a cond t on

We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.

Ou futu e success depends n a ge pa t on the cont nued cont but ons of ou sen o management and othe key pe sonne In pa t cu a , the eade sh p of key management pe sonne s c t ca to the successfu management of ou company, the deve opment of ou p oducts, and ou st ateg c d ect on We a so depend on the cont but ons of key techn ca pe sonne

We do not ma nta n “key pe son” nsu ance fo any membe of ou sen o management team o any of ou othe key emp oyees Ou sen o management and key pe sonne a e a emp oyed on an at-w bas s, wh ch means that they cou d te m nate the emp oyment w th us at any t me, fo any eason and w thout not ce The oss of any of ou key management pe sonne cou d s gn f cant y de ay o p event the ach evement of ou deve opment and st ateg c object ves and adve se y affect ou bus ness

If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.

Ou futu e success depends n pa t on ou ab ty to dent fy, att act, nteg ate and eta n h gh y sk ed techn ca , manage a , sa es and othe pe sonne We face ntense compet t on fo qua f ed nd v dua s f om nume ous othe compan es, nc ud ng othe softwa e and techno ogy compan es, many of whom have g eate f nanc a and othe esou ces than we do Some of these cha acte st cs may be mo e appea ng to h gh-qua ty cand dates than those we have to offe In add t on, new h es often equ e s gn f cant t a n ng and, n many cases, take s gn f cant t me befo e they ach eve fu p oduct v ty We may ncu s gn f cant costs to att act and eta n qua f ed pe sonne , nc ud ng s gn f cant expend tu es e ated to sa a es and benef ts and compensat on expenses e ated to equ ty awa ds, and we may ose new emp oyees to ou compet to s o othe compan es befo e we ea ze the benef t of ou nvestment n ec u t ng and t a n ng them Mo eove , new emp oyees may not be o become as p oduct ve as we expect, as we may face cha enges n adequate y o app op ate y nteg at ng them nto ou wo kfo ce and cu tu e If we a e unab e to att act, nteg ate and eta n su tab y qua f ed nd v dua s who a e capab e of meet ng ou g ow ng techn ca , ope at ona and manage a equ ements, on a t me y bas s o at a , ou bus ness w be adve se y affected

Vo at ty o ack of pos t ve pe fo mance n ou stock p ce may a so affect ou ab ty to att act and eta n ou key emp oyees Many of ou sen o management pe sonne and othe key emp oyees have become, o w soon become, vested n a substant a amount of stock o stock opt ons Emp oyees may be mo e ke y to eave us f the sha es they own o the sha es unde y ng the vested opt ons have s gn f cant y app ec ated n va ue e at ve to the o g na pu chase p ces of the sha es o the exe c se p ces of the opt ons, o , conve se y, f the exe c se p ces of the opt ons that they ho d a e s gn f cant y above the ma ket p ce of ou common stock If we a e unab e to app op ate y ncent v ze and eta n ou emp oyees th ough equ ty compensat on, o f we need to nc ease ou compensat on expenses n o de to app op ate y ncent v ze and eta n ou emp oyees, ou bus ness, ope at ng esu ts and f nanc a cond t on wou d be adve se y affected

We may be subject to additional obligations to collect and remit certain taxes, and we may be subject to tax liability for past activities, which could harm our business.

State, oca and fo e gn ju sd ct ons have d ffe ng u es and egu at ons gove n ng sa es, use, va ue added and othe taxes, and these u es and egu at ons a e subject to va y ng nte p etat ons that may change ove t me, pa t cu a y w th espect to softwa e-as-a-se v ce p oducts ke ou so ut ons Fu the , these ju sd ct ons' u es ega d ng tax nexus a e comp ex and va y s gn f cant y If one o mo e ju sd ct ons we e to asse t that we have fa ed to co ect taxes fo sa es of ou so ut ons, we cou d face the poss b ty of tax assessments and aud ts A successfu asse t on that we shou d be co ect ng add t ona sa es, use, va ue added o othe taxes n those ju sd ct ons whe e we have not h sto ca y done so and do not acc ue fo such taxes cou d esu t n substant a tax ab t es and e ated pena t es fo past sa es o othe w se ha m ou bus ness and ope at ng esu ts

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of Decembe 3 , 20 9, we had fede a net ope at ng oss ca yfo wa ds ("NOLs") of app ox mate y $85 6 m on, of wh ch $80 6 m on w exp e between 2026 th ough 2038, f not ut zed As of Decembe 3 , 20 9, we a so had state NOLs of app ox mate y $55 m on, wh ch w exp e, f not ut zed, n 20 9 th ough 2038 These fede a and state NOLs may be ava ab e to educe futu e ncome subject to ncome taxes In gene a , unde Sect on 382 of the Inte na Revenue Code of 986, as amended ("the Code"), a co po at on that unde goes an "owne sh p change" s subject to m tat ons on ts ab ty to ut ze ts NOLs to offset futu e taxab e ncome Past o futu e changes n ou stock owne sh p, some of wh ch a e outs de of ou cont o , may have esu ted o cou d esu t n an owne sh p change State NOLs gene ated n one state cannot be used to offset ncome gene ated n anothe state

We may be subject to litigation for a variety of claims or to other legal requests, which could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business.

We may be subject to t gat on fo a va ety of c a ms a s ng f om ou no ma bus ness act v t es These may nc ude c a ms, su ts, and p oceed ngs nvo v ng abo and emp oyment, wage and hou , comme c a and othe matte s The outcome of any t gat on, ega d ess of ts me ts, s nhe ent y unce ta n Any c a ms and awsu ts, and the d spos t on of such c a ms and awsu ts, cou d be t me-consum ng and expens ve to eso ve, d ve t management attent on and esou ces, and ead to attempts on the pa t of othe pa t es to pu sue s m a c a ms Any adve se dete m nat on e ated to t gat on cou d adve se y affect ou esu ts of ope at ons, ha m ou eputat on o othe w se negat ve y mpact ou bus ness In add t on, depend ng on the natu e and t m ng of any such d spute, a eso ut on of a ega matte cou d mate a y affect ou futu e ope at ng esu ts, ou cash f ows o both

An unfavo ab e outcome on any t gat on matte s cou d equ e us to pay substant a damages, o , n connect on w th any nte ectua p ope ty nf ngement c a ms, cou d equ e us to pay ongo ng oya ty payments o cou d p event us f om se ng ce ta n of ou p oducts As a esu t, a sett ement of, o an unfavo ab e outcome on, any of the matte s efe enced above o othe t gat on matte s cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows

We, o ou custome s, may be subject to equests fo ou data o nfo mat on conce n ng ou techn ques and p ocesses, pu suant to state o fede a aw (fo examp e, pub c- eco ds equests o subpoenas to p ov de nfo mat on o to test fy n cou t) Th s data and nfo mat on, some of wh ch we may deem to be conf dent a o t ade sec ets, cou d the efo e become a matte of pub c eco d and a so become access b e by compet to s, wh ch cou d negat ve y mpact ou bus ness

Changes in financial accounting standards may cause adverse and unexpected revenues fluctuations and impact our reported results of operations.

The account ng u es and egu at ons that we must comp y w th a e comp ex and subject to nte p etat on by the F nanc a Account ng Standa ds Boa d ("FASB"), the Secu t es and Exchange Comm ss on and va ous bod es fo med to p omu gate and nte p et app op ate account ng p nc p es In add t on, many compan es' account ng d sc osu es a e be ng subjected to he ghtened sc ut ny by egu ato s and the pub c Fu the , the account ng u es and egu at ons a e cont nua y chang ng n ways that cou d mpact ou f nanc a statements

Cha nges to account ng p nc p es o ou account ng po c es on ou f nanc a statements go ng fo wa d a e d ff cu t to p ed ct, cou d have a s gn f cant effect on ou epo ted f nanc a esu ts, and cou d affect the epo t ng of t ansact ons comp eted befo e the announcement of the change In add t on, we e we to change ou c t ca account ng est mates, nc ud ng the t m ng of ecogn t on of subsc pt on and p ofess ona se v ces evenues and othe evenues sou ces, ou esu ts of ope at ons cou d be s gn f cant y mpacted

Risks Related to Our Intellectual Property

Failure to protect our intellectual property rights could adversely affect our business.

Ou success depends, n pa t, on ou ab ty to p otect p op eta y methods and techno og es that we deve op o cense unde patent and othe nte ectua p ope ty aws of the Un ted States, as we as ou b ands, so that we can p event othe s f om them We e y on a comb nat on of cont actua and nte ectua p ope ty ghts, nc ud ng non-d sc osu e ag eements, patents, t ade sec ets, copy ghts and t adema ks, to estab sh and p otect ou nte ectua p ope ty ghts n ou names, se v ces, nnovat ons, methodo og es and e ated techno og es If we fa to p otect ou nte ectua p ope ty ghts adequate y, ou compet to s m ght ga n access to ou techno ogy and ou bus ness m ght be adve se y affected

As of Decembe 3 , 20 9, we had 32 U S patents d ected to ou techno og es, as we as one g anted patent n Is ae and one g anted patent n Mex co The ssued patents exp e on va ous dates f om 2022 to 2034 We a so cense one patent f om a th d pa ty, wh ch exp es n 2023 We have patent app cat ons pend ng fo exam nat on n the Un ted States, Eu ope, Mex co and B az , but we cannot gua antee that these patent app cat ons w be g anted We a so cense one othe U S patent f om one th d pa ty The patents that we own o those that we cense f om othe s (nc ud ng those that may be ssued n the futu e) may not p ov de us w th any compet t ve advantages o may be cha enged by th d pa t es

The p ocess of obta n ng patent p otect on s expens ve and t me-consum ng, and we may not be ab e to p osecute a necessa y o des ab e patent app cat ons at a easonab e cost o n a t me y manne Even f ssued, the e can be no assu ance that these patents w adequate y p otect ou nte ectua p ope ty, as the ega standa ds e at ng to the va d ty, enfo ceab ty and scope of p otect on of patent and othe nte ectua p ope ty ghts a e unce ta n

Any patents that a e ssued may subsequent y be nva dated o othe w se m ted, a ow ng othe compan es to deve op offe ngs that compete w th ou s, wh ch cou d adve se y affect ou compet t ve bus ness pos t on, bus ness p ospects and f nanc a cond t on In add t on, ssuance of a patent does not gua antee that we have a ght to p act ce the patented nvent on Patent app cat ons n the Un ted States a e typ ca y not pub shed unt 8 months afte the ea est p o ty date o , n some cases, not at a , and pub cat ons of d scove es n ndust y- e ated te atu e ag beh nd actua d scove es We cannot be ce ta n that th d pa t es do not have b ock ng patents that cou d be used to p event us f om ma ket ng o p act c ng ou softwa e o techno ogy

Effect ve patent, t adema k, copy ght and t ade sec et p otect on may not be ava ab e to us n eve y count y n wh ch ou softwa e s ava ab e The aws of some fo e gn count es may not be as p otect ve of nte ectua p ope ty ghts as those n the Un ted States (n pa t cu a , some fo e gn ju sd ct ons do not pe m t patent p otect on fo softwa e), and mechan sms fo enfo cement of nte ectua p ope ty ghts may be nadequate Add t ona unce ta nty may esu t f om changes to nte ectua p ope ty eg s at on enacted n the Un ted States, nc ud ng the ecent Ame ca Invents Act, o to the aws of othe count es and f om nte p etat ons of the nte ectua p ope ty aws of the Un ted States and othe count es by app cab e cou ts and agenc es Acco d ng y, desp te ou effo ts, we may be unab e to p event th d pa t es f om nf ng ng upon o m sapp op at ng ou nte ectua p ope ty

We e y n pa t on t ade sec ets, p op eta y know-how and othe conf dent a nfo mat on to ma nta n ou compet t ve pos t on A though we endeavo to ente nto non-d sc osu e ag eements w th ou emp oyees, censees and othe s who may have access to th s nfo mat on, we cannot assu e you that these ag eements o othe steps we have taken w p event unautho zed use, d sc osu e o eve se eng nee ng of ou techno ogy Mo eove , th d pa t es may ndependent y deve op techno og es o p oducts that compete w th ou s, and we may be unab e to p event th s compet t on Th d pa t es a so may seek access to ou t ade sec ets, p op eta y know-how and othe conf dent a nfo mat on th ough ega measu es (fo examp e, pub c- eco ds equests o subpoenas to p ov de nfo mat on o to test fy n cou t) and t cou d be expens ve to defend aga nst those equests D sc osu e of ou t ade sec ets, p op eta y know-how and othe conf dent a nfo mat on cou d negat ve y mpact ou bus ness

We m ght be equ ed to spend s gn f cant esou ces to mon to and p otect ou nte ectua p ope ty ghts We may n t ate c a ms o t gat on aga nst th d pa t es fo nf ngement of ou p op eta y ghts o to estab sh the va d ty of ou p op eta y ghts L t gat on a so puts ou patents at sk of be ng nva dated o nte p eted na ow y and ou patent app cat ons at sk of not ssu ng Add t ona y, we may p ovoke th d pa t es to asse t counte c a ms aga nst us We may not p eva n any a wsu ts that we n t ate, and the damages o othe emed es awa ded, f any, may not be comme c a y v ab e Any t gat on, whethe o not eso ved n ou favo , cou d esu t n s gn f cant expense to us and d ve t the effo ts of ou techn ca and management pe sonne , wh ch may adve se y affect ou bus ness, ope at ng esu ts, f nanc a cond t on and cashf ows

We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

Compan es n the softwa e and techno ogy ndust es, nc ud ng some of ou cu ent and potent a compet to s, own a ge numbe s of patents, copy ghts, t adema ks and t ade sec ets and f equent y ente nto t gat on based on a egat ons of nf ngement o othe v o at ons of nte ectua p ope ty ghts In add t on, many of these compan es have the capab ty to ded cate substant a y g eate esou ces to enfo ce the nte ectua p ope ty ghts and to defend c a ms that may be b ought aga nst them The t gat on may nvo ve patent ho d ng compan es o othe adve se patent owne s that have no e evant p oduct evenues and aga nst wh ch ou patents may the efo e p ov de tt e o no dete ence We may have p ev ous y ece ved, and may n the futu e ece ve, not ces that c a m we have m sapp op ated, m sused, o nf nged othe pa t es’ nte ectua p ope ty ghts, and, to the extent we ga n g eate ma ket v s b ty, we face a h ghe sk of be ng the subject of nte ectua p ope ty nf ngement c a ms

The e may be th d-pa ty nte ectua p ope ty ghts, nc ud ng ssued o pend ng patents that cove s gn f cant aspects of ou techno og es o bus ness methods Any nte ectua p ope ty c a ms, w th o w thout me t, cou d be ve y t me-consum ng, cou d be expens ve to sett e o t gate and cou d d ve t ou management's attent on and othe esou ces These c a ms cou d a so subject us to s gn f cant ab ty fo damages, potent a y nc ud ng t eb e damages f we a e found to have w fu y nf nged patents o copy ghts These c a ms cou d a so esu t n ou hav ng to stop us ng techno ogy found to be n v o at on of a th d pa ty's ghts We m ght be equ ed to seek a cense fo the nte ectua p ope ty, wh ch may not be ava ab e on a t me y bas s, on easonab e te ms o at a We a so may be equ ed to mod fy ou p oducts, se v ces, nte na systems o techno og es Even f a cense we e ava ab e, we cou d be equ ed to pay s gn f cant oya t es, wh ch wou d nc ease ou ope at ng expenses As a esu t, we may be equ ed to deve op a te nat ve non- nf ng ng techno ogy, wh ch cou d equ e s gn f cant effo t and expense If we cannot cense o deve op techno ogy fo any nf ng ng aspect of ou bus ness, we wou d be fo ced to m t o stop sa es of ou softwa e and may be unab e to compete effect ve y Any of these esu ts wou d adve se y affect ou bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows

Our use of open source software could subject us to possible litigation.

A po t on of ou techno og es nco po ates open sou ce softwa e, and we expect to cont nue to nco po ate open sou ce softwa e nto ou p atfo m n the futu e Few of the censes app cab e to open sou ce softwa e have been nte p eted by cou ts, and the app cat on to the open sou ce softwa e nteg ated nto ou p op eta y techno ogy p atfo m may be unce ta n If we fa to comp y w th these censes, then pu suant to the te ms of these censes, we may be subject to ce ta n equ ements, nc ud ng equ ements that we make ava ab e the sou ce code fo ou softwa e that nco po ates the open sou ce softwa e We cannot assu e you that we have not nco po ated open sou ce softwa e n ou softwa e n a manne that s ncons stent w th the te ms of the app cab e censes o ou cu ent po c es and p ocedu es If an autho o othe th d pa ty that d st butes such open sou ce softwa e we e to a ege that we had not comp ed w th the cond t ons of one o mo e of these censes, we cou d ncu s gn f cant ega expenses defend ng aga nst such a egat ons L t gat on cou d be cost y fo us to defend, have a negat ve effect on ou ope at ng esu ts and f nanc a cond t on o equ e us to devote add t ona esea ch and deve opment esou ces to change ou techno ogy p atfo m

Risks Related to the Ownership of Our Common Stock

Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors.

The ma ket p ce of ou common stock has f uctuated and may cont nue to f uctuate s gn f cant y n esponse to nume ous facto s, many of wh ch a e beyond ou cont o , nc ud ng the facto s sted be ow and othe facto s desc bed n th s "R sk Facto s" sect on

- actua o ant c pated f uctuat ons n ou ope at ng esu ts;
- the f nanc a p oject ons we may p ov de to the pub c, any changes n these p oject ons o ou fa u e to meet these p oject ons;
- fa u e of secu t es ana ysts to n t ate o ma nta n cove age of ou company, changes n f nanc a est mates by any secu t es ana ysts who fo ow ou company, o ou fa u e to meet these est mates o the expectat ons of nvesto s;
- at ngs changes by any secu t es ana ysts who fo ow ou company;
- changes n the ava ab ty of fede a fund ng to suppo t oca aw enfo cement effo ts, o oca budgets;
- announcements by us of s gn f cant techn ca nnovat ons, acqu s t ons, st ateg c pa tne sh ps, jo nt ventu es o cap ta comm tments;
- changes n ope at ng pe fo mance and stock ma ket va uat ons of othe softwa e compan es gene a y;
- p ce and vo ume f uctuat ons n the ove a stock ma ket, nc ud ng as a esu t of t ends n the economy as a who e;
- changes n ou boa d of d ecto s o management;

- sa es of a ge b ocks of ou common stock, nc ud ng sa es by ou execut ve off ce s, d ecto s and s gn f cant stockho de s;
- awsu ts th eatened o f ed aga nst us;
- sho t sa es, hedg ng and othe de vat ve t ansact ons nvo v ng ou cap ta stock;
- gene a econom c cond t ons n the Un ted States and ab oad;
- othe events o facto s, nc ud ng those esu t ng f om wa , nc dents of te o sm o esponses to these events; and
- med a m spe cept on of ou sa es and custome e at onsh ps, nc ud ng p ess announcements o med a ment ons of futu e sa es that may be m s ead ng o naccu ate

In add t on, stock ma kets have expe enced ext eme p ce and vo ume f uctuat ons that have affected and cont nue to affect the ma ket p ces of equ ty secu t es of many softwa e compan es Stock p ces of many softwa e compan es have f uctuated n a manne un e ated o d sp opo t onate to the ope at ng pe fo mance of those compan es B oad ma ket and ndust y f uctuat ons, as we as gene a econom c, po t ca , egu ato y and ma ket cond t ons, may negat ve y mpact the ma ket p ce of ou common stock In the past, stockho de s have nst tuted secu t es act on t gat on fo ow ng pe ods of ma ket vo at ty If we we e to become nvo ved n secu t es t gat on, t cou d subject us to substant a costs, d ve t esou ces and the attent on of management f om ou bus ness and adve se y affect ou bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows

Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.

Ce ta n ho de s of ou sha es of common stock have the ght, subject to va ous cond t ons and m tat ons, to nc ude the sha es of ou common stock n eg st at on statements e at ng to ou secu t es, nc ud ng app ox mate y 3 3 m on sha es that we e eg ste ed n connect on w th the Reg st at on Statement on Fo m S-3 that became effect ve on Ju y 27, 20 8, of wh ch app ox mate y 36,000 we e so d n an unde w tten eg ste ed seconda y offe ng n Ma ch 20 9 If the offe and sa e of these sha es a e eg ste ed, they w be f ee y t adab e w thout est ct on unde the Secu t es Act In add t on, non-aff ates have the ab ty to se sha es of ou common stock n the open ma ket o th ough b ock t ades w thout subject to vo ume est ct ons unde Ru e 44 of the Secu t es Act In add t on, n the futu e we may ssue common stock o othe secu t es f we need to a se add t ona cap ta The numbe of new sha es of ou common stock ssued n connect on w th a s ng add t ona cap ta cou d const tute a mate a po t on of the then outstand ng sha es of ou common stock In the event a a ge numbe of sha es of common stock a e so d n the pub c ma ket, such sha e sa es cou d educe the t ad ng p ce of ou common stock

Stock repurchases could increase the volatility of the trading price of our common stock and diminish our cash reserves, and we cannot guarantee that our stock repurchase program will enhance long-term stockholder value.

In May 20 9, ou boa d of d ecto s adopted a stock epu chase p og am fo up to $ 5 m on of ou common stock A though ou boa d of d ecto s has autho zed the stock epu chase p og am, t does not ob gate us to epu chase any spec f c do a amount o numbe of sha es, the e s no exp at on date fo the stock epu chase p og am, and the stock epu chase p og am may be mod f ed, suspended o te m nated at any t me and fo any eason The t m ng and actua numbe of sha es epu chased unde the stock epu chase p og am w depend on a va ety of facto s, nc ud ng the acqu s t on p ce of the sha es, ou qu d ty pos t on, gene a ma ket and econom c cond t ons, ega and egu ato y equ ements and othe cons de at ons Ou ab ty to epu chase sha es may a so be m ted by est ct ve covenants n ou ex st ng c ed t ag eement o n futu e bo ow ng a angements we may ente nto f om t me to t me

Repu chases of ou sha es cou d nc ease the vo at ty of the t ad ng p ce of ou stock, wh ch cou d have a negat ve mpact on the t ad ng p ce of ou stock S m a y, the futu e announcement of the te m nat on o suspens on of the stock epu chase p og am, o ou dec s on not to ut ze the fu autho zed epu chase amount unde the stock epu chase p og am, cou d esu t n a dec ease n the t ad ng p ce of ou stock In add t on, the stock epu chase p og am cou d have the mpact of d m n sh ng ou cash ese ves, wh ch may mpact ou ab ty to f nance ou g owth, comp ete acqu s t ons and execute ou st ateg c p an The e can be no assu ance that any sha es epu chases we do e ect to make w enhance stockho de va ue because the ma ket p ce of ou common stock may dec ne be ow the eve s at wh ch we epu chased ou sha es A though ou stock epu chase p og am s ntended to enhance ong-te m stockho de va ue, we cannot gua antee that t w do so and sho t-te m stock p ce f uctuat ons cou d educe the effect veness of the stock epu chase p og am

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The t ad ng ma ket fo ou common stock depends n pa t on the esea ch and epo ts that secu t es o ndust y ana ysts pub sh about us o ou bus ness, ou ma ket and ou compet to s We do not have any cont o ove these ana ysts If one o mo e of the ana ysts who cove us downg ade ou sha es of common stock o change the op n on of ou sha es of common stock, ou sha e p ce wou d ke y dec ne If one o mo e of these ana ysts cease cove age of ou company o fa to egu a y pub sh epo ts on us, we cou d ose v s b ty n the f nanc a ma kets, wh ch cou d cause ou sha e p ce o t ad ng vo ume to dec ne

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We a e an "eme g ng g owth company," as def ned n the Jumpsta t Ou Bus ness Sta tups Act (the "JOBS Act"), and we take advantage of ce ta n exempt ons f om va ous epo t ng equ ements that a e app cab e to othe pub c compan es that a e not "eme g ng g owth compan es" nc ud ng, but not m ted to, not be ng equ ed to comp y w th the aud to attestat on equ ements of Sect on 404 of the Sa banes-Ox ey Act, educed d sc osu e ob gat ons ega d ng execut ve compensat on n ou pe od c epo ts and p oxy statements, and exempt ons f om the equ ements of ho d ng a nonb nd ng adv so y vote on execut ve compensat on and stockho de app ova of any go den pa achute payments not p ev ous y app oved We w ema n an "eme g ng g owth company" fo up to f ve yea s, a though we w cease to be an "eme g ng g owth company" upon the ea est of ( ) the ast day of f sca yea 2022, ( ) the ast day of the f st f sca yea n wh ch ou annua g oss evenues a e $ 07 b on o mo e, ( ) the date on wh ch we have, du ng the p ev ous o ng th ee-yea pe od, ssued mo e than $ b on n non-conve t b e debt secu t es o (v) the date on wh ch we a e deemed to be a " a ge acce e ated f e " as def ned n the Secu t es Exchange Act of 934, o the Exchange Act We cannot p ed ct f nvesto s w f nd ou common stock ess att act ve o ou company ess compa ab e to ce ta n othe pub c compan es because we w e y on these exempt ons If some nvesto s f nd ou common stock ess att act ve as a esu t, the e may be a ess act ve t ad ng ma ket fo ou common stock and ou stock p ce may be mo e vo at e

We incur substantial costs as a result of being a public company.

As a pub c company, we a e ncu ng s gn f cant eve s of ega , account ng, nsu ance and othe expenses that we d d not ncu as a p vate company We a e subject to the epo t ng equ ements of the Exchange Act, the Sa banes-Ox ey Act, the Dodd-F ank Act, the st ng equ ements of the Nasdaq Cap ta Ma ket, and othe app cab e secu t es u es and egu at ons Comp ance w th these u es and egu at ons nc eases ou ega and f nanc a comp ance costs, makes some act v t es mo e d ff cu t, t me-consum ng o cost y and nc eases demand on ou systems and esou ces as compa ed to when we ope ated as a p vate company The Exchange Act equ es, among othe th ngs, that we f e annua , qua te y and cu ent epo ts w th espect to ou bus ness and ope at ng esu ts The Sa banes-Ox ey Act equ es, among othe th ngs, that we ma nta n effect ve d sc osu e cont o s and p ocedu es and nte na cont o ove f nanc a epo t ng In o de to ma nta n and, f equ ed, mp ove ou d sc osu e cont o s and p ocedu es and nte na cont o ove f nanc a epo t ng to meet th s standa d, s gn f cant esou ces and management ove s ght may be equ ed As a esu t, management's attent on may be d ve ted f om othe bus ness conce ns, wh ch cou d adve se y affect ou bus ness and ope at ng esu ts A though we have a eady h ed add t ona co po ate emp oyees to comp y w th these equ ements, we may need to h e mo e co po ate emp oyees n the futu e o engage outs de consu tants, wh ch wou d nc ease ou costs and expenses

In add t on, chang ng aws, egu at ons and standa ds e at ng to co po ate gove nance and pub c d sc osu e a e c eat ng unce ta nty fo pub c compan es, nc eas ng ega and f nanc a comp ance costs and mak ng some act v t es mo e t me-consum ng These aws, egu at ons and standa ds a e subject to va y ng nte p etat ons, n many cases due to the ack of spec f c ty, and, as a esu t, the app cat on n p act ce may evo ve ove t me as new gu dance s p ov ded by egu ato y and gove n ng bod es Th s cou d esu t n cont nu ng unce ta nty ega d ng comp ance matte s and h ghe costs necess tated by ongo ng ev s ons to d sc osu e and governance p act ces We ntend to nvest esou ces to comp y w th evo v ng aws, egu at ons and standa ds, and th s nvestment may esu t n nc eased gene a and adm n st at ve expenses and a d ve s on of management’s t me and attent on f om evenue-gene at ng act v t es to comp ance act v t es If ou effo ts to comp y w th new aws, egu at ons and standa ds d ffe f om the act v t es ntended by egu ato y o gove n ng bod es due to amb gu t es e ated to the app cat on and p act ce, egu ato y autho t es may n t ate ega p oceed ngs aga nst us and ou bus ness may be adve se y affected

As a esu t of d sc osu e of nfo mat on n th s epo t and n the f ngs that we a e equ ed to make as a pub c company, ou bus ness, ope at ng esu ts and f nanc a cond t on have become mo e v s b e, wh ch has esu ted n, and may n the futu e esu t n th eatened o actua t gat on, nc ud ng by compet to s and othe th d pa t es If any such c a ms a e successfu , ou bus ness, ope at ng esu ts and f nanc a cond t on cou d be adve se y affected, and even f the c a ms do not esu t n t gat on o a e eso ved n ou favo , these c a ms, and the t me and esou ces necessa y to eso ve them, cou d d ve t the esou ces of ou management and adve se y affect ou bus ness, ope at ng esu ts and f nanc a cond t on

We do not intend to pay dividends for the foreseeable future.

We have neve dec a ed o pa d any cash d v dends on ou common stock and do not ntend to pay any cash d v dends n the fo eseeab e futu e We ant c pate that we w eta n a of ou futu e ea n ngs fo use n the deve opment of ou bus ness and fo gene a co po ate pu poses Any dete m nat on to pay d v dends n the futu e w be at the d sc et on of ou boa d of d ecto s Acco d ng y, nvesto s must e y on sa es of the common stock afte p ce app ec at on, wh ch may neve occu , as the on y way to ea ze any futu e ga ns on the nvestments

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

P ov s ons n ou ce t f cate of nco po at on and by aws may have the effect of de ay ng o p event ng a change of cont o o changes n ou management Ou ce t f cate of nco po at on and by aws nc ude p ov s ons that

- estab sh a c ass f ed boa d of d ecto s so that not a membe s of ou boa d of d ecto s a e e ected at one t me;
- pe m t the boa d of d ecto s to estab sh the numbe of d ecto s and f any vacanc es and new y-c eated d ecto sh ps;
- p ov de that d ecto s may on y be emoved fo cause;
- equ e supe -majo ty vot ng to amend some p ov s ons n ou ce t f cate of nco po at on and by aws;
- autho ze the ssuance of “b ank check” p efe ed stock that ou boa d of d ecto s cou d use to mp ement a stockho de ghts p an;
- e m nate the ab ty of ou stockho de s to ca spec a meet ngs of stockho de s;
- p oh b t stockho de act on by w tten consent, wh ch equ es a stockho de act ons to be taken at a meet ng of ou stockho de s;
- p ov de that the boa d of d ecto s s exp ess y autho zed to make, a te o epea ou by aws; and
- estab sh advance not ce equ ements fo nom nat ons fo e ect on to ou boa d of d ecto s o fo p opos ng matte s that can be acted upon by stockho de s at annua stockho de meet ngs

In add t on, we a e gove ned by the p ov s ons of Sect on 203 of the De awa e Gene a Co po at on Law, wh ch gene a y p oh b ts stockho de s own ng 5% o mo e of ou outstand ng vot ng stock f om me g ng o othe w se comb n ng w th us fo a pe od of th ee yea s fo ow ng the date on wh ch the stockho de became a 5% stockho de w thout the consent of ou boa d of d ecto s These p ov s ons may f ust ate o p event any attempts by ou stockho de s to ep ace o emove ou cu ent management by mak ng t mo e d ff cu t fo stockho de s to ep ace membe s of ou boa d of d ecto s, wh ch s espons b e fo appo nt ng the membe s of ou management, and othe w se d scou age management takeove attempts

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pu suant to ou ce t f cate of nco po at on, un ess we consent n w t ng to the se ect on of an a te nat ve fo um, the Cou t of Chance y of the State of De awa e s the so e and exc us ve fo um fo ( ) any de vat ve act on o p oceed ng b ought on ou beha f, (2) any act on asse t ng a c a m of b each of a f duc a y duty owed by any of ou d ecto s, off ce s o othe emp oyees to us o ou stockho de s, (3) any act on asse t ng a c a m a s ng pu suant to any p ov s on of the De awa e Gene a Co po at on Law, ou ce t f cate of nco po at on o ou by aws o (4) any act on asse t ng a c a m gove ned by the nte na affa s doct ne Ou ce t f cate of nco po at on fu the p ov des that any pe son o ent ty pu chas ng o othe w se acqu ng any nte est n sha es of ou common stock s deemed to have not ce of and consented to the fo ego ng p ov s on The fo um se ect on c ause n ou ce t f cate of nco po at on may m t ou stockho de s' ab ty to obta n a favo ab e jud c a fo um fo d sputes w th us

Ou ce t f cate of nco po at on fu the p ov des that the fede a d st ct cou ts of the Un ted States of Ame ca w be the exc us ve fo um fo eso v ng any comp a nt asse t ng a cause of act on a s ng unde the Secu t es Act Howeve , on Decembe 9, 20 8, the De awa e Chance y Cou t ssued an op n on nva dat ng th s p ov s on n the ce t f cates of nco po at on of De awa e co po at ons The Chance y Cou t he d that a De awa e co po at on can on y use ts const tut ve documents to b nd a p a nt ff to a pa t cu a fo um whe e the c a m nvo ves ghts o e at onsh ps estab shed by o unde De awa e's co po ate aw Th s case may be appea ed to the De awa e Sup eme Cou t In ght of th s ecent cou t dec s on, on Decembe 2 , 20 8 we announced that we do not cu ent y ntend to enfo ce the fo ego ng fede a fo um se ect on p ov s on un ess the e evant cou t dec s on s appea ed and the De awa e Sup eme Cou t eve ses the dec s on If the e s no appea o f the De awa e Sup eme Cou t aff ms the Chance y Cou t's dec s on, then we ntend to seek app ova by ou stockho de s to amend ou ce t f cate of nco po at on at ou next egu a y-schedu ed annua meet ng of stockho de s to emove the nva d p ov s on

Item 1B. UNRESOLVED STAFF COMMENTS

Not App cab e

Item 2. PROPERTIES

Ou p nc pa fac t es cons st of off ce space fo ou co po ate headqua te s n Newa k, Ca fo n a, whe e we occupy app ox mate y 2,020 squa e feet of space unde a ease that exp es n Octobe 202

We ease ou fac t es and do not own any ea p ope ty We may p ocu e add t ona space as we add emp oyees and expand geog aph ca y We be eve that ou fac t es a e adequate to meet ou needs fo the mmed ate futu e and that shou d t be needed, su tab e add t ona space w be ava ab e to accommodate expans on of ou ope at ons

Item 3. LEGAL PROCEEDINGS

On August 28, 20 8, S von S S mmons (the "P a nt ff") amended a comp a nt aga nst the C ty of Rocheste , New Yo k and va ous c ty emp oyees, f ed n the Un ted States D st ct Cou t, Weste n D st ct of New Yo k, to add us and emp oyees as a defendant The amended comp a nt a eges consp acy to v o ate the P a nt ff's c v ghts, den a of the ght to a fa t a , and ma c ous p osecut on The P a nt ff c a ms that we co uded w th the C ty of Rocheste to fab cate and c eate gunshot a e t ev dence to secu e P a nt ff's conv ct on On the bas s of the a egat ons, the P a nt ff has pet t oned fo compensato y and pun t ve damages and othe costs and expenses, nc ud ng atto ney's fees We be eve that the P a nt ff's c a ms a e w thout me t and a e d sput ng them v go ous y

We may become subject to ega p oceed ngs, as we as demands and c a ms that a se n the no ma cou se of ou bus ness, nc ud ng c a ms of a eged nf ngement of th d-pa ty patents and othe nte ectua p ope ty ghts, b each of cont act, emp oyment aw v o at ons, and othe matte s and matte s nvo v ng equests fo nfo mat on f om us o ou custome s unde fede a o state aw Such c a ms, even f not me to ous, cou d esu t n the expend tu e of s gn f cant f nanc a and management esou ces We make a p ov s on fo a ab ty e at ng to ega matte s when t s both p obab e that a ab ty has been ncu ed and the amount of the oss can be easonab y est mated These p ov s ons a e ev ewed and adjusted to nc ude the mpacts of negot at ons, est mated sett ements, ega u ngs, adv ce of ega counse , and othe nfo mat on and events pe ta n ng to a pa t cu a matte

An unfavo ab e outcome on any t gat on matte s cou d equ e payment of substant a damages, o , n connect on w th any nte ectua p ope ty nf ngement c a ms, cou d equ e us to pay ongo ng oya ty payments o cou d p event us f om se ng ce ta n of ou p oducts As a esu t, a sett ement of, o an unfavo ab e outcome on, any of the matte s efe enced above o othe t gat on matte s o ega p oceed ngs cou d have a mate a adve se effect on ou bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows

Item 4. MINE SAFETY DISCLOSURES

Not App cab e

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information of Common Stock

Ou common stock has been sted on the Nasdaq Cap ta Ma ket unde the symbo "SSTI" s nce June 7, 20 7 P o to that date, the e was no pub c t ad ng ma ket fo ou common stock

On Feb ua y 28, 2020, the ast epo ted sa e p ce of ou common stock as epo ted on the Nasdaq Cap ta Ma ket was $35 60 pe sha e As of Feb ua y 28, 2020, we had app ox mate y 90 ho de s of eco d of ou common stock The actua numbe of stockho de s s g eate than th s numbe of eco d ho de s, and nc udes stockho de s who a e benef c a owne s, but whose sha es a e he d n st eet name by b oke s and othe nom nees Th s numbe of ho de s of eco d a so does not nc ude stockho de s whose sha es may be he d n t ust by othe ent t es

Dividend Policy

We have neve dec a ed o pa d any d v dends on ou cap ta stock We cu ent y ntend to eta n a ava ab e funds and any futu e ea n ngs fo the ope at on and expans on of ou bus ness and, the efo e, we do not ant c pate dec a ng o pay ng cash d v dends n the fo eseeab e futu e The payment of d v dends w be at the d sc et on of ou boa d of d ecto s and w depend on ou esu ts of ope at ons, cap ta equ ements, f nanc a cond t on, p ospects, cont actua a angements, any m tat ons on payment of d v dends p esent n ou futu e debt ag eements, and othe facto s that ou boa d of d ecto s may deem e evant

Sale of Unregistered Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

None

(b) Issuer Purchases of Equity Securities

The fo ow ng tab e sets fo th stock epu chases of ou common stock du ng the qua te ended Decembe 3 , 20 9

	o al Number of Shares urchased(1)	Average Price Paid per Share	To al Number of Shares Purchased a par of Publicly Announced Program	Dollar Value of Shares ha May Ye Be Purchased Under he Program (in housands)
Octobe , 20 9- Octobe 3 , 20 9				,534
Novembe , 20 9- Novembe 30, 20 9	37,824	$ 23 58	3 ,824	$ 8,282
Decembe , 20 9- Decembe 3 , 20 9				8,282
Tota	37,824		3 ,824	

( ) A epu chases we e made as pa t of ou pub c y announced stock epu chase p og am In May 20 9, we announced that ou boa d of d ecto s app oved a stock epu chase p og am, unde wh ch we we e autho zed to epu chase up to $ 5 m on of ou common stock The epu chase p og am has no exp at on date and may be mod f ed, suspended o d scont nued at any t me Fo fu the nfo mat on ega d ng ou stock epu chase p og am, see Note 3 of the accompany ng notes to the conso dated f nanc a statements

(c) Use of Proceeds from Public Offering of Common Stock

Ou n t a pub c offe ng of common stock (the “IPO”) was effected th ough a Reg st at on Statement on Fo m S- (F e No 333-2 7603), wh ch was dec a ed effect ve on June 6, 20 7 The e has been no mate a change n the p anned use of p oceeds f om ou IPO as desc bed n ou f na p ospectus f ed w th the SEC pu suant to Ru e 424(b) and othe pe od c epo ts p ev ous y f ed w th the SEC

We used $ 3 7 m on of the net p oceeds f om ou IPO to epay outstand ng ndebtedness of $ 3 5 m on, nc ud ng ea y te m nat on fees of $0 2 m on, du ng the qua te end ng Septembe 30, 20 7 On Octobe 3, 20 8, we used $ 7 m on of ou IPO p oceeds to fund the acqu s t on of HunchLab

Securities Authorized for Issuance under Equity Compensation Plans

Info mat on about secu t es autho zed fo ssuance unde ou equ ty compensat on p an s nco po ated he e n by efe ence to Item 2 of Pa t III of th s Annua Repo t on Fo m 0-K

Item 6. SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA.

The fo ow ng se ected conso dated f nanc a data shou d be ead togethe w th ou conso dated f nanc a statements and e ated notes, as we as the nfo mat on found unde the sect ons t t ed “Management’s D scuss on and Ana ys s of F nanc a Cond t on and Resu ts of Ope at ons” nc uded e sewhe e n th s nnua Repo t on Fo m 0-K We de ved the se ected conso dated f nanc a data as of and fo the yea s ended Decembe 3 , 20 9, 20 8, and 20 7 f om ou aud ted conso dated f nanc a statements nc uded e sewhe e n th s Annua Repo t on Fo m 0-K Ou h sto ca esu ts a e not necessa y nd cat ve of the esu ts to be expected n the futu e

	Year Ended December 31,		
	20 9	2018	2017
	(n housands, excep per share da a)		
Consolidated Statements of Operations Data:			
Revenues	$ 40,752	$ 34,753	$ 23,763
Costs			
Cost of evenues ( )	6,409	4,846	,370
Impa ment of p ope ty and equ pment		686	793
Tota costs	6,409	5,532	2, 63
G oss p of t	24,343	9,22	,600
Ope at ng expenses			
Sa es and ma ket ng ( )	9,989	8,377	6, 79
Resea ch and deve opment ( )	5,344	4,987	4, 59
Gene a and adm n st at ve ( )	7,4 5	8,425	5,595
Tota ope at ng expenses	22,748	2 ,789	5,933
Income (oss) f om ope at ons	,595	(2,568)	(4,333)
Othe ncome (expense), net			
Remeasu ement of conve t b e p efe ed stock wa ant ab ty			(3,725)
Loss on ea y ext ngu shment of debt			(479)
Inte est ncome (expense), net	440	82	(, 4)
Othe expense, net	(278)	(252)	(69)
Income (oss) befo e ncome taxes	,757	(2,738)	(9,820)
P ov s on fo (benef t f om) ncome taxes	(4)	(3)	60
Net ncome (oss)	$,798	$ (2,725)	$ (9,980)
Net ncome (oss) pe sha e, bas c	$ 0 6	$ (0 26)	$ (6)
Net ncome (oss) pe sha e, d uted	$ 0 5	$ (0 26)	$ (6)
We ghted ave age sha es used n comput ng net ncome (oss) pe sha e, bas c	,302,780	0,569,007	6, 97,775
We ghted ave age sha es used n comput ng net ncome (oss) pe sha e, d uted	,846,348	0,569,007	6, 97,775

( ) Inc udes stock-based compensat on expense and dep ec at on and amo t zat on expense as fo ows

	Year Ended December 31,		
	20 9	2018	2017
	(n housands)		
Stock-based compensat on expense			
Cost of evenues	$ 670	$ 3 6	$ 75
Sa es and ma ket ng	955	770	33
Resea ch and deve opment	365	272	69
Gene a and adm n st at ve	,067	, 0	35
To a s oc based compe sa o expe se	3 05	468	6 8
Dep ec at on and amo t zat on expense			
Cos of e e es	4 8	3 5	3 0
Sa es and ma ket ng		65	37
Resea ch and deve opment	88	63	35
Gene a and adm n st at ve	46	37	22
Tota dep ec at on and amo t zat on expense	$ 4,982	$ 3,9 7	3, 2

	As of December 31,	
	2019	2018
	(n housands)	
Select Consolidated Balance Sheets Data:		
Cash and cash equ va ents	$ 24,550	$ 0,2 8
Accounts ece vab e and cont act assets	$ 3,883	$ 5,267
Tota assets	$ 60,57	$ 47, 9
Defe ed evenue, cu ent and non-cu ent	$ 26,958	$ 24, 62
Wo k ng cap ta (def c t)	$ 7,773	$ (,764)
Tota stockho de s' equ ty	$ 27,25	$ 7, 47

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and accompanying notes included in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains “forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act). These statements are often identified by the use of words such as “anticipate, “believe, “continue, “could, “estimate, “expect, “intend, “may, “plan, “project, “will, “would or the negative or plural of these words or similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled “Risk Factors , set forth in Part I, Item 1A of this Annual Report on Form 10-K and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We p ov de p ec s on-po c ng and secu ty so ut ons fo aw enfo cement and secu ty pe sonne to he p dete gun v o ence and make c t es, campuses and fac t es safe Ou f agsh p pub c safety so ut on, ShotSpotte F ex, s the ead ng outdoo gunshot detect on, ocat on and a e t ng system Ou pat o management softwa e, ShotSpotte M ss ons (fo me y HunchLab), c eates c me fo ecasts des gned to enab e mo e p ec se and effect ve use of pat o esou ces to dete c me In 20 9, we c eated a new techno ogy nnovat on un t, ShotSpotte Labs, to expand ou effo ts suppo t ng nnovat ve uses of ou techno ogy to he p p otect w d fe and the env onment Ou secu ty so ut ons, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, a e des gned to he p aw enfo cement and secu ty pe sonne se v ng un ve s t es, co po ate campuses and key nf ast uctu e o t anspo tat on cente s m t gate sk and enhance secu ty by not fy ng autho t es of a potent a outdoo gunf e nc dent, sav ng c t ca m nutes fo f st esponde s to a ve Ou gunshot detect on so ut ons a e t usted by aw enfo cement agenc es n ove 00 c t es as of Decembe 3 , 20 9

Ou gunshot detect on so ut ons cons st of h gh y-spec a zed, c oud-based softwa e nteg ated w th p op eta y, nte net-enab ed senso s des gned to detect outdoo gunf e The speed and accu acy of ou gunf e a e ts enab e aw enfo cement and secu ty pe sonne to educe the esponse t mes to shoot ng events, wh ch can nc ease the chances of app ehend ng the shoote , p ov d ng t me y a d to v ct ms, and dent fy ng w tnesses befo e they scatte , as we as a d n ev dent a y co ect on and se ve as an ove a dete ent When a potent a gunf e nc dent s detected by ou senso s, ou system app es mach ne c ass f cat on comb ned w th human ev ew to ana yze and va date the nc dent and p ec se y ocate whe e the nc dent occu ed An a e t conta n ng a ocat on on a map and c t ca nfo mat on about the nc dent s sent d ect y to subsc b ng aw enfo cement o secu ty pe sonne th ough any nte net-connected compute and to Phone o And o d mob e dev ces

Ou softwa e sends va dated gunf e data a ong w th the aud o of the t gge ng sound to ou Inc dent Rev ew Cente (“IRC”), whe e ou t a ned acoust c expe ts a e on duty 24 hou s a day, seven days a week, 365 days a yea to sc een and conf m actua gunf e nc dents Ou acoust c expe ts can supp ement a e ts w th add t ona tact ca nfo mat on, such as the potent a p esence of mu t p e shoote s o the use of h gh-capac ty weapons Gunshot nc dents ev ewed by ou IRC esu t n a e ts typ ca y sent w th n 45 seconds of the ece pt of the gunf e nc dent

We gene ate annua subsc pt on evenues f om the dep oyment of ShotSpotte F ex on a pe -squa e-m e bas s Ou secu ty so ut ons, ShotSpotte Secu eCampus and ShotSpotte S teSecu e, a e typ ca y so d on a subsc pt on bas s, each w th a custom zed dep oyment p an Ou ShotSpotte M ss ons so ut on s a so so d on a subsc pt on bas s s of Decembe 3 , 20 9, we had ShotSpotte F ex,ShotSpotte Secu eCampus and ShotSpotte S teSecu e cove age a eas unde cont act fo app ox mate y 760 squa e m es, of wh ch 730 squa e m es had gone ve Cove age a eas unde cont act nc uded 04 c t es and 2 campuses/s tes ac oss the Un ted States, South Af ca and the Bahamas, nc ud ng th ee of the ten a gest c t es n the Un ted States Du ng the yea ended Decembe 3 , 20 9, one ShotSpotte S teSecu e custome became ShotSpotte F ex custome Fo the yea ended Decembe 3 , 20 9, substant a y a of ou evenues a e att butab e to custome s based n the Un ted States

Wh e we ntend to cont nue to devote esou ces to nc ease sa es of ou ShotSpotte Secu eCampus, ShotSpotte S teSecu e, ShotSpotte Labs and ShotSpotte M ss ons so ut ons, we expect that evenues f om ou ShotSpotte F ex so ut on w cont nue to comp se a substant a majo ty of ou evenues fo the fo eseeab e futu e ShotSpotte Labs p ojects a e gene a y conducted n coo d nat on w th a sponso ng cha tab e o gan zat on These p ojects may o may not be evenue-p oduc ngWhen they a e evenue-p oduc ng, they w gene a y be so d on a cost-p us bas s As such, ShotSpotte Labs p ojects w no ma y p oduce g oss ma g ns s gn f cant y owe than ou F ex so ut ons

We ente nto subsc pt on ag eements on a te m bas s that typ ca y ange f om one to f ve yea s n du at on, w th the majo ty hav ng a cont act te m of one yea Substant a y a of ou sa es a e to gove nmenta agenc es and un ve s t es, wh ch often unde take a p o onged cont act eva uat on p ocess that affects the s ze o the t m ng of ou sa es cont acts and may kew se nc ease ou custome acqu s t on costs Fo a d scuss on of the sks assoc ated w th ou sa es cyc e, see sks ent t ed “Ou sa es cyc e can be unp ed ctab e, t me-consum ng and cost y, and ou nab ty to successfu y comp ete sa es cou d ha m ou bus ness” and “Because we gene a y ecogn ze ou subsc pt on evenues atab y ove the te m of ou cont act w th a custome , f uctuat ons n sa es w not be fu y ef ected n ou ope at ng esu ts unt futu e pe ods” n Item A, *Risk Factors*, nc uded n th s Annua Repo t on Fo m 0-K

We e y on a m ted numbe of supp e s and cont act manufactu e s to p oduce components of ou so ut ons We have no ong-te m cont acts w th these manufactu e s and pu chase f om them on a pu chase-o de bas s Ou outsou ced manufactu e s gene a y p ocu e the components d ect y f om th d-pa ty supp e s A though we use a m ted numbe of supp e s and cont act manufactu e s, we be eve that we cou d f nd a te nate supp e s o manufactu e s f c cumstances equ ed us to do so, n pa t because a s gn f cant po t on of the components equ ed by ou so ut ons s ava ab e off the she f Fo a d scuss on of the sks assoc ated w th ou m ted numbe of supp e s, see sk ent t ed “We e y on a m ted numbe of supp e s and cont act manufactu e s, and ou p op eta y ShotSpotte senso s a e manufactu ed by a s ng e cont act manufactu e ” n Item A, *Risk Factors*, nc uded n th s Annua Repo t on Fo m 0-K

We gene ated evenues of $40 8 m on, $34 8 m on and $23 8 m on fo the yea s ended Decembe 3 , 20 9, 20 8, and 20 7, espect ve y, ep esent ng a yea -ove -yea nc eases of 7% and 46% Fo 20 9, 20 8, and 20 7, evenues f om ShotSpotte F ex ep esented app ox mate y 96%, 97% and 98% of tota evenues, espect ve y Ou two cu ent a gest custome s, The C ty of Ch cago and the C ty of New Yo k, each accounted fo 20% and 4%, espect ve y, of ou tota evenues fo the yea ended Decembe 3 , 20 9 The C ty of Ch cago and the C ty of New Yo k, each accounted fo 22% and 5%, espect ve y, of ou tota evenues fo the yea ended Decembe 3 , 20 8 The C ty of New Yo k and Pue to R co Hous ng Adm n st at on accounted fo 8% and 7%, espect ve y, of ou tota evenues fo the yea ended Decembe 3 , 20 7 Substant a y a of ou evenues fo the yea s ended Decembe 3 , 20 9, 20 8, and 20 7 we e de ved f om custome s w th n the Un ted States (nc ud ng Pue to R co and the U S V g n Is ands)

We had net ncome of $ 8 m on fo the yea ended Decembe 3 , 20 9, and had net osses of $2 7 m on and $ 0 0 m on fo the yea s ended Decembe 3 , 20 8, and 20 7, espect ve y Ou accumu ated def c t was $95 6 m on and $97 4 m on as of Decembe 3 , 20 9 and 20 8, espect ve y

In Septembe 20 7, we used $ 3 7 m on f om the net p oceeds of ou n t a pub c offe ng to vo unta y epay outstand ng ndebtedness of $ 3 5 m on and $0 2 m on n p epayment fees unde a p om sso y note (the “20 5 Te m Note”) In connect on w th th s ea y ext ngu shment of debt, we w ote off $0 3 m on of unamo t zed debt ssuance costs

Du ng the yea s ended Decembe 3 , 20 9, 20 8, and 20 7, we went “ ve” on 82, 68 and 4 net new squa e m es of cove age, espect ve y In each case, the nc ease n cove age was ach eved th ough a comb nat on of new custome s and expans ons w th ex st ng custome s Du ng the yea ended Decembe 3 , 20 8, 7 m es out of 68 m es we e due to expans on f om a s ng e custome Du ng the yea ended Decembe 3 , 20 7, the 4 net new squa e m es nc uded the mpact of a 33 cove age m e educt on as a esu t of ou d scont nuat on n se v ce of Pue to R co and the U S V g n Is ands due to devastat on caused by hu canes

In connect on w th the cessat on of ou se v ce w th Pue to R co and the U S V g n Is ands, we c ass f edou cont acts w th them exp ed, stopped ecogn z ng evenues and acce e ated the defe ed evenues e ated to setup fees unde these cont acts Pue to R co has etu ned as a custome w th 6 m es a eady gone veat the end of 20 9

We have focused on ap d y g ow ng ou bus ness and be eve that ts futu e g owth s dependent on many facto s, nc ud ng ou ab ty to nc ease ou custome base, expand the cove age of ou so ut ons among ou ex st ng custome s, expand ou nte nat ona p esence and nc ease sa es of ou secu ty so ut ons Ou futu e g owth w p ma y depend on the ma ket acceptance fo outdoo gunshot detect on so ut ons Cha enges we face n th s ega d nc ude ou ta get custome s not hav ng access to adequate fund ng sou ces, the fact that cont act ng w th gove nment ent t es can be comp ex, expens ve, and t me-consum ng and the fact that ou typ ca sa es cyc e s often ve y ong, d ff cu t to est mate accu ate y and can be cost y We expect nte nat ona sa es cyc es to be even onge than ou domest c sa es cyc es To combat these cha enges, we nvest n esea ch and deve opment, nc ease awa eness of ou so ut ons, nvest n new sa es and ma ket ng campa gns, often n d ffe ent anguages fo nte nat ona sa es, and h e add t ona sa es ep esentat ves to d ve sa es n o de to cont nue to ma nta n ou pos t on as a ma ket eade In add t on, we be eve that ente ng nto st ateg c pa tne sh ps w th othe se v ce p ov de s to c t es and mun c pa t es offe s anothe potent a avenue fo expans on, pa t cu a y fo ou ShotSpotte F ex so ut on

We w a so focus on expand ng ou bus ness by nt oduc ng new p oducts and se v ces to ex st ng custome s such as ShotSpotte M ss ons and ga n ng new custome s fo ShotSpotte Labs We be eve that deve op ng and acqu ng p oducts fo aw enfo cement n adjacent catego es s a path fo add t ona g owth g ven ou a ge and g ow ng nsta ed base of po ce depa tments who t ust ShotSpotte 's p oducts, suppo t and way of do ng bus ness The ab ty to c oss-se new p oducts p ov des an oppo tun ty to g ow evenues pe custome and fet me va ue Cha enges we face n th s a ea nc ude ensu ng ou new p oducts a e e ab e, nteg ated we w th othe ShotSpotte so ut ons and p ced and se v ced app op ate y In some cases, we w need to b ng n new sk s sets to p ope y deve op, ma ket, se o se v ce these new p oducts depend ng on the catego es they ep esent

In Octobe 20 8, we acqu ed the HunchLab techno ogy and e ated assets that unde ne ou ShotSpotte M ss ons so ut on ShotSpotte M ss ons app es sk mode ng and a t f c a nte gence to he p fo ecast when and whe e c mes a e ke y to eme ge and ecommends spec f c pat o m ss ons and tact cs that can dete these events The HunchLab techno ogy p ov des a p oven, h gh-va ue, and comp ementa y so ut on we can mmed ate y offe to ou ex st ng aw enfo cement custome s We be eve ou nvestment w democ at ze the sha ng of mpo tant nte gence w th pat o off ce s who cu ent y have m ted d ect access to c me ana ysts

W th espect to nte nat ona sa es, we be eve that we have the potent a to expand ou cove age w th n South Af ca and the Bahamas, and to pu sue oppo tun t es n Lat n Ame ca and othe eg ons of the wo d By add ng add t ona sa es esou ces n st ateg c ocat ons, we be eve we w be bette pos t oned to each these ma kets Howeve , we ecogn ze that we have m ted nte nat ona ope at ona expe ence and cu ent y ope ate n a m ted numbe of eg ons outs de of the Un ted States Ope at ng successfu y n nte nat ona ma kets w equ e s gn f cant esou ces and management attent on and w subject us to add t ona egu ato y, econom c and po t ca sks We may face add t ona cha enges that may de ay cont act execut on e ated to negot at ng w th gove nments n t ans t on, the use of th d-pa ty nteg at ons and consu tants Mo eove , we ant c pate that d ffe ent po t ca and egu ato y cons de at ons that va y ac oss d ffe ent ju sd ct ons cou d extend o make mo e d ff cu t to p ed ct the ength of what s a eady a engthy sa es cyc e

Initial Public Offering

In June 20 7, we comp eted ou IPO n wh ch we so d 3,220,000 sha es of ou common stock at a p ce of $ 00 pe sha e We ece ved net p oceeds of $32 4 m on, exc ud ng unde w t ng d scounts and comm ss ons, wh ch was eco ded to add t ona pa d- n cap ta

As a esu t of the IPO

- a o s a d Se es B co e b e p efe ed s oc wa a s we e emeas ed a fa a e s e B ac Sc o es mode es a oss of 3 m on, wh ch was eco ded n othe expense, net
- the ent e ba ance of $5 7 m on n conve t b e p efe ed stock wa ant ab ty was ec ass f ed to add t ona pa d- n cap ta A p efe ed stock wa ants we e conve ted nto common stock wa ants In add t on, we ssued to the ead unde w te n the IPO a wa ant to pu chase up to 84,000 sha es of ou common stock See Note 5, *onvertible Preferred Stock Warrants and Common Stock Warrants*, to ou conso dated f nanc a statements nc uded e sewhe e n th s Annua Repo t on Fo m 0-K fo fu the deta s ega d ng the wa ants
- a sha es of the then-outstand ng conve t b e p efe ed stock we e conve ted nto 4,689,753 sha es of common stock Th s esu ted n a ec ass f cat on of $42 m on to add t ona pa d- n cap ta
- offe cos s c ed b s we e app ox ma e 9 m o exc d de w comm ss o s a d d sco s w c was eco ded o add o a pa d cap ta

Key Business Metrics

We focus p ma y on th ee key bus ness met cs n o de to measu e ou ope at ona pe fo mance and nfo m st ateg c dec s ons Revenue etent on ate and sa es and ma ket ng spend pe $ 00 of new annua zed cont act va ue a e each ca cu ated annua y Net new "go- ve" squa e m es s ca cu ated on a qua te y bas s A of these met cs a e de ve ed us ng nte na data and may be ca cu ated n a manne d ffe ent than s m a met cs used by othe compan es

	Yea Ended De embe 31		
	2019	2018	2017
		(in hou and)	
Revenue etent on ate	%	39 %	4 %
Sa es and ma ket ng spend pe $ 00 of new annua zed cont act va ue	$ 0 43	$ 0 30	$ 0 34
Net new "go- ve" squa e m es	82	68	4

Revenue Retention Rate

We ca cu ate ou evenue etent on ate annua y by d v d ng the (a) tota evenues fo such yea f om those custome s who we e custome s du ng the co espond ng p o yea by (b) the tota evenues f om a custome s n the co espond ng p o yea Fo the pu poses of ca cu at ng ou evenue etent on ate, we count as custome s a ent t es w th wh ch we had cont acts n the app cab e yea Revenue etent on ate fo any g ven pe od does not nc ude evenues att butab e to custome s f st acqu ed du ng such pe od We focus on ou evenue etent on ate because we be eve that th s met c p ov des ns ght nto evenues e ated to and etent on of ex st ng custome s If ou evenue etent on ate fo a yea exceeds 00%, as t d d n the yea s p esented above, th s nd cates a ow chu n and means that the evenues eta ned du ng the yea , nc ud ng f om custome expans ons, mo e than offset the evenues that we ost f om custome s that d d not enew the cont acts du ng the yea As fu the ev dence of ou ow chu n, s nce t ans t on ng ou pub c safety bus ness to the ShotSpotte F ex mode n 20 , we have added ove 70 new ShotSpotte F ex custome s, but on y ten such custome s have te m nated se v ce, two of wh ch we e te m nated due to hu cane damage One of the two custome s who te m nated due to hu cane damage has etu ned as a custome w th 6 m es a eady gone ve at the end of 20 9 We do not ant c pate ma nta n ng ou evenue etent on ate at the eve s obse ved n 20 8 and 20 7 Fo examp e, n 20 8, ou evenue etent on ate exc ud ng ou a gest custome , Ch cago, fo wh ch we had a a ge expans on dep oyment n 20 8, wou d have been 8%

Sales and Marketing Spend per $1.00 of New Annualized Contract Value

We ca cu ate sa es and ma ket ng spend annua y as the tota sa es and ma ket ng expense du ng a yea d v ded by the f st 2 months of cont act va ue fo cont acts ente ed nto du ng the same yea We use th s met c to measu e the eff c ency of ou sa es and ma ket ng effo ts n acqu ng custome s, enew ng custome cont acts and expand ng the cove age a eas

Net New “Go-Live” Miles

Net new “go- ve” squa e m es ep esent the squa e m es cove ed by dep oyments that we e fo ma y app oved by custome s du ng the qua te , both f om n t a and expanded custome dep oyments, net of squa e m es that ceased to be “ ve” du ng the qua te due to custome cance at ons New squa e m es nc ude dep oyed squa e m es that may have been so d, o booked, n p o qua te s We focus on net new “go- ve” m es as a key bus ness met c to measu e ou ope at ona pe fo mance and nfo m st ateg c dec s ons

Components of Results of Operations

Presentation of Financial Statements

Ou conso dated f nanc a statements nc ude the accounts of ou who y-owned Co omb an and South Af can subs d a es, ShotSpotte Co omb a S A S and ShotSpotte (Pty) Ltd A nte company ba ances and t ansact ons have been e m nated n conso dat on

Revenues

We de ve substant a y a of ou evenues f om subsc pt on se v ces We ecogn ze subsc pt on fees atab y, on a st a ght- ne bas s, ove the te m of the subsc pt on, wh ch fo new custome s s typ ca y n t a y one to th ee yea s n ength Custome cont acts nc ude one-t me set-up fees fo the set-up of ou senso s n the custome ’s cove age a eas, t a n ng and th d-pa ty nteg at on censes If the set-up fees a e deemed to be a mate a ght, they a e ecogn zed atab y ove th ee yea s T a n ng and th d-pa ty nteg at on cense fees a e ecogn zed upon de ve y

Fo ShotSpotte F ex, we gene a y nvo ce custome s fo 50% of the tota cont act va ue when the cont act s fu y executed and fo the ema n ng 50% when the subsc pt on se v ce s ope at ona and eady to go ve that s, when the custome has acknow edged the comp et on of a the de ve ab es n the s gned custome acceptance fo m A fees b ed n advance of se v ces be ng de ve ed a e eco ded as defe ed evenue The t m ng of when new m es go ve can be unce ta n and, as a esu t, can have a s gn f cant mpact on the eve s of evenues and defe ed evenue f om qua te to qua te Fo ou ShotSpotte F ex so ut on, ou p c ng mode s based on a pe -squa e-m e bas s Fo ou ShotSpotte M ss ons so ut on, p c ng s cu ent y custom zed, gene a y t ed to the numbe of swo n po ce off ce s n a pa t cu a c ty Fo ShotSpotte Secu eCampus and ShotSpotte S teSecu e, ou p c ng mode s on a custom zed-s te bas s We may a so offe d scounts o othe ncent ves n conjunct on w th ShotSpotte M ss ons sa es n an effo t to nt oduce the p oduct and acce e ate sa es As a esu t of ou p ocess fo nvo c ng cont acts and enewa s upon execut on, ou cash f ow f om ope at ons and accounts ece vab e can f uctuate due to t m ng of cont act execut on and t m ng of dep oyment

We gene a y nvo ce subsc pt on se v ce enewa s fo 00% of the tota cont act va ue when the enewa cont act s executed Renewa fees a e ecogn zed atab y ove the te m of the enewa , wh ch s typ ca y one yea Wh e most of ou custome s e ect to enew the ag eements, n some cases, they may not be ab e to obta n the p ope app ova s o fund ng to comp ete the enewa p o to exp at on Fo these custome s, we stop ecogn z ng subsc pt on evenues at the end of the cu ent cont act te m, even though we may cont nue to p ov de se v ces fo a pe od of t me unt the enewa p ocess s comp eted Once the enewa s comp ete, we then ecogn ze subsc pt on evenues fo the pe od between the exp at on of the te m of the ag eement and the comp et on of the enewa p ocess n the month n wh ch the enewa s executed If a custome dec nes to enew ts subsc pt on p o to the end of th ee yea s, then the ema n ng setup fees a e mmed ate y ecogn zed

ShotSpotte Labs p ojects may o may not be evenue-p oduc ng When they a e evenue-p oduc ng, they w gene a y be so d on a cost-p us bas s

It s ke y that nte nat ona dep oyments may have d ffe ent payment and b ng te ms due to the oca aws, est ct ons o othe customa y te ms and cond t ons

Costs

Costs nc ude the cost of evenues and cha ges fo mpa ment of p ope ty and equ pment Cost of evenues p ma y nc udes dep ec at on expense assoc ated w th cap ta zed custome acoust c senso netwo ks, commun cat on expenses, costs e ated to host ng ou se v ce app cat ons, costs e ated to ope at ng ou Inc dent Rev ew Cente (the “IRC”), p ov d ng emote and on-s te custome suppo t and ma ntenance and fo ens c se v ces, ce ta n pe sonne and e ated costs of ope at ons, stock-based compensat on and a ocated ove heads, wh ch nc udes IT, fac ty and equ pment dep ec at on costs

Impa ment of p ope ty and expense s p ma y att butab e to ou w te-off of the ema n ng book va ue of ndoo senso nvento y and ndoo senso netwo ks nsta ed n ce ta n secu ty custome s du ng the yea ended Decembe 3 , 20 8 and w te-off fo dep oyed equ pment n Pue to R co and U S V g n Is ands that was dest oyed by the hu canes n Septembe 20 7

We w have to upg ade ou senso s that use th d-gene at on (“3G”) ce u a commun cat ons to the fou th-gene at on Long-Te m Evo ut on w e ess techno ogy, wh ch w nc ease ou cost of evenues O g na y, we had expected to sta t ncu ng costs n 202 th ough 2022 We have begun p ans to ep ace senso s n ce ta n geog aph c a eas sta t ng n ea y 202 Acce e ated bandw dth changes by ou ca e s may equ e us to acce e ate the upg ade of ou 3G senso s p o to 202 , wh ch wou d acce e ate the costs assoc ated w th the upg ade, wh ch a e est mated to be between $4 0 m on and $6 0 m on n tota We may to e-use and e-dep oy the o d 3G senso s that have a ema n ng se v ceab e fe whe e t makes sense to do so

In the nea te m, we expect ou cost of evenues to nc ease as ou nsta ed base nc eases, a though ce ta n of ou costs of evenues a e f xed and do not need to nc ease commensu ate w th nc eases n evenues In add t on, dep ec at on expense assoc ated w th dep oyed equ pment s ecogn zed on y ove the f st f ve yea s f om the go- ve date We a so expect cost of evenues to nc ease as we cont nue to nvest n ou custome success capab t es to d ve g owth and va ue fo ou custome s

Operating Expenses

Ope at ng expenses cons st of sa es and ma ket ng, esea ch and deve opment, and gene a and adm n st at ve expenses Sa a es, bonuses, stock-based compensat on expense and othe pe sonne costs a e the most s gn f cant components of each of these expense catego es We nc ude stock-based compensat on expense ncu ed n connect on w th the g ant of stock opt ons and est cted stock un ts to the app cab e ope at ng expense catego y based on the equ ty awa d ec p ent’s funct ona a ea

We a e focused on execut ng on ou g owth st ategy As a esu t, n the nea te m we expect ou tota ope at ng expenses to nc ease n abso ute do a s as we ncu add t ona expenses due to g owth and as a esu t of ope at ng as a pub c company A though ou ope at ng expenses w f uctuate, we expect that ove t me, they w gene a y dec ease as a pe centage of evenues

Sales and Marketing

Sa es and ma ket ng expenses p ma y cons st of pe sonne - e ated costs att butab e to ou sa es and ma ket ng pe sonne , comm ss ons ea ned by ou sa es pe sonne , ma ket ng expenses fo t ade shows, confe ences and convent ons, consu t ng fees, t ave and fac ty- e ated costs and a ocated ove head

In the nea te m, we expect ou sa es and ma ket ng expenses to nc ease n abso ute do a s p ma y due to p anned g owth n ou sa es and ma ket ng o gan zat on Th s g owth w nc ude add ng sa es and ma ket ng pe sonne and expand ng ou ma ket ng act v t es to cont nue to gene ate add t ona eads Sa es and ma ket ng expense may f uctuate f om qua te to qua te based on the t m ng of comm ss on expense, ma ket ng campa gns and t adeshows

Research and Development

Resea ch and deve opment expenses p ma y cons st of pe sonne - e ated costs att butab e to ou esea ch and deve opment pe sonne , consu t ng fees and a ocated ove head We have devoted ou p oduct deve opment effo ts p ma y to deve op new owe -cost senso ha dwa e, deve op new featu es nc ud ng a mob e app cat on, mp ove funct ona ty of ou so ut ons and adapt to new techno og es o changes to ex st ng techno og es

We a e nvest ng n eng nee ng esou ces to suppo t fu the deve opment of the ShotSpotte M ss ons c me fo ecast ng softwa e The focus of th s effo t w be n the a eas of data sc ence mode ng, use expe ence, co e app cat on funct ona ty and backend nf ast uctu e mp ovements, nc ud ng nteg at on of ShotSpotte gunshot data to enhance fo ecast ng of gun v o ence

We a e a so nvest ng esea ch and deve opment esou ces n conjunct on w th ou ShotSpotte Labs p ojects and n t at ves The n t a focus of these effo ts s to deve op new unde wate senso app cat ons as we as to test and expand the funct ona ty of ou outdoo senso s n cha eng ng env onmenta cond t ons

In the nea te m, we expect ou esea ch and deve opment expenses to nc ease n abso ute do a s as we nc ease ou esea ch and deve opment headcount to fu the st engthen ou softwa e and nvest n the deve opment of ou se v ce

We w cont nue to nvest n esea ch and deve opment to eve age ou a ge and g ow ng database of acoust c events, wh ch nc udes those f om both gunf e and non-gunf e We a so ntend to eve age th d-pa ty AI and ou own evo v ng cogn t ve and ana yt ca app cat ons to mp ove the eff c ency of ou so ut ons, wh ch may nc ude nte na softwa e app cat ons, data ana ys s, event out ng and custome outputs Ce ta n of these app cat ons and outputs may expand the p atfo m of se v ces that we w be ab e to offe ou custome s

General and Administrative

Gene a and adm n st at ve expenses p ma y cons st of pe sonne - e ated costs att butab e to ou execut ve, f nance, and adm n st at ve pe sonne , ega , account ng and othe p ofess ona se v ces fees, othe co po ate expenses and a ocated ove head We have ecent y ncu ed add t ona expenses n expand ng ou ope at ons, nc ud ng nc eased pe sonne , ega , nsu ance and account ng expenses, and the add t ona costs of ach ev ng and ma nta n ng comp ance w th Sect on 404 of the Sa banes-Ox ey Act and othe egu at ons

In the nea te m, we expect ou gene a and adm n st at ve expenses to nc ease s gn f cant y n abso ute do a s as we g ow ou bus ness, suppo t ou ope at ons as a pub c company and nc ease ou headcount

Other Income (Expense), Net

Othe ncome (expense), net, cons sted p ma y of nte est ncome and oca and f anch se tax expenses In add t on, n 20 7, t nc uded expense on ou outstand ng debt, and osses f om the emeasu ement of ou conve t b e p efe ed stock wa ant ab ty and osses f om ea y ext ngu shment of debt

Income Taxes

Ou ncome taxes a e based on the amount of ou taxab e ncome and enacted fede a , state and fo e gn tax ates, adjusted fo a owab e c ed ts, deduct ons and the va uat ons a owance aga nst defe ed tax assets, as app cab e

Results of Operations

Comparison of Years Ended December 31, 2019 and 2018

The fo ow ng tab e sets fo th ou conso dated statements of ope at ons data fo the yea s ended Decembe 3 , 20 9 and 20 8 (n thousands)

	2019	As a % of Revenues	2018	As a % of Revenues	Change $	Change %
Revenues	$ 40,752	00%	$ 34,753	00%	$ 5,999	7%
Cos s						
Cost of evenues	6,409	40%	4,846	43%	,563	%
Impa ment of p ope ty and equ pment			686	2%	(686)	(00%)
Tota costs	6,409	40%	5,532	45%	877	6%
G oss p of t	24,343	60%	9,22	55%	5, 22	27%
Ope at ng expenses						
Sa es and ma ket ng	9,989	25%	8,377	24%	,6 2	9%
Resea ch and deve opment	5,344	3%	4,987	4%	357	7%
Ge e a a d adm s a e	4 5	8%	8 4 5	4%	(0 0)	(%)
Tota ope at ng expenses	22,748	56%	2 ,789	63%	959	4%
Income (oss) f om ope at ons	,595	4%	(2,568)	(7%)	4, 63	(62%)
O e come (expe se) e	6		(0)	(%)	33	(95%)
Benef t (p ov s on) fo ncome taxes	4		3		28	2 5%
Net ncome (oss)	$,798	4%	$ (2,725)	(8%)	$ 4,523	(66%)

Revenues

The nc ease of $6 0 m on n evenues was p ma y att butab eto $2 3 m on of new custome dep oyments that went ve du ng 20 9, $0 8 m on f om expans ons of ex st ng custome cove age a eas that went ve du ng 20 9, and $4 4 m on e ated p ma y to custome dep oyments that went ve n 20 8 and fo wh ch we ecogn zed a fu yea of evenues n 20 9 These nc eases we e pa t a y offset by ost custome s and the t m ng of enewa s f om ce ta n custome s esu t ng n defe ed evenues We went ve w th 82 net new squa e m es n 20 9

Costs

The nc ease n costs of $0 9 m on was due p ma y to a $ 2 m on nc ease n ove head expenses esu t ng f om an nc ease n emp oyee headcount, a $0 9 m on nc ease n dep ec at on expense assoc ated w th new custome dep oyment and expans ons n ex st ng custome cove age a ea, and a $0 m on nc ease n softwa e amo t zat on, offset by a $0 6 m on dec ease n ope at ng costs, wh ch nc udes costs ncu ed n p ov d ng emote and on-s te custome suppo t and ma ntenance se v ces, nf ast uctu e host ng fo ou se v ce app cat on and costs e ated to ope at ng ou IRC and $0 7 m on n mpa ment cha ges taken n 20 8 that we e not epeated n 20 9 Du ng 20 8, we ecogn zed mpa ment expense of $0 7 m on fo the mpa ment of p ope ty and equ pment p ma y e ated to the ema n ng book va ue of ndoo senso nvento y and ndoo senso netwo ks nsta ed at ce ta n secu ty custome s

G oss ma fo 0 9 c eased f e pe ce a e po s f om oss ma fo 0 8 beca se ce a cos s of e e es a e f xed a d d d o c ease comme s a e w e c ease s bsc p o e e es

Operating Expenses

Sales and Marketing Expense

T e c ease sa es a d ma e expe se of 6 m o was p ma d e o a 3 m o c ease pe so e expe se es f om c eased eadco a d a 0 3 m o c ease co s a d a e expe ses assoc a ed w e ow of o sa es a d ma e o a a o

Research and Development Expense

T e c ease esea c a d de e opme expe se of 0 4 m o was p ma de o a c ease pe so e a d co s expe ses e a ed o e de e opme of o mob e app ca o s a d ex e e a o se so s

General and Administrative Expense

The dec ease n gene a and adm n st at ve expense of $ 0 m on was p ma y due to a $ 5 m on dec ease n ega expenses esu t ng f om t gat on that sett ed n 20 8 and ou HunchLab acqu s t on n 20 8, pa t a y offset by $0 5 m on nc ease n pe sonne and consu t ng expenses du ng the yea ended Decembe 3 , 20 9

Other Income (Expense), Net

The nc ease n othe ncome (expense), net of $0 3 m on was due to a $0 4 m on nc ease n nte est ncome pa t a y offset by a dec ease n oca and state ncome taxes

Income Taxes

Ou ncome taxes a e based on the amount of ou taxab e ncome and enacted fede a , state and fo e gn tax ates, adjusted fo a owab e c ed ts, deduct ons and the va uat ons a owance aga nst defe ed tax assets, as app cab e Fo the yea s ended Decembe 3 , 20 9 and 20 8, ou p ov s on fo ncome taxes cons sted of a benef t (p ov s on) fo fo e gn ncome taxes on y

Comparison of Years Ended December 31, 2018 and 2017

The fo ow ng tab e sets fo th ou se ected conso dated statements of ope at ons data fo the yea s ended Decembe 3 , 20 8 and 20 7 (n thousands)

	2018	As a % of Revenues	2017	As a % of Revenues	Change $	Change %
Revenues	$ 34,753	00%	$ 23,763	00%	$ 0,990	46%
Costs						
Cos of e e es	4 846	43%	3 0	48%	3 4 6	3 %
Impa ment of p ope ty and equ pment	686	2%	793		(07)	00%
Tota costs	5,532	45%	2, 63	5 %	3,369	28%
G oss p of	9	55%	600	49%	6	66%
Ope at ng expenses						
Sa es and ma ket ng	8,377	24%	6, 79	26%	2, 98	36%
Resea ch and deve opment	4,987	4%	4, 59	8%	828	20%
Gene a and adm n st at ve	8,425	24%	5,595	24%	2,830	5 %
Tota ope at ng expenses	2 ,789	63%	5,933	67%	5,856	37%
Loss f om ope at ons	(2,568)	(7%)	(4,333)	(8%)	,765	(4 %)
Othe expense, net	70)	(0%)	5,487)	(23%)	5,3 7	(97%)
P o s o fo come axes	3	0%	60)		3	(00%)
Net oss	$ 2,725)	(8%)	$ (9,980)	(42%)	$ 7,255	(73%)

Revenues

The nc ease of $ 0 m on n evenues was p ma y att butab e to $5 2 m on f om expans ons of ex st ng custome cove age a eas, $ 9 m on of new custome so ut ons that went ve du ng 20 8, and $4 8 m on e ated p ma y to custome dep oyments that went ve n 20 7 and fo wh ch we ecogn zed a fu yea of evenues n 20 8

Costs

The nc ease n costs of $3 4 m on was due p ma y to a $ 4 m on nc ease n ove head expenses esu t ng f om an nc ease n emp oyee headcount, a $0 8 m on nc ease n ope at ng costs, wh ch nc udes costs ncu ed n p ov d ng emote and on-s te custome suppo t and ma ntenance se v ces, nf ast uctu e host ng fo ou se v ce app cat on and costs e ated to ope at ng ou IRC, and a $0 6 m on nc ease n dep ec at on offset by $0 4 m on dec ease n te ecommun cat on fees and $0 m on n owe mpa ment cha ges Du ng 20 8, we ecogn zed mpa ment expense of $0 7 m on fo the mpa ment of p ope ty and equ pment p ma y e ated to the ema n ng book va ue of ndoo senso nvento y and ndoo senso netwo ks nsta ed at ce ta n secu ty custome s Du ng 20 7, we ecogn zed mpa ment expense of $0 8 m on fo the mpa ment of p ope ty and equ pment p ma y e ated to the ema n ng net book va ue fo dep oyed equ pment that was p esumed dest oyed by hu canes n Septembe 20 7

G oss ma g n fo 20 8 nc eased s x pe centage po nts f om g oss ma g n fo 20 7 because ce ta n costs of evenues a e f xed and d d not nc ease commensu ate w th the nc ease n subsc pt on evenues

Operating Expenses

Sales and Marketing Expense

The nc ease n sa es and ma ket ng expense of $2 2 m on was p ma y due to an nc ease of $ 3 m on n sa a es, comm ss ons, ec u t ng, and stock-based compensat on expense, and a $0 7 m on nc ease n consu t ng and outs de se v ces assoc ated w th expans on of ou sa es, ma ket ng and custome success o gan zat on

Research and Development Expense

The nc ease n esea ch and deve opment expense of $0 8 m on was due p ma y due to a $0 7 m on nc ease n sa a es, benef ts and bonuses fo esea ch and deve opment pe sonne , and stock-based compensat on expense and a $0 m on nc ease n consu t ng fees e ated to the deve opment of ou mob e app cat ons and next-gene at on senso s

General and Administrative Expense

The nc ease n gene a and adm n st at ve expense of $2 8 m on f om 20 7 to 20 8 was due to a $2 0 m on nc ease n ega , account ng and othe outs de se v ces fees assoc ated w th t gat on and sett ement expenses, bus ness acqu s t on expenses, and ope at ng as a pub c company, a $0 4 m on nc ease n non-emp oyee d ecto compensat on, and a $0 4 m on nc ease n pe sonne expense p ma y due to stock-based compensat on expense

Other Expense, Net

The dec ease n othe expense, net of $5 3 m on was due to a $3 7 m on dec ease n expense e ated to the emeasu ement of the p efe ed stock wa ant ab ty due to a f na emeasu ement upon ou IPO n the second qua te of 20 7, a $ 6 m on dec ease n nte est expense due to the te m nat on of debt n the th d qua te of 20 7, a $0 2 m on n p epayment fees n connect on w th the ea y ext ngu shment of debt, and a w te-off of $0 3 m on of unamo t zed debt ssuance costs due to the te m nat on of debt n the th d qua te on 20 7

Income Taxes

Ou ncome taxes a e based on the amount of ou taxab e ncome and enacted fede a , state and fo e gn tax ates, adjusted fo a owab e c ed ts, deduct ons and the va uat ons a owance aga nst defe ed tax assets, as app cab e Fo the yea s ended Decembe 3 , 20 8 and 20 7, ou p ov s on fo ncome taxes cons sted of a benef t (p ov s on) fo fo e gn ncome taxes on y

Liquidity and Capital Resources

Sources of Funds

Ou ope at ons have been f nanced p ma y th ough net p oceeds f om the sa e of equ ty, debt f nanc ng a angements and cash f om ope at ng act v t es Ou p nc pa sou ce of qu d ty s cash and cash equ va ents tota ng $24 6 m on as of Decembe 3 , 20 9 We a so have a $ 0 0 m on c ed t fac ty, of wh ch no amounts we e outstand ng as of Decembe 3 , 20 9

In a ch 20 9, we ssued and so d 250,000 sha es of ou common stock n an unde w tten pub c offe ng, fo wh ch we ece ved net p oceeds of $ 0 6 m on afte deduct ng offe ng expenses

We be eve ou ex st ng cash and cash equ va ent ba ances, ou ava ab e c ed t fac ty and cash f ow f om ope at ons w be suff c ent to meet ou wo k ng cap ta and cap ta expend tu e equ ements fo at east the next 2 months Ou futu e cap ta equ ements may va y mate a y f om those cu ent y p anned and w depend on many facto s, nc ud ng ou ate of evenues g owth, the t m ng and extent of spend ng on sa es and ma ket ng, the expans on of sa es and ma ket ng act v t es, the t m ng of new p oduct nt oduct ons, ma ket acceptance of ou p oducts and ove a econom c cond t ons We may a so seek add t ona cap ta to fund ou ope at ons, nc ud ng th ough the sa e of equ ty o debt f nanc ngs To the extent that we a se add t ona cap ta th ough the futu e sa e of equ ty, the owne sh p nte est of ou stockho de s w be d uted, and the te ms of these secu t es may nc ude qu dat on o othe p efe ences that adve se y affect the ghts of ou ex st ng common stockho de s The ncu ence of debt f nanc ng wou d esu t n debt se v ce ob gat ons and the nst uments gove n ng such debt cou d p ov de fo ope at ng and f nanc ng covenants that wou d est ct ou ope at ons

Use of Funds

Ou h sto ca uses of cash have p ma y cons sted of cash used fo ope at ng act v t es, such as expans on of ou sa es and ma ket ng ope at ons, esea ch and deve opment act v t es and othe wo k ng cap ta needs, and cash used n nvest ng act v t es, such as p ope ty and equ pment expend tu es to nsta nf ast uctu e n custome c t es n o de to de ve ou so ut ons

On Octobe 3, 20 8, we acqu ed ce ta n techno ogy, efe ed to as HunchLab, and e ated assets f om Azavea Inc The pu chase cons de at on tota ed $2 5 m on, cons st ng of $ 7 m on n cash and a cont ngent ea nout payab e n cash fo up to $750,000 based on HunchLab's evenues gene ated ove the th ee-yea pe od fo ow ng the acqu s t on date

In Septembe 20 7, we vo unta y epa d ou outstand ng bo ow ng of $ 3 5 m on unde the 20 5 Te m Note Th s esu ted n a oss on ea y ext ngu shment of debt of $0 2 m on fo p epayment fees and othe m sce aneous fees, and $0 3 m on fo the w te-off of a po t on of ou unamo t zed debt ssuance costs

Stock Repurchase Program

In May 20 9, we announced that ou Boa d of D ecto s had app oved a stock epu chase p og am fo up to $ 5 m on of ou common stock The sha es may be epu chased f om t me to t me n open ma ket t ansact ons, n p vate y negot ated t ansact ons o by othe methods n acco dance w th fede a secu t es aws The actua t m ng, numbe and va ue of sha es epu chased unde the p og am w be dete m ned by management n ts d sc et on and w depend on a numbe of facto s, nc ud ng the ma ket p ce of ou common stock, gene a ma ket and econom c cond t ons and app cab e ega equ ements The stock epu chase p og am does not ob gate us to pu chase any pa t cu a amount of common stock and may be suspended o d scont nued at any t me

Du ng the yea ended Decembe 3 , 20 9, we epu chased 257,824 sha es of ou common stock at an ave age p ce of $26 pe sha e fo $6 7 m on The epu chases we e made n open ma ket t ansact ons us ng cash on hand, and a of the sha es epu chased we e et ed

Credit Facility

On Septembe 27, 20 8, we ente ed nto the Umpqua C ed t Ag eement, wh ch a ows us to bo ow up to $ 0 0 m on unde a evo v ng oan fac ty We ntend to use the evo v ng oan fac ty fo gene a wo k ng cap ta pu poses

P o to the epayment of a ou outstand ng ndebtedness unde the 20 5 Te m Note n Septembe 20 7, we we e a pa ty to a Loan and Secu ty Ag eement w th O x G owth Cap ta , LLC (the "O x Loan Ag eement"), wh ch a owed us to bo ow up to $ 5 0 m on In Septembe 20 7, ou c ed t fac ty w th O x G owth Cap ta , LLC pu suant to the O x Loan Ag eement was te m nated n connect on w th such epayment

Cash Flows

Comparison of Years Ended December 31, 2019, 2018 and 2017

The fo ow ng tab e p esents a summa y of ou cash f ows fo the yea s ended Decembe 3 , 20 9, 20 8 and 20 7

	Year Ended December 31,		
	2019	2018	2017
		(in housands)	
Net cash p ov ded by (used n)			
Ope at ng act v t es	$ 3,692	$ (,386)	$ 3,387
Invest ng act v t es	(4,909)	(0,203)	(6,506)
F nanc ng act v t es	5,482	2,437	8,75
Net change n cash and cash equ va ents	$ 4,265	$ (9, 52)	$ 5,632

As of Decembe 3 , 20 9, 20 8 and 20 7, $0 8 m on, $ m on and $ 0 m on n cash was he d by ou conso dated fo e gn subs d a es In the yea ended Decembe 3 , 20 7, we used $0 5 m on of these funds to pay ou U S pa ent company fo se v ces de ve ed n the yea ended Decembe 3 , 20 6 unde an nte company cense ag eement

Operating Activities

Fo standa d custome dep oyments, we typ ca y ach eve cash f ow b eakeven, on a d ect va ab e cost-bas s, n ess than a yea f om the date of execut on of the cont act Ou net ncome (oss) and cash f ows p ov ded by ope at ng act v t es a e s gn f cant y nf uenced by ou nc ease n headcount to suppo t ou g owth, nc ease n ega , outs de se v ces fees, and sa es and ma ket ng expenses, and ou ab ty to b and co ect n a t me y manne

Ope at ng act v t es p ov ded $ 3 7 m on n 20 9, used $ 4 m on n 20 8, and p ov ded $3 4 m on n 20 7

The net cash p ov ded by ope at ng act v t es n the yea ended Decembe 3 , 20 9 was p ma y d ven by h ghe co ect ons of accounts ece vab e d ven by new custome cont acts and expans ons of ex st ng custome cove age

The use of cash fo 20 8 was p ma y d ven by changes n accounts ece vab e and ou net oss of $2 7 m on and offset by changes n defe ed evenue, stock-based compensat on, and dep ec at on and amo t zat on

The gene at on of cash fo 20 7 was p ma y d ven by changes n acc ued expenses and defe ed evenue, dep ec at on and amo t zat on and emeasu ement of wa ant ab ty, pa t a y offset by changes n accounts ece vab e and ou net oss of $ 0 0 m on

Investing Activities

Ou nvest ng act v t es cons st p ma y of cap ta expend tu es to nsta ou so ut ons n custome cove age a eas, pu chases of p ope ty and equ pment, and nvestment n ntang b e assets

Invest ng act v t es used $4 9 m on, $ 0 2 m on, and $6 5 m on n the yea s ended Decembe 3 , 20 9, 20 8 and 20 7, espect ve y, p ma y fo p ope ty and equ pment expend tu es to nsta ou so ut ons n custome cove age a eas We comp eted ou acqu s t on of the HunchLab assets fo app ox mate y $ 7 m on n cash at c os ng du ng the yea ended Decembe 3 , 20 8

Financing Activities

Cash gene ated by f nanc ng act v t es nc udes p oceeds f om ou seconda y offe ng, net p oceeds f om the exe c se of stock opt ons and wa ants, p oceeds f om the emp oyee stock pu chase p an, offset by payment fo epu chases of ou common stock, payment of ndebtedness, and debt ssuance and f nanc ng costs

F nanc ng act v t es p ov ded $5 5 m on n cash du ng the yea ended Decembe 3 , 20 9 f om $ 0 8 m on n net p oceeds f om the ssuance of common stock upon ou seconda y offe ng, $0 9 m on p oceeds f om ESPP pu chase and $0 5 m on n p oceeds f om the exe c se of opt ons and wa ants, pa t a y offset by $6 7 m on n payments fo epu chases of ou common stock

F nanc ng act v t es p ov ded $2 4 m on n the yea ended Decembe 3 , 20 8, p ma y f om $ 5 m on f om the exe c se of stock opt ons and wa ants, and $0 9 m on p oceeds f om emp oyee stock pu chase p an

F nanc ng act v t es p ov ded $ 8 8 m on n the yea ended Decembe 3 , 20 7, p ma y f om $32 4 m on n net p oceeds, exc ud ng unde w t ng d scounts and comm ss ons, f om ou IPO and $ 5 m on n bo ow ng unde ou 20 5 Te m Note (see Note 0, *Financing Arrangements*, to ou conso dated f nanc a statements nc uded e sewhe e n th s Annua Repo t n Fo m 0-K, fo deta s ega d ng the 20 5 Te m Note), offset n pa t by $ 3 5 m on n epayment of ou 20 5 Te m Note and $ 9 m on n payments fo costs assoc ated w th ou IPO

Contractual Obligations and Commitments

The fo ow ng tab e summa zes ou comm tments to sett e cont actua ob gat ons as of Decembe 3 , 20 9

	Less han 1 Year	1 o Years	3 o 5 Years	More han 5 Years	To al
			(in housands)		
Ope at ng ease ( )	$ 328	$ 304	$	$	$ 632
Data cente a angements (2)	$ 76	$	$	$	$ 76

( ) Ope at ng ease payments nc ude tota futu e m n mum ent payments unde a non-cance ab e ope at ng ease ag eement as desc bed n Note 9,*Commitments and Contingencies.*

(2) Data cente a angements nc ude tota futu e m n mum payments unde the non-cance ab e cont acts as desc bed n Note 9,*Commitments and Contingencies.*

The comm tment amounts n the tab e above a e assoc ated w th cont acts that a e enfo ceab e and ega y b nd ng and that spec fy a s gn f cant te ms, nc ud ng f xed o m n mum se v ces to be used, f xed, m n mum o va ab e p ce p ov s ons and the app ox mate t m ng of the act ons unde the cont acts The tab e does not nc ude pu chase ob gat ons that we can cance w thout a s gn f cant pena ty These pu chase ob gat ons a e cance ab e at any t me, howeve , we may be equ ed to pay costs ncu ed th ough the cance at on date H sto ca y, we have a e y cance ed these ag eements

Off-Balance Sheet Arrangements

As of Decembe 3 , 20 9, we d d not have any e at onsh ps w th unconso dated o gan zat ons o f nanc a pa tne sh ps, such as st uctu ed f nance o spec a pu pose ent t es, that we e estab shed fo the pu pose of fac tat ng off-ba ance sheet a angements We do not engage n off-ba ance sheet f nanc ng a angements In add t on, we do not engage n t ad ng act v t es nvo v ng non-exchange t aded cont acts

Critical Accounting Policies and Estimates

Ou conso dated f nanc a statements a e p epa ed n acco dance w th Un ted States Gene a y Accepted Account ng P nc p es (“GAAP”) The p epa at on of ou conso dated f nanc a statements equ es us to make est mates, assumpt ons and judgments that affect the epo ted amounts of evenues, assets, ab t es, costs and expenses We base ou est mates and assumpt ons on h sto ca expe ence and othe facto s that we be eve to be easonab e unde the c cumstances We eva uate ou est mates and assumpt ons on an ongo ng bas s Ou actua esu ts may d ffe f om these est mates Ou most c t ca account ng po c es a e summa zed be ow See Note 3, *Basis of Presentation and Summary of Significant Accounting Policies* to ou conso dated f nanc a statements nc uded e sewhe e n th s Annua Repo t on Fo m 0-K fo a desc pt on of ou othe s gn f cant account ng po c es

Revenue Recognition We gene ate substant a y a of ou evenues f om the sa e of gunshot detect on subsc pt on se v ces, n wh ch gunshot data gene ated by company-owned senso s and softwa e s so d to custome s th ough a c oud-based host ng app cat on fo a spec f ed cont act pe od Typ ca y, the n t a cont act pe od s one to f ve yea s n ength The subsc pt on cont act s gene a y noncance ab e w thout cause Gene a y, these se v ce a angements do not p ov de the custome w th the ght to take possess on of the ha dwa e o softwa e suppo t ng the subsc pt on se v ce at any t me A sma po t on of ou evenues a e gene ated f om the de ve y of setup se v ces to nsta company-owned senso s n the custome ’s cove age a ea and othe se v ces nc ud ng t a n ng and cense to nteg ate w th th d-pa ty app cat ons

We gene a y nvo ces custome s fo 50% of the tota cont act va ue when the cont act s fu y executed and fo the ema n ng 50% when the subsc pt on se v ce s ope at ona and eady to go ve that s, when the custome has acknow edged the comp et on of a the de ve ab es n the s gned custome acceptance fo m We gene a y nvo ces subsc pt on se v ce enewa s fo 00% of the tota cont act va ue when the enewa cont act s executed Fo the pub c safety so ut on, the p c ng mode s based on a pe -squa e-m e bas s Fo secu ty so ut ons, the p c ng mode s on a custom zed-s te bas s As a esu t of the p ocess fo nvo c ng cont acts and enewa s upon execut on, cash f ows f om ope at ons and accounts ece vab e can f uctuate due to t m ng of cont act execut on and t m ng of dep oyment

We ecogn ze evenues upon the sat sfact on of pe fo mance ob gat ons At cont act ncept on, we assess the se v ces p om sed n ts cont acts w th custome s and dent f es a pe fo mance ob gat on fo each p om se to t ansfe to the custome a good o se v ce (o bund e of se v ces) that s d st nct To dent fy the pe fo mance ob gat ons, we cons de a of the se v ces p om sed n the cont act ega d ess of whethe they a e exp c t y stated o a e mp ed by customa y bus ness p act ces We dete m ned that the subsc pt on se v ces, t a n ng, and censes to nteg ate w th th d-pa ty app cat ons a e each d st nct se v ces that ep esent sepa ate pe fo mance ob gat ons The setup act v t es a e not d st nct f om the subsc pt on se v ce and a e comb ned nto the subsc pt on se v ce pe fo mance ob gat on Howeve , setup fees may p ov de a mate a ght to the custome that has nf uence ove the custome s' dec s on to enew A setup fees a e assessed on a quant tat ve and qua tat ve bas s to dete m ne whethe they ep esent a d st nct pe fo mance ob gat on The tota cont act va ue s a ocated to each pe fo mance ob gat on dent f ed based on the standa one se ng p ce of the se v ce D scounts a e a ocated p o- ata to the dent f ed pe fo mance ob gat ons Fo cont acts that have an o g na du at on of one yea o ess, we use the p act ca exped ent app cab e to such cont acts and does not cons de the t me va ue of money

Revenues f om subsc pt on se v ces a e ecogn zed atab y, on a st a ght- ne bas s, ove the te m of the subsc pt on Revenues f om mate a ghts a e ecogn zed atab y ove the pe od n wh ch they a e dete m ned to p ov de a mate a ght to the custome , wh ch s gene a y th ee yea s Revenues f om t a n ng and censes to nteg ate w th th d-pa ty app cat ons a e ecogn zed upon de ve y wh ch gene a y occu s when the subsc pt on se v ce s ope at ona and eady to go ve and these amounts a e mmate a

Subsc pt on enewa fees a e ecogn zed atab y ove the te m of the enewa , wh ch s typ ca y one yea Wh e most custome s e ect to enew the ag eements, n some cases, they may not be ab e to obta n the p ope app ova s o fund ng to comp ete the enewa p o to exp at on Fo these custome s, we stop ecogn z ng subsc pt on evenues at the end of the cu ent cont act te m, even though se v ces may cont nue to be p ov ded fo a pe od of t me unt the enewa p ocess s comp eted Once the enewa s comp ete, we ecogn ze subsc pt on evenues fo the pe od between the exp at on of the te m of the ag eement and the comp et on of the enewa pocess n the month n wh ch the enewa s executed If a custome dec nes to enew ts subsc pt on, then the ema n ng fees f om mate a ghts, f any, a e mmed ate y ecogn zed

Stock-Based Compensation We ecogn ze stock-based compensat on expense fo stock-based compensat on awa ds g anted to ou emp oyees, d ecto s, and consu tants that can be sett ed n sha es of ou common stock Compensat on expense fo stock-based compensat on awa ds g anted s based on the g ant date fa va ue est mate fo each awa d as dete m ned by ou boa d of d ecto s We ecogn ze these compensat on costs on a st a ght- ne bas s ove the equ s te se v ce pe od of the awa d, wh ch s gene a y fou yea s

Rest cted stock un t awa ds a e va ued us ng the ast epo ted stock p ce on the date of g ant

We est mate the fa va ue of stock opt on awa ds at the date of g ant us ng the B ack-Scho es opt on p c ng mode , wh ch was deve oped fo use n est mat ng the va ue of t aded opt ons that have no vest ng est ct ons and a e f ee y t ansfe ab e The fa va ues gene ated by the mode may not be nd cat ve of the actua fa va ues of ou awa ds as t does not cons de othe facto s mpo tant to those stock-based payment awa ds, such as cont nued emp oyment, pe od c vest ng equ ements and m ted t ansfe ab ty

Business Acquisition We a ocate the fa va ue of pu chase cons de at on to the tang b e assets acqu ed, ab t es assumed and ntang b e assets acqu ed based on the est mated fa va ues The excess of the fa va ue of pu chase cons de at on ove the fa va ues of these dent f ab e assets and ab t es s eco ded as goodw When dete m n ng the fa va ues of assets acqu ed and ab t es assumed, management makes s gn f cant est mates and assumpt ons, espec a y w th espect to ntang b e assets C t ca est mates n va u ng such ntang b e assets nc ude, but not m ted to, futu e expected cash f ows f om custome e at onsh ps and deve oped techno ogy; and d scount ates

Goodwill Goodw s tested fo mpa ment at the epo t ng un t eve (ope at ng segment o one eve be ow an ope at ng segment) on an annua bas s (Octobe) and between annua tests f an event occu s o c cumstances change that wou d mo e ke y than not educe the fa va ue of a epo t ng un t be ow ts ca y ng va ue These events o c cumstances cou d nc ude a s gn f cant change n the bus ness c mate, ega facto s, ope at ng pe fo mance nd cato s, compet t on, o sa e o d spos t on of a s gn f cant po t on of a epo t ng un t App cat on of the goodw mpa ment test equ es judgment, nc ud ng the dent f cat on of epo t ng un ts and dete m nat on of the fa va ue of each epo t ng un t The fa va ue of each epo t ng un t s est mated p ma y th ough the use of a d scounted cash f ow methodo ogy Th s ana ys s equ es s gn f cant judgments, nc ud ng est mat on of futu e cash f ows, wh ch s dependent on nte na fo ecasts, est mat on of the ong-te m ate of g owth fo ou bus ness, est mat on of the usefu fe ove wh ch cash f ows w occu , and dete m nat on of ou we ghted ave age cost of cap ta The est mates used to ca cu ate the fa va ue of a epo t ng un t change f om yea to yea based on ope at ng esu ts, ma ket cond t ons, and othe facto s Changes n these est mates and assumpt ons cou d mate a y affect the dete m nat on of fa va ue and goodw mpa ment We pe fo med ou annua test fo goodw and ong- ved assets mpa ment as of Octobe , 20 9 and conc uded that no mpa ment cha ge was necessa y

Recently Adopted Accounting Pronouncements

In Feb ua y 20 6, the FASB ssued ASU 20 6-02, *Leases* (Top c 842) The e have been fu the amendments, nc ud ng p act ca exped ents, w th the ssuance of ASU 20 8-0 n Janua y 20 8, ASU 20 8- n Ju y 20 8 and ASU 20 8-20 n Decembe 20 8 The amended gu dance equ es the ecogn t on of ease assets and ease ab t es on the ba ance sheet fo those eases w th te ms n excess of 2 months and cu ent y c ass f ed as ope at ng eases D sc osu e of key nfo mat on about eas ng a angements s equ ed Effect ve Janua y , 20 9, we adopted Top c 842 We e ected the opt ona t ans t on method wh ch a ows ent t es to cont nue to app y h sto ca account ng gu dance n the compa at ve pe ods p esented n the yea of adopt on

At t ans t on, essees and esso s may e ect to app y a package of p act ca exped ents pe m tt ng ent t es not to eassess ( ) whethe any exp ed o ex st ng cont acts a e o conta n eases; ( ) ease c ass f cat on fo any exp ed o ex st ng eases and ( ) whethe n t a d ect costs fo any exp ed o ex st ng eases qua fy fo cap ta zat on unde the amended gu dance These p act ca exped ents must be e ected as a package and cons stent y app ed We have e ected to app y the package of p act ca exped ents upon adopt on

Ou ope at ng ease fo ou co po ate headqua te s off ce s mpacted by the new standa d and upon adopt on, we ecogn zed a ght-of-use asset of $0 9 m on and e ated ease ab t es tota ng $0 9 m on See Note 8, *Leases.*

In Ju y 20 7, the FASB ssued ASU 20 7- , *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815)* The amendments n Pa t I of ASU 20 7- change the c ass f cat on ana ys s of ce ta n equ ty- nked f nanc a nst uments (o embedded featu es) w th down ound featu es When dete m n ng whethe ce ta n f nanc a nst uments shou d be c ass f ed as ab t es o equ ty nst uments, a down ound featu e no onge p ec udes equ ty c ass f cat on when assess ng whethe the nst ument s ndexed to an ent ty's own stock The amendments a so c a fy ex st ng d sc osu e equ ements fo equ ty-c ass f ed nst uments We adopted th s ASU as of Janua y , 20 9 and the adopt on d d not have any mpact on the conso dated f nanc a statements

Item 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Ma ket sk ep esents the sk of oss that may mpact ou f nanc a pos t on due to adve se changes n f nanc a ma ket p ces and ates Ou ma ket sk exposu e s p ma y the esu t of f uctuat ons n nte est ates and fo e gn exchange ates as we as, to a esse extent, nf at on

Interest Rate Risk

We a e exposed to nte est ate sk n the o d na y cou se of ou bus ness Ou cash nc udes cash n ead y ava ab e check ng and money ma ket accounts These secu t es a e not dependent on nte est ate f uctuat ons that may cause the p nc pa amount of these assets to f uctuate

We had cash of $24 6 m on as of Decembe 3 , 20 9, wh ch cons sts ent e y of bank depos ts To date, f uctuat ons n nte est ncome have not been s gn f cant

We do not ente nto nvestments fo t ad ng o specu at ve pu poses and have not used any de vat ve f nanc a nst uments to manage ou nte est ate sk exposu e

Foreign Currency Exchange Risk

We have fo e gn cu ency sks e ated to ou evenues and ope at ng expenses denom nated n cu enc es othe than ou funct ona cu ency, the U S do a , p nc pa y the South Af can Rand Movements n fo e gn cu enc es n wh ch we t ansact bus ness cou d s gn f cant y affect futu e net ea n ngs Fo examp e, f the ave age va ue of the South Af can Rand had been 0% h ghe e at ve to the U S do a du ng 20 9, 20 8 o 20 7, t wou d not have esu ted n a s gn f cant mpact to ou esu ts of ope at ons fo the yea s ended Decembe 3 , 20 9, 20 8 o 20 7 To date, we have not engaged n any hedg ng st ateg es As ou nte nat ona ope at ons g ow, we w cont nue to eassess ou app oach to manage ou sk e at ng to f uctuat ons n fo e gn cu ency ate

Inflation Risk

We do not be eve that nf at on has had a mate a effect on ou bus ness, f nanc a cond t on o esu ts of ope at ons If ou costs we e to become subject to s gn f cant nf at ona y p essu es, we may not be ab e to fu y offset such h ghe costs th ough p ce nc eases Ou nab ty o fa u e to do so cou d ha m ou bus ness, f nanc a cond t on and esu ts of ope at ons

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockho de s and the Boa d of D ecto s of ShotSpotte , Inc

Opinion on the Financial Statements

We have aud ted the accompany ng conso dated ba ance sheets of ShotSpotte , Inc (the "Company") as of Decembe 3 , 20 9 and 20 8, the e ated conso dated statements of ope at ons, comp ehens ve ncome (oss), conve t b e p efe ed stock and stockho de s' equ ty/(def c t), and cash f ows, fo each of the th ee yea s n the pe od ended Decembe 3 , 20 9, and the e ated notes (co ect ve y efe ed to as the "conso dated f nanc a statements") In ou op n on, the conso dated f nanc a statements p esent fa y, n a mate a espects, the f nanc a pos t on of the Company as of Decembe 3 , 20 9 and 20 8, and the esu ts of the ope at ons and the cash f ows fo each of the th ee yea s n the pe od ended Decembe 3 , 20 9, n confo m ty w th account ng p nc p es gene a y accepted n the Un ted States of Ame ca

Basis for Opinion

These conso dated f nanc a statements a e the espons b ty of the Company's management Ou espons b ty s to exp ess an op n on on the Company's conso dated f nanc a statements based on ou aud ts We a e a pub c account ng f m eg ste ed w th the Pub c Company Account ng Ove s ght Boa d (Un ted States) ("PCAOB") and a e equ ed to be ndependent w th espect to the Company n acco dance w th the U S fede a secu t es aws and the app cab e u es and egu at ons of the Secu t es and Exchange Comm ss on and the PCAOB

We conducted ou aud ts n acco dance w th the standa ds of the PCAOB Those standa ds equ e that we p an and pe fo m the aud t to obta n easonab e assu ance about whethe the conso dated f nanc a statements a e f ee of mate a m sstatement, whethe due to e o o f aud The Company s not equ ed to have, no we e we engaged to pe fo m, an aud t of ts nte na cont o ove f nanc a epo t ng As pa t of ou aud ts we a e equ ed to obta n an unde stand ng of nte na cont o ove f nanc a epo t ng but not fo the pu pose of exp ess ng an op n on on the effect veness of the Company's nte na cont o ove f nanc a epo t ng Acco d ng y, we exp ess no such op n on

Ou aud ts nc uded pe fo m ng p ocedu es to assess the sks of mate a m sstatement of the conso dated f nanc a statements, whethe due to e o o f aud, and pe fo m ng p ocedu es that espond to those sks Such p ocedu es nc uded exam n ng, on a test bas s, ev dence ega d ng the amounts and d sc osu es n the conso dated f nanc a statements Ou aud ts a so nc uded eva uat ng the account ng p nc p es used and s gn f cant est mates made by management, as we as eva uat ng the ove a p esentat on of the conso dated f nanc a statements We be eve that ou aud ts p ov de a easonab e bas s fo ou op n on

s Baker Tilly Virchow Krause, LLP

We have se ved as the Company's aud to s nce 20 6

M nneapo s, M nnesota
Ma ch 2, 2020

ShotSpotter, Inc.

Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2019		December 31, 2018	
		2019		**2018**
Assets				
Cu ent assets				
Cash and cash equ va ents	$	24,550	$	0,2 8
Accounts ece vab e and cont act asset		3,883		5,267
P epa d expenses and othe cu ent assets		,764		,527
Rest cted cash				60
Tota cu ent assets		40, 97		27,072
P ope ty and equ pment, net		6,556		6,504
Ope at ng ease ght-of-use asset		556		
Goodw		,379		,379
Intang b e assets, net		249		242
Othe assets		,634		,922
Tota assets	$	60,57		47, 9
L ab t es and Stockho de s' Equ ty				
Cu ent ab t es				
Accounts payab e	$	, 79	$	,307
Defe ed evenue, sho t-te m		26,360		23, 02
Acc ued expenses and othe cu ent ab t es		4,885		4,427
Tota cu ent ab t es		32,424		28,836
Defe ed evenue, ong-te m		598		,060
Othe ab t es		298		76
Tota ab t es		33,320		29,972
Comm tments and cont ngenc es (Note 9)				
Stockho de s' equ ty				
Common stock $0 005 pa va ue; 500,000,000 sha es autho zed; ,3 4, 50 and 0,864,722 sha es ssued and outstand ng as of Decembe 3 , 20 9 and 20 8, espect ve y		57		55
Add t ona pa d- n cap ta		22,907		4,6 8
Accumu ated def c t		(95,579)		(97,377)
Accumu ated othe comp ehens ve oss		(34)		(49)
Tota stockho de s' equ ty		27,25		7, 47
Tota ab t es and stockho de s' equ ty	$	60,57	$	47, 9

See accompanying notes to consolidated financial statements.

ShotSpotter, Inc.

Consolidated Statements of Operations
(In thousands, except share and per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenues	$ 40,752	$ 34,753	$ 23,763
Cos s			
Cost of evenues	6,409	4,846	,370
Impa ment of p ope ty and equ pment		686	793
Tota costs	6,409	5,532	2, 63
G oss p of t	24,343	9,22	,600
Ope at ng expenses			
Sa es and ma ket ng	9,989	8,377	6, 79
Resea c a d de e opme	5 344	4 98	4 59
Gene a and adm n st at ve	7,4 5	8,425	5,595
Tota ope at ng expenses	22,748	2 ,789	5,933
Ope a oss	595	(568)	(4 333)
Othe ncome (expense), net			
Remeasu ement of conve t b e p efe ed stock wa ant ab ty			(3,725)
Loss on ea y ext ngu shment of debt			(479)
I e es come (expe se) e	440	8	(4)
Othe expense, net	(278)	(252)	(69)
Tota othe ncome (expense), net	62	(70)	(5,487)
I come (oss) befo e come axes	5	(38)	(9 8 0)
P ov s on (benef t) fo ncome taxes	(4)	(3)	60
Net ncome (oss)	$,798	$ (2,725)	$ (9,980)
Net ncome (oss) oss pe sha e, bas c	$ 0 6	$ (0 26)	$ (6)
Net ncome (oss) oss pe sha e, d uted	$ 0 5	$ (0 26)	$ (6)
We ed a e a e s a es sed comp e come (oss) pe s a e bas c	30 80	0 569 00	6 9 5
We ghted ave age sha es used n comput ng net ncome (oss) pe sha e, d uted	,846,348	0,569,007	6, 97,775

See accompanying notes to consolidated financial statements.

ShotSpotter, Inc.

Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	20 9	2018	2017
Net ncome (oss)	$,798	$ (2,725)	$ (9,980)
O e comp e e s e come (oss)			
Change n fo e gn cu ency t ans at on adjustment	5	(50)	3
Comp ehens ve ncome (oss)	$,8 3	$ (2,875)	$ (9,977)

See accompanying notes to consolidated financial statements.

ShotSpotter, Inc

Consolidated Statements of Convertible P referred Stock and Stockholders' Equity/(Deficit)
(In thousands, except share data)

	Series B-1 Convertible Preferred Stock		Series A-2 Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity/ (De icit)
	Shares	Amount	Shares	Amount	Shares	Par Value	Capital	Deficit	Income (Loss)	(De icit)
B nce ecembe 1 2016	8 8 02	$ 22 0	1 1 6 2	$ 20 000	1 616 996	$ 8	$ 0 0	$ (8 61)	$ (2)	$ (206)
ssuance o common s ock upon O, ne $3 0 m on n comm ss ons and d scoun s	—	—	—	—	3,220,000	16	32,410	—	—	32,426
O cos s							(1,870)	—	—	(1,870)
Conve on o conve b e p e e ed oc o common s ock upon O	(3,848,023)	(22,075)	(1,176,423)	(20,000)	4,689,753	23	42,052	—	—	42,075
Rec ass ca on o pre erred s ock warran b y n o dd on p d n c p upon O							11			11
Exerc se o s ock op ons	—	—	—	—	74,984	—	55	—	—	55
ssuance o common s ock n connec on w h cash ess exerc se o warran s	—	—	—	—	191,263	1	—	—	—	1
u nce o common oc om pu ch e					1		19			19
S ock-based compensa on	—	—	—	—	—	—	628	—	—	628
ore gn currency rans a on ga n	—	—	—	—	—	—	—	—	3	3
Ne oss	—	—	—	—	—	—	—	(9,980)	—	(9,980)
Ba ance a December 31, 2017	—	—	—	—	9,827,129	$ 48	$ 109,708	$ (97,595)	$ 1	$ 12,162
Exerc se o s ock op ons	—	—	—	—	609,985	3	547	—	—	550
u nce o common oc n connec on w h exerc se o warran s	—	—	—	—	296,691	1	987	—	—	988
ssuance o common s ock rom ES purchase	—	—	—	—	83,605	—	909	—	—	909
ssuance o common s ock rom RSU's ves ed	—	—	—	—	47,312	3	(1)	—	—	2
oc b ed compen on							2 68			2 68
ore gn currency rans a on oss	—	—	—	—	—	—	—	—	(150)	(150)
Cumu a ve e ec o change n accoun ng pr nc p e	—	—	—	—	—	—	—	2,943	—	2,943
Ne oss	—	—	—	—	—	—	—	(2,725)	—	(2,725)
Ba ance a December 31, 2018	—	—	—	—	10,864,722	$ 55	$ 114,618	$ (97,377)	$ (149)	$ 17,147
Exerc se o s ock op ons	—	—	—	—	307,365	2	452	—	—	454
u nce o common oc n connec on w h exerc se o warran s	—	—	—	—	26,098	—	71	—	—	71
ssuance o common s ock upon secondary o er ng, ne o co					2 0 000	1	10			10
Repurchase o common s ock and re remen		—	—	—	(257,824)	(2)	(6,716)	—	—	(6,718)
ssuance o common s ock rom ES purchase	—	—	—	—	65,639	1	872	—	—	873
u nce o common oc om R ve ed					8 1 0					
S ock-based compensa on	—	—	—	—	—	—	3,057	—	—	3,057
ore gn currency rans a on ga n	—	—	—	—	—	—	—	—	15	15
Ne ncome	—	—	—	—	—	—	—	1,798	—	1,798
Ba ance a December 31, 2019	—	$ —	—	$ —	11,314,150	$ 57	$ 122,907	$ (95,579)	$ (134)	$ 27,251

See accompanying notes to consolidated financial statements.

ShotSpotter, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	20 9	2018	2017
Cash f ows from operating activities			
Net income (oss)	$ 798	$ (2,725)	$ 9,980)
Adjustments to reconci e net income (oss) to net cash provided by (used in) operating activities			
Depreciation and amortization	982	3,917	3,121
mpairment of property and equipment	—	686	793
Stock-based compensation	057	2, 68	628
Amortization of debt issuance costs	—	—	132
Remeasurement of convertib e preferred stock warrant iabi ity	—	—	3,725
oss on ear y extinguishment of debt	—	—	79
oss on disposa of property and equipment	—		—
Changes in operating assets and iabi ities			
Accounts receivab e and contract asset	383	(11,22)	1,518)
repaid expenses and other assets	192	(766)	(2 7)
Accounts payab e	2 3	(3 6)	291
Accrued expenses and other current iabi ities	108	(2 6)	1,535
eferred revenue	2 799	6,8 6	, 28
Net cash provided by (used in) operating activities	692	(1,386)	3,387
Cash f ows from investing activities			
Purchase of property and equipment	(,823	(8,)	6, 30)
nvestment in intangib e and other assets	86	(8)	(76)
Business acquisition	—	(1,711)	—
Net cash used in investing activities	(,909	(10,203)	6,506)
Cash f ows from financing activities			
Proceeds from initia pub ic offering, net of commissions and discounts	—	—	32, 26
Proceeds from notes payab e	—	—	1,500
Repayment of notes payab e	—	—	13,500)
Payment of debt issuance costs	—	—	(30)
Payment on debt extinguishment costs	—	—	(1 9)
Payment of ine of credit costs	—	(10)	—
Payments of initia pub ic offering costs	—	—	1,870)
Proceeds from issuance of common stock upon secondary offering	2 7	—	—
Payments of secondary offering costs	5	—	—
Proceeds from exercise of stock options	5	550	55
Repurchases of common stock	(6,718	—	—
Proceeds from exercise of warrants	71	988	—
Proceeds from emp oyee stock purchase p an	873	909	319
Net cash provided by financing activities	5 82	2, 37	18,751
ncrease (decrease) in cash, cash equiva ents and restricted cash	265	(9,152)	15,632
ffect of exchange rate on cash and cash equiva ents	7	(167)	70
Cash, cash equiva ents and restricted cash at beginning of year	278	19,597	3,895
Cash, cash equiva ents and restricted cash at end of year	$ 550	$ 10,278	$ 19,597
Supp ementa cash f ow disc osures			
Cash paid for income taxes	$ 51	$ 79	$ —
Cash paid for interest	$ —	$ —	$ 1,235
Supp ementa disc osure of non-cash financing activities			
Property and equipment purchases inc uded in accounts payab e	$ 311	$ 205	$ 227
stimated fair va ue of contingent consideration	$ —	$ 750	$ —
Conversion of convertib e preferred stock into common stock	$ —	$ —	$ 2,075
Rec assification of convertib e preferred stock warrant iabi ity into additiona paid-in capita	$ —	$ —	$ 5,711
Deferred offering costs inc uded in other assets	$ —	$ 2 9	$ —
ine of credit costs inc uded in other assets	$ —	$ 91	$ —
ssuance of warrants in connection with the issuance of notes payab e	$ —	$ —	$ 111

See accompanying notes to consolidated financial statements.

Note 1. Organization and Description of Business

ShotSpotte , Inc (the “Company”) p ov des p ec s on-po c ng so ut ons fo aw enfo cement to he p dete gun v o ence and make c t es, campuses and fac t es safe The company’s f agsh p p oduct, ShotSpotte F ex, s the ead ng outdoo gunshot detect on, ocat on and fo ens c system t usted by ove 00 c t es ShotSpotte M ss ons uses mach ne ea n ng-d ven ana ys s to he p st ateg ca y p an d ected pat o m ss ons and tact cs fo max mum c me dete ence ShotSpotte Labs s the Company’s effo t to suppo t nnovat ve uses of ts techno ogy to he p p otect w d fe and the env onment The Company offe s ts so ut ons on a SaaS-based subsc pt on mode to ts custome s

The Company’s p nc pa execut ve off ces a e ocated n Newa k, Ca fo n a The Company has two who y-owned subs d a es, ShotSpotte (Pty) Ltd fo med n South Af ca and ShotSpotte Co omb a S A S wh ch was fo med n Co omb a n Ma ch 20 9

Note 2. Initial Public Offering

In June 20 7, the Company comp eted ts n t a pub c offe ng (“IPO”) n wh ch the Company so d 3,220,000 sha es of ts common stock at a p ce of $ 00 pe sha e The Company ece ved net p oceeds of $32 4 m on, exc ud ng unde w t ng d scounts and comm ss ons, wh ch was eco ded to add t ona pa d- n cap ta The Company’s common stock commenced t ad ng on the Nasdaq Cap ta Ma ket on June 7, 20 7 unde the t ad ng symbo “SSTI ”

- Immed ate y p o to the IPO, a outstand ng Se es B- conve t b e p efe ed stock wa ants we e emeasu ed at fa va ue us ng the B ack-Scho es mode , esu t ng n a oss of $3 7 m on, wh ch was eco ded n othe expense, net
- Upon the c os ng of the IPO, the ent e ba ance of $5 7 m on n conve t b e p efe ed stock wa ant ab ty was ec ass f ed to add t ona pa d- n cap ta A p efe ed stock wa ants we e conve ted nto common stock wa ants In add t on, the Company ssued to the ead unde w te n the IPO a wa ant to pu chase up to 84,000 sha es of ts common stock See Note 5, *onvertible Preferred Stock Warrants and Common Stock Warrants*, fo fu the deta s ega d ng the wa ants
- Upon the c os ng of the IPO, a sha es of the then-outstand ng conve t b e p efe ed stock we e conve ted nto 4,689,753 sha es of common stock Th s esu ted n a ec ass f cat on of $42 m on to add t ona pa d- n cap ta
- Offe ng costs ncu ed by the Company we e app ox mate y $ 9 m on, exc ud ng unde w t ng comm ss ons and d scounts, wh ch was eco ded to add t ona pa d- n cap ta

Note 3. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompany ng conso dated f nanc a statements have been p epa ed n acco dance w th gene a y accepted account ng p nc p es n the Un ted States of Ame ca (“U S GAAP”) and app cab e u es and egu at ons of the Secu t es and Exchange Comm ss on (“SEC”) ega d ng f nanc a epo t ng The conso dated f nanc a statements nc ude the esu ts of the Company and ts who y-owned subs d a y, ShotSpotte (Pty) Ltd and ShotSpotte Co omb a S A S A s gn f cant nte company t ansact ons have been e m nated du ng conso dat on

In the op n on of management, the accompany ng conso dated f nanc a statements ef ect a no ma ecu ng adjustments necessa y to p esent fa y the f nanc a pos t on, esu ts of ope at ons, comp ehens ve oss, equ ty statement and cash f ows fo the fu yea 20 9

June 2017 Amended and Restated Certificate of Incorporation

P o to the IPO, the Company's Boa d of D ecto s (the "Boa d") and stockho de s app oved an amendment (the "Cha te Amendment") to the P e-IPO Ce t f cate (as def ned be ow) and an amended and estated ce t f cate of nco po at on ("Post-IPO Ce t f cate") that became effect ve on June 2, 20 7 The Cha te Amendment nc eased the numbe of autho zed sha es of common stock f om 8,600,000 to 500,000,000 Unde the Post-IPO Ce t f cate, the Company s autho zed to ssue two c asses of stock to be des gnated Common Stock and P efe ed Stock See Note 3, *Capital Stock*, fo fu the deta s ega d ng these c asses of stock

March 2017 Amendment and Restatement of Certificate of Incorporation

On Ma ch 27, 20 7, the Company's Boa d and stockho de s app oved an amendment and estatement of the Company's then-ex st ng ce t f cate of nco po at on (as so amended and estated, the "P e-IPO Ce t f cate") to p ov de, among othe changes, that each sha e of Se es A-2 conve t b e p efe ed stock wou d automat ca y conve t nto 0 7 5548 sha es of common stock upon the consummat on of an n t a pub c offe ng of the Company's cap ta stock A sha e and pe sha e data e ated to ba ance sheet and net oss nfo mat on n the accompany ng conso dated f nanc a statements and the e ated notes have been et oact ve y adjusted to g ve effect to the app cat on of th s conve s on featu e when p esent ng the Se es A-2 conve t b e p efe ed stock on an as-conve ted bas s

The P e-IPO Ce t f cate a so p ov ded fo ( ) an nc ease n the tota numbe of autho zed sha es to 4,550,000 and (2) an nc ease n the numbe of autho zed sha es of common stock to 8,600,000, n each case to accommodate the new conve s on featu e fo the outstand ng sha es of Se es A-2 conve t b e p efe ed stock

Use of Estimates

The p epa at on of conso dated f nanc a statements n confo m ty w th U S GAAP equ es management to make est mates and assumpt ons that affect the epo ted amounts of assets and ab t es, and epo ted amounts of evenues and expenses du ng the epo t ng pe od On an ongo ng bas s, management eva uates ts s gn f cant est mates nc ud ng the va uat on of accounts ece vab e, the ves and ea zat on of tang b e and ntang b e assets, stock-based compensat on expense, account ng fo evenue ecogn t on, and ncome taxes Management bases ts est mates on h sto ca expe ence and on va ous othe ma ket-spec f c and e evant assumpt ons t be eves to be easonab e unde the c cumstances Actua esu ts cou d d ffe f om those est mates and such d ffe ences cou d be mate a to the Company's f nanc a pos t on and esu ts of ope at ons

Revenue Recognition

The Company gene ates substant a y a of ts evenues f om the sa e of gunshot detect on subsc pt on se v ces, n wh ch gunshot data gene ated by Company-owned senso s and softwa e s so d to custome s th ough a c oud-based host ng app cat on fo a spec f ed cont act pe od Typ ca y, the n t a cont act pe od s one to f ve yea s n ength The subsc pt on cont act s gene a y noncance ab e w thout cause Gene a y, these se v ce a angements do not p ov de the custome w th the ght to take possess on of the ha dwa e o softwa e suppo t ng the subsc pt on se v ce at any t me A sma po t on of the Company's evenues a e gene ated f om the de ve y of setup se v ces to nsta Company-owned senso s n the custome 's cove age a ea and othe se v ces nc ud ng t a n ng and cense to nteg ate w th th d-pa ty app cat ons

The Company gene a y nvo ces custome s fo 50% of the tota cont act va ue when the cont act s fu y executed and fo the ema n ng 50% when the subsc pt on se v ce s ope at ona and eady to go ve that s, when the custome has acknow edged the comp et on of a the de ve ab es n the s gned custome acceptance fo m The Company gene a y nvo ces subsc pt on se v ce enewa s fo 00% of the tota cont act va ue when the enewa cont act s executed Fo the pub c safety so ut on, the p c ng mode s based on a pe -squa e-m e bas s Fo secu ty so ut ons, the p c ng mode s on a custom zed-s te bas s As a esu t of the p ocess fo nvo c ng cont acts and enewa s upon execut on, cash f ows f om ope at ons and accounts ece vab e can f uctuate due to t m ng of cont act execut on and t m ng of dep oyment

The Company ecogn zes evenues upon the sat sfact on of pe fo mance ob gat ons At cont act ncept on, the Company assesses the se v ces p om sed n ts cont acts w th custome s and dent f es a pe fo mance ob gat on fo each p om se to t ansfe to the custome a good o se v ce (o bund e of se v ces) that s d st nct To dent fy the pe fo mance ob gat ons, the Company cons de s a of the se v ces p om sed n the cont act ega d ess of whethe they a e exp c t y stated o a e mp ed by customa y bus ness p act ces The Company dete m ned that the subsc pt on se v ces, t a n ng, and censes to nteg ate w th th d-pa ty app cat ons a e each d st nct se v ces that ep esent sepa ate pe fo mance ob gat ons The setup act v t es a e not d st nct f om the subsc pt on se v ce and a e comb ned nto the subsc pt on se v ce pe fo mance ob gat on Howeve , setup fees may p ov de a mate a ght to the custome that has nf uence ove the custome s' dec s on to enew A setup fees a e assessed on a quant tat ve and qua tat ve bas s to dete m ne whethe they ep esent a d st nct pe fo mance ob gat on The tota cont act va ue s a ocated to each pe fo mance ob gat on dent f ed based on the standa one se ng p ce of the se v ce D scounts a e a ocated p o- ata to the dent f ed pe fo mance ob gat ons Fo cont acts that have an o g na du at on of one yea o ess, the Company uses the p act ca exped ent app cab e to such cont acts and does not cons de the t me va ue of money

Revenues f om subsc pt on se v ces a e ecogn zed atab y, on a st a ght- ne bas s, ove the te m of the subsc pt on Revenues f om mate a ghts a e ecogn zed atab y ove the pe od n wh ch they a e dete m ned to p ov de a mate a ght to the custome , wh ch s gene a y th ee yea s Revenues f om t a n ng and censes to nteg ate w th th d-pa ty app cat ons a e ecogn zed upon de ve y wh ch gene a y occu s when the subsc pt on se v ce s ope at ona and eady to go ve and these amounts a e mmate a

Subsc pt on enewa fees a e ecogn zed atab y ove the te m of the enewa , wh ch s typ ca y one yea Wh e most custome s e ect to enew the ag eements, n some cases, they may not be ab e to obta n the p ope app ova s o fund ng to comp ete the enewa p o to exp at on Fo these custome s, the Company stops ecogn z ng subsc pt on evenues at the end of the cu ent cont act te m, even though se v ces may cont nue to be p ov ded fo a pe od of t me unt the enewa p ocess s comp eted Once the enewa s comp ete, the Company ecogn zes subsc pt on evenues fo the pe od between the exp at on of the te m of the ag eement and the comp et on of the enewa p ocess n the month n wh ch the enewa s executed If a custome dec nes to enew ts subsc pt on, then the ema n ng fees f om mate a ghts, f any, a e mmed ate y ecogn zed

The Company cap ta zes ce ta n nc ementa costs of obta n ng a cont act, wh ch nc udes sa es comm ss ons As the e a e not commensu ate comm ss ons ea ned on enewa s of the subsc pt on se v ces, the Company cap ta zes comm ss ons e ated to subsc pt on se v ces p ov ded unde both the n t a cont act and enewa pe ods and amo t zes the cap ta zed comm ss ons on a st a ght- ne bas s ove the custome fe, wh ch s dete m ned to be f ve yea s Fo comm ss ons that a e ea ned on enewa cont acts w th an o g na du at on of one yea o ess, the Company uses the p act ca exped ent app cab e to such comm ss ons and ecogn zes the comm ss ons mmed ate y as expense nstead of cap ta z ng Amo t zat on of cap ta zed comm ss ons was $0 5 m on fo the yea ended Decembe 3 , 20 9 and was nc uded n sa es and ma ket ng expense n the conso dated statements of ope at ons

Costs

Costs nc ude the cost of evenues and cha ges fo mpa ment of p ope ty and equ pment Cost of evenues p ma y nc udes dep ec at on expense assoc ated w th cap ta zed custome acoust c senso netwo ks, commun cat on expenses, costs e ated to host ng ou se v ce app cat on, costs e ated to ope at ng ou Inc dent Rev ew Cente (the “IRC”), p ov d ng emote and on-s te custome suppo t and ma ntenance and fo ens c se v ces, ce ta n pe sonne and e ated costs of ope at ons, stock-based compensat on and a ocated ove head, wh ch nc udes nfo mat on techno ogy, fac ty and equ pment dep ec at on costs

Advertising and Promotion Costs

Adve t s ng and p omot on costs a e expensed as ncu ed Adve t s ng and p omot on costs we e $0 5 m on, $0 6 m on and $0 5 m on fo the yea ended Decembe 3 , 20 9, 20 8 and 20 7, and we e nc uded n sa es and ma ket ng expense n the conso dated statements of ope at ons

Research and Development Costs

Resea ch and deve opment costs a e expensed as ncu ed and cons sted p ma y of sa a es and benef ts, consu tant fees, ce ta n fac t es costs, and othe d ect costs assoc ated w th the cont nued deve opment of the Company's so ut ons

Cash and Cash Equivalents

Cash and cash equ va ents nc ude a cash and h gh y qu d nvestments w th an o g na matu ty of th ee months o ess

At Decembe 3 , 20 9 and 20 8, the Company's cash and cash equ va ents cons sted of cash depos ted n f nanc a nst tut ons

Foreign Currency

The funct ona cu ency fo the Company's fo e gn subs d a es, ShotSpotte (Pty) Ltd and ShotSpotte Co omb a S A S, s the oca cu ency (South Af can Rand and Co omb an Peso espect ve y) The assets and ab t es of the subs d a y a e t ans ated nto U S do a s us ng the exchange ate at the end of each ba ance sheet date Revenues and expenses a e t ans ated at the ave age exchange ates fo the pe od Ga ns and osses f om t ans at ons a e ecogn zed n fo e gn cu ency t ans at on nc uded n accumu ated othe comp ehens ve ncome (oss) n the accompany ng conso dated ba ance sheets Fo e gn cu ency exchange ga ns and osses that a e ea zed a e eco ded n othe expense, net, n the accompany ng conso dated statements of ope at ons

Accounts Receivable, net and Contract Asset

Accounts ece vab e, net cons st of t ade accounts ece vab es f om the Company's custome s, net of a owance fo doubtfu accounts f deemed necessa y Accounts ece vab e a e eco ded as the nvo ced amount The Company does not equ e co ate a o othe secu ty fo accounts ece vab e Cont act asset cons st of evenues ecogn zed n advance of nvo c ng the custome

The Company pe od ca y eva uates the co ectab ty of ts accounts ece vab e and p ov des an a owance fo potent a c ed t osses based on the Company's h sto ca expe ence At Decembe 3 , 20 9 and 20 8, the Company d d not have an a owance fo potent a c ed t osses as the e we e no est mated c ed t osses

Concentrations of Risk

<u>*Credit Risk*</u> F nanc a nst uments that potent a y subject the Company to concent at on of c ed t sk cons sted p ma y of est cted cash, cash and cash equ va ents and accounts ece vab e f om t ade custome s The Company ma nta ns ts cash depos ts at th ee domest c and two nte nat ona f nanc a nst tut ons The Company s exposed to c ed t sk n the event of defau t by a f nanc a nst tut on to the extent that cash and cash equ va ents a e n excess of the amount nsu ed by the Fede a Depos t Insu ance Co po at on The Company gene a y p aces ts cash and cash equ va ents w th h gh-c ed t qua ty f nanc a nst tut ons To date, the Company has not expe enced any osses on ts cash and cash equ va ents

<u>*Concentration of Accounts Receivable*</u> At Decembe 3 , 20 9, one custome accounted fo 55% of the Company's tota accounts ece vab e At Decembe 3 , 20 8 one custome accounted fo 77%, of the Company's account ece vab e F uctuat ons n accounts ece vab e esu t f om t m ng of the Company's execut on of cont acts and co ect on of e ated payments

<u>*Concentration of Revenues*</u> o the yea ended Decembe 3 , 20 9, two custome s accounted fo 20% and 4% of the Company's evenues, Fo the yea ended Decembe 3 , 20 8, two custome s accounted fo 22% and 5% of the Company's evenues Fo the yea ended Decembe 3 , 20 7, one custome accounted fo 8% of the Company's evenues

<u>*Concentration of Suppliers*</u> The Company e es on a m ted numbe of supp e s and cont act manufactu e s In pa t cu a , a s ng e supp e s cu ent y the so e manufactu e of the Company's p op eta y senso s

Business Acquisitions

The Company a ocates the fa va ue of pu chase cons de at on to the tang b e assets acqu ed, ab t es assumed and ntang b e assets acqu ed based on the est mated fa va ues The excess of the fa va ue of pu chase cons de at on ove the fa va ues of these dent f ab e assets and ab t es s eco ded as goodw When dete m n ng the fa va ues of assets acqu ed and ab t es assumed, management makes s gn f cant est mates and assumpt ons, espec a y w th espect to ntang b e assets Acqu s t on- e ated expenses a e ecogn zed sepa ate y f om the bus ness comb nat on and a e ecogn zed as gene a and adm n st at ve expense as ncu ed

Goodwill

Fo ow ng the acqu s t on of HunchLab (see Note 8, *Business Acquisitions*), the Company eco ded goodw fo the f st t me n Octobe 20 8 Goodw s tested fo mpa ment at the epo t ng un t eve (ope at ng segment o one eve be ow an ope at ng segment) on an annua bas s (Octobe) and between annua tests f an event occu s o c cumstances change that wou d mo e ke y than not educe the fa va ue of a epo t ng un t be ow ts ca y ng va ue These events o c cumstances cou d nc ude a s gn f cant change n the bus ness c mate, ega facto s, ope at ng pe fo mance nd cato s, compet t on, o sa e o d spos t on of a s gn f cant po t on of a epo t ng un t We pe fo med ou f st annua test fo goodw mpa ment as of Octobe , 20 9 and conc uded that no goodw mpa ment cha ge was necessa y S nce ncept on th ough Decembe 3 , 20 9, the Company d d not have any goodw mpa ment

Intangible Assets

Intang b e assets cons sted of acqu ed patents and cap ta zed ega fees e ated to obta n ng patents, as we as custome e at onsh ps as a esu t f om the Company's acqu s t on of HunchLab n 20 8 (see Note 8, *Business Acquisitions*) Patent assets a e stated at costs, ess accumu ated amo t zat on Custome e at onsh ps a e eco ded at fa va ue as of the date of the acqu s t on Intang b e assets a e amo t zed on a st a ght- ne bas s, ove the expected usefu ves, wh ch ange f om th ee yea s fo patents and seven yea s fo custome e at onsh ps

Property and Equipment, net

P ope ty and equ pment, net, s stated at cost, ess accumu ated dep ec at on and amo t zat on The Company dep ec ates p ope ty and equ pment us ng the st a ght- ne method ove the est mated usefu ves, ang ng f om th ee to f ve yea s Leaseho d mp ovements a e amo t zed ove the sho te of the asset's usefu fe o the ema n ng ease te m Costs ncu ed to deve op softwa e fo nte na use and fo the Company's so ut ons a e cap ta zed and amo t zed ove such softwa e's est mated usefu fe Inte na y deve oped softwa e costs cap ta zed du ng a pe ods p esented have not been mate a P ope ty and equ pment, net a so nc udes softwa e techno ogy esu t ng f om the Company's acqu s t on of HunchLab, wh ch s eco ded at fa va ue as of the date of the acqu s t on, amo t zed on the st a ght- ne bas s ove f ve yea s

Impairment of Long-Lived Assets

The Company annua y ev ews ong- ved assets fo mpa ment o wheneve events o changes n c cumstances nd cate that the ca y ng amount of an asset may not be ecove ab e Recove ab ty s measu ed by compa ng the ca y ng amount of the asset to the futu e und scounted net cash f ows wh ch the asset s expected to gene ate If such assets a e dete m ned to be mpa ed, the mpa ment to be ecogn zed s measu ed as the amount by wh ch the ca y ng amount of the assets exceeds the futu e und scounted net cash f ows a s ng f om the assets Assets to be d sposed of a e epo ted at the owe of the ca y ng amounts o fa va ue ess cost to se

Royalty Expense

In 2009, the Company ente ed nto a cense ag eement w th a th d pa ty e at ng to a patented gunshot d g ta mag ng system that fac tates nteg at on w th ce ta n th d-pa ty systems The te ms of the cense ag eement equ e the Company to pay a one-t me fee of $5,000 fo each cense so d to a custome a ow ng the custome to nteg ate the ShotSpotte se v ce w th a th d-pa ty app cat on, such as a v deo management system, w th a m n mum annua amount due of $75,000 In 20 9, 20 8, and 20 7, the Company ncu ed on y the $75,000 m n mum amount The cense ag eement enews automat ca y on each subsequent yea un ess t s te m nated n acco dance w th the ag eement

The oya ty fee due fo each cense so d to a custome s cap ta zed as p ope ty and equ pment and amo t zed ove the est mated usefu fe The d ffe ence n oya ty fees cap ta zed n p ope ty and equ pment and the m n mum annua payment s c ass f ed as gene a and adm n st at ve expense n the conso dated statements of ope at ons and was $30,000, $35,000 and $60,000 fo the yea s ended Decembe 3 , 20 9, 20 8, and 20 7, espect ve y

Convertible Preferred Stock Warrants

The Company ssued wa ants exe c sab e fo sha es of Se es B- conve t b e p efe ed stock, o fo sha es of common stock upon the automat c conve s on of a outstand ng se es of p efe ed stock nto common stock These wa ants we e c ass f ed as a p efe ed stock wa ant ab ty n the conso dated ba ance sheets, athe than stockho de s' equ ty, as they met the c te a to be c ass f ed as a de vat ve ab ty The conve t b e p efe ed stock wa ants we e subject to emeasu ement to fa va ue at each ba ance sheet date and any change n fa va ue s ecogn zed as a component of othe expense, net, n the conso dated statements of ope at ons The Company est mated the fa va ue of the wa ants us ng an opt on p c ng method ("OPM") o p obab ty we ghed expected etu n method ("PWERM") that nco po ates the use of OPM, to a ocate the est mated va ue of the Company Upon the c os ng of the IPO n 20 7, the conve t b e p efe ed stock wa ant ab ty was ec ass f ed to add t ona pa d- n cap ta A p efe ed stock wa ants we e conve ted nto common stock wa ants

Fair Value Measurements

The Company uses a th ee- eve h e a chy fo fa va ue measu ements based on the natu e of nputs used n the va uat on of an asset o ab ty as of the measu ement date The th ee- eve h e a chy p o t zes, w th n the measu ement of fa va ue, the use of ma ket-based nfo mat on ove ent ty-spec f c nfo mat on Fa va ue focuses on an ex t p ce and s def ned as the p ce that wou d be ece ved to se an asset o pa d to t ansfe a ab ty n an o de y t ansact on between ma ket pa t c pants at the measu ement date The nputs o methodo ogy used fo va u ng f nanc a nst uments a e not necessa y an nd cat on of the sks assoc ated w th nvest ng n those f nanc a nst uments The th ee- eve h e a chy fo fa va ue measu ements s def ned as fo ows

Leve I Inputs to the va uat on methodo ogy a e quoted p ces (unadjusted) fo dent ca assets o ab t es n act ve ma kets

Leve II Inputs to the va uat on methodo ogy nc ude quoted p ces fo s m a assets and ab t es n act ve ma kets, and nputs that a e obse vab e fo the asset o ab ty, e the d ect y o nd ect y, fo substant a y the fu te m of the f nanc a nst ument

Leve III Inputs to the va uat on methodo ogy a e unobse vab e and s gn f cant to the fa va ue measu ement

An asset's o a ab ty's catego zat on w th n the va uat on h e a chy s based upon the owest eve of nput that s s gn f cant to the fa va ue measu ement

Stock-Based Compensation

The Company gene a y g ants opt ons to pu chase sha es of ts common stock to ts emp oyees, d ecto s and non-emp oyees fo a f xed numbe of sha es w th an exe c se p ce equa to the fa va ue of the unde y ng sha es at the g ant date Fa va ue s dete m ned by the Boa d A stock opt on g ants a e accounted fo us ng the fa va ue method, and stock-based compensat on expense s ecogn zed as the unde y ng opt ons vest wh ch s the equ s te se v ce pe od The Company uses the B ack-Scho es opt on p c ng mode to measu e the fa va ue of ts stock opt ons

P o to the IPO, g ven the absence of a pub c t ad ng ma ket fo the Company's common stock, the Boa d cons de ed nume ous object ve and subject ve facto s to dete m ne the fa va ue of the Company's common stock each t me stock opt on g ants we e app oved The facto s nc ude, but a e not m ted to ( ) the va uat on of the Company's common stock by an un e ated th d pa ty; ( ) the Company's esu ts of ope at ons, f nanc a pos t on and cap ta esou ces; ( ) cu ent econom c nd cato s and out ook; (v) compet t on fo the Company's so ut ons; and (v) the Company's ma ket ng methods

The Company est mated the g ant date fa va ue of ts common stock opt ons us ng the fo ow ng assumpt ons

Expected Te m The expected te m ep esents the pe od that the stock-based compensat on awa ds a e expected to be outstand ng S nce the Company d d not have suff c ent h sto ca nfo mat on to deve op easonab e expectat ons about futu e exe c se behav o , the Company used the s mp f ed method to compute expected te m, wh ch ef ects the we ghted-ave age of t me-to-vest ng

R sk-F ee Inte est Rate The sk-f ee nte est ate s based on the y e d on U S T easu y y e d cu ve n effect at the g ant date

Expected Vo at ty The expected vo at ty s based on the h sto ca vo at ty of the Company's stock

D v dend Y e d Expected d v dend y e d s based on ou d v dend po cy at the t me the opt ons we e g anted We do not p an to pay any d v dends n the fo eseeab e futu e Consequent y, we have h sto ca y used an expected d v dend y e d of ze o

Subsequent to the IPO, the Company uses the ma ket c os ng p ce of ts common stock as t aded on the Nasdaq Cap ta Ma ket to dete m ne fa va ue

The Company gene a y g ants unvested est cted stock un t awa ds to non-emp oyee d ecto s and execut ve management fo a f xed numbe of sha es and a f xed vest ng schedu e The est cted stock un t awa ds a e va ued us ng the c os ng p ce on the date of g ant

Fo fe tu es a e ecogn zed as and when they occu

Segment Information

The Company has one ope at ng segment w th one bus ness act v ty, p ov d ng gunshot detect on systems The Company's ch ef ope at ng dec s on make s ts Ch ef Execut ve Off ce , who manages ope at ons on a conso dated bas s fo pu poses of a ocat ng esou ces

Income Taxes

The Company eco ds ncome taxes n acco dance w th the ab ty method of account ng Defe ed taxes a e ecogn zed fo the est mated taxes u t mate y payab e o ecove ab e based on enacted tax aw The Company estab shes a va uat on a owance to educe the defe ed tax assets when t s mo e ke y than not that a defe ed tax asset w not be ea zab e Changes n tax ates a e ef ected n the tax p ov s on as they occu

In account ng fo unce ta nty n ncome taxes, the Company ecogn zes the f nanc a statement benef t of a tax pos t on on y afte dete m n ng that the e evant tax autho ty wou d mo e ke y than not susta n the pos t on fo ow ng an aud t Fo tax pos t ons meet ng the mo e ke y than not th esho d, the amount ecogn zed n the conso dated f nanc a statements s the a gest benef t that has a g eate than 50 pe cent ke hood of be ng ea zed upon u t mate sett ement w th the e evant tax autho ty The Company ecogn zes nte est and pena t es acc ued on any un ecogn zed tax benef ts as a component of ncome tax expense

Net Income (Loss) per Share

Bas c net ncome (oss) pe sha e s ca cu ated by d v d ng net ncome (oss) by the we ghted-ave age numbe of common sha es outstand ng du ng the pe od D uted net ncome (oss) pe sha e s computed by d v d ng net ncome (oss) by the we ghted-ave age numbe of common sha es and common stock equ va ents outstand ng du ng the pe od Common stock equ va ents a e on y nc uded when the effect s d ut ve Common stock equ va ents and unvested est cted stock un ts a e potent a y d ut ve secu t es and nc ude conve t b e p efe ed stock, wa ants and outstand ng stock opt ons These potent a y d ut ve secu t es a e exc uded f om the computat on of d uted net ncome (oss) pe sha e f the nc us on wou d be ant -d ut ve

Acco P o o ceme Rece ly Adop ed

I Feb a 0 6 e FASB ss ed ASU 0 6 0 Leases (Top c 84) T e e a e bee f e ame dme s c d p ac ca exped e s w e ss a ce of ASU 0 8 0 a a 0 8 ASU 0 8 0 8 a d ASU 0 8 0 Decembe 0 8 T e ame ded da ce eq es e eco o of ease asse s a d ease ab es o e ba a ce s ee fo ose eases w e ms excess of mo s a d c e c ass f ed as ope a eases D sc os e of e fo ma o a o eas a a eme s s eq ed Effec e a a 0 9 e Compa adop ed Top c 84 T e Compa e ec ed e op o a a s o me od w c a ows e es o co e o app s o ca acco da ce e compa a e e ods p ese ed e ea of adop o

A a s o essees a d esso s ma e ec o app a pac a e of p ac ca exped e s e m e es o o eassess ( ) w e e a exp ed o ex s co ac s a e o co a eases; ( ) ease c ass f ca o fo a exp ed o ex s eases a d ( ) w e e a d ec cos s fo a exp ed o ex s eases q a f fo cap a a o de e ame ded da ce T ese p ac ca exped e s m s be e ec ed as a pac a e a d co s s e app ed T e Compa as e ec ed o app e pac a e of p ac ca exped e s po adop o

The Company dete m nes f an a angement s a ease at ncept on The Company's ope at ng ease fo ts co po ate headqua te s off ce s mpacted by the new standa d and upon adopt on, the Company ecogn zed a ght-of-use asset of $0 9 m on and e ated ease ab t es tota ng $0 9 m on See Note 8, *Leases.*

In Ju y 20 7, the FASB ssued ASU 20 7- *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815).* The amendments n Pa t I of ASU 20 7- change the c ass f cat on ana ys s of ce ta n equ ty- nked f nanc a nst uments (o embedded featu es) w th down ound featu es When dete m n ng whethe ce ta n f nanc a nst uments shou d be c ass f ed as ab t es o equ ty nst uments, a down ound featu e no onge p ec udes equ ty c ass f cat on when assess ng whethe the nst ument s ndexed to an ent ty's own stock The amendments a so c a fy ex st ng d sc osu e equ ements fo equ ty-c ass f ed nst uments The Company adopted th s ASU as of Janua y , 20 9 and the adopt on d d not have any mpact on the conso dated f nanc a statements

Recent Accounting Pronouncements Not Yet Effective

In Decembe 20 9, the FASB ssued ASU 20 9- 2*, Income Taxes (Topic 740),* s mp fy ng the account ng fo ncome taxes by emov ng ce ta n except ons to the gene a p nc p es The gu dance w be effect ve at the beg nn ng of ou f st qua te of f sca 2022 Ea y adopt on of the amendments s pe m tted We do not expect the adopt on of th s ASU to have any mpact on the conso dated f nanc a statements

Note 4. Revenue Related Disclosures

As of Decembe 3 , 20 8, the Company had tota sho t-te m and ong-te m defe ed evenue of $24 2 m on Du ng the yea ended Decembe 3 , 20 9, the Company ecogn zed $23 m on n evenue f om the beg nn ng defe ed evenue ba ance and $ 7 2 m on f om new b ngs, and added $43 m on to tota sho t-te m and ong-te m defe ed evenue f om new b ngs

As of Janua y , 20 8, upon the adopt on of Account ng Standa ds Cod f cat on ("ASC") Top c 606, *Revenue from Contracts with Customers* ("Top c 606"), the Company had tota sho t-te m and ong-te m defe ed evenue of $ 7 3 m on Du ng the yea ended Decembe 3 , 20 8, the Company ecogn zed $9 7 m on n evenue f om the beg nn ng defe ed evenue ba ance and $24 8 m on f om new b ngs, and added $4 4 m on to tota sho t-te m and ong-te m defe ed evenue f om new b ngs

As of Decembe 3 , 20 9, the Company has est mated ema n ng pe fo mance ob gat ons fo cont actua y comm tted evenues of $34 9 m on, $2 6 m on, 5 5 m o a d 0 m o a w be eco ed d e ea e d Decembe 3 0 0 0 0 a d 0 3 o 0 5 espec e T e m of e e e ecogn t on nc udes est mates of go- ve dates fo cont acts not yet ve Cont actua y comm tted evenue nc udes defe ed evenue as of Decembe 3 , 20 9 and amounts unde cont act that w be nvo ced afte Decembe 3 , 20 9

Du ng the yea ended Decembe 3 , 20 9, the Company ecogn zed evenues of $39 7 m on f om custome s n the Un ted States, and $ 0 m on f om custome s n South Af ca and the Bahamas

Du ng the yea ended Decembe 3 , 20 8, the Company ecogn zed evenues of $33 9 m on f om custome s n the Un ted States and $0 9 m on f om a custome n South Af ca

Note 5. Fair Value Measurements

P o to the IPO, the Company's conve t b e p efe ed stock wa ant ab ty was measu ed on a ecu ng bas s and was c ass f ed w th n Leve III of the fa va ue h e a chy because some of the nputs used n ts measu ement we e ne the d ect y o nd ect y obse vab e The va uat on methodo ogy and unde y ng assumpt ons n the fa va ue dete m nat on a e d scussed n Note 3, *Basis of Presentation and Summary of Significant Accounting Policies*, and Note 5, *Convertible Preferred Stock Warrants and Common Stock Warrants*

Immed ate y p o to the IPO, the conve t b e p efe ed stock wa ant ab ty was emeasu ed to fa va ue, esu t ng n a oss of $3 7 m on wh ch was eco ded n othe expense, net Upon the c os ng of the IPO, the ent e ba ance of $5 7 m on n conve t b e p efe ed stock wa ant ab ty was ec ass f ed to add t ona pa d- n cap ta

The e we e no t ansfe s nto o out of Leve III du ng the yea ended Decembe 3 , 20 9 The changes n the fa va ue of the conve t b e p efe ed stock wa ant ab ty and changes n the fa va ue of cont ngent cons de at on a e summa zed be ow (n thousands)

	Fair Value Measuremen s a Repor ing Da e Using Level III Inpu s
Fa va ue at Decembe 3 , 20 6	$,875
Issuance of conve t b e p efe ed stock wa ants	
Change n fa va ue eco ded n othe expense, net	3,725
Rec ass f cat on of unexe c sed wa ant nto add t ona pa d- n cap ta upon the IPO	(5,7)
Fa va ue at Decembe 3 , 20 7	$
Cont ngent cons de at on f om bus ness comb nat on	750
Fa va ue at Decembe 3 , 20 8 and Decembe 3 , 20 9	$ 750

As of the acqu s t on date of HunchLab (see Note 8, *Business Acquisitions* and as of Decembe 3 , 20 8, the Company est mated, based on ( ) the p obab ty of ach ev ng the e evant evenues ta gets and ( ) the t m ng of ach ev ng such ta gets, that the fa va ue of the cont ngent cons de at on app ox mates the max mum amount payab e The e was no change n fa va ue du ng the yea ended Decembe 3 , 20 9 In Feb ua y 2020, subsequent to Decembe 3 , 20 9, the Company made ts f st payment of $0 3 m on to Azavea, Inc

Note 6. Intangible Assets, net

Intang b e assets, net, cons sted of the fo ow ng (n thousands)

	December 31, 2019		
	Gross	Accumula ed Amor iza ion	Ne
Patents	$,092	$ (974)	$ 8
Custome e at onsh p	60	29)	3
	$,252	$ (,003)	$ 249

	December 31, 2018		
	Gross	Accumula ed Amor iza ion	Ne
Patents	$ 997	$ (909)	$ 88
Custome e at onsh p	60	(6)	54
	$, 57	$ (9 5)	$ 242

Amo t zat on expense du ng the yea s ended Decembe 3 , 20 9, 20 8 and 20 7 was $88,000, $6 ,000 and $47,000, espect ve y

The fo ow ng tab e p esents futu e ntang b e asset amo t zat on as of yea -end 20 9 (n thousands)

2020	$ 85
202	63
2022	38
2023	23
2024	23
he eafte	7
Tota	$ 249

Note 7. Details of Certain Consolidated Balance Sheet Accounts

Prepaid expenses and other current assets (in thousands):

	December 31,	
	2019	2018
P epa d softwa e and censes	$ 32	$ 88
P epa d nsu ance	473	275
Othe p epa d expenses	94	69
Defe ed comm ss ons	753	629
Othe	23	66
	$,764	$,527

Other assets (in thousands):

	December 31,	
	2019	2018
Defe ed comm ss ons	$,579	$,560
Othe	55	362
	$,634	$,922

Property and equipment, net (in thousands):

	December 31,	
	2019	2018
Dep oyed equ pment	$ 28,930	$ 24,767
Compute equ pment	, 4	,272
Softwa e	,3 4	,239
Fu n tu e and f xtu es	69	2 0
Leaseho d mp ovements	234	234
Veh c es	24	
Const uct on n p og ess	,209	953
	$ 33, 2	$ 28,675
Accumu ated dep ec at on and amo t zat on	(6,565)	(2, 7)
	$ 6,556	$ 6,504

Dep ec at on expense du ng the yea s ended Decembe 3 , 20 9, 20 8 and 20 7 was $4 9 m on, $3 9 m on and $3 m on, espect ve y

Accrued expenses and other current liabilities (in thousands):

	December 31,	
	2019	2018
Pe sonne - e ated acc ua s	$ 2,883	$ 2,603
Roya t es payab e	5	30
P ofess ona fees	3 7	396
Sa es/ use tax payab e	9	273
Cont ngent cons de at on	750	750
Ope at ng ease ab ty	302	
Defe ed ent		25
Othe	427	250
	$ 4,885	$ 4,427

Note 8. Business Acquisitions

On Octobe 3, 20 8, the Company acqu ed ce ta n techno ogy, efe ed to as HunchLab, and e ated assets f om Azavea Inc The acqu s t on p ov des an oppo tun ty to nc ease the Company's evenue pe custome w th a e ated and va ue-added techno ogy that he ps dete c me th ough st ateg ca y p anned pat o m ss ons The pu chase cons de at on tota ed $2 5 m on, cons st ng of $ 7 m on n cash and a cont ngent ea nout payab e n cash fo up to $750,000 based on HunchLab's evenues gene ated ove the th ee-yea pe od fo ow ng the acqu s t on date The Company dete m ned the acqu s t on-date fa va ue of the cont ngent cons de at on ab ty based on the ke hood of meet ng evenues fo ecasts

The fo ow ng tab e p esents the pu chase p ce a ocat on (n thousands)

ccounts ece vab e	$	4
P epa d expense		4
Defe ed evenue, sho t te m		(20)
Accounts payab e		(26)
Softwa e techno ogy		950
Custome e at onsh ps		60
Goodw		,379
Tota pu chase cons de at on	$	2,46

Goodw p ma y ep esents the va ue of cash f ows f om futu e custome s The Company expects to deduct goodw and dent f ab e techno ogy and ntang b e assets fo tax pu poses, a po t on of wh ch w commence upon sett ement of cont ngent cons de at on and cont ngent ab t es

The fo ow ng tab e p esents the components of the dent f ab e techno ogy and ntang b e assets and the est mated usefu ves (n thousands)

		Fair Value	Useful Life
Softwa e techno ogy	$	950	5 yea s
Custome e at onsh ps		60	7 yea s
Tota dent f ab e techno ogy and ntang b e assets	$	, 0	

The Company va ued custome e at onsh ps and the softwa e techno ogy us ng the ncome app oach S gn f cant assumpt ons nc ude fo ecasts of evenues, cost of evenues, esea ch and deve opment expense, sa es and ma ket ng expense, gene a and adm n st at ve expense and est mated custome att t on ates The Company d scounted the cash f ows at 25 5%, ef ect ng the sk p of e of the assets

Acqu s t on- e ated expenses tota ed $0 2 m on, wh ch we e nc uded n gene a and adm n st at ve expense fo the yea ended Decembe 3 , 20 8

The Company has not p esented sepa ate esu ts of ope at ons s nce c os ng o comb ned p o fo ma f nanc a nfo mat on of the Company and HunchLab s nce the beg nn ng of f sca 20 7, as esu ts of ope at ons fo HunchLab a e mmate a

Note 9. Impairment of Property and Equipment

Du ng the yea ended Decembe 3 , 20 9, the Company d d not ecogn ze any mpa ment

Du ng the yea ended Decembe 3 , 20 8, the Company ecogn zed mpa ment expense of $0 7 m on fo the mpa ment of p ope ty and equ pment p ma y e ated to the ema n ng book va ue of ndoo senso nvento y and ndoo senso netwo ks nsta ed at ce ta n secu ty custome s Management conc uded that the mpa ment cha ges we e equ ed because the Company made the st ateg c dec s on to no onge nc ude ndoo cove age as pa t of ts se v ce offe ng

Du ng the yea ended Decembe 3 , 20 7, the Company ecogn zed mpa ment expense of $0 8 m on fo the mpa ment of p ope ty and equ pment p ma y e at ng to the ema n ng net book va ue of dep oyed equ pment n Pue to R co and the U S V g n Is ands Management conc uded that the mpa ment cha ges we e equ ed because the equ pment was p esumed dest oyed by the hu canes n Septembe 20 7

Note 10. Financing Arrangements

Credit Agreement

On Septembe 27, 20 8, the Company ente ed nto a C ed t Ag eement w th Umpqua Bank (the “Umpqua C ed t Ag eement”), wh ch a ows the Company to bo ow up to $ 0 0 m on unde a evo v ng oan fac ty (the “Revo v ng Fac ty”) The Company ntends to use the Revo v ng Fac ty fo gene a wo k ng cap ta pu poses Bo ow ngs unde the Umpqua C ed t Ag eement a e secu ed by substant a y a of the assets of the Company The Umpqua C ed t Ag eement nc udes a ette of c ed t subfac ty of up to $3 0 m on Any amounts outstand ng unde the ette of c ed t subfac ty educe the amount ava ab e fo the Company to bo ow unde the Revo v ng Fac ty

Bo ow ngs unde the Umpqua C ed t Ag eement bea nte est, at the Company’s opt on, at a ate equa to e the ( ) a base ate, wh ch f uctuates da y and s the g eate of (a) the p me ate n effect as of any date of dete m nat on and (b) the da y LIBOR ate as of such date of dete m nat on p us 0% pe annum, o (2) a LIBOR ate, wh ch can be fo a pe od of 30, 60 o 90 days at the Company’s opt on and s equa to the pub shed ate n the Wa St eet Jou na fo such 30-, 60- o 90-day pe od two bus ness days p o to the commencement of such pe od, n each case p us 2 0% pe annum The Company w be equ ed to epay a amounts outstand ng unde the Umpqua C ed t Ag eement on Septembe 27, 2020 o ea e f the Umpqua C ed t Ag eement s te m nated p o to such date The Umpqua C ed t Ag eement a so nc udes an uncomm tted nc ementa fac ty p ov s on that wou d a ow the Company, subject to sat sfact on of ce ta n cond t ons, nc ud ng app ova by Umpqua Bank, to nc ease the Revo v ng Fac ty up to a tota of $25 0 m on

Unde the Umpqua C ed t Ag eement, the Company s subject to va ous negat ve covenants that m t, subject to ce ta n exc us ons, the Company’s ab ty to ncu ndebtedness, make oans, nvest n o secu e the ob gat ons of othe pa t es, pay o dec a e d v dends, make d st but ons w th espect to the Company’s secu t es, edeem outstand ng sha es of the Company’s stock, c eate subs d a es, mate a y change the natu e of ts bus ness, ente nto e ated pa ty t ansact ons, engage n me ge s and bus ness comb nat ons, the acqu s t on o t ansfe of Company assets outs de of the o d na y cou se of bus ness, g ant ens o ente nto co ate a e at onsh ps nvo v ng company assets o e nco po ate, eo gan ze o d sso ve the Company

The e we e no bo ow ngs outstand ng as of Decembe 3 , 20 9 and 20 8

Notes Payable- 2015 Term Note

Bo ow ngs unde the 20 5 Te m Note bo e nte est at the g eate of ( ) the ave age p me ate n effect du ng each month o ( ) the ave age th ee-month LIBOR ate du ng such month, p us 2 5% pe annum, p us 7 5% w th a m n mum ate of %, w th nte est on y payments th ough Octobe 20 7, fo owed by 36 equa month y nsta ments of p nc pa and nte est th ough Octobe 2020, the matu ty date The we ghted ave age nte est ate du ng the yea ended Decembe 3 , 20 7 was and 54%

Fo the yea ended Decembe 3 , 20 7 the Company ecogn zed nte est expense of $ m on, based on the outstand ng ba ance du ng the pe od

Du ng the yea ended Decembe 3 , 20 7, amo t zat on of debt ssuance costs was $ 32,000 Amo t zat on of debt ssuance costs s eco ded n nte est expense n the conso dated statements of ope at ons

Bo ow ngs unde the 20 5 Te m Note we e secu ed by substant a y a of the assets of the Company Add t ona y, the te ms of the 20 5 Te m Note nc uded ce ta n f nanc a covenan s and va ous negat ve covenants

In Ma ch 20 7, the Company amended the 20 5 Te m Note In connect on w th the amendment of the 20 5 Te m Note, the Company ssued a wa ant to pu chase 76,704 sha es of Se es B- p efe ed stock at an exe c se p ce of $5 8667 pe sha e; howeve , the te ms of the wa ant p ov ded that upon the comp et on of a pub c offe ng n wh ch the Company a ses at east $25 0 m on n net p oceeds, the numbe of sha es unde y ng the wa ant wou d be educed to 6 ,363 sha es Cons stent w th these te ms, upon the c os ng of the IPO, the numbe of sha es unde y ng th s wa ant was educed to 6 ,363 sha es, and the wa ant became exe c sab e fo common stock

In Septembe 20 7, the Company vo unta y epa d a outstand ng bo ow ngs unde the 20 5 Te m Note The Company eco ded to othe expense, net, a oss of $0 2 m on, cons st ng of p epayment fees and m sce aneous fees, and w ote-off $0 3 m on of unamo t zed debt ssuance costs f om the ea y ext ngu shment of debt

Note 11. Related Party Transactions

Du ng the yea ended Decembe 3 , 20 9, the Company ecogn zed $0 6 m on n evenues, f om ShotSpotte Labs p ojects w th cha tab e o gan zat ons that have ece ved donat ons f om one of the Company's d ecto s and one of the Company's s gn f cant sha eho de s Du ng the yea ended Decembe 3 , 20 8, the Company d d not have any e ated pa ty t ansact ons Du ng the yea ended Decembe 3 , 20 7, the Company ecogn zed app ox mate y $0 7 m on, n evenues f om a ese e who was a so an nvesto As of Decembe 3 , 20 7, the amount of accounts ece vab e due f om th s ese e was mmate a

Note 12. Income Taxes

The domest c and fo e gn components of net ncome (oss) befo e ncome tax expense we e as fo ows (n thousands)

	Year Ended December 31,		
	2019	2018	2017
Domest c	$,743	$ (3,083)	$ (0, 25)
Fo e gn	4	345	305
Net ncome (oss)	$,757	$ (2,738)	$ (9,820)

The p ov s on (benef t) fo ncome tax cons sts of the fo ow ng (n thousands)

	Year Ended December 31,		
	2019	2018	2017
Cu ent			
Fede a	$	$	$
State			
Fo e gn	7	(3)	60
Tota	7	(3)	60
Defe ed			
Fede a			
State			
Fo e gn	(48)		
Tota	(48)		
Tota tax expense (benef t)	$ (4)	$ (3)	$ 60

A econc at on of ncome taxes at the statuto y fede a ncome tax ate to net ncome(oss) taxes nc uded n the accompany ng conso dated statements of ope at ons s as fo ows (n thousands)

	December 31,		
	2019	2018	2017
I come ax a s a o a e	369	(5 5)	(3 339)
Change n va uat on a owance	(7)	,595	(8,354)
Change n tax ate			9,788
Change n defe eds	00	7	(39)
State tax	(33	(309)	536
Ma o ma e o wa a s			6
Stock-based compensat on	(420	(6 5)	84
Resea ch and deve opment c ed t	(82)	(220)	(62)
Fo e gn ate d ffe ent a	(43)	(86)	56
Subpa t F - GILTI	7	8	
S bpa F a s o ax			68
Lobby ng	02	78	79
Othe	66	3	76
Tota	$ (4)	$ (3)	$ 60

Tempo a y d ffe ences that gave se to s gn f cant po t ons of the Company's defe ed tax assets and ab t es as of Decembe 3 , 20 9 and 20 8 we e as fo ows (n thousands)

	Yea Ended De embe 31	
	2019	2018
Defe ed tax assets		
Net ope at ng osses	$ 2 ,556	$ 2 ,46
C ed ts	2,055	,969
Acc a s a d ese es	6	85
Defe ed evenue and cont act costs	6	458
G oss defe ed tax assets	24,494	24, 73
Va uat on a owance	(23,693)	(23,7 0)
Net defe ed tax assets	80	463
Defe ed ax ab es		
F xed assets and ntang b es	(836)	(545)
Tota defe ed tax ab t es, net	$ (35)	$ (82)

Rea zat on of defe ed tax assets s dependent upon futu e taxab e ncome, f any, the t m ng and amount of wh ch a e unce ta n Management has dete m ned that the defe ed tax assets a e not ea zab e on a mo e ke y than not bas s Acco d ng y, defe ed tax assets have been fu y offset by a va uat on a owance The va uat on a owance nc eased by $ 7,000 du ng the yea ended Decembe 3 , 20 9

As of Decembe 3 , 20 9, the Company had fede a net ope at ng oss ca yfo wa ds of app ox mate y $85 6 m on, of wh ch $80 6 m on w exp e between 2026 th ough 2038, f not ut zed, and $5 0 m on wh ch do not exp e As of Decembe 3 , 20 9, the Company a so had state NOLs of app ox mate y $55 m on, wh ch w exp e, f not ut zed, n 20 9 th ough 2038

As of Decembe 3 0 9 e Compa ad a a ab e fo ca o e esea c a d expe me a c ed s fo fede a a d Ca fo a come ax p poses of app ox ma e 4 m o a d m o espec e w c a e a a ab e o ed ce f e come axes T e fede a esea c a d expe me a ax c ed s w be o exp e f o ed 0 6 T e Ca fo a esea c a d expe me a ax c ed s ca fo wa d def e ed

Sect on 382 of the Inte na Revenue Code of 986 (the "Code"), as amended, and s m a Ca fo n a egu at ons mpose substant a est ct ons on the ut zat on of net ope at ng osses and tax c ed ts n the event of an "owne sh p change" of a co po at on Acco d ng y, the Company's ab ty to ut ze net ope at ng osses and c ed t ca yfo wa ds may be m ted as the esu t of such an "owne sh p change" as def ned n the Code

Uncertain Tax Positions

The Company app ed FASB ASC 740- 0-50, *Accounting for Uncertainty in Income Tax,* wh ch p esc bes a ecogn t on th esho d and measu ement att butes fo the f nanc a statement ecogn t on and measu ement of a tax pos t on taken o expected to be taken n a tax etu n The Company c ass f es nte est and pena t es as a component of tax expense as a esu t of the fu va uat on a owance

The Company had un ecogn zed tax benef ts of app ox mate y $0 8 m on as of Decembe 3 , 20 9, a of wh ch was offset by a fu va uat on a owance No nte est o pena t es have been acc ued as of Decembe 3 , 20 9

A econc at on of the beg nn ng and end ng amounts of un ecogn zed tax benef ts s as fo ows (n thousands)

Ba ance as of Decembe 3 , 20 7	$	620
nc eases fo cu ent yea tax pos t ons		4
nc eases fo p o yea tax pos t ons		
Ba ance as of Decembe 3 , 20 8		734
nc eases fo cu ent yea tax pos t ons		75
ec ease fo p o yea tax pos t ons		(37)
Ba ance as of Decembe 3 , 20 9	$	772

Un ecogn zed tax benef ts may change du ng the next 2 months fo tems that a se n the o d na y cou se of bus ness The Company does not ant c pate a mate a change to ts un ecogn zed tax benef ts ove the next 2 months that wou d affect the Company's effect ve tax ate as a esu t of the fu va uat on a owances

The Company f es ncome tax etu ns n fede a , va ous state and U S te to y ju sd ct ons, and South Af ca The statute of m tat ons ema ns open fo f sca yea s 2005 th ough 20 9 n the Un ted States and the va ous state and the U S te to y ju sd ct ons Yea s beyond the no ma statute of m tat ons ema n open to aud t by tax autho t es due to tax att butes gene ated n ea e yea s wh ch a e be ng ca ed fo wa d and may be aud ted n subsequent yea s when ut zed

In Janua y 20 8, the FASB e eased gu dance on the account ng fo tax on the g oba ntang b e ow-taxed ncome ("GILTI") p ov s ons of the Act The GILTI p ov s ons mpose a tax on fo e gn ncome n excess of a deemed etu n on tang b e assets of fo e gn co po at ons The gu dance nd cates that e the account ng fo defe ed taxes e ated to GILTI nc us ons o t eat ng any taxes on GILTI nc us ons as pe od cost a e both acceptab e methods subject to an account ng po cy e ect on Fo the yea ended Decembe 3 , 20 9, the Company has e ected to t eat any potent a GILTI nc us ons as a pe od cost

Note 13. Capital Stock

Convertible Preferred Stock

Immed ate y p o to the IPO, the Company had the fo ow ng outstand ng conve t b e p efe ed stock

	Shares Au horized	Shares Issued and Ou s anding	Aggrega e Liquida ion Preference (in housands)
Se es B-	4,773,000	3,848,023	$ 22,575
Se es A-2	, 77,000	, 76,423	20,000
			$ 42,575

Upon the c os ng of the IPO, a sha es of conve t b e p efe ed stock then outstand ng we e automat ca y conve ted nto an agg egate of 4,689,753 sha es of common stock, esu t ng n the ec ass f cat on of the e ated edeemab e conve t b e p efe ed stock nto $23,000 of common stock and $42 m on nto add t ona pa d- n cap ta

S nce the c os ng of the IPO n 20 7, the e we e no sha es of conve t b e p efe ed stock outstand ng

Common Stock

The Company s autho zed to ssue 500,000,000 sha es of common stock w th a pa va ue of $0 005 pe sha e At Decembe 3 , 20 9 and 20 8, the e we e ,3 4, 50 and 0,864,722 sha es of common stock ssued and outstand ng, espect ve y Ho de s of common stock have vot ng ghts equa to one vote pe sha e of common stock he d and a e ent t ed to ece ve any d v dends as may be dec a ed f om t me to t me by the Boa d

P o to the IPO, common stock was subo d nate to Se es B- conve t b e p efe ed stock w th espect to d v dend ghts and subo d nate to Se es B- and A-2 conve t b e p efe ed stock w th espect to ghts upon ce ta n deemed qu dat on events of the Company

At Decembe 3 , 20 9, sha es of common stock ese ved fo futu e ssuance we e as fo ows

	December 31, 2019
Opt ons outstand ng	6 7,493
Sha es ava ab e fo futu e g ant	,632,636
Unvested est cted stock un ts	4,996
Wa ants to pu chase common stock	34,7 6
Tota	2,499,84

Preferred Stock

The Company s autho zed to ssue 20,000,000 sha es of p efe ed stock, w th a pa va ue of $0 005, as p ov ded n the Post-IPO Ce t f cate S nce the c os ng of the IPO, the e we e no sha es of p efe ed stock ssued and outstand ng

Stock Repurchase Program

In May 20 9, ou boa d of d ecto s adopted a stock epu chase p og am fo up to $ 5 m on of ou common stock A though ou boa d of d ecto s has autho zed the stock epu chase p og am, t does not ob gate us to epu chase any spec f c do a amount o numbe of sha es, the e s no exp at on date fo the stock epu chase p og am, and the stock epu chase p og am may be mod f ed, suspended o te m nated at any t me and fo any eason

Du ng the yea ended Decembe 3 , 20 9, we epu chased 257,824 sha es of ou common stock at an ave age p ce of $26 pe sha e fo $6 7 m on The epu chases we e made n open ma ket t ansact ons us ng cash on hand, and a of the sha es epu chased we e et ed

Note 14. Net Income (Loss) per Share

The fo ow ng tab e summa zes the computat on of bas c and d uted net oss pe sha e (n thousands, except sha e and pe sha e data)

	Year Ended December 31, 2019	2018	2017
Numerator:			
Net ncome (oss)	$,798	$ (2,725)	$ (9,980)
Denominator:			
We ghted-ave age sha es outstand ng, bas c	,302,780	0,569,00	6, 97,775
We ghted-ave age sha es outstand ng, d uted	,846,348	0,569,00	6, 97,775
Net ncome (oss) pe sha e, bas c	$ 6	$ (0 26)	$ (6)
Net ncome (oss) pe sha e, d uted	$ 5	$ (0 26)	$ (6)

The fo ow ng potent a y d ut ve sha es outstand ng at the end of the pe ods p esented we e exc uded n the ca cu at on of d uted net ncome (oss) pe sha e as the effect wou d have been ant -d ut ve

	Year Ended December 31, 2019	2018	2017
Opt ons to pu chase common stock	269,202	820, 86	,294, 28
Unvested est cted stock un ts	54,620	0,764	47,3 2
Wa ants to pu chase Se es B- conve t b e p efe ed o common stock		63,7 3	468,278
Tota	323,822	,094,663	,809,7 8

Note 15. Convertible Preferred Stock Warrants and Common Stock Warrants

Immed ate y p o to the Company's IPO, a outstand ng Se es B- conve t b e p efe ed stock wa ants we e emeasu ed to the fa va ue, us ng the B ack-Scho es mode Refe to Note 3, *Basis of Presentation and Summary of Significant Accounting Policies*, fo a desc pt on of the va uat on method The f na emeasu ement of the conve t b e p efe ed stock wa ant ab ty esu ted n a $3 7 m on oss wh ch was eco ded to othe expense, net

Upon the c os ng of the IPO, the ent e ba ance of $5 7 m on n conve t b e p efe ed stock wa ant ab ty was ec ass f ed to add t ona pa d- n cap ta A conve t b e p efe ed stock wa ants we e conve ted nto common stock wa ants In add t on, the Company ssued to the ead unde w te n the IPO a wa ant to pu chase up to 84,000 sha es of ts common stock

Du ng the yea ended Decembe 3 , 20 9, ce ta n wa ants we e exe c sed on a cash ess bas s and conve ted nto 3,865 sha es of common stock

At Decembe 3 , 20 9, 20 8 and 20 7, the Company had the fo ow ng common stock wa ants ssued and outstand ng

Warran Class	Shares 20 9	2018	2017	I uan e Da e	P i e per Share	Expi a ion Da e
Commo s oc wa a		3 66	65 9 5	0	5 866	0 9
Common stock wa ant		25,23	6 ,502	August 20 2	$ 5 8667	August 20 9
Common stock wa ant	50,7 6	50,7 6	56,85	Feb ua y 20 4	$ 0 700	Feb ua y 202
Common stock wa ant ( )	84,000	84,000	84,000	June 20 7	$ 3 2000	June 2020
	34 6	63 3	468 8			

( ) Th s wa ant was ssued to the Company's ead unde w te n connect on w th the IPO

In Ma ch 28, 20 7, n connect on w th the amendment of the 20 5 Te m Note (see Note 0 *Financing Arrangements* fo deta s ega d ng the amendment of the 20 5 Te m Note), the Company ssued a wa ant to pu chase 76,704 sha es of Se es B- p efe ed stock at an exe c se p ce of $5 8667 pe sha e wh ch was educed to 6 ,363 sha es upon the comp et on of the Company's IPO because g eate than $25 m on n p oceeds we e a sed The Company dete m ned the fa va ue of the wa ants on the date of ssuance to be $,000 The wa ants we e mmed ate y exe c sab e

In June 20 7, n connect on w th ts pub c offe ng, the Company ssued a wa ant to pu chase 84,000 sha es of common stock to ts ead unde w te (the "June 20 7 Wa ant") The Company dete m ned the fa va ue of the June 20 7 Wa ant on the date of ssuance to be $0 3 m on The June 20 7 Wa ant was mmed ate y exe c sab e

Note 16. Equity Incentive Plans

2017 Equity Incentive Plan

In May 20 7, the Boa d and the Company's stockho de s app oved the 20 7 Equ ty Incent ve P an (the "20 7 P an"), wh ch became effect ve n connect on w th the IPO The 20 7 P an p ov des fo the ssuance of stock opt ons, est cted stock un ts and othe awa ds to emp oyees, d ecto s and consu tants of the Company A tota of 2,4 3,659 sha es of the Company's common stock we e n t a y ese ved fo ssuance unde the 20 7 P an, wh ch s the sum of ( ) 900,000 sha es, (2) the numbe of sha es ese ved fo ssuance unde the 2005 P an at the t me the 20 7 P an became effect ve and (3) sha es subject to stock opt ons o othe stock awa ds unde the 2005 P an that wou d have othe w se been etu ned to the 2005 P an (up to a max mum of ,3 4,752 sha es) The numbe of sha es of common stock ese ved fo ssuance unde the 20 7 P an w automat ca y nc ease on Janua y of each yea , beg nn ng on Janua y , 20 8 by the esse of ( ) 5% of the numbe of sha es of the Company's cap ta stock outstand ng on Decembe 3 s of the p eced ng ca enda yea o (2) such numbe of sha es as dete m ned by the Boa d In acco dance w th the eve g een p ov s on, the numbe of sha es of common stock ese ved fo ssuance unde ou 20 7 P an was automat ca y nc eased on Janua y , 20 9 by 543,236 sha es, wh ch was equa to 5% of the tota numbe of sha es of cap ta stock outstand ng on Decembe 3 , 20 8 As a esu t of the adopt on of the 20 7 P an, no fu the g ants may be made unde the 2005 P an

I ce e S oc Op o s ma o be a ed o Compa emp o ees a d ma o e a ed w a exe c se p ce o ess a e fa a e of e commo s oc o o ess a 0% of fa a e w e e a s ss ed o a pe so w o a e me of a ow s s oc ep ese mo e a 0% of e o owe of a c asses of s oc No s a o s oc op o s ma be a ed o Compa emp o ees d ec o s a d co s a s a d ma be a ed a a p ce pe s a e o ess a fa a e o e da e of e a T e Boa d de e m es e fa a e of e Compa s commo s oc

Opt ons g anted unde the 2005 P an and 20 7 P an gene a y vest ove fou yea s and exp e no ate than 0 yea s f om the g ant date The 2005 P an and 20 7 P an g ants the Boa d d sc et on to dete m ne when the opt ons g anted w become exe c sab e The 2005 P an and 20 7 P an a ows fo the exe c se of unvested opt ons w th epu chase ghts ove the est cted common stock ssued The Company eco ds p oceeds f om ea y exe c ses as a ab ty and ec ass f es the amount to equ ty as the epu chase ght apses At Decembe 3 , 20 9, 20 8, and 20 7, the e we e no unvested opt ons esu t ng f om ea y exe c ses

Agg egate nt ns c va ue ep esents the d ffe ence between the Company's est mated o actua fa va ue of ts common stock and the exe c se p ce of outstand ng " n-the-money" opt ons The agg egate nt ns c va ue of opt ons exe c sed was $ 2 m on, $ 2 6 m on and $0 8 m on du ng the yea s ended Decembe 3 , 20 9, 20 8 and 20 7, espect ve y Based on the fa ma ket va ue of the Company's common stock at Decembe 3 , 20 9, 20 8 and 20 7, the tota nt ns c va ue of a outstand ng opt ons was $7 8 m on, $ 9 3 m on and $ 5 9 m on, espect ve y

At Decembe 3 , 20 9, 20 8 and 20 7, tota un ecogn zed stock-based compensat on cost e ated to unvested stock opt ons was $4 4 m on, $3 3 m on and $0 8 m on, espect ve y, wh ch w be ecogn zed atab y ove a we ghted-ave age pe od of 2 9 yea s, 3 3 yea s and 3 2 yea s fo each pe od

Cash ece ved f om the exe c se of stock opt ons du ng the yea s ended Decembe 3 , 20 9, 20 8 and 20 7 was $0 5 m on, $0 6 m on and $55,000, espect ve y

No ncome tax benef ts f om stock-based compensat on a angements have been ecogn zed n the conso dated statements of ope at ons

T e fa a e of s oc opt o a s s se fo be ow a d was de e m ed s e B ac Sc o es op o p c mode w e fo ow ass mp o s

	Year Ended December 31,		
	2019	2018	2017
Fa va ue of common stock	$20 07-$44 95	$23 72-$47 39	$3 06-$ 9 56
Expected te m (n yea s)	6	6	5-6
R s f ee e es a e	% 49%	60% 3 00%	85% 9%
Expected vo at ty	64%-67%	64%-67%	55%
Expected d v dend y e d			

In Feb ua y 2005, the Company adopted the 2005 Stock P an, as amended n Janua y 20 0 and Novembe 20 2 (the "2005 P an") Unde the 2005 P an p ov s ons, the Company was autho zed to g ant ncent ve stock opt ons, non-qua f ed stock opt ons, stock app ec at on ghts, est cted stock un ts, and sha es of est cted stock

Fo ow ng the effect veness of the 20 7 P an n connect on w th the IPO, no fu the g ants w be made unde the 2005 P an

A summa y of stock opt on act v t es unde the 2005 P an and 20 7 P an du ng 20 7, 20 8 and 20 9 s as fo ows

	Number of Op ions Ou s anding		Weigh ed Average Exercise Price
Outstand ng at Decembe 3 , 20 6	, 30, 4	$	0 86
G anted	26 ,476	$	5 52
Exe c sed	(74,984)	$	0 74
Cance ed	(22,505)	$	52
Outstand ng at Decembe 3 , 20 7	,294, 28	$	79
G anted	57,078	$	33 70
Exe c sed	(609,985)	$	0 90
Cance ed	(2 ,035)	$	6 78
Outstand ng at Decembe 3 , 20 8	820, 86	$	8 44
G anted	38,200	$	35 76
Exe c sed	(307,365)	$	47
Cance ed	(33,528)	$	24 80
Outstand ng at Decembe 3 , 20 9	6 7,493	$	7 3

Stock opt ons outstand ng, exe c sab e and vested we e as fo ows

Ou s anding a December 31, 201	Weigh ed-average Remaining Con rac ual Life (yea s)	Exercisable and Ves ed as of December 31, 20 9	Weigh ed-average Remaining Con rac ual Life (years)	Weigh ed-average Exercise Price
6 7,493	7 36	308,2 7	6 22	8 06

Ou s anding a December 31, 2018	Weigh ed-average Remaining Con rac ual Life (yea s)	Exercisable and Ves ed as of December 31, 2018	Weigh ed-average Remaining Con rac ual Life (years)	Weigh ed-average Exercise Price
820, 86	7 7	4 9,927	5 99	66

Ou s anding a December 31, 2017	Weigh ed-average Remaining Con rac ual Life (yea s)	Exercisable and Ves ed as of December 31, 2017	Weigh ed-average Remaining Con rac ual Life (years)	Weigh ed-average Exercise Price
,294, 28	6 22	883,959	5	0 85

Du ng the yea ended Decembe 3 , 20 9, the company g anted non-emp oyee d ecto s est cted stock un t ("RSU") awa ds tota ng 4,755 sha es of common stock, w th vest ng te ms of app ox mate y 2 months to 2 months The we ghted ave age fa va ue of $4 90 pe un t was ca cu ated us ng the c os ng stock p ce on the date of g ants

Du ng the yea ended Decembe 3 , 20 8, the company g anted non-emp oyee RSU awa ds tota ng 7,88 sha es of common stock, w th vest ng te ms of app ox mate y 2 months The fa va ue of $28 45 pe un t was ca cu ated us ng the c os ng stock p ce on the date of g ants

Du ng the yea ended Decembe 3 , 20 9, the Company g anted execut ve management RSU awa ds tota ng 39,597 sha es of common stock, w th vest ng te ms of 6 25% vest qua te y fo the next fou yea s The fa va ue of $44 95 pe un t was ca cu ated us ng the c os ng stock p ce on the g ant dates

Du ng the yea ended Decembe 3 , 20 8, the Company g anted execut ve management RSU awa ds tota ng 92,883 sha es of common stock, w th vest ng te ms of 35% upon the f st ann ve sa y and 2 667% on each of the th ee subsequent ann ve sa es The we ghted ave age fa va ue of $ 7 87 pe un t was ca cu ated us ng the c os ng stock p ce on the g ant dates

Du ng the yea ended Decembe 3 , 20 7, the company g anted non-emp oyee d ecto s RSU awa ds tota ng 47,3 2 sha es of common stock, w th vest ng te ms of app ox mate y seven to ten months The fa va ue of $ 50 to $ 6 96 pe un t was ca cu ated us ng the c os ng stock p ce on the date of g ants

The fo ow ng tab e summa zes the act v ty of RSU awa ds du ng 20 9

	Number of Res ric ed S ock Uni s		Weigh ed Average Gran Da e Fair Value
Unvested RSUs at Decembe 3 , 20 8	0,764	$	9 58
G anted	54,35	$	44 2
Vested	(58, 50)	$	24 75
Unvested RSUs at Decembe 3 , 20 9	06,965	$	29 24

Du ng the yea ended Decembe 3 , 20 9, the Company g anted ce ta n execut ve management RSU awa ds, subject to ce ta n f nanc a m estones, tota ng 8,03 sha es of common stock, w th vest ng te ms 00% upon the f st ann ve sa y, f the Compensat on Comm ttee of the Boa d of D ecto s of the Company be eves that the assoc ated f nanc a m estones we e met The we ghted ave age fa va ue of $43 58 pe un t was ca cu ated us ng the c os ng stock p ce on the g ant date At the end of the yea the assoc ated m estones we e not met and the expense was eve sed

At Decembe 3 , 20 9, 20 8 and 20 7, tota un ecogn zed stock-based compensat on cost e ated to RSUs was $2 4 m on, $ 4 m on, and $0 3 m on, espect ve y, wh ch w be ecogn zed atab y ove a we ghted-ave age pe od of 2 6 yea s, 2 7 yea s and 0 4 yea s, espect ve y The fa va ues of RSUs that vested du ng the yea s ended Decembe 3 , 20 9 and 20 8 tota ed $ 4 m on and $0 6 m on espect ve y No RSUs vested du ng the yea ended Decembe 3 , 20 7

Ou equ ty-based ncent ve p ans nc ude stock opt ons, est cted stock un ts and othe stock awa ds The numbe of sha es ava ab e fo g ant unde these p ans was ,632,636 as of Decembe 3 , 20 9

2017 Employee Stock Purchase Plan

In May 20 7, the Boa d and the Company's stockho de s adopted the 20 7 Emp oyee Stock Pu chase P an ("20 7 ESPP"), wh ch became effect ve n connect on w th the Company's IPO The 20 7 ESPP a ows e g b e emp oyees to pu chase sha es of the Company's common stock n an offe ng at a d scount of the then-cu ent t ad ng p ce, up to the esse of ( ) 85% of the fa ma ket va ue of the common stock on the f st day of the IPO o (2) 85% of the fa ma ket va ue of the common stock on the pu chase date The 20 7 ESPP pe m ts the max mum d scounted pu chase p ce pe m tted unde U S tax u es, nc ud ng a " ookback "

The 20 7 ESPP n t a offe ng pe od uns fo app ox mate y 24 months n ength, and conta ns fou 6-month pu chase pe ods An emp oyee's pu chase ghts te m nate mmed ate y upon te m nat on of emp oyment o othe w thd awa f om the 20 7 ESPP No pa t c pant w have the ght to pu chase sha es of common stock n an amount that has a fa ma ket va ue of mo e than $25,000 dete m ned as of the f st day of the app cab e pu chase pe od, fo each ca enda yea

The e a e 200,000 sha es of common stock ese ved fo ssuance unde the 20 7 ESPP In add t on, the 20 7 ESPP conta ns a p ov s on wh ch p ov des fo an automat c annua sha e nc ease on Janua y of each yea , n an amount equa to the esse of ( ) 2% of the tota numbe of sha es of common stock outstand ng on Decembe 3 s of the p eced ng ca enda yea , (2) 50,000 sha es o (3) such numbe of sha es as dete m ned by the Boa d In acco dance w th the eve g een p ov s on, the numbe of sha es of common stock ese ved fo ssuance unde ou 20 7 ESPP was automat ca y nc eased on Janua y , 209 by 50,000 sha es

The Company accounts fo emp oyee stock pu chases made unde ts 20 7 ESPP us ng the est mate g ant date fa va ue of account ng n acco dance w th ASC 7 8, *Stock Compensation* The Company va ues ESPP sha es us ng the B ack-Scho es mode

The e we e 65,639 sha es ssued du ng 20 9 and 3 6,623 sha es ava ab e unde the 20 7 ESPP as of Decembe 3 , 20 9

To a s oc based compe sa o expe se assoc a ed w e 005 P a 0 P a a d 0 ESPP s eco ded e co so da ed s a eme s of ope a o s a d was a oca ed as fo ows (o sa ds)

	Year Ended December 31,		
	2019	2018	2017
Cost of evenues	$ 670	$ 3 6	$ 75
Sa es and ma ket ng	955	770	33
Resea ch and deve opment	365	272	69
ene a and adm n st at ve	,067	, 0	35
Tota	$ 3,057	$ 2,468	$ 628

Stock-based compensat on expense s ecogn zed ove the awa d's expected vest ng schedu e Fo fe tu es a e ecogn zed as and when they occu

Note 17. Benefit Plan

T e Compa spo so s a 40 ( ) p a o p o de def ed co b o e eme be ef s fo a e b e emp o ees Pa c pa s ma co b e a po o of e compe sa o o e p a s bec o e m a o s de e I e a Re e e Code T e Compa s a owed o ma e 40 ( ) ma c co b o s as def ed e p a a d as app o ed b e Boa d T e Compa ma c ed 50% of emp o ee co b o s made d 0 9 p o a max m m of % of compe sa o ; e ma c w be depos ed o e emp o ees 40 ( ) acco s 0 0 D e ea e ded Decem e 3 0 9 e Compa eco ded 0 m o of ma c co b o expe se T ese ma c co b o s a e s bec o add o a es c e a T e Compa d d o ma e a co b o s o e p a d e ea s e ded Decembe 3 0 8 a d 0

Note 18. Leases

The Company eases ts p nc pa execut ve off ces n Newa k, Ca fo n a, unde a non-cance ab e ope at ng ease wh ch exp es n Octobe 202 Th s ease does not have s gn f cant ent esca at on ho days, concess ons, easeho d mp ovement ncent ves, o othe bu d-out c auses Fu the , the ease does not conta n cont ngent ent p ov s ons o enewa opt ons Ou ease nc udes both ease (e g , f xed month y ent payments) and non- ease components (e g , common-a ea o othe ma ntenance costs) wh ch a e accounted fo as a s ng e ease component as we have e ected the p act ca exped ent to g oup ease and non- ease components fo a eases Upon adopt on of ASC 842 on Janua y , 20 9, the Company ecogn zed an ope at ng ease ght-of-use asset of $0 9 m on and a co espond ng ease ab ty of $0 9 m on, us ng a d scount ate of 6% wh ch ef ects the Company's nc ementa bo ow ng ate fo a s m a asset and s m a te m as of the date of adopt on The ope at ng ease cost ecogn zed fo the yea ended Decembe 3 , 20 9 was $0 3 m on Rent expense ecogn zed fo the yea s ended Decembe 3 , 20 8 and 20 7 was $0 6 m on and $0 4 m on, espect ve y

Supp ementa nfo mat on e ated to the ope at ng ease as fo ows (n thousands)

		As of December 31, 2019
Assets		
Ope at ng ease ght-of-use asset	$	556
Liabilities		
Lease ab ty (sho t-te m) *(presented within Accrued expenses and other current liabilities)*	$	302
Lease ab ty (ong-te m) *(presented within Other liabilities)*		296
Tota ope at ng ease ab ty	$	598

		Year ended December 31, 2019
Cash pa d fo amounts nc uded n the measu ement of ease ab t es *(presented within Operating cash flows)*	$	347

Matu t es of the ease ab ty at Decembe 3 , 20 9 a e as fo ows (n thousands)

2020	$	328
202		304
Tota ease payments, und scounted		632
Less mputed nte est		(34)
Tota	$	598

The Company does not have any f nance eases

The fo ow ng tab e s shown fo compa at ve pu poses on y The futu e m n mum ease payments unde the non-cance ab e ease at Decembe 3 , 20 8 a e as fo ows (n thousands)

20 9	$	52
2020		57
202		04
To a		0 3

Note 19. Commitments and Contingencies

The company has non-cance ab e data cente a angements n wh ch the o g na te m exceeds one yea

The fo ow ng s a schedu e of futu e m n mum payments unde the non-cance ab e data cente a angements at Decembe 3 , 20 9 (n thousands)

		Da a Cen er Arrangemen s
2020	$	76
202		
Tota	$	76

o e ce

On Novembe 6, 20 7 th ee nd v dua s, Ken F she , Kev n Baxte and F ed Ho mes (the "Cont acto s"), f ed a comp a nt w th the Supe o Cou t of Ca fo n a, County of A ameda, a eg ng b each of cont act, a b each of the mp ed covenant of good fa th and fa dea ng and v o at on of Sect on 7200 et seq of the Ca fo n a Bus ness and P ofess ons Code, pu po ted y p ed cated on an a eged b each of Sect on 0b-5 of the Secu t es Exchange Act of 934 On Octobe 4, 20 8, the pa t es eached a b nd ng sett ement

On August 28, 20 8, S von S S mmons (the "P a nt ff") amended a comp a nt aga nst the C ty of Rocheste , New Yo k and va ous c ty emp oyees, f ed n the Un ted States D st ct Cou t, Weste n D st ct of New Yo k, to add the Company and emp oyees as a defendant The amended comp a nt a eges consp acy to v o ate p a nt ff's c v ghts, den a of the ght to a fa t a , and ma c ous p osecut on The P a nt ff c a ms that ShotSpotte co uded w th the C ty of Rocheste to fab cate and c eate gunshot a e t ev dence to secu e P a nt ff's conv ct on On the bas s of the a egat ons, the P a nt ff has pet t oned fo compensato y and pun t ve damages and othe costs and expenses, nc ud ng atto ney's fees The Company be eves that the P a nt ff's c a ms a e w thout me t and a e d sput ng them v go ous y No amounts have been acc ued as of Decembe 3 , 20 9 o 20 8

T e Compa ma become s b ec o e a p oceed s as we as dema ds a d c a ms a a se e o ma co se of b s ess S c c a ms e e f o me o o s co d es e ex e d e of s f ca f a c a a d ma a eme eso ces T e Compa ma es a p o s o fo a ab e a o e a ma e s w e s bo p obab e a a ab as bee c ed a d e amo of e oss ca be easo ab es ma ed T ese p o s o s a e e ewed a d ad s ed o c de e mpac s of e o a o s es ma ed se eme s e a s ad ce of e a co se a d o e fo ma o a d e e s pe a o a pa c a ma e

An unfavo ab e outcome on any t gat on matte s cou d equ e payment of substant a damages, o , n connect on w th any nte ectua p ope ty nf ngement c a ms, cou d equ e the Company to pay ongo ng oya ty payments o cou d p event the Company f om se ng ce ta n of ou p oducts As a esu t, a sett ement of, o an unfavo ab e outcome on, any of the matte s efe enced above o othe t gat on matte s cou d have a mate a adve se effect on the Company's bus ness, ope at ng esu ts, f nanc a cond t on and cash f ows

Note 20 Subsequent Events

Fo the aud ted conso dated f nanc a statements, management eva uated subsequent events th ough Ma ch 2, 2020, wh ch s the date these conso dated f nanc a statements we e ssued

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Ou management has eva uated, unde the supe v s on and w th the pa t c pat on of ou Ch ef Execut ve Off ce and Ch ef F nanc a Off ce , the effect veness of ou d sc osu e cont o s and p ocedu es (as def ned n Ru es 3-a- 5(e) and 5d- 5(e) unde the Exchange Act) as of the end of the pe od cove ed by th s epo t Based on th s eva uat on, ou Ch ef Execut ve Off ce and Ch ef F nanc a Off ce have conc uded that as of Decembe 3 , 20 9, ou d sc osu e cont o s and p ocedu es we e effect ve to p ov de easonab e assu ance that the nfo mat on we a e equ ed to f e o subm t unde the Exchange Act s eco ded, p ocessed, summa zed and epo ted w th n the t me pe ods spec f ed n the SEC's u es and fo ms, and that such nfo mat on s accumu ated and commun cated to ou management, nc ud ng ou Ch ef Execut ve Off ce and Ch ef F nanc a Off ce , to a ow t me y dec s ons ega d ng equ ed d sc osu e

Changes in Internal Control over Financial Reporting

The e we e no changes n ou nte na cont o ove f nanc a epo t ng (as def ned n Exchange Act Ru e 3a- 5(f)) du ng the qua te ended Decembe 3 , 20 9 that have mate a y affected, o a e easonab y ke y to mate a y affect, ou nte na cont o ove f nanc a epo t ng

Inherent Limitations on Effectiveness of Controls

Ou management, nc ud ng ou p nc pa execut ve off ce and p nc pa f nanc a off ce , does not expect that ou d sc osu e cont o s and p ocedu es o ou nte na cont o ove f nanc a epo t ng w p event o detect a e o s and a f aud A cont o system, no matte how we conce ved and ope ated, can p ov de on y easonab e, not abso ute, assu ance that the object ves of the cont o system a e met Because of the nhe ent m tat ons n a cont o systems, no eva uat on of cont o s can p ov de abso ute assu ance that a cont o ssues and nstances of f aud, f any, w th n the Company have been detected The des gn of any system of cont o s a so s based n pa t upon ce ta n assumpt ons about the ke hood of futu e events, and the e can be no assu ance that any des gn w succeed n ach ev ng ts stated goa s unde a potent a futu e cond t ons Ove t me, cont o s may become nadequate because of changes n cond t ons, o the deg ee of comp ance w th the po c es o p ocedu es may dete o ate Because of the nhe ent m tat ons n a cost-effect ve cont o system, m sstatements due to e o o f aud may occu and not be detected

Management's Report on Internal Control over Financial Reporting

Ou management s espons b e fo estab sh ng and ma nta n ng adequate nte na cont o ove f nanc a epo t ng, as def ned n Ru e 3a- 5(f) and Ru e 5d- 5(f) of the Exchange Act Inte na cont o ove f nanc a epo t ng cons sts of po c es and p ocedu es that ( ) pe ta n to the ma ntenance of eco ds that, n easonab e deta , accu ate y and fa y ef ect the t ansact ons and d spos t ons of ou assets; (2) a e des gned and ope ated to p ov de easonab e assu ance ega d ng the e ab ty of ou f nanc a epo t ng and ou p ocess fo the p epa at on of f nanc a statements fo exte na pu poses n acco dance w th gene a y accepted account ng p nc p es and that ou ece pts and expend tu es a e be ng made on y n acco dance w th autho zat ons of ou management and d ecto s; and (3) p ov de easonab e assu ance ega d ng p event on o t me y detect on of unautho zed acqu s t on, use o d spos t on of ou assets that cou d have a mate a effect on the f nanc a statements Ou management eva uated the effect veness of ou nte na cont o ove f nanc a epo t ng us ng the c te a set fo th by the Comm ttee of Sponso ng O gan zat ons of the T eadway Comm ss on n Inte na Cont o - Integ ated F amewo k (20 3) Based on the esu ts of ou eva uat on, ou management has conc uded that ou nte na cont o ove f nanc a epo t ng was effect ve as of Decembe 3 , 20 9

Item 9B. OTHER INFORMATION

None

PART III.

We w f e a def n t ve P oxy Statement fo ou Annua Meet ng (ou "P oxy Statement") w th the SEC, pu suant to Regu at on 4A, not ate than 20 days afte the end of ou f sca yea Acco d ng y, ce ta n nfo mat on equ ed by Pa t III has been om tted unde Gene a Inst uct on G(3) to Fo m 0-K On y those sect ons of the P oxy Statement that spec f ca y add ess the tems set fo th he e n a e nco po ated by efe ence

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The nfo mat on equ ed by th s Item 0 s nco po ated he e n by efe ence to the sect ons of ou P oxy Statement unde the capt ons "Info mat on Rega d ng the Boa d of D ecto s and Co po ate Gove nance", "Execut ve Off ce s"

Item 11. EXECUTIVE COMPENSATION

The nfo mat on equ ed by th s Item s nco po ated he e n by efe ence to the sect ons of ou P oxy Statement unde the capt on "Execut ve and D ecto Compensat on"

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The nfo mat on equ ed by th s Item 2 s nco po ated he e n by efe ence to the sect ons of ou P oxy Statement unde the capt on "Secu ty Owne sh p of Ce ta n Owne s and Management"

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The nfo mat on equ ed by th s Item 3 s nco po ated he e n by efe ence to the sect ons of ou P oxy Statement unde the capt ons "T ansact ons w th Re ated Pe sons and Indemn f cat on", "Info mat on Rega d ng The Boa d of D ecto s and Co po ate Gove nance"

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The nfo mat on equ ed by th s Item 4 s nco po ated he e n by efe ence to the sect on of ou P oxy Statement unde the capt on "P nc pa Accountant Fees and Se v ces"

PART IV.

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements

We have f ed the conso dated f nanc a statements sted n the Index to Conso dated F nanc a Statements, Schedu es, and Exh b ts nc uded n Pa t II, Item 8, “F nanc a Statements and Supp ementa y Data” of th s Annua Repo t on Fo m 0-K

(a)(2) Financial Statements Schedules

A f nanc a statements schedu es have been om tted because they a e not app cab e, not mate a , o the equ ed nfo mat on s shown n the Index to Conso dated F nanc a Statements nc uded n Pa t II, Item 8, “F nanc a Statements and Supp ementa y Data” of th s Annua Repo t on Fo m 0-K

(a)(3) Exhibits

See the Exh b t Index be ow n th s Annua Repo t on Fo m 0-K The exh b ts sted n the Exh b t Index be ow a e f ed o nco po ated by efe ence as pa t of th s Annua Repo t on Fo m 0-K

Item 16. FORM 10-K SUMMARY

None

Exhibit Index

Exhibi umber	Exhibi Descrip ion	ncorpora ed by Reference				Filed Herewi h
		Form	File No.	Exhibi	Filing Da e	
3	Amended and Restated Ce t f cate of Inco po at on	8-K	00 -38 07	3	June 3, 20 7	
3 2	Amended and Restated By aws	8-K	00 -38 07	3 2	June 3, 20 7	
4	Fo m of Common Stock Ce t f cate	S- /A	333-2 7603	4	May 9, 20 7	
4 2	nvesto s' R ghts Ag eement, by and among ShotSpotte , Inc and the nvesto s sted on Exh b t A the eto, dated Ju y 2, 20 2	S-	333-2 7603	4 2	May 2, 20 7	
4 3	o m of Wa ant to pu chase sha es of Se es B- P efe ed Stock ssued to ce ta n stockho de s n connect on w th the sa e of Se es B- P efe ed Stock n Feb ua y 20 4	S-	333-2 7603	4 6	May 2, 20 7	
4 4	o m of Wa ant to Pu chase Sha es of Common Stock ssued to Roth Cap ta Pa tne s, LLC n June 20 7	-Q	00 -38 07	0	August 4, 20 7	
4 5	Desc pt on of Cap ta Stock					X
0 (#)	ShotSpotte , Inc Nonemp oyee D ecto Compensat on Po cy					X
0 2(#)	ShotSpotte , Inc Amended and Restated 2005 Stock P an	S-	333-2 7603	0	May 2, 20 7	
0 3(#)	o ms of Opt on Ag eement and Opt on G ant Not ce unde the Amended and Restated 2005 Stock P an	S-	333-2 7603	0 2	May 2, 20 7	
0 4(#)	ShotSpotte , Inc 20 7 Equ ty Incent ve P an	S- /A	333-2 7603	0 3	May 9, 20 7	
0 5(#)	Fo ms of Opt on Ag eement and Opt on G ant Not ce unde the 20 7 Equ ty Incent ve P an	S- /A	333-2 7603	0 4	May 9, 20 7	
0 6(#)	o m of Rest cted Stock Un t G ant Not ce and Rest cted Stock Un t Rest cted e ms and Cond t ons unde the 20 7 Equ ty Incent ve P an	S- /A	333-2 7603	0 5	May 9, 20 7	
0 7(#)	ShotSpotte , Inc 20 7 Emp oyee Stock Pu chase P an	S- /A	333-2 7603	0 6	May 9, 20 7	
0 8(#)	Fo m of Rest cted Stock Un t G ant Not ce fo D ecto s	-Q	00 -38 07	0 6	August 4, 20 7	
0 9(#)	o m of Indemn f cat on Ag eement by and between ShotSpotte , Inc	S-	333-2 7603	0 7	May 2, 20 7	
0 0(#)	ffe Lette between ShotSpotte , Inc and Ra ph A C a k, dated Ma ch 3, 20 7	S-	333-2 7603	0 8	May 2, 20 7	
0 (#)	ffe Lette between ShotSpotte , Inc and A an R Stewa t, dated Ma ch 3, 20 7	S-	333-2 7603	0 9	May 2, 20 7	

Exhibi umber	Exhibi Descrip ion	Incorpo a ed by Reference Form	File No.	Exhibi	Filing Da e	Filed Herewi h
0 2(#)	ffe Lette between ShotSpotte , Inc and Joseph O Hawk ns, dated Ma ch 3, 20 7	S-	333-2 7603	0 0	May 2, 20 7	
0 3(#)	ffe Lette between ShotSpotte , Inc and Pau S Ames, dated Ma ch 3, 20 7	S-	333-2 7603	0	May 2, 20 7	
0 4(#)	ffe Lette between ShotSpotte , Inc and Ga y T Bunya d, dated Ma ch 3, 20 7	S-	333-2 7603	0 2	May 2, 20 7	
0 5(#)	Offe Le e be wee S o Spo e I c a d Sam K ep e da ed Ma c 0 8	0 Q	333 603	0	Ma 0 0 8	
0 6(#)	ffe Lette between ShotSpotte , Inc and Nas m Go zadeh, dated Feb ua y 20, 20 9	0-K	333-2 7603	0 6	Ma ch 4, 20 9	
0 7	ease Ag eement between BMR-Pac f c Resea ch Cente LP and ShotSpotte , Inc , ated August 4, 20 2	S-	333-2 7603	0 4	May 2, 20 7	
0 8	st Amendment to Lease Ag eement between BMR-Pac f c Resea ch Cente LP and hotSpotte , Inc , dated Septembe 3, 20 4	S-	333-2 7603	0 5	May 2, 20 7	
0 9	econd Amendment to Lease Ag eement between BMR-Pac f c Resea ch Cente LP nd ShotSpotte , Inc , dated Decembe 5, 20 6	S-	333-2 7603	0 6	May 2, 20 7	
0 0	C ed A eeme e wee Umpq a Ba a d S o Spo e I c da ed Sep em e 0 8	0 Q	333 603	0	No embe 4 0 8	
0 2	st Amendment to C ed t Ag eement between Umpqua Bank and ShotSpotte , Inc , ated May 2 , 20 9	8-K	333-2 7603	0	May 24, 20 9	
23	onsent of Bake T y V chow K ause, LLP, Independent Reg ste ed Pub c ccount ng F m fo ShotSpotte , Inc					X
3	Ce t f cat on of P nc pa Execut ve Off ce Pu suant to Ru es 3a- 4(a) and 5d- 4(a) nde the Secu t es Exchange Act of 934, as Adopted Pu suant to Sect on 302 of the a banes-Ox ey Act of 2002					X
3 2	e t f cat on of P nc pa F nanc a Off ce Pu suant to Ru es 3a- 4(a) and 5d- 4(a) nde the Secu t es Exchange Act of 934, as Adopted Pu suant to Sect on 302 of the a banes-Ox ey Act of 2002					X
	Ce f ca o of P c pa Exec e Off ce P s a o 8 U S C Sec o 350 as Adop ed P s a o Sec o 906 of e Sa ba es Ox e Ac of 00					
2 2*	e t f cat on of P nc pa F nanc a Off ce Pu suant to 8 U S C Sect on 350, as dopted Pu suant to Sect on 906 of the Sa banes-Ox ey Act of 2002					X
0 INS	XBRL Instance Document					X
0 SCH	XBRL Taxonomy Extens on Schema Document					X

Exhibi umber	Exhibi Descrip ion	Incorpo a ed by Reference Form	File No.	Exhibi	Filing Da e	Filed Herewi h
0 CAL	XBRL Taxonomy Extens on Ca cu at on L nkbase Document					X
0 DEF	XBRL Taxonomy Extens on Def n t on L nkbase Document					X
0 LAB	XBRL Taxonomy Extens on Labe L nkbase Document					X
0 PRE	XBRL Taxonomy Extens on P esentat on L nkbase Document					X

Ind cates management cont act o compensato y p an

* Fu n shed he ew th and not deemed to be "f ed" fo pu poses of Sect on 8 of the Secu t es Exchange Act of 934, as amended (the "Exchange Act"), and sha not be deemed to be nco po ated by efe ence nto any f ng unde the Secu t es Act of 933, as amended, o the Exchange Act (whethe made befo e o afte the date of the Fo m 0-K), espect ve of any gene a nco po at on anguage conta ned n such f ng

SIGNATURES

Pu suant to the equ ements of Sect on 3 o 5(d) of the Secu t es Exchange Act of 934, the eg st ant has du y caused th s epo t to be s gned on ts beha f by the unde s gned, the eto du y autho zed

SHOTSPOTTER, INC.

Date Ma ch 2, 2020

By /s/ Ra ph A C a k

Ra ph A C a k

President and Chief Executive Officer

Date Ma ch 2, 2020

By /s/ A an R Stewa t

A an R Stewa t

Chief Financial Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each pe son whose s gnatu e appea s be ow const tutes and appo nts Ra ph A C a k and A an R Stewa t, jo nt y and seve a y, h s atto neys- n-fact, each w th the powe of subst tut on, fo h m n any and a capac t es, to s gn any amendments to th s epo t, and to f e the same, w th exh b ts the eto and othe documents n connect on the ew th, w th the Secu t es and Exchange Comm ss on, he eby at fy ng and conf m ng a that each of sa d atto neys- n-fact, o h s subst tute o subst tutes, may do o cause to be done by v tue he eof

Pu suant to the equ ements of the Secu t es Exchange Act of 934, th s epo t has been s gned by the fo ow ng pe sons on beha f of the eg st ant and n the capac t es and on the dates nd cated

Signature	Title	Date
/s/ Ra ph A C a k Ra ph A C a k	P es dent, Ch ef Execut ve Off ce and a D ecto (P nc pa Execut ve Off ce)	Ma ch 2, 2020
/s/ A an R Stewa t A an R Stewa t	Ch ef F nanc a Off ce (P nc pa F nanc a and Account ng Off ce)	Ma ch 2, 2020
/s/ Pasca Levensohn Pasca Levensohn	D ecto	Ma ch 2, 2020
/s/ Thomas T G oos Thomas T G oos	D ecto	Ma ch 2, 2020
/s/ Randa Hawks, J Randa Hawks, J	D ecto	Ma ch 2, 2020
/s/ Ma c Mo a Ma c Mo a	D ecto	Ma ch 2, 2020
/s/ W am J B atton W am J B atton	D ecto	Ma ch 2, 2020

Exhibit 4.5

DESCRIPTION OF CAPITAL STOCK

The fo ow ng desc p on of ou cap a s ock, ce a n p ov s ons of ou amended and es a ed ce f ca e of nco po a on and amended and es a ed by aws, and ce a n p ov s ons of De awa e aw a e summa es You shou d a so efe o he amended and es a ed ce f ca e of nco po a on and he amended and es a ed by aws, wh ch a e f ed as exh b s o he Annua Repo on Fo m 10-K of wh ch h s Exh b 4 6 s pa

General

Ou amended and es a ed ce f ca e of nco po a on au ho zes us o ssue up o 500,000,000 sha es of common s ock, $0 001 pa va ue pe sha e, and 20,000,000 sha es of p efe ed s ock, $0 001 pa va ue pe sha e, a of wh ch sha es of p efe ed s ock a e undes gna ed

Common Stock

Voting Rights

Each ho de of ou common s ock s en ed o one vo e fo each sha e on a ma e s subm ed o a vo e of he s ockho de s, nc ud ng he e ec on of d ec o s Unde ou amended and es a ed ce f ca e of nco po a on and amended and es a ed by aws, ou s ockho de s do no have cumu a ve vo ng gh s Because of h s, he ho de s of a ma o y of he sha es of common s ock en ed o vo e n any e ec on of d ec o s a e ab e o e ec a of he d ec o s s and ng fo e ec on, f hey shou d so choose

Dividends

Sub ec o p efe ences ha may be app cab e o any hen-ou s and ng p efe ed s ock, ho de s of common s ock a e en ed o ece ve a ab y hose d v dends, f any, as may be dec a ed f om me o me by he boa d of d ec o s ou of ega y ava ab e funds

Liquidation

In he even of ou qu da on, d sso u on o w nd ng up, ho de s of common s ock w be en ed o sha e a ab y n he ne asse s ega y ava ab e fo d s bu on o s ockho de s af e he paymen of a of ou deb s and o he ab es and he sa sfac on of any qu da on p efe ence g an ed o he ho de s of any hen-ou s and ng sha es of p efe ed s ock

Rights and Preferences

Ho de s of common s ock have no p eemp ve, conve s on o subsc p on gh s and he e a e no edemp on o s nk ng fund p ov s ons app cab e o he common s ock The gh s, p efe ences and p v eges of he ho de s of common s ock a e sub ec o, and may be adve se y affec ed by, he gh s of he ho de s of sha es of any se es of p efe ed s ock ha we may des gna e n he fu u e

Preferred Stock

Ou boa d of d ec o s has he au ho y, w hou fu he ac on by ou s ockho de s, o ssue up o 20,000,000 sha es of p efe ed s ock n one o mo e se es, o es ab sh f om me o me he numbe of sha es o be nc uded n each such se es, o f x he gh s, p efe ences and p v eges of he sha es of each who y un ssued se es and any qua f ca ons, m a ons o es c ons he eon, and o nc ease o dec ease he numbe of sha es of any such se es, bu o be ow he numbe of sha es of such se es hen ou s and ng

Ou boa d of d ec o s may au ho ze he ssuance of p efe ed s ock w h vo ng o conve s on gh s ha cou d adve se y affec he vo ng powe o o he gh s of he ho de s of ou common s ock The pu pose of au ho z ng ou boa d of d ec o s o ssue p efe ed s ock and de e m ne s gh s and p efe ences s o e m na e de ays assoc a ed w h a s ockho de vo e on spec f c ssuances The ssuance of p efe ed s ock, wh e p ov d ng f ex b y n connec on w h poss b e acqu s ons and o he co po a e pu poses, cou d, among o he h ngs, have he effec of de ay ng, defe ng o p even ng a change n con o of us and may adve se y affec he ma ke p ce of ou common s ock and he vo ng and o he gh s of he ho de s of ou common s ock I s no poss b e o s a e he ac ua effec of he ssuance of any sha es of p efe ed s ock on he gh s of ho de s of common s ock un he boa d of d ec o s de e m nes he spec f c gh s a ached o ha p efe ed s ock

We have no p esen p ans o ssue any sha es of p efe ed s ock

Warrants

As of Decembe 31, 2019, wa an s o pu chase an agg ega e of 134,716 sha es of ou common s ock a a we gh ed-ave age exe c se p ce of $8 2306 pe sha e we e ou s and ng The wa an s con a n a p ov s on fo he ad us men of he exe c se p ce and he numbe of sha es ssuab e upon he exe c se of he app cab e wa an n he even of ce a n s ock d v dends, s ock sp s, eo gan za ons, ec ass f ca ons and conso da ons Fo mo e nfo ma on, see No e 15,“Conve b e P efe ed S ock Wa an s and Common S ock Wa an s" o he No es o he Conso da ed F nanc a S a emen s fo mo e nfo ma on

Registration Rights

Ce a n ho de s of sha es of ou common s ock a e en ed o ce a n gh s w h espec o eg s a on of such sha es unde he Secu es Ac pu suan o he e ms of an nves o s' gh s ag eemen These sha es a e co ec ve y efe ed o he e n as eg s ab e secu es

The nves o s' gh s ag eemen p ov des he ho de s of eg s ab e secu es w h demand, p ggyback and S-3 eg s a on gh s as desc bed mo e fu y be ow

Demand Registration Rights

The ho de s of a ma o y of he eg s ab e secu es hen ou s and ng have he gh o make up o wo demands ha we f e a eg s a on s a emen unde he Secu es Ac cove ng he eg s a on of he eg s ab e secu es hen ou s and ng and w h an an c pa ed agg ega e offe ng p ce of a eas $10 0 m on, ne of unde w ng d scoun s and expenses, sub ec o spec f ed excep ons

Piggyback Registration Rights

If we eg s e any secu es fo pub c sa e, he ho de s of ou eg s ab e secu es hen ou s and ng w each be en ed o no ce of he eg s a on and w have he gh o nc ude he sha es n he eg s a on s a emen The unde w e s of any unde w en offe ng w have he gh o m he numbe of sha es hav ng eg s a on gh s o be nc uded n he eg s a on s a emen , p ov ded ha he eg s a on does no nc ude sha es of any o he se ng s ockho de If he eg s a on does no nc ude sha es of any o he se ng s ockho de , any o a of he eg s ab e secu es may be exc uded f om such eg s a on

Registration on Form S-3

If we a e e g b e o f e a eg s a on s a emen on Fo m S-3, he ho de s have he gh o demand ha we f e eg s a on s a emen s on Fo m S-3 p ov ded, ha a eas 10% of he eg s ab e secu es hen ou s and ng make he demand eques and he agg ega e amoun of secu es o be so d unde he eg s a on s a emen s a eas $3 0 m on, ne of unde w ng d scoun s and comm ss ons We a e no ob ga ed o effec a demand fo eg s a on on Fo m S-3 by ho de s of ou eg s ab e secu es mo e han w ce du ng any 12-mon h pe od The gh o have such sha es eg s e ed on Fo m S-3 s fu he sub ec o o he spec f ed cond ons and m a ons

Expenses of Registration

We w pay a expenses e a ng o any demand, p ggyback o Fo m S-3 eg s a on, o he han unde w ng d scoun s and comm ss ons, sub ec o spec f ed cond ons and m a ons

Termination of Registration Rights

The eg s a on gh s w e m na e upon he ea e of he fo ow ng o occu ( ) such me af e h s offe ng n wh ch he ho de of eg s ab e secu es ho ds one pe cen o ess of ou common s ock and a eg s ab e secu es he d by such ho de (and oge he w h any aff a e of he ho de w h whom such ho de mus agg ega e s sa es unde Ru e 144 of he Secu es Ac) can be so d n any h ee-mon h pe od w hou eg s a on n comp ance w h Ru e 144 of he Secu es Ac o ( ) af e he consumma on of a "deemed qu da on even ", as desc bed and def ned n ou amended and es a ed ce f ca e of nco po a on, as amended f om me o me

Anti-Takeover Provisions

Anti-Takeover Statute

We a e sub ec o Sec on 203 of he De awa e Gene a Co po a on Law, wh ch gene a y p oh b s a pub c y he d De awa e co po a on f om engag ng n any bus ness comb na on w h any n e es ed s ockho de fo a pe od of h ee yea s af e he da e ha such s ockho de became an n e es ed s ockho de , w h he fo ow ng excep ons

- befo e such da e, he boa d of d ec o s of he co po a on app oved e he he bus ness comb na on o he ansac on ha esu ed n he s ockho de becom ng an n e es ed s ockho de
- upon comp e on of he ansac on ha esu ed n he s ockho de becom ng an n e es ed s ockho de , he n e es ed s ockho de owned a eas 85% of he vo ng s ock of he co po a on ou s and ng a he me he ansac on began, exc ud ng fo pu poses of de e m n ng he vo ng s ock ou s and ng, bu no he ou s and ng vo ng s ock owned by he n e es ed s ockho de , hose sha es owned (1) by pe sons who a e d ec o s and a so off ce s and (2) emp oyee s ock p ans n wh ch emp oyee pa c pan s do no have he gh o de e m ne conf den a y whe he sha es he d sub ec o he p an w be ende ed n a ende o exchange offe o
- on o af e such da e, he bus ness comb na on s app oved by he boa d of d ec o s and au ho zed a an annua o spec a mee ng of he s ockho de s, and no by w en consen , by he aff ma ve vo e of a eas 66 2/3% of he ou s and ng vo ng s ock ha s no owned by he n e es ed s ockho de

In gene a , Sec on 203 def nes a "bus ness comb na on" o nc ude he fo ow ng

- any me ge o conso da on nvo v ng he co po a on and he n e es ed s ockho de any sa e, ansfe , p edge o o he d spos on of 10% o mo e of he asse s of he co po a on nvo v ng he n e es ed s ockho de sub ec o ce a n excep ons, any ansac on ha esu s n he ssuance o ansfe by he co po a on of any s ock of he co po a on o he n e es ed s ockho de any ansac on nvo v ng he co po a on ha has he effec of nc eas ng he p opo ona e sha e of he s ock o any c ass o se es of he co po a on benef c a y owned by he n e es ed s ockho de o he ece p by he n e es ed s ockho de of he benef of any oans, advances, gua an ees, p edges o o he f nanc a benef s by o h ough he co po a on

In gene a , Sec on 203 def nes an " n e es ed s ockho de " as an en y o pe son who, oge he w h he pe son's aff a es and assoc a es, benef c a y owns, o w h n h ee yea s p o o he me of de e m na on of n e es ed s ockho de s a us d d own, 15% o mo e of he ou s and ng vo ng s ock of he co po a on

Anti-Takeover Effects of Certain Provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Ou amended and es a ed ce f ca e of nco po a on p ov des fo ou boa d of d ec o s o be d v ded n o h ee c asses w h s agge ed h ee-yea e ms On y one c ass of d ec o s s e ec ed a each annua mee ng of ou s ockho de s, w h he o he c asses con nu ng fo he ema nde of he espec ve h ee-yea e ms Because ou s ockho de s do no have cumu a ve vo ng gh s, s ockho de s ho d ng a ma o y of he sha es of common s ock ou s and ng w be ab e o e ec a of ou d ec o s Ou amended and es a ed ce f ca e of nco po a on and amended and es a ed by aws a so p ov de ha d ec o s may be emoved by he s ockho de s on y fo cause upon he vo e of a ma o y of ou ou s and ng common s ock Fu he mo e, he au ho zed nu be of d ec o s may be changed on y by eso u on of he boa d of d ec o s, and vacanc es and new y c ea ed d ec o sh ps on he boa d of d ec o s may, excep as o he w se equ ed by aw o de e m ned by he boa d, on y be f ed by a ma o y vo e of he d ec o s hen se v ng on he boa d, even hough ess han a quo um

Ou amended and es a ed ce f ca e of nco po a on and amended and es a ed by aws a so p ov de ha a s ockho de ac ons mus be effec ed a a du y ca ed mee ng of s ockho de s Ou amended and es a ed by aws a so p ov des ha on y ou cha man of he boa d, ch ef execu ve off ce o he boa d of d ec o s pu suan o a eso u on adop ed by a ma o y of he o a nu be of au ho zed d ec o s may ca a spec a mee ng of s ockho de s

Ou amended and es a ed by aws a so p ov des ha s ockho de s seek ng o p esen p oposa s befo e ou annua mee ng of s ockho de s o o nom na e cand da es fo e ec on as d ec o s a a mee ng of s ockho de s mus p ov de me y advance no ce n w ng, and, sub ec o app cab e aw, w spec fy equ emen s as o he fo m and con en of a s ockho de 's no ce

Ou amended and es a ed ce f ca e of nco po a on and amended and es a ed by aws a so p ov de ha he s ockho de s canno amend many of he p ov s ons desc bed above excep by a vo e of a ma o y of ou ou s and ng common s ock

The comb na on of hese p ov s ons make mo e d ff cu fo ou ex s ng s ockho de s o ep ace ou boa d of d ec o s as we as fo ano he pa y o ob a n con o of us by ep ac ng ou bo d of d ec o s S nce ou boa d of d ec o s has he powe o e a n and d scha ge ou off ce s, hese p ov s ons cou d a so make mo e d ff cu fo ex s ng s ockho de s o ano he pa y o effec a change n managemen In add on, he au ho za on of undes gna ed p efe ed s ock makes poss b e fo ou boa d of d ec o s o ssue p efe ed s ock w h vo ng o o he gh s o p efe ences ha cou d mpede he success of any a emp o change ou con o

These p ov s ons a e n ended o enhance he ke hood of con nued s ab y n he compos on of ou boa d of d ec o s and s po c es and o d scou age coe c ve akeove p ac ces and nadequa e akeove b ds These p ov s ons a e a so des gned o educe ou vu ne ab y o hos e akeove s and o d scou age ce a n ac cs ha may be used n p oxy f gh s Howeve , such p ov s ons cou d have he effec of d scou ag ng o he s f om mak ng ende offe s fo ou sha es and may have he effec of de ay ng changes n ou con o o managemen As a consequence, hese p ov s ons may a so nh b f uc ua ons n he ma ke p ce of ou s ock ha cou d esu f om ac ua o umo ed akeove a emp s We be eve ha he benef s of hese p ov s ons, nc ud ng nc eased p o ec on of ou po en a ab y o nego a e w h he p oponen of an unf end y o unso c ed p oposa o acqu e o es uc u e ou company, ou we gh he d sadvan ages of d scou ag ng akeove p oposa s, because nego a on of akeove p oposa s cou d esu n an mp ovemen of he e ms

Choice of Forum

Ou amended and es a ed ce f ca e of nco po a on p ov des ha he Cou of Chance y of he S a e of De awa e w be he exc us ve fo um fo ( ) any de va ve ac on o p oceed ng b ough on ou beha f ( ) any ac on asse ng a b each of f duc a y du y ( ) any ac on asse ng a c a m aga ns us a s ng unde he De awa e Gene a Co po a on Law (v) any ac on ega d ng ou amended and es a ed ce f ca e of nco po a on o ou amended and es a ed by aws o (v) any ac on asse ng a c a m aga ns us ha s gove ned by he n e na affa s doc ne Ou amended and es a ed ce f ca e of nco po a on fu he p ov des ha he fede a d s c cou s of he Un ed S a es of Ame ca w be he exc us ve fo um fo eso v ng any comp a n asse ng a cause of ac on a s ng unde he Secu es Ac p ov ded howeve , ha n gh of he De awa e Chance y Cou 's op n on ssued on Decembe 19, 2018 n *Sciabacucchi v. Salzberg*, C A No 2017-0931-JTL, wh ch s cu en y be ng appea ed o he De awa e Sup eme Cou , he Company does no n end o enfo ce h s fede a fo um se ec on p ov s on wh e he appea s n p ocess

Transfer Agent and Registrar

The ansfe agen and eg s a fo ou common s ock s Compu e sha e L m ed

Listing

Ou common s ock s cu en y s ed on he NASDAQ Cap a Ma ke unde he ad ng symbo "SSTI "

Exhibit 10.1

ShotSpotter, Inc.

Amended and Restated Nonemployee Director Compensation Policy

Adopted by the Board of Directors: March 6, 2020

1. General

This ShotSpotter, Inc. Amended and Restated Nonemployee Director Compensation Policy (the " ***Policy***") is designed to provide for the compensation of each member of the board of directors (the "***Board***") of ShotSpotter, Inc. (the " ***Company***") who is not an employee of the Company or any of its subsidiaries (each, a "***Nonemployee Director***"). The Policy is effective as of January 1, 2020 and will continue in effect until its termination by the Board. The Policy replaces and supersedes any and all compensation policies or programs previously established or maintained by the Company with respect to Nonemployee Directors; provided, however, that any options or restricted stock units ("***RSUs***") outstanding on such effective date shall not be affected by this Policy and shall continue to be governed by the grant notice, agreement and equity incentive plan relating to such options or RSUs.

2. Administration

The Board, or any committee to whom the Board delegates the requisite authority, will administer the Policy. The Board (or such committee) will have the sole discretion and authority to administer, interpret, amend and terminate the Policy, and the decisions of the Board (or such committee) will be final and binding on all persons having an interest in the Policy.

3. Eligibility

Each Nonemployee Director will be eligible to receive the compensation set forth in the Policy in accordance with the terms of the Policy. Such compensation will be paid or granted, as applicable, automatically and without further action of the Board or any Board committee to each Nonemployee Director.

4. Cash Retainers

Commencing as of January 1, 2020, each Nonemployee Director is eligible to receive cash retainers at the applicable rates set forth in the following table for each full year of service as (i) a chairperson and/or member of the Board and (ii) a chairperson of a committee of the Board ("***Committee***"):

Role		**Annual Retainer Rate**
Board	Chair	$55,000
	Member (not Chair)	$35,000
Audit Committee	Chair	$15,000
	Member (not Chair)	$7,000
Compensation Committee	Chair	$10,000
	Member (not Chair)	$5,000
Nominating and Corporate Governance Committee	Chair	$7,500
	Member (not Chair)	$3,000

Each Nonemployee Director will be eligible to receive each type of retainer set forth in the table above that is applicable to such Nonemployee Director. Retainer payments will be made quarterly in arrears on or before the last business day of each calendar quarter and will be pro rated for partial quarters of service based on the number of days served in the quarter divided by the number of days in the quarter.

5. RSU Awards

(a) Initial Awards. Each Nonemployee Director elected to the Board after this Policy is adopted, other than at an annual meeting of stockholders (a "***New Director***"), will be eligible to receive an RSU award (an "***Initial Award***") based on the dollar amounts set forth in the following table, multiplied by a fraction, the numerator of which is the number of days that will elapse between and including the date of his or her appointment and the first anniversary of the previous annual meeting of stockholders, and the denominator of which is 365:

Role		Dollar Value of Initial Award
Board	Chair	$150,000, subject to reduction as provided below
	Member (not Chair)	$1 0 000

If a New Director is appointed as the chairperson of the Board and the chairperson of any Committee(s) in connection with his or her initial election to the Board, the dollar value of his or her Initial Award in respect of being chairperson of the Board will be decreased by the cash retainer amount(s) applicable to the chairperson role(s) of such Committee(s) (*e.g.,* if the chairperson of the Board is also the chairperson of the Compensation Committee, the dollar value of the Annual Award associated with serving on as the chairperson of the Board will be reduced from $150,000 to $140,000). The date of grant of Initial Awards will be the effective date of such New Director's appointment to the Board or, if such date is within a closed trading window under the Company's Policy Regarding Stock Trading by Officers, Directors and Other Designated Employees, the next business day on which the trading window is open.

(b) Annual Awards. n the date of each annual meeting of stockholders, each Nonemployee Director in office immediately after such meeting will be eligible to receive an RSU award (an "***Annual Award***") for service as a Nonemployee Director based on the dollar amounts set forth in the following table:

Role		Dollar Value of Annual Award
Board	Chair	$150,000, subject to reduction as provided below
	Member (not Chair)	$1 0 000

If, on the date of grant of an Annual Award, the chairperson of the Board is also the chairperson of any Committee(s), the dollar value of his or her Annual Award in respect of being chairperson of the Board will be decreased by the cash retainer amount(s) applicable to the chairperson role(s) of such Committee(s) (*e.g.,* if the chairperson of the Board is also the chairperson of the Compensation Committee, the dollar value of the Annual Award associated with serving on as the chairperson of the Board will be reduced from $150,000 to $140,000). The date of grant of Annual Awards will be the date of the applicable annual meeting of stockholders.

(c) Number of Shares Subject to RSU Awards. The number of shares subject to an Initial Award or Annual Award (either, an "***RSU Award***") will be equal to (i) the applicable dollar amount determined pursuant to Section 5(a) or 5(b) above, divided by (ii) the closing price of the Company's common stock on the date of grant, rounded down to the nearest whole share; provided, however, that the number of shares subject to any RSU Award may be reduced to the extent necessary to ensure that the Company's compensation of Nonemployee Directors does not exceed the limit set fo h in ec ion 3(e) of he Compan s 017 Equi Incen ive Plan (he ***lan***")

(d) Other Terms of RSU Awards. Each RSU Award will be granted under the Plan and will be subject to the terms of the Plan, the applicable award agreement and this Policy. Each RSU Award will vest on the earlier of (i) the first anniversary of the date of grant and (ii) the date of the next annual meeting of stockholders. In addition, the vesting of all RSU Awards will accelerate in full upon a Change in Control (as defined in the Plan) or immediately prior to the effectiveness of a Nonemployee Director's resignation or removal (and contingent upon the effectiveness of a Change in Control) in the event that the Nonemployee Director is required to resign his or her position as a Nonemployee Director as a condition of the Change in Control or the Nonemployee Director is removed from his or her position as a Nonemployee Director in connection with the Change in Control. Vesting will cease upon the termination of the Nonemployee Director's service as a member of the Board and any RSUs subject to such RSU Award that are unvested on the date of such termination will be automatically forfeited by such Nonemployee Director on such date.

6. Expenses

Each Nonemployee Director will be eligible for reimbursement from the Company for all reasonable out of pocket expenses incurred in connection with attending in person meetings of the Board or any Committee To the extent that any taxable reimbursements are provided to any Nonemployee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

Exhibit 23.1

CONSENT OF NDEPENDENT REG STERED PUBL C ACCOUNT NG F RM

We consent to the ncorporat on by reference n the Reg strat on Statements on Forms S 8 (F le Nos 333 226053 and 333 218712) and Form S 3 (F le No 333 226052) of ShotSpotter nc of our report dated March 12 2020 relat ng to the consol dated f nanc al statements wh ch appears n th s annual report on Form 10 K for the year ended December 31 2019

/s/ BAKER T LLY V RCHOW KRAUSE LLP

M nneapol s M nnesota
March 12 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ra ph A C a k, ce t fy that

I have ev ewed th s Annua Repo t on Fo m 0-K of ShotSpotte , Inc ;

2 Based on my know edge, th s epo t does not conta n any unt ue statement of a mate a fact o om t to state a mate a fact necessa y to make the statements made, n ght of the c cumstances unde wh ch such statements we e made, not m s ead ng w th espect to the pe od cove ed by th s epo t;

3 Based on my know edge, the f nanc a statements, and othe f nanc a nfo mat on nc uded n th s epo t, fa y p esent n a mate a espects the f nanc a cond t on, esu ts of ope at ons and cash f ows of the eg st ant as of, and fo , the pe ods p esented n th s epo t;

4 The eg st ant's othe ce t fy ng off ce and I a e espons b e fo estab sh ng and ma nta n ng d sc osu e cont o s and p ocedu es (as def ned n Exchange Act Ru es 3a- 5(e) and 5d- 5(e)) and nte na cont o ove f nanc a epo t ng (as def ned n Exchange Act Ru es 3a- 5(f) and 5d- 5(f)) fo the eg st ant and have

(a) Des gned such d sc osu e cont o s and p ocedu es, o caused such d sc osu e cont o s and p ocedu es to be des gned unde ou supe v s on, to ensu e that mate a nfo mat on e at ng to the eg st ant, nc ud ng ts conso dated subs d a es, s made known to us by othe s w th n those ent t es, pa t cu a y du ng the pe od n wh ch th s epo t s be ng p epa ed;

(b) Des gned such nte na cont o ove f nanc a epo t ng, o caused such nte na cont o ove f nanc a epo t ng to be des gned unde ou supe v s on, to p ov de easonab e assu ance ega d ng the e ab ty of f nanc a epo t ng and the p epa at on of f nanc a statements fo exte na pu poses n acco dance w th gene a y accepted account ng p nc p es;

(c) Eva uated the effect veness of the eg st ant's d sc osu e cont o s and p ocedu es and p esented n th s epo t ou conc us ons about the effect veness of the d sc osu e cont o s and p ocedu es, as of the end of the pe od cove ed by th s epo t based on such eva uat on; and

( ) D sc osed n th s epo t any change n the eg st ant's nte na cont o ove f nanc a epo t ng that occu ed du ng the eg st ant's most ecent f sca qua te (the eg st ant's fou th f sca qua te n the case of an annua epo t) that has mate a y affected, o s easonab y ke y to mate a y affect, the eg st ant's nte na cont o ove f nanc a epo t ng; and

5 The eg st ant's othe ce t fy ng off ce s and I have d sc osed, based on ou most ecent eva uat on of nte na cont o ove f nanc a epo t ng, to the eg st ant's aud to s and the aud t comm ttee of the eg st ant's boa d of d ecto s (o pe sons pe fo m ng the equ va ent funct ons)

(a) A s gn f cant def c enc es and mate a weaknesses n the des gn o ope at on of nte na cont o ove f nanc a epo t ng wh ch a e easonab y ke y to adve se y affect the eg st ant's ab ty to eco d, p ocess, summa ze and epo t f nanc a nfo mat on; and

(b) Any f aud, whethe o not mate a , that nvo ves management o othe emp oyees who have a s gn f cant o e n the eg st ant's nte na cont o ove f nanc a epo t ng

Date Ma ch 2, 2020

/s/ Ra ph A C a k
Ra ph A C a k
Ch ef Execut ve Off ce

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A an Stewa t, ce t fy that

I have ev ewed th s Annua Repo t on Fo m 0-K of ShotSpotte , Inc ;

2 Based on my know edge, th s epo t does not conta n any unt ue statement of a mate a fact o om t to state a mate a fact necessa y to make the statements made, n ght of the c cumstances unde wh ch such statements we e made, not m s ead ng w th espect to the pe od cove ed by th s epo t;

3 Based on my know edge, the f nanc a statements, and othe f nanc a nfo mat on nc uded n th s epo t, fa y p esent n a mate a espects the f nanc a cond t on, esu ts of ope at ons and cash f ows of the eg st ant as of, and fo , the pe ods p esented n th s epo t;

4 The eg st ant's othe ce t fy ng off ce and I a e espons b e fo estab sh ng and ma nta n ng d sc osu e cont o s and p ocedu es (as def ned n Exchange Act Ru es 3a- 5(e) and 5d- 5(e)) and nte na cont o ove f nanc a epo t ng (as def ned n Exchange Act Ru es 3a- 5(f) and 5d- 5(f)) fo the eg st ant and have

(a) Des gned such d sc osu e cont o s and p ocedu es, o caused such d sc osu e cont o s and p ocedu es to be des gned unde ou supe v s on, to ensu e that mate a nfo mat on e at ng to the eg st ant, nc ud ng ts conso dated subs d a es, s made known to us by othe s w th n those ent t es, pa t cu a y du ng the pe od n wh ch th s epo t s be ng p epa ed;

(b) Des gned such nte na cont o ove f nanc a epo t ng, o caused such nte na cont o ove f nanc a epo t ng to be des gned unde ou supe v s on, to p ov de easonab e assu ance ega d ng the e ab ty of f nanc a epo t ng and the p epa at on of f nanc a statements fo exte na pu poses n acco dance w th gene a y accepted account ng p nc p es;

(c) Eva uated the effect veness of the eg st ant's d sc osu e cont o s and p ocedu es and p esented n th s epo t ou conc us ons about the effect veness of the d sc osu e cont o s and p ocedu es, as of the end of the pe od cove ed by th s epo t based on such eva uat on; and

( ) D sc osed n th s epo t any change n the eg st ant's nte na cont o ove f nanc a epo t ng that occu ed du ng the eg st ant's most ecent f sca qua te (the eg st ant's fou th f sca qua te n the case of an annua epo t) that has mate a y affected, o s easonab y ke y to mate a y affect, the eg st ant's nte na cont o ove f nanc a epo t ng; and

5 The eg st ant's othe ce t fy ng off ce s and I have d sc osed, based on ou most ecent eva uat on of nte na cont o ove f nanc a epo t ng, to the eg st ant's aud to s and the aud t comm ttee of the eg st ant's boa d of d ecto s (o pe sons pe fo m ng the equ va ent funct ons)

(a) A s gn f cant def c enc es and mate a weaknesses n the des gn o ope at on of nte na cont o ove f nanc a epo t ng wh ch a e easonab y ke y to adve se y affect the eg st ant's ab ty to eco d, p ocess, summa ze and epo t f nanc a nfo mat on; and

(b) Any f aud, whethe o not mate a , that nvo ves management o othe emp oyees who have a s gn f cant o e n the eg st ant's nte na cont o ove f nanc a epo t ng

Date Ma ch 2, 2020

/s/ A an Stewa t

A an Stewa t
Ch ef F nanc a Off ce

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ra ph A C a k, ce t fy pu suant to Ru e 3a- 4(b) of the Secu t es Exchange Act of 934, as amended, (the “Exchange Act”) and Sect on 350 of Chapte 63 of T t e 8 of the Un ted States Code (8 U S C § 350), as adopted pu suant to Sect on 906 of the Sa banes-Ox ey Act of 2002, that the Annua Repo t on Fo m 0-K of ShotSpotte , Inc fo the yea ended Decembe 3 , 20 9, fu y comp es w th the equ ements of Sect on 3(a) o 5(d) of the Exchange Act and that nfo mat on conta ned n such Annua Repo t on Fo m 0-K fa y p esents, n a mate a espects, the f nanc a cond t on and esu ts of ope at ons of ShotSpotte , Inc

Date Ma ch 2, 2020	/s/ Ra ph A C a k
	Ra ph A C a k
	Ch ef Execut ve Off ce

Exhibit 32.2

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, A an Stewa t, ce t fy pu suant to Ru e 3a- 4(b) of the Secu t es Exchange Act of 934, as amended, (the “Exchange Act”) and Sect on 350 of Chapte 63 of T t e 8 of the Un ted States Code (8 U S C § 350), as adopted pu suant to Sect on 906 of the Sa banes-Ox ey Act of 2002, that the Annua Repo t on Fo m 0-K of ShotSpotte , Inc fo the yea ended Decembe 3 , 20 9, fu y comp es w th the equ ements of Sect on 3(a) o 5(d) of the Exchange Act and that nfo mat on conta ned n such Annua Repo t on Fo m 0-K fa y p esents, n a mate a espects, the f nanc a cond t on and esu ts of ope at ons of ShotSpotte , Inc

Date Ma ch 2, 2020

/s/ A an Stewa t

A an Stewa t
Ch ef F nanc a Off ce

New York State Department of
Taxation and Finance
Sales Tax Registration
W A Harriman Campus
Albany NY 12227

120938804228000-AT00

SHOTSPOTTER, INC.
7979 GATEWAY BLVD STE 210
NEWARK CA 94560-1156

New York State Department of Taxation and Finance

Certificate of Authority

Identification number
47-0949915

(Use this number on all returns and correspondence)

VALIDATED

9/18/2012

**Dept of Tax
and Finance**

SHOTSPOTTER, INC.
7979 GATEWAY BLVD STE 210
NEWARK CA 94560-1156

is authorized to collect sales and use taxes under Articles 28 and 29 of the New York State Tax Law.

Nontransferable

This certificate must be prominently displayed at your place of business.
Fraudulent or other improper use of this certificate will cause it to be revoked.
The certificate may not be photocopied or reproduced.

New York State Department of Taxation and Finance

Important Notice Regarding Liability for Sales and Use Taxes

Did you know?

- The attached *Certificate of Authority* is evidence that you are authorized to collect sales and use tax. You must prominently display it at your place of business. If you do not have a regular place of business, you must attach the certificate to your cart, stand, truck, etc. Failure to properly display a validated *Certificate of Authority* can result in a $50 penalty.
- As a registered vendor, you must file timely sales tax returns and remit any sales and use taxes collected or owed. You must file a sales tax return even if you are not conducting business and do not owe any sales or use tax.
- You must file returns until you advise us that your business is sold or discontinued, and you return your *Certificate of Authority.* (See *Step 1, Step 2, and Step 3* below for important information regarding the sale or discontinuance of your business.)
- Certain registered vendors can Web-file returns at *www.nystax.gov.* You may also download forms from the Web site at *www.nystax.gov.*
- All sales and use taxes collected or required to be collected must be reported and remitted for the period in which the transaction takes place. Failure to file returns and remit taxes when due will result in the assessment of penalty and interest. The minimum penalty for failure to file a return on time is $50, even if no tax is due. If tax is due, additional penalty and interest charges will accrue.
- Change of business address – Use Form DTF-96, *Report of Address Change for Business Tax Accounts*, if you only want to report a change in the physical address or mailing address of your business. You may also change your address on our Web site at *www.nystax.gov.*
- Change of other business information – Use Form DTF-95, *Business Tax Account Update,* to report a change of legal name or trade (DBA) name, officers' information, a Tax Department assigned ID number to a federal employer identification number (FEIN), or to report a change in business activity.
- **See Publication 750, *A Guide to Sales Tax in New York State*, and Publication 900, *Important Information for Business Owners*, for more information on filing requirements.**

Need help?

Sales tax information: (518) 485-2889
Forms and publications: (518) 457-5431

Internet access: *www.nystax.gov*
Text telephone (TTY) hotline (for persons with hearing and speech disabilities using a TTY): (518) 485-5082

Notice: If you sell or discontinue your business, or change the form of your business, you are required to return this *Certificate of Authority* with the following information completed. Please follow the steps below:

Step 1 - Check the appropriate box below (box A, B, or C) and follow the instructions corresponding to the box checked.

A ☐ **Business sold** - You must give each prospective purchaser a copy of Form TP-153, *Notice to Prospective Purchasers of a Business or Business Assets,* if you intend to sell your business or any of your business assets including tangible, intangible, or real property other than in the ordinary course of business. You must also provide the following information:

Last day of business (if applicable): / /	Date of sale: / /	Sale price:
Name and address of purchaser:		
Name and address of business:		
Location of property:		
Was sales tax collected on any taxable items (furniture, fixtures, etc.) included in the bulk sale?	☐ Yes	☐ No

B ☐ **Business discontinued** - Give the reason for discontinuing business (insolvent, deceased, dissolution, etc.): ____________
If any business assets are sold as a result of the business being discontinued, you must follow the instructions and provide the information requested in box A concerning the sale.

C ☐ **Business form changed** (sole proprietor to partnership, partnership to corporation, etc.) - You must apply for a new *Certificate of Authority.* You may apply online at *www.nystax.gov* or by filling out a new Form DTF-17, *Application to Register for a Sales Tax Certificate of Authority,* and mailing it to: NYS Tax Department, Sales Tax Registration Unit, W A Harriman Campus, Albany NY 12227.

Step 2 - You must file a final return within 20 days of the last day of business or change in status. Be sure to check the final return box on the front of the return. The return should include the tax due from business operations to the last day of business as well as any tax collected on assets that you sell. Attach statements indicating tax received and remitted for each category and, for a bulk sale, items on which tax was not collected. Attach your *Certificate of Authority* to your final return, and mail both to the appropriate address listed. **Any person who fails to surrender a *Certificate of Authority,* or a *Temporary Certificate of Authority,* as required by the Tax Law, may be subject to the criminal penalties prescribed by section 1817 of the Tax Law.**

Step 3 - I certify that the above statements are true and correct. I make these statements with the knowledge that knowingly making a false or fraudulent statement on this document is a misdemeanor under section 1817 of the Tax Law and section 210.45 of the Penal Law, punishable by imprisonment for up to a year and a fine of up to $10,000 for an individual or $20,000 for a corporation. I understand that the Tax Department is authorized to investigate the accuracy of any information entered on this form.

Signature *(provide title and relationship)*	Date
Type or print the name that appears in the signature box	

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: ShotSpotter, Inc.

Address: 7979 Gateway Blvd., Suite 210

City: Newark State/Province/Territory: CA Zip/Postal Code: 94560

Country: US

2. Entity's Vendor Identification Number: 470949915

3. Type of Business: Public Corp (specify)

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

1 File(s) uploaded ShotSpotter Board of Directors.pdf

First Name Paul
Last Name Ames
MI Suffix
Address 7979 Gateway Blvd.
City Newark State/Province/Territory: CA Zip/Postal Code: 94560
Country US
Position Senior Vice President

First Name RALPH
Last Name CLARK
MI Suffix
Address 7979 Gateway Blvd suite 210
City Newark State/Province/Territory: CA Zip/Postal Code: 94560
Country US
Position President

First Name Robert
Last Name Klepper
MI S Suffix
Address 7979 Gateway Blvd #210
City Newark State/Province/Territory: CA Zip/Postal Code: 94560
Country US
Position SVP Marketing

First Name Gary
Last Name Bunyard
MI Suffix
Address 7979 Gateway Blvd.
City Newark State/Province/Territory: CA Zip/Postal Code: 94560

Country	US				
Position	Senior Vice President				

First Name	Gary				
Last Name	Lauder				
MI	M	Suffix			
Address	88 Mercedes Lane				
City	Atherton	State/Province/Territory:	CA	Zip/Postal Code:	94027
Country	US				
Position	Shareholder				

First Name	Alan				
Last Name	Stewart				
MI	R	Suffix			
Address	2820 Carleton St. Unit 29				
City	San Diego	State/Province/Territory:	CA	Zip/Postal Code:	92106
Country	US				
Position	Chief Financial Officer				

First Name	Joseph				
Last Name	Hawkins				
MI	O	Suffix			
Address	7979 Gateway Blvd				
City	Newark	State/Province/Territory:	CA	Zip/Postal Code:	94560
Country	US				
Position	Vice President				

First Name	Nasim				
Last Name	Golzadeh				
MI		Suffix			
Address	1288 Silverado ST				
City	La Jolla	State/Province/Territory:	CA	Zip/Postal Code:	92037
Country	US				
Position	Vice President				

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation, include a copy of the 10K in lieu of completing this section.
If none, explain.

ShotSpotter, Inc. is a publicly held corporation. The most recently filed Form 10-K is available at https://www.sec.gov/Archives/edgar/data/1351636/000156459020010636/ssti-10k_20191231.htm

1 File(s) uploaded ShotSpotter 2019 10-K.pdf

No shareholders, members, or partners have been attached to this form.

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company that may take part in the performance of this contract. Such disclosure shall be updated to include affiliated or subsidiary companies not

previously disclosed that participate in the performance of the contract.

Subsidiaries of ShotSpotter, Inc. include: SHOTSPOTTER PROPRIETARY LIMITED (SOUTH AFRICA), SHOTSPOTTER COLOMBIA S.A.S. (COLOMBIA), SHOTSPOTTER MEXICO, S DE R.L. DE C.V. (MEXICO), and SHOTSPOTTER SISTEMAS DE DETECÇÃO DE TIROS LTDA (BRASIL). None of these affiliates will take part in the performance of this contract.

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). If none, enter "None." The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

Are there lobbyists involved in this matter?
YES [ ] NO [X]

(a) Name, title, business address and telephone number of lobbyist(s):

(b) Describe lobbying activity of each lobbyist. See below for a complete description of lobbying activities.

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Electronically signed and certified at the date and time indicated by:
Jean Chay [JCHAY@SHOTSPOTTER.COM]

Dated: 02/09/2021 04:21:18 PM

Title: Corporate Controller

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

ShotSpotter®

July 21, 2020

To Whom It May Concern,

As of July 21, 2020, the following individuals are serving on the Board of Directors for ShotSpotter, Inc. (NASDAQ:SSTI):

William J. Bratton, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Ralph A. Clark, President & Chief Executive Officer
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Thomas T. Groos, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Randy Hawks, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Pascal Levensohn, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Marc H. Morial, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

Merline Saintil, Director
7979 Gateway Blvd., Suite 210 Newark, CA 94560

CERTIFICATE OF LIABILITY INSURANCE

ACORD®

DATE (MM/DD/YYYY): 5/18/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Woodruff-Sawyer & Co.
50 California Street, Floor 12
San Francisco CA 94111

CONTACT NAME: Elliott Talbot
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS: eta bot@woodruffsawyer.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Federal Insurance Company	20281
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED SSTINC0-01
ShotSpotter, Inc.
7979 Gateway Blvd., Suite 210
Newark CA 94560

COVERAGES **CERTIFICATE NUMBER:** 455196242 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY	Y		35894028	5/17/2020	5/17/2021	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE; X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ Excluded
	GEN'L AGGREGATE L MIT APPL ES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY; PRO-JECT; LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:							$
A	AUTOMOBILE LIABILITY			73552106	5/17/2020	5/17/2021	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY; SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY; X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
							Deductible	$ 1,000
A	X UMBRELLA LIAB; X OCCUR			73552106	5/17/2020	5/17/2021	EACH OCCURRENCE	$ 5,000,000
	EXCESS LIAB; CLAIMS-MADE						AGGREGATE	$ 5,000,000
	DED; RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						PER STATUTE; OTH-ER	
	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N / A					E.L. EACH ACC DENT	$
	If yes, describe under DESCR PTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors & Omissions Cyber			35894028	5/17/2020	5/17/2021	Annual Aggregate: Annual Aggregate:	$5,000,000 $5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Certificate Holder is included as additional insured General Liability policy per the attached endorsement as respects contracted work done by Shottspotter, Inc.

CERTIFICATE HOLDER

Nassau County
1550 Franklin Avenue
Mineola, NY 11501

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Nicholas Volle

© 1988-2015 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

CHUBB®

Liability Insurance

Endorsement

Policy Period	MAY 17, 2020 TO MAY 17, 2021
Effective Date	MAY 17, 2019
Policy Number	3589-40-28 WUC
Insured	SHOTSPOTTER, INC
Name of Company	FEDERAL INSURANCE COMPANY

This Endorsement applies to the following forms:

GENERAL LIABILITY

Under Who Is An Insured, the following provision is added.

Who Is An Insured

Additional Insured - Scheduled Person Or Organization

Persons or organizations shown in the Schedule are **insureds**; but they are **insureds** only if you are obligated pursuant to a contract or agreement to provide them with such insurance as is afforded by this policy.

However, the person or organization is an **insured** only:

- if and then only to the extent the person or organization is described in the Schedule;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**;
- for activities that did not occur, in whole or in part, before the execution of the contract or agreement; and
- with respect to damages, loss, cost or expense for injury or damage to which this insurance applies.

No person or organization is an **insured** under this provision:

- that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto).
- with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages, loss, cost or expense for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement.

CHUBB®

Liability Endorsement
(continued)

Under Conditions, the following provision is added to the condition titled Other Insurance.

Conditions

Other Insurance – Primary, Noncontributory Insurance – Scheduled Person Or Organization

If you are obligated, pursuant to a contract or agreement, to provide the person or organization shown in the Schedule with primary insurance such as is afforded by this policy, then in such case this insurance is primary and we will not seek contribution from insurance available to such person or organization.

Schedule

Persons or organizations that you are obligated, pursuant to a contract or agreement, to provide with such insurance as is afforded by this policy.

All other terms and conditions remain unchanged.

Authorized Representative

T3-575

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 6/9/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Risk Management Department	
Commercial Lines - 305-443-4886	PHONE (A/C, No, Ext): 866-443-8489	FAX (A/C, No): 800-889-0021
USI Insurance Services LLC	E-MAIL ADDRESS: work.comp@trinet.com	
2601 South Bayshore Drive, Suite 1600	INSURER(S) AFFORDING COVERAGE	NAIC #
Coconut Grove, FL 33133	INSURER A : ACE American Insurance Company	22667
INSURED	INSURER B :	
TriNet HR III, Inc.	INSURER C :	
L/C/F ShotSpotter, Inc.	INSURER D :	
9000 Town Center Parkway	INSURER E :	
Bradenton, FL 34202	INSURER F :	

COVERAGES CERTIFICATE NUMBER: 15027892 REVISION NUMBER: See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBEREXCLUDED? (Mandatory in NH) N; If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		WLR_C67574795	07/01/2020	07/01/2021	X PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$ 2,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 2,000,000
							E.L. DISEASE - POLICY LIMIT	$ 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Workers' Compensation coverage is limited to worksite employees of ShotSpotter, Inc. through a co-employment agreement with TriNet HR III, Inc.

CERTIFICATE HOLDER	CANCELLATION
ShotSpotter, Inc. 7979 Gateway Blvd Suite 210 Newark CA 94560	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE

The ACORD name and logo are registered marks of ACORD © 1988-2015 ACORD CORPORATION. All rights reserved.