

**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, 2023

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-38107

SoundThinking, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
39300 Civic Center Dr., Suite 300
Fremont, California
(Address of principal executive offices)

47-0949915
(I.R.S. Employer
Identification No.)

94538
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.005 par value per share	SSTI	Nasdaq Capital Market

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES NO

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered independent public accounting firm that prepared or issued its audit report

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on a closing price of \$21.86 per share of the Registrant's common stock as reported on the Nasdaq Capital Market on June 30, 2023 was \$203,469,492.

The number of shares of Registrant's common stock outstanding as of March 26, 2024 was 12,786,840.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders, scheduled to be held on June, 11, 2024, are incorporated by reference into Part III of this Report. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission no later than 120 days following the end of the Registrant's fiscal year ended December 31, 2023.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections of this Annual Report on Form 10-K entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” but are also contained elsewhere in this Annual Report on Form 10-K. Often, you can identify forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “predict,” “project,” “potential,” “should,” “will,” or “would,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. Forward-looking statements include statements about:

- our ability to continue to increase revenues, secure customer renewals and expand coverage areas of existing public safety customers;
- our ability to continue to add new customers for our public safety and security solutions;
- our ability to grow both domestically and internationally;
- our ability to effectively manage or sustain our growth;
- our ability to maintain, increase or strengthen awareness of our solutions;
- our ability to achieve and maintain service level agreement standards in our customer contracts;
- our ability to increase revenues, which has been impacted by supply chain disruptions and delays;
- future revenues, hiring plans, expenses, capital expenditures, capital requirements and stock performance;
- our ability to service outstanding debt, if any, and satisfy covenants associated with outstanding debt facilities;
- our ability to attract and retain qualified employees and key personnel and further expand our overall headcount;
- our ability to comply with new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally; and
- our ability to maintain, protect and enhance our intellectual property.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Annual Report on Form 10-K, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. You should refer to the “Risk Factors” section of this Annual Report on Form 10-K for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report on Form 10-K will prove to be accurate. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

SUMMARY OF RISK FACTORS

Investing in our common stock involves risks, including those discussed in the section titled “Risk Factors”

These risks include, among others:

- 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.
- Any 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 revenue.
- If we are unable to sell our solutions into new markets, our revenues may not grow.
- Our success depends on maintaining and increasing our sales, which depends on factors we cannot control, including the availability of funding to our customers.
- Our quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.
- 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.
- We have not been profitable in the past and may not achieve or maintain profitability in the future.
- 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.
- Contracting with government entities can be complex, expensive, and time-consuming.
- If we are unable to further penetrate the public safety market, our revenues may not grow.
- Our sales cycle can be lengthy, time-consuming and costly, and our inability to successfully complete sales could harm our business.
- Changes in the availability of federal funding to support local law enforcement efforts could impact our business.
- The failure of our solutions to meet our customers’ expectations could harm our reputation, which may have a material adverse effect on our business, operating results and financial condition.
- 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.
- The nature of our business may result in undesirable press coverage or other negative publicity, which could adversely affect our growth prospects and results of operations.
- Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our existing and potential customers, which could materially and adversely affect our business.
- The nature of our business exposes us to inherent liability risks.
- As a result of our use of outdoor acoustic sensors, we are subject to governmental regulation and other legal obligations, particularly related to data 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.
- Failure to protect our intellectual property rights could adversely affect our business.

- Systems and Organizations Controls 2 (“SOC2”) and Criminal Justice Information Services (“CJIS”) requirements could potentially cause obligations that we are not able to completely perform which could adversely affect our reputation and sales, as well as the availability of our solutions in certain markets.
- Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. These attacks could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services.
- Ongoing social unrest may have a material adverse effect on our business, the future magnitude or duration of which we cannot predict with accuracy.

PART I.

Item 1. BUSINESS

Overview

We are a leading public safety technology company that combines data-driven solutions and strategic advisory services for law enforcement and civic leadership. As of December 31, 2023 we had approximately 250 customers and to date have worked with approximately 2,100 agencies to help drive more efficient, effective, and equitable public safety outcomes.

In April 2023, we changed the company name, ShotSpotter, Inc., to SoundThinking, Inc., reflecting our broader impact on public safety through a growing set of industry-leading law enforcement tools and community-focused solutions. As part of the rebranding, we introduced our SafetySmart™ platform that includes five data-driven tools consisting of: (i) our flagship product, ShotSpotter® (formerly ShotSpotter Respond), our leading outdoor gunshot detection, location and alerting system trusted by 170 cities and 19 universities and corporations as of December 31, 2023, (ii) CrimeTracer™ (formerly COPLINK X), a leading law enforcement search engine that enables investigators to search through more than one billion criminal justice records from across jurisdictions to generate tactical leads and quickly make intelligent connections to solve cases, (iii) CaseBuilder™ (formerly ShotSpotter Investigate), a one-stop investigative management system for tracking, reporting, and collaborating on cases, (iv) ResourceRouter™ (formerly ShotSpotter Connect), which directs the deployment of patrol and community anti-violence resources in an objective way to help maximize the impact of limited resources and improve community safety, and (v) SafePointe™, an artificial intelligence ("AI")-based weapons detection system, that we added when we acquired SafePointe, LLC (“SafePointe”) in August 2023. We also offer other security solutions within our flagship product offering ShotSpotter, including ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate, that are typically smaller-scale deployments of ShotSpotter vertically marketed to universities, corporate campuses, highways, and key infrastructure centers to mitigate risk and enhance security by notifying authorities of outdoor gunfire incidents, saving critical minutes for first responders to arrive. We offer the majority of our solutions on a software-as-a-service subscription model to our customers. SoundThinking Labs supports innovative uses of the Company's technology to help protect wildlife and the environment.

As of December 31, 2023, we had ShotSpotter, ShotSpotter for Campus, and ShotSpotter for Corporate coverage areas under contract for over 1,160 square miles, of which over 1,120 square miles had gone live. Coverage areas under contract included 170 cities and 19 universities and corporations across the United States, South Africa, Uruguay and the Bahamas, including some of the largest cities in the United States. Most of our revenue is attributable to customers based in the United States.

Since our founding over 27 years ago, SoundThinking has been and continues to be a purpose-led company. We are a mission-driven organization that is focused on improving public safety outcomes. We accomplish this by earning the trust of law enforcement and providing them solutions to help them better engage and strengthen the police-community relationships in fulfilling their sworn obligation to serve and protect all. Our inspiration comes from our principal founder, Dr. Bob Showen, who believes that the highest and best use of technology is to promote social good. We are committed to developing comprehensive, respectful and engaged partnerships with law enforcement agencies, elected officials and communities focused on making a positive difference in the world.



Industry Background: The Public Safety Gap

Local police departments are challenged to serve and protect in an increasingly transparent fashion without unintentionally over-policing and under serving their communities. This mandate must be met while facing municipal budget pressures and community activist calls to defund the police while violent crime is on a measurable uptick and case closure rates are at all-time lows. There are three distinct problems associated with the public safety gap, which are discussed below.

The Violent Crime Problem

The majority of urban gunfire goes unreported. A 2016 report published by The Brookings Institute analyzing data collected from ShotSpotter and our customers suggests that approximately 80% of the gunshots detected by our public safety solution are not reported to 911 by residents. Even in the instances when 911 calls are made, the information reported by the caller is often incomplete or inaccurate as to the time and location of the gunshot. Furthermore, in many cases it is often difficult for the caller to authenticate the incident as gunfire. In addition, we believe that in communities plagued by gun violence, there is often a lack of trust between the community's residents and its police force, which can exacerbate the underreporting of gunfire and create a vicious cycle of underreporting, lack of response and increased mistrust due to continued unaddressed gun violence in the community. When gunfire is not reported or is reported inaccurately, law enforcement and medical personnel cannot address injuries nor effectively investigate and solve related crimes or prevent future incidents.

The communities in which gun violence occurs suffer significant economic loss. A 2017 report by the Urban Institute, which studied the effect of gun violence in Minneapolis, Minnesota, Oakland, California and Washington, D.C., noted that the perceived risk of gun violence imposed heavy social, psychological and monetary damages in communities, including fewer jobs and lower economic vitality. The study concluded:

- In Minneapolis, each additional gun homicide in a given year was statistically correlated with 80 fewer jobs.
- In Oakland, every additional gun homicide in a given year was statistically associated with five fewer job opportunities in contracting businesses in the next year.
- In Washington, D.C., every additional gun homicide in a given year was statistically associated with two fewer retail and service establishments the next year.

In addition, several studies have suggested that property values are inversely correlated with violent crime. For example, the Center for American Progress conducted a study of changes in homicide incidents and housing prices in Boston, Seattle, Chicago, Philadelphia, and Milwaukee, and found that a reduction in a given year of one homicide in a ZIP code caused a 1.5% increase in housing values in that same ZIP code the following year.

Gut-based Patrolling Problem

Agencies face a resource deficit and need more efficient ways to patrol and prevent crime. Most departments use old patrolling methods that are non data-driven, have limited visibility to officer activity and no controls to reduce over-policing. We believe the category is ripe for AI-based automation for more efficient and effective patrolling done in a way that better engages the community and reduces crime.

Low Case Closure/Victim Resolution Problem

According to a report published by The Marshall Project in 2022, homicide clearance rates in the United States reached a 40-year low of less than 50% in 2021. Too many suspects do not face the consequences and are free to commit additional crimes while victims and their families suffer without closure. Police use a mix of manual, homegrown and limited function record management system ("RMS") modules for case management. To solve cases, detectives must access multiple, siloed sources of data with limited automation tools for analytical support or collaboration. We believe investigative case management can significantly benefit from greater automation to improve clearance rates and solves cases faster.

Our Vision

We see a world where data is converted into actionable intelligence thereby enabling police departments to implement modern 21st century policing practices. These practices can help police be more efficient directing law enforcement interventions toward the few that commit crimes and more effective in building community trust and engagement while co-producing public safety outcomes. We believe the SoundThinking SafetySmart platform can be a valuable set of tools in implementing 21st century policing practices. Our precision policing solutions included our flagship product ShotSpotter, CrimeTracer, CaseBuilder and ResourceRouter. In August 2023, we acquired SafePointe, LLC ("SafePointe") and added their AI-based weapons detection system to our SafetySmart platform.



Better Information | Better Decisions | Better Outcomes



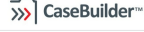
Gunshot Detection

- Real-time alerts for rapid, precise response to save lives
- Increase evidence recovery and NIBIN leads
- Enhance gun violence prevention/intervention with Data4Good



Investigative Lead Generation

- Accelerate investigations with largest database of local and regional crime data in single portal
- Advanced link analysis detects relationships between people, places, and things



Digital Case Management

- One-stop digital case folder houses all data and workflows
- Analytical and collaboration tools accelerate and improve solvability
- More efficient and effective case handling



Gun Crime Management

- Centralized collaboration on gun crime activities including Respond alerts & NIBIN leads
- Prioritize and track leads and tasks
- Operational insights on case outcomes for stakeholder feedback



Patrol Resource Management

- Data-driven deployment of patrol resources for highest impact
- Gain actionable insights into officer activity
- Free up analysts for more strategic work



Better Information | Better Decisions | Better Outcomes



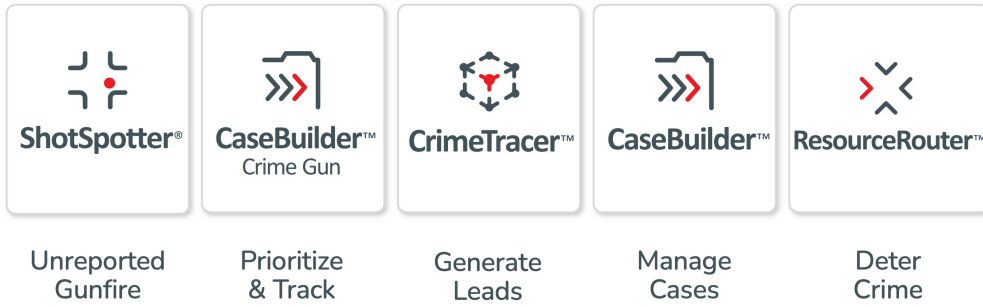
Gunshot Detection

- Gunfire alerts with precise location and situational awareness in <60 seconds
- Integrations with nearly all security technologies to enhance the response and investigation to a gunfire incident



Weapons Detection

- AI-driven weapons detection allows high throughput without disruption
- Unmanned screening at a lower overall cost of ownership
- Passive concealed sensors for better screening experiences



ShotSpotter

ShotSpotter (formerly ShotSpotter Respond), our acoustic gunshot detection technology serves cities and municipalities seeking to identify, locate and deter persistent, localized gun violence by incorporating a real-time gunshot detection system into their policing systems. ShotSpotter is used by local police departments and a version of ShotSpotter, branded as ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate, are used by security personnel in the protection of critical assets such as colleges, universities, commercial campuses and highways.

Our gunshot detection solutions consist of highly-specialized, cloud-based software integrated with proprietary, internet-enabled sensors designed to detect outdoor gunfire. The speed and accuracy of our gunfire alerts enable law enforcement and security personnel to consistently and quickly respond to shooting events including those unreported through 911, which can increase the chances of apprehending the shooter, providing timely aid to victims, and identifying witnesses before they scatter, as well as aid in evidentiary collection and serve as an overall deterrent. When an impulsive sound is detected by our sensors, our system precisely locates where the incident occurred, and if it determines there is a possibility the sound was caused by gunfire, sends its data for human review to analyze and validate the incident. An alert containing a location on a map and critical information about the incident is sent directly to subscribing law enforcement or security personnel through an internet-connected computer or iPhone or Android mobile devices.

Our software sends validated gunfire data along with the audio of the triggering sound to our Incident Review Center (“IRC”) that has locations in Fremont, CA and Washington, D.C. where our trained incident review specialists are on duty 24 hours a day, seven days a week, 365 days a year to screen and confirm actual gunfire incidents. Our trained incident review specialists can supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons. Gunshot incidents reviewed by our IRC result in alerts typically sent within approximately 45 seconds of the report of the gunfire incident.

Specialized Gunshot Detection Software

The heart of our gunshot detection solutions is our sophisticated and specialized software. Our software analyzes audio signals for potential gunshots detected by our intelligent sensors. Our sensor filters out ambient background noise, such as traffic or wind, and looks for impulsive sounds characteristic of gunfire. If the sensor detects such an impulse, it extracts pulse features of the soundwave, such as sharpness, strength, duration, rise time and decay time. Then, the sensor sends these features to our cloud servers as part of a data packet that includes the location coordinates of the reporting sensor and the precise time of arrival and angle of arrival of the sound.

When the data reaches our cloud servers, our software assesses whether three or more of our outdoor sensors detected the same sound impulse and, if so, finds the location coordinates of the sound source based on the time of arrival and the angle of arrival of the sound using the technique of multilateration. The accuracy of the coordinates derived from our proprietary software is significantly improved when, as is typically the case, more than three sensors

participate. We deploy our sensor arrays such that, on average, six to eight sensors participate in the detection of a gunshot.

After the software determines the location of the sound source, our machine classifier algorithms analyze the pulse features to filter out sounds that are unlikely to be gunfire. Our algorithms consider pulse features, the distance from the sound source, pattern matching and other heuristic methods to evaluate and classify the sound. The machine classifier algorithm is periodically trained and validated against our large database of known gunfire and other community sounds that are impulsive in nature. We continue to add new data to our machine learning database from the incidents reviewed by our incident review specialists in our IRC process. Incidents that are determined by the machine classifier algorithms to be obviously non-gunfire are filtered out and not presented for human classification.

All incidents not filtered out by our machine classifier algorithms are sent to the incident review specialists in our IRC for analysis and human classification. Incident notifications are sent when the incident is confirmed as gunfire by one of our incident review specialists and may include additional information that may be helpful to first responders, such as the possibility of multiple shooters or use of a high-capacity or fully automatic weapon. Alerts are delivered using push notifications to our mobile, desktop or browser applications and through email or SMS text messages. The time from a report of an outdoor trigger-pull to a notification being sent to our customers is typically 45 seconds or less.



Intelligent and Ruggedized Sensors

Our rugged gunshot detection sensor is an intelligent, internet-enabled device that is specially built to ignore ambient noise and respond to impulsive sounds, accurately time-stamping their arrival times. Advanced digital signal processing algorithms filter out background sounds such as traffic, and extract pulse features from the audio signal that, along with the time and angle of arrival of the sound, are sent to our servers where algorithms compute the location of the sound source.

The sensors do not have the ability to live stream audio. Sounds captured by the secure sensors are permanently deleted after 30 hours. When a sensor is triggered by an impulsive sound, the "incident" that is created includes a recording including no more than one second before the incident and one second after the incident. This audio snippet is preserved indefinitely for potential evidentiary use.

Our sensors are designed and tested against international standards for installation in unprotected outdoor environments. Special consideration is given to minimize the sound of wind, rain and hail, which could otherwise

limit the range of detection and produce false results. Environmental condition tests performed on the sensors include temperature cycling, temperature soak, shock, vibration, and salt, fog and moisture ingress protection.

We typically design and deploy arrays of 15 to 25 sensors per square mile taking into consideration the unique acoustic environment in which we are deploying. The cumulative experience of deploying in various cities with different acoustic properties has provided a distinct advantage in tailoring our sensor arrays to perform at high levels. We have full telemetry to each sensor that provides detailed data to our system to monitor each sensor's health and availability. Sensor firmware is maintained with over-the-air updates. Because we design our networks with a certain amount of redundancy to ensure durability, in our sensor arrays, multiple sensors can be offline at any given time without affecting the overall performance of the system.

Incident Review Centers - Classification

Our IRC operates 24 hours a day, seven days a week, 365 days a year. When a loud impulsive sound triggers enough of our outdoor sensors that an incident is detected and located, audio from the incident is sent to our IRC via secure, high-speed network connections for real-time confirmation. Within seconds of an incident, one of our incident review specialists analyzes audio data and recordings of the potential gunfire. When gunfire is confirmed, our IRC team sends an alert directly to emergency dispatch centers and field personnel through a computer or mobile device with access to the Internet. This process typically takes less than 45 seconds from the report of the gunfire incident. Alerts include:

- the precise location of gunfire, including both latitude/longitude and approximate street address;
- the number and exact time of shots fired;
- if detectable, the involvement of multiple shooters; and
- if detectable, the use of fully automatic or high-capacity weapons.

Our IRC operates primarily out of our principal facilities in Fremont, CA and Washington, D.C. and receives audio from incidents detected by our outdoor sensors regardless of where such incidents occur. Although our IRC normally operates from our offices, our trained personnel can perform IRC functions from any location that has a high-speed internet connection. During the COVID-19 pandemic, IRC personnel performed their job function from our IRC facilities and/or remote locations.

Gunshot Detection Alerts

Our alerts are delivered in the following forms:

Real-Time Alerts

Our IRC sends real-time notifications of outdoor gunfire incidents to the ShotSpotter application, which is specifically designed for emergency communications centers, dispatch centers, and other public safety answering points.

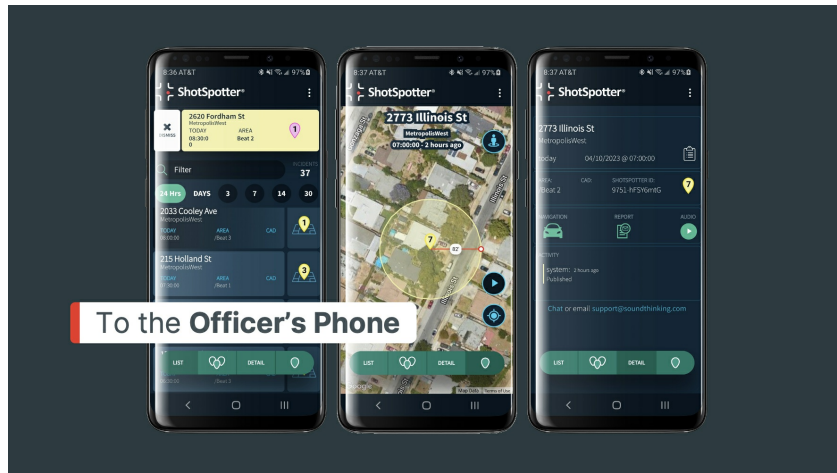
The ShotSpotter alert received by the ShotSpotter application includes a unique identification number (ShotSpotter ID number), a precise time and date of the gunfire (trigger time), approximate street address of the gunfire, number of shots and police district and beat identification. One of our incident review specialists may add other contextual information related to the incident such as the possibility of multiple shooters, high-capacity or fully automatic weapons and vehicles.

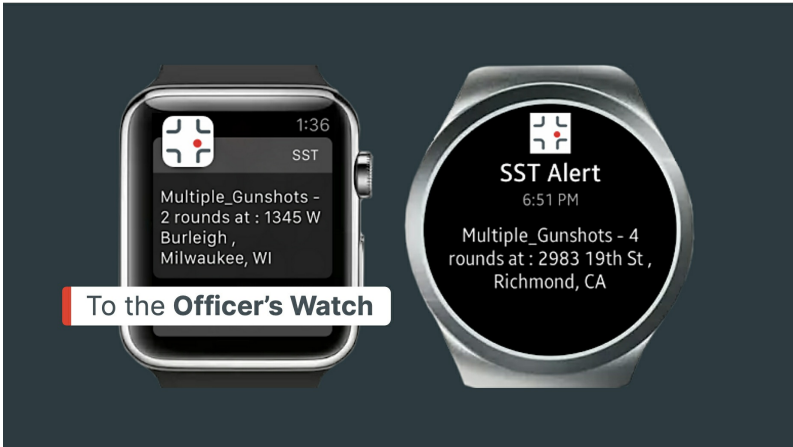
The 911 dispatcher may add their own notes relating to the incident in which case the notes are time- and date-stamped and indicate the operator's identification. A comprehensive audit trail of all changes to the incident is maintained that includes the time the alert was received and acknowledged by the dispatcher. These data may be used to measure key performance indicators by dispatch personnel.

ShotSpotter Application

We offer a robust ShotSpotter application for use by patrol officers and security personnel that is available on iPhone or Android mobile devices and computers installed in patrol vehicles and dispatch centers. This application allows field personnel to directly receive alerts of outdoor gunshots and related critical information. The alert includes a unique identification number (ShotSpotter ID number), a precise time and date of the gunfire (trigger time), nearest street address to the location of the gunfire, number of shots and police district and beat identification. One of our incident review specialists may add other contextual information related to the incident such as the possibility of multiple shooters, or high-capacity or fully automatic weapons. In addition, the dispatcher may add their own notes. The alert also includes an audio snippet of the incident.

Mobile Device Support-Apple iOS and Android-phones/tablets and watches





Related Applications and Services

ShotSpotter Insight

All historical incident data in our database can be viewed, searched, sorted, and filtered using our ShotSpotter Insight application. The Insight application can create an investigative lead summary report that describes the specifics of a single incident as reported by the IRC staff or a multiple incident report that lists groups of such incidents. Complex filters may be defined using multiple search criteria and the filters named and saved for recurring use. Incident data may be exported for use in third-party applications such as Excel, currently the tool of choice for police department crime analysts.

Integration Services

We believe that integrating our solutions with other tools and technologies enhances the value of our solutions to our customers. For example, our solutions can be used in connection with computer-aided dispatch systems, video surveillance cameras, National Integrated Ballistic Information Network (“NIBIN”), and automated license plate readers used by law enforcement to improve the effectiveness of police response and investigation efforts. We continue to evaluate new technologies that may integrate with our solutions to generate additional value for our customers.

Detailed Forensic Reports and Certified Expert Witness Services

As part of our solution, we offer Detailed Forensic Reports (“DFRs”). These provide investigators and attorneys with comprehensive, court-admissible analysis of a shooting incident, including the gunfire audio. We also offer expert witness testimony to introduce the forensic analysis of the DFRs at trial and to provide technical expertise regarding our technology. Our forensic employees have testified in over 300 cases throughout the United States. Our forensic analyses have survived dozens of challenges in numerous states, under both the Frye and Daubert standards of admissibility. The following is an example of a DFR.

Detailed Forensic Report:

City	Metropolis, US	Incident #	54321
Zone	MetropolisCityNorth	DeviceID #	21-CR-54321-A
Ref. Date	01 JAN 2021	Case Name	State v John Doe
Case Ref#	21-12345-01	Report Date	01 JAN 2021

DETAILED FORENSIC REPORT

Shooting Description

At 22:18:49 (10:18:49 PM) hours on January 01, 2021, ShotSpotter detected a Multiple Gunshot incident in Metropolis, US. ShotSpotter recorded the event as Incident# 54321 and located it at 1234 Main St.

Position with Respect to the Coverage Area

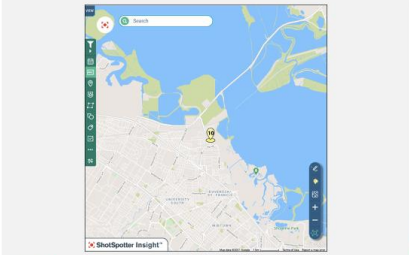


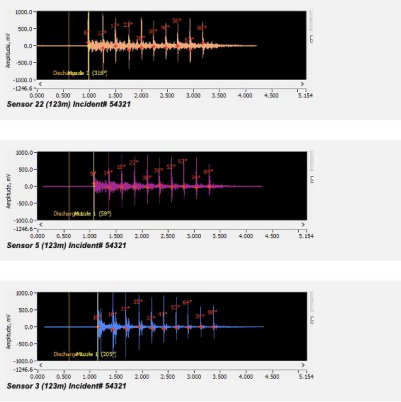
FIGURE 1.0
ShotSpotter City displays Metropolis, US at the time of the incident. The map pin indicates the location of the shooting incident.

For more information, email support@shotspotter.com, call 888.271.6877 or +1.515.794.2144. © 2019 ShotSpotter, Inc. All rights reserved. ShotSpotter and the ShotSpotter logo are registered trademarks of ShotSpotter, Inc.

City	Metropolis, US	Incident #	54321
Zone	MetropolisCityNorth	DeviceID #	21-CR-54321-A
Ref. Date	01 JAN 2021	Case Name	State v John Doe
Case Ref#	21-12345-01	Report Date	01 JAN 2021

Site-specific Acoustics

The depicted audio waveforms below, visually represent the incident audio that was recorded by, and downloaded from different sensors. Each sensor number also indicates the calculated distance from that sensor to the incident location. (Click the images to play the audio from each sensor.)



Sensor 22 (123m) Incident# 54321

Sensor 5 (123m) Incident# 54321

Sensor 3 (123m) Incident# 54321

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ShotSpotter Results and Benefits

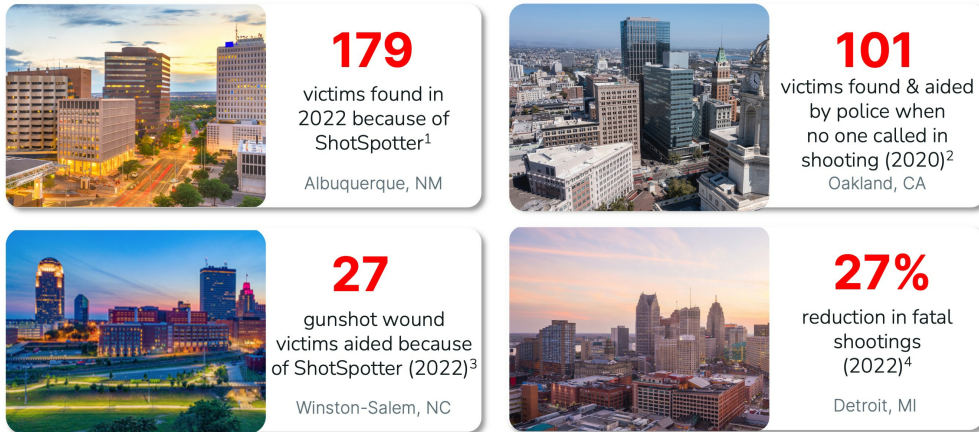
- Expedited Response to Gunfire.** In 2023, we issued over 328,000 gunshot alerts to our customers. In areas where gun violence is persistent, we believe most gunshots are not otherwise reported. Even when calls are made, many callers are unable to provide a location of the gunshot or other relevant details. Human response time to unfolding violence often delays calls for several minutes in circumstances where response time can be critical. By contrast, our solutions typically alert emergency dispatch centers and field personnel within 45 seconds of the report of the gunfire incident and provide an exact location, enabling them to respond faster and to a specific location. The ability to respond more quickly increases the chances of apprehending the shooter and assisting victims of violence, in addition to aiding in evidence collection.
- Prevention and Deterrence of Gun Violence.** We believe increasing the speed and accuracy of law enforcement responses to gunfire can act as a long-term deterrent that can decrease the overall prevalence of gunfire. We also believe that knowledge of the existence of our solutions may have a deterrent effect on localized gun violence. When elected officials and law enforcement have an enhanced awareness of gun violence activity and patterns, they have tools to facilitate a rapid and accurate response to gunfire incidents and improve relations between law enforcement and these communities, potentially increasing crime reporting and community cooperation with investigations, which can result in improved public safety.
- Improved Community Relations and Collaboration.** We believe that persistent gun violence limits the ability of police and other community leaders to serve their constituents and improve their communities. Many cities struggle to establish and foster a cooperative and trusting relationship between their police department and the communities they serve. Our public safety solution provides cities with the ability to react quickly to gun violence, thus providing the ability to improve their responses and residents' perception

of their responses. This provides our customers with the opportunity to foster improved community relations and collaboration with their residents.

•**Improved Police Officer Safety.** We believe that our solutions provide additional and valuable information regarding gunshot incidents as the alerts we provide give additional insight and situational awareness, including round count, potential multiple shooters and potential use of an automatic weapon, that allow the responders to be better prepared to respond appropriately.

ShotSpotter Potentially Helps Save Lives

The below graphic demonstrates positive impact results observed at a few of our customers.



1 Albuquerque PD statistics 2022

2 Oakland PD Statistics 2020

3 Winston Salem, NC, Public Safety News Conference, October 12, 2022

4 Detroit PD statistics 2022

ResourceRouter (formerly ShotSpotter Connect)

Law enforcement agencies are increasingly facing challenges in maintaining a functional level of staffing due to early retirements and a more limited ability to recruit new officers. ResourceRouter helps address this new reality by helping agencies make their largest cost center – patrol – more efficient and effective in reducing crime and better engaging with the community.

ResourceRouter automates the planning of directed patrols for all serious crime data across an entire jurisdiction on a daily basis. With ResourceRouter, analysts and supervisors review pre-generated directed patrol assignments that ensure officers are at the right place at the right time to maximize crime prevention while also guarding against over- and under-policing. Pre-patrol briefings provide situational awareness to officers and recommend patrol tactics, facilitating optimal outcomes even with limited staffing and resources.

ResourceRouter uses AI-driven analysis to direct officers to patrol a location within their beat that is likely to have the highest risk for crime during their shift. A timer guides officers to patrol this area for a short period of time, often 15 minutes, to create a deterrent effect that can last for hours. ResourceRouter collects time, place, and tactical data from all directed patrol sessions which can be analyzed to determine the impact on crime as well as provide a level of oversight that can be used to optimize future assignments, policies, and strategies.

The system combines carefully selected historical crime data that is less susceptible to enforcement bias ingested through the agency RMS feeds along with objective temporal, location and event-based inputs including ShotSpotter data for cities that use our ShotSpotter solution, to create crime risk assessments. The system ingests multiple years' worth of agency data and is "trained" using machine learning to determine correlations across variables. The models are then tested against recent crime data to calibrate forecast accuracy. We believe these light touch, non-enforcement tactics help agencies interact with the community in a more standardized, positive and respectful manner.

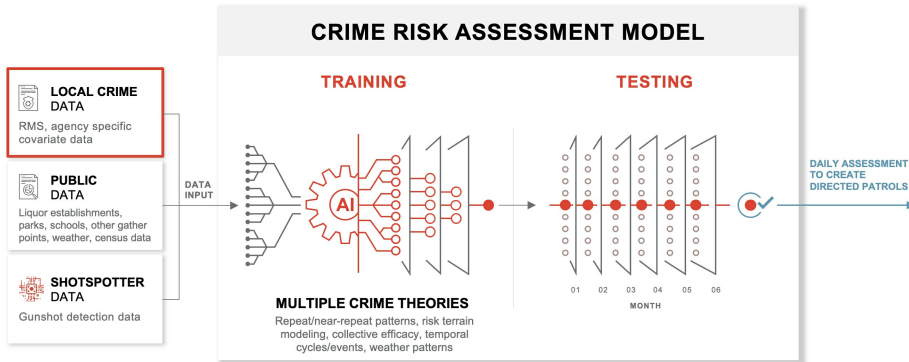
ResourceRouter™
Data-driven Resource Deployment

Automate Direct Patrols to Highest Risk Areas per Shift

Focus on Community Engagement

Track for Impact and Accountability

How ResourceRouter Works



Results and Benefits:

- Directed patrol planning to maximize crime deterrence.

- Non-enforcement tactics guidance by crime type.
- Reports on officer activity for impact and accountability.
- Better community engagement.

CaseBuilder (formerly ShotSpotter Investigate) Tools Portfolio

CaseBuilder's tools portfolio includes CrimeTracer (formerly COPLINK X) and CaseBuilder (formerly ShotSpotter Investigate and ShotSpotter GCM (Gun Crime Management)).

CrimeTracer (formerly COPLINK X)

CrimeTracer is a powerful law enforcement search engine and information platform that enables law enforcement to search data from agencies across the United States using natural language speech terms and concepts. With CrimeTracer, officers have instant access to information they need, enabling them to strike the right balance between crime reduction, community engagement, and personal safety. CrimeTracer provides law enforcement with the abilities to:

- Search through structured and unstructured data to obtain immediate tactical leads.
- Access law enforcement data records from a centralized, user-friendly interface.
- Leverage advanced link analysis to quickly detect relationships between people, places and events.
- Link leads to reports, suspects and other entities.
- Identify crime trends to make operational and resource decisions.

CrimeTracer was added to our investigative tools portfolio in January 2022 through the acquisition of Forensic Logic, LLC ("Forensic Logic").

CaseBuilder (formerly ShotSpotter Investigate)

We acquired the CaseBuilder investigative case management solution in November 2020. We reconfigured and integrated the product to create the ability to use gunfire incident data from ShotSpotter to populate cases automatically and launched the solution in July 2021.

The average homicide clearance rate in the United States was less than 50% in 2021, according to a report published by The Marshall Project in 2022. This means that in more than half the cases the suspect is not held accountable and is free to commit another crime while victims' families don't get closure. A low clearance rate is a self-perpetuating problem for a law enforcement agency. The problem starts when detectives can't quickly close cases and clear up their case load, while they continue to catch new ones. Soon they are overloaded with cases and as they attempt to juggle a high caseload they get spread too thin and then leads start to slip through the cracks and the opportunity to solve the case diminishes. In the longer term, this can create a moral problem within the investigative arm of the agency and they are exposed to losing experienced detectives. This exacerbates the low clearance rates meaning victims are denied justice and the mistrust of law enforcement increases.

The most common tools that departments use to manage, track and solve cases range from purely manual to homegrown to limited function RMS modules or a mix of these. These approaches lack robust collaboration features, have poor data security features and the inability for supervisors to track case progress. We believe there is an opportunity to bring a complete digital case management solution to the market to help improve clearance rates of all crime types and accelerate solvability under the SoundThinking brand and sell to both our installed base and new potential customers, such as prisons.

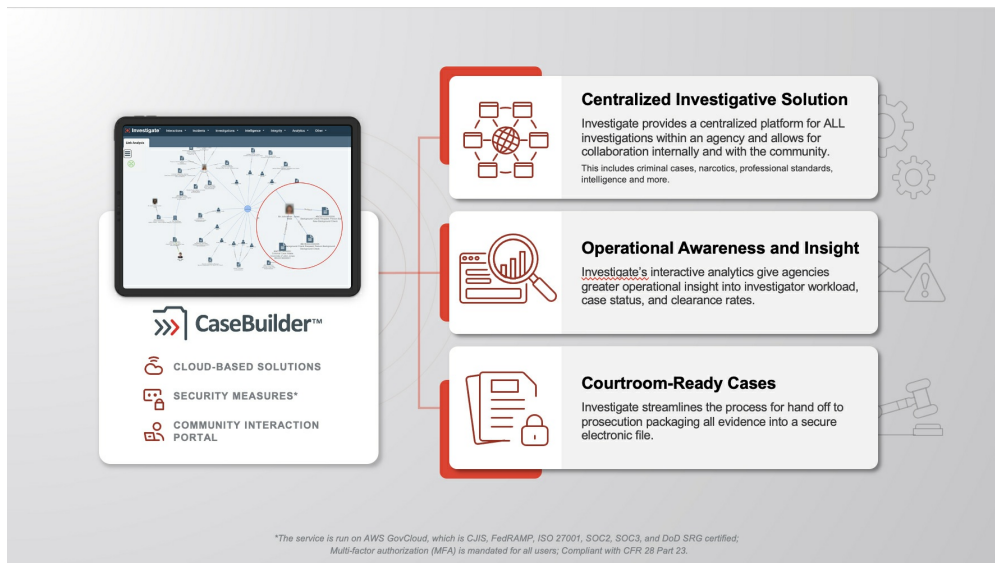
CaseBuilder provides a complete case management solution for detectives and supervisors in local, state and federal law enforcement agencies. It has been used by the New York Police Department for years at scale by thousands of officers as an on-premise solution. The solution provides:

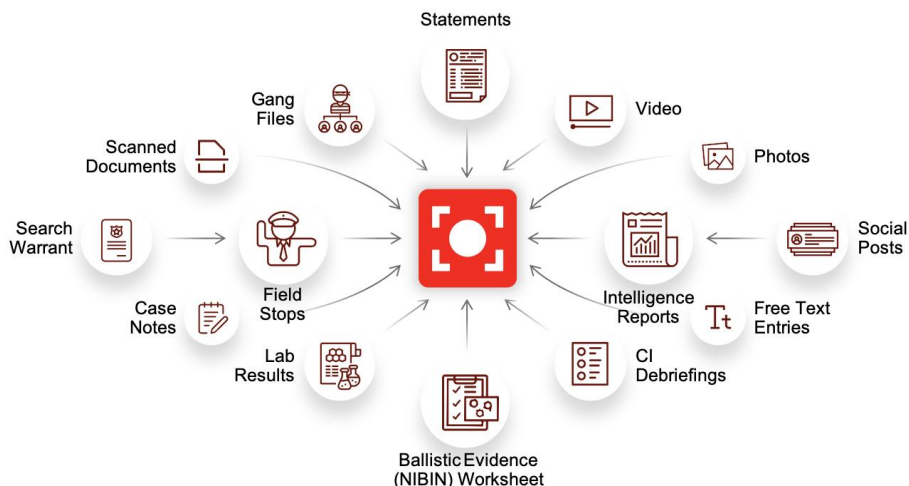
•**Complete Digital Case Management.** CaseBuilder addresses the challenges investigators and supervisors face in conducting and documenting investigations. It enables police to have all case-related data in one place in a digital and structured format so that it is quickly searchable and able to be used to drive analysis and reporting. We believe law enforcement agencies can use this tool to be more efficient and effective at solving crimes and close more cases to provide resolution for victims and keep offenders from committing additional crimes.

•**Analytical and Collaboration Tools.** The ability to have the system automatically show linkages between people, property, and places can identify connections more quickly and help solve cases faster. Collaboration tools make investigators aware when new relevant evidence is submitted for the same or unrelated cases, and able to more easily communicate on a case across a police department or other city agency such as the district attorney's office.

•**Supervisor Reporting.** Supervisor dashboards and reports ensure they have visibility into the status of every case and are aware of roadblocks so they know when to get involved and can more easily provide updates to command staff.

How CaseBuilder works





CaseBuilder Crime Gun

CaseBuilder includes a first-of-its-kind digital case management solution that focuses specifically on gun crime and was launched in June 2022. This offering subset of CaseBuilder focuses on gun violence. The solution automates the process by which key information is inputted, captured and used to identify associated gun crime cases leading to the identification of persons of interest. The solution also supports streamlined collaboration and generation of operational insights that we believe enables detectives and investigative supervisors to solve gun crime more efficiently and effectively.

SafePointe

On August 18, 2023, we acquired SafePointe, an innovator in intelligent weapons detection technology. SafePointe’s AI-based solution is designed for high-traffic environments that require highly secure, frictionless access in a low-profile form factor. SafePointe extends our SafetySmart™ platform with a proven weapons (firearms, tactical knives, explosives) detection solution that identifies potential threats. SafePointe’s systems have been installed in workplaces, museums, schools, casinos, financial institutions and hospitals that rely on SafePointe to field, monitor and screen on-premises security concerns.

Our weapons detection technology consists of proprietary sensors deployed in a variety of configurations, and cloud-based software designed to detect and alert the customer of possible weapons entering their facility. The speed and accuracy of our weapons detection alerts enable local security teams and/or law enforcement to consistently and quickly respond to potential weapons-related incidents before they occur. Many SafePointe customers have implemented our solution as their first, and often only, weapons detection option.

When our sensors detect the possible presence of a weapon, a picture and video clip is captured and the alert is immediately sent to our Alert Review Center (“ARC”). Similar to ShotSpotter’s IRC, the ARC is where our trained alert review analysts are on duty 24 hours a day, seven days a week, 365 days a year to screen and classify threat levels on our customer’s property. The reviewed alert is then pushed to the customer through the cloud-based software in a variety of delivery options; email, text, mobile app, or browser notification.

Our Markets

We believe there is significant demand for advanced gunfire detection and location notification solutions that accurately and quickly report instances of gunfire, based on three primary use cases:

- **Law enforcement**— for domestic and international law enforcement serving communities plagued by persistent, localized gun violence, in order to identify, locate and deter gun violence; and
- **Security**— for security personnel (which may include law enforcement personnel) serving universities, corporate campuses, key infrastructure, transportation centers and other areas in which authorities desire to prepare for and mitigate risks related to an active-shooter event, and desire to provide a zone of detection coverage surrounding the respective campus or secured area.
- **Corporate/Other**— for security personnel (which may include law enforcement personnel) serving large enterprise businesses, hospitals, casinos, hotels, and other areas in which authorities desire to know if and when weapons are being brought onto their property.

Based on data from the Federal Bureau of Investigation's (the "FBI") 2018 Uniform Crime Report, we estimate that the domestic market for our public safety solution consists of the approximately 1,400 cities that had four or more homicides per 100,000 residents in 2016. The Uniform Crime Report includes information reported directly to the FBI by 18,000 city, university and college, county, state, tribal and federal law enforcement agencies.] We believe that four or more homicides per 100,000 residents represents a significant gun violence problem. We estimate that a customer in this market could invest an average of approximately \$400,000 per year for ShotSpotter. In 2021, we also started focusing on smaller cities that may not be included in the 1,400 cities list and expect this could add another several hundred potential customers. We believe these smaller cities could invest an average of approximately \$50,000 to \$100,000 per year for ShotSpotter.

Based on data made available by the National Center for Education Statistics and the Federal Aviation Administration, we believe that the domestic market for our security solutions includes approximately 5,000 college campuses and airports. We estimate that, on average, a customer in this market could invest approximately \$50,000-\$75,000 per year for one of our security solutions. In addition, we believe that there exists a broader market for our security solutions that include, primarily the outdoor areas of college campuses and airports outside of the United States as well as large corporate campuses, train stations and other highly-trafficked areas worldwide. In 2021, we started to focus on commercial opportunities, initially targeting certain major companies and their associated locations, such as their corporate offices and potentially even parking areas for major "big-box" retailers. Investments by customers in this market for our security solutions continue to be evaluated but could be similar or even greater than those made by our larger city customers.

Outside of the United States, we estimate that the market for ShotSpotter includes approximately 200 cities in Central America, the Caribbean, South America and southern Africa that have at least 500,000 residents. We estimate that a customer in this market could invest an average of approximately \$1.0 million per year for our public safety solution. We estimate the average investment amounts for prospective customers based on our experience with existing customers, our anticipated demand for our solutions and the corresponding coverage areas that we expect prospective customers would elect to cover with our solutions.

We believe there is demand for ResourceRouter both within our existing ShotSpotter customer base and within a broader set of police departments that are not ShotSpotter customers today. We estimate that the market for our ResourceRouter solution includes up to 1,500 cities, based on cities that have a population above 25,000 people. We expect that, on average, a customer could invest approximately \$50,000-\$100,000 per year for our ResourceRouter solution. We expect that ResourceRouter may also be needed by potential international customers as well, who could invest over \$100,000 per year for the solution.

We believe there is demand for a robust tool that would empower law enforcement agencies to solve more crime and close more cases. Every law enforcement agency has the duty and mandate to document and investigate alleged crimes in order to hold perpetrators accountable and provide resolution for victims. Unfortunately, the options to do this in a digitized and automated way are generally lacking. We believe CaseBuilder offers the most complete investigative case management solution on the market that has been proven to be effective with one of the leading law

enforcement agencies in the country. We estimate the market for our solution consists of over nearly 3,000 local, state and federal agencies in the United States and potentially thousands internationally. We expect that, on average, United States customers could invest approximately \$100,000 per year for our CaseBuilder solution and international customers could invest approximately \$500,000 per year.

Our Growth Strategy

We intend to drive growth in our business by continuing to build on our position and brand as the leading provider of outdoor gunshot detection, location and alerting solutions. We also plan to leverage our large and growing installed base of customers with high net promoter attributes that consider SoundThinking a trusted partner, to grow adoption of our newer products ResourceRouter, CaseBuilder, and CrimeTracer not only within the installed base, but outside of it. Key elements of our strategy include:

- **Accelerate Our Acquisition of Public Safety Customers.** We believe that we continue to be in the early stages of penetrating the markets for our public safety solutions. We serve law enforcement agencies in three of the ten largest U.S. cities as ShotSpotter customers. Over the last few years we expanded our direct sales force and customer success teams and added marketing lead-generation capabilities to accelerate growth in this market. Moreover, as we add new public safety customers, publicity and the number of potential references for our solutions increase, which results in our brand and our solutions becoming more well known. We intend to capitalize on this momentum to grow sales.
- **Expand ShotSpotter Revenue within Our Existing Customer Base.** As customers realize the benefits of our solutions, we believe that we have a significant opportunity to increase the lifetime value of our customer relationships by expanding coverage within their communities through a “land and expand” strategy. For example, of our ShotSpotter customers, approximately 39% have expanded their coverage areas from their original deployment areas by an average of almost eight square miles as of December 31, 2023. Our overall revenue retention rate was 107% for 2023, 124% for 2022 and was 125% for 2021.
- **Expand Our International Footprint.** With only three currently deployed ShotSpotter customers outside of the United States in South Africa, the Bahamas and Uruguay, we believe that we have a significant opportunity to expand internationally. We estimate that the market outside the United States for our public safety solutions includes approximately 200 cities in Central America, the Caribbean, South America and southern Africa that have at least 500,000 residents. In addition, we believe that there is a market for our security solutions, ResourceRouter and CaseBuilder outside the United States. We intend to increase our investment in our international product, sales and marketing efforts to penetrate new geographies over the coming years.
- **Drive Additional Revenue per Customer with the Development or Acquisition of New Products and Services.** We are transforming the company from a domestic acoustic gunshot detection company to a global precision policing technology solutions company. We evaluate opportunities to develop or acquire complementary products and services. For example, our acquisition of HunchLab in 2018, renamed ResourceRouter, provides an opportunity to increase our revenue per customer with a related and value-added technology that helps deter crime through strategically planned patrols. Our 2020 acquisition of LEEDS, LLC (“LEEDS”) provided entry into a comprehensive investigative case management solution, with our CaseBuilder solution. Our 2022 acquisition of Forensic Logic added investigative lead generation and search and analysis technology with our CrimeTracer solution. Our 2023 acquisition of SafePointe added their AI-based weapons detection system to our SafetySmart platform. We offer our solutions on a software-as-a-service subscription model to our customers. Our current approach is to leverage trusted relationships with current customers to drive initial adoption and increase revenue and lifetime value per customer.
- **Maintain Passionate Focus on Customer Success.** Given the specialized nature of our market, a key component of our strategy is to maintain our passionate focus on customer success and satisfaction. We pride ourselves on our execution of customer on-boarding as well as ongoing consulting and customer support, all of which are critical to ensure not only high customer retention rates, but new customer acquisitions. We implement our customer success initiative early in the sales process in order to ensure that we are aligned with the customer’s objectives and can positively impact their defined outcomes. We apply consultative best practices and policy development at the command staff level as well as tactical training

for field patrol officers. We also consistently measure our performance with customers through an annual Net Promoter Survey. We have extremely high agency participation rates and our scores the last two years have ranked between “excellent” and “world class” according to our Survey partner benchmarks. All of our efforts are focused on driving positive measurable outcomes on gun violence reduction and prevention, which we know leads to positive word of mouth referrals that can attract new customers and drive an increase in sales.

•**Grow Our Security Business.** We have developed our ShotSpotter for Campus, (formerly ShotSpotter SecureCampus) solution for universities and other educational institutions. We have also developed ShotSpotter for Corporate (formerly ShotSpotter SiteSecure) for customers such as corporations trying to safeguard their employees, customers, brand and profits, and ShotSpotter for Highways for public agencies focused on protecting citizens on highways. As of December 31, 2023, we had 19 ShotSpotter for Campus and ShotSpotter for Corporate customers under contract. While we will still plan to sell to educational institutions, we are shifting our primary focus to certain commercial customers. We feel SafePointe and ShotSpotter for Campus provides strong complements to each other and will enable us to successfully offer a more comprehensive solution to our education and commercial clients alike.

•**Expand Total Addressable Market ("TAM").** Our acquisition of SafePointe has allowed us to expand our TAM into the estimated \$20 billion weapons detection market. Furthermore, this acquisition broadens our customer base into healthcare, casinos/hospitality, and enterprise level corporations.

SoundThinking Labs

SoundThinking Labs houses our advanced technology efforts to adapt and extend our commercial technology to address significant wildlife and environmental issues. Our current focus is on combating rhino poaching in Kruger National Park, South Africa and blast fishing that threatens coral reefs and food security in Southeast Asia. We have been able to collect revenues from philanthropic entities to cover direct and indirect costs. Innovations have made their way back into our commercial business such as the development of a solar-powered sensor from the Kruger deployment; that technology is similar to those now being used for our freeway deployment.

The use of guns to poach rhinos is a significant environmental concern in Africa where the horn of a single rhino can be worth hundreds of thousands of dollars. In the vast expanse of Kruger National Park, most poaching incidents go undetected with carcasses found days or weeks after the fact. The problem is particularly acute in that due to cumulative impact of years of poaching the rhino population is on the tipping point of becoming extinct as a species.

Fish blasting results in the destruction the coral reef habitat that may not recover for many decades if at all. Coral reefs are not only home to a myriad of marine organisms including fish but also provide significant livelihood support and form an invaluable protective barrier offshore (protecting the land from heavy storms, tsunamis, and wave action).

The potential decline in fish catch which is the protein source for approximately 1 billion coastal residents is a strategic food security issue. In addition, coral reefs form the basis of coastal and marine tourism, a valuable national income sector. It is estimated that, coral reefs around the globe provide services valued between US \$172 billion to \$375 billion annually. Reefs must be protected for economic sustainability and food security. Our work in the Coral Triangle also known as the Amazon Forest of the Ocean has shown some promising results. The precise detection and alerting of incidents of fish blasting provides a real time awareness to the extent of fish blasting and helps target enforcement interventions designed to deter and prevent fish blasting activities.

Customer Revenue Model

We generate annual subscription revenues from the deployment of ShotSpotter on a per-square-mile basis. Our security solutions, ShotSpotter for Campus, ShotSpotter for Corporate and ShotSpotter for Highways are typically sold on a subscription basis, each with a customized deployment plan. ResourceRouter, CaseBuilder, and CrimerTracer are also sold on a subscription basis generally customized based on the number of sworn officers in a particular city. With the acquisition of SafePointe, we generate revenues from subscriptions of our AI-based weapons detection system based on the number of entryways, or lanes being covered, a lane being the detection area between two sensors. As of December 31, 2023, we had ShotSpotter, ShotSpotter for Campus, ShotSpotter for Corporate and

ShotSpotter for Highways coverage areas under contract of over 1,160 square miles in the aggregate, of which 1,120 miles have gone live. Coverage areas under contract for ShotSpotter included over 170 cities and coverage areas under contract for ShotSpotter for Campus and ShotSpotter for Corporate included 19 campuses/sites across the United States, South Africa, Uruguay and the Bahamas, including some of the largest cities in the United States. As of December 31, 2023, we had 158 SafePointe lanes under contract. For the year ended December 31, 2023, our two largest customers, the City of New York and the City of Chicago accounted for 25% and 9% of our revenues, respectively. For the year ended December 31, 2022, our two largest customers, the City of New York and the City of Chicago accounted for 30% and 10% of our revenues, respectively. For the year ended December 31, 2021, our two largest customers, the City of New York and the City of Chicago accounted for 28% and 14% of our revenues, respectively. Delivery of CaseBuilder in the City of New York will add additional professional services requirements and revenue.

Go-To-Market

We sell our solutions through our direct sales teams, and starting in 2022, we utilized two reseller organizations. Our sales teams focus on both new customer acquisition, customer renewal, add-on sales, and coverage expansion. Our sales team identifies communities with the opportunity to benefit from our solutions, communicates with key stakeholders, navigates the challenges associated with our customers' complex funding and procurement cycles, and establishes a foundation for a successful customer relationship. In addition, our sales team works with customers to identify and procure funds from alternate sources, including state and federal government grants. The two reseller organizations focus on CrimeTracer sales efforts and university security sales. Our security solutions sales efforts focus primarily on highways, and corporate campuses, national retailers, and in some cases, stadiums, arenas, and venues supporting large groups of employees and/or patrons. We intend to continue to invest in building a global sales organization as we further penetrate the market for ShotSpotter and expand the customer base for our security solutions.

Marketing

Our marketing function has several focus areas, with demand generation being the largest investment. It is designed to drive a new and qualified pipeline for each product in our SafetySmart platform. The program consists of a series of targeted email, digital and offline campaigns to key personas in prospective agencies, as well as influencers, to drive interest in our suite of products. This effort is supplemented by content marketing to target search engine keywords that buyers are using to raise the ranking of relevant digital content the company is now producing in greater quantities to educate them on our products. The awareness efforts are supported by a team of sales development representatives who make outbound calls to further drive interest and qualify leads. Conversions from marketing leads to sales qualified opportunities continue to increase as the team has gained more experience and tested various approaches. The demand generation efforts are tracked and measured with a robust marketing technology automation platform.

In general, due to the high visibility of gunfire incidents, the media's interest in covering them, and SoundThinking's key role in alerting police for a quick response to these events to save lives, we attract significant attention from broadcast, online and print press. Members of the media have access to a self-serve, comprehensive media kit to easily capture video and photos that depict the service and its benefits in a compelling fashion to enhance broadcast TV segments and print/online articles. This exposure creates awareness for ShotSpotter, both positive and potentially negative, and can lend credibility to our market leadership position. In 2021, we expanded our strategic communications capacity in response to specious, misleading, and false assertions made by certain media outlets and other organizations about ShotSpotter.

In the areas of content and branding, we leverage our customer base to create a growing catalog of success stories, videos and articles that convey the value of our solutions to prospective customers, often with tangible examples and aggregated data on results. We continue to expand the breadth and depth of our content library that is on display primarily in the Resource Center and Results page of our website and make the information easier to find and share for prospective customers and influencers.

Research and Development

We focus our research and development efforts on enhancing our advanced signal processing and classification algorithms, updating our sensor hardware technology, reducing manufacturing costs, developing mobile, web and desktop applications, evolving our cloud-deployed back-end infrastructure and integration with “smart cities” initiatives. ResourceRouter crime forecasting uses machine learning and has led to additional investment in data science resources. As of December 31, 2023, we had 53 employees in our research and development organization. In addition, we engage in research and development activities with manufacturing partners and outsource certain activities to engineering firms to further supplement our internal team.

Competition

The markets for public safety and security solutions are highly fragmented and evolving. Whether installed in local communities, on critical infrastructure or on a campus, for a gunfire and weapons detection system to be effective, the protection zone must be comprehensive. We believe our gunshot detection solutions represent the most effective public safety and security solutions on the market.

We compete on the basis of a number of factors, including:

- product functionality, including the ability to cover broad outdoor geographic spaces;
- solution performance, including the rapid capture of multiple acoustic incidents and accuracy;
- ease of implementation, use and maintenance;
- total cost of ownership; and
- customer support and customer success initiatives.

SoundThinking Competitors

SoundThinking is unique because it provides scalable wide area gunshot detection over large and geographically diverse areas, provides immediate and precise data on gunfire, helps communities define the scope of illegal gunfire, and provides cities with detailed forensic data for investigation, prosecution and analysis. While we are not aware of any direct competitors offering wide-area solutions comparable to SoundThinking, we believe the primary competitors in the broader gunfire detection space are V5 Systems, Safety Dynamics, Inc., Wi-Fiber, Inc., Databouy, EAGL Technology, Alarm.com and Flock Safety.

Most of these other outdoor solutions on the market offer limited scope point protection, proximity sensors, or “counter-sniper systems.” These systems are designed primarily for covering small areas, or for defined military or SWAT team applications, where the target is known in advance and it is possible to put a sensor directionally toward the target. However, urban areas and critical infrastructure require a wider system of protection that can cover a large area.

We also compete with other possible uses of the limited funding available to our SoundThinking customers. Because law enforcement agencies or government entities have limited funds, they may have to choose among resources or solutions that help them to meet their overall mission such as video management systems, and other security solutions. Accordingly, we compete not only with our customers’ internal budget decisions, but with other companies vying for these limited funds. We believe that in areas with significant levels of gun activity, SoundThinking is uniquely positioned to assist customers in interrupting, detecting and preventing gun violence.

ShotSpotter for Campus, ShotSpotter for Corporate and ShotSpotter for Highways Competitors

Our security solutions operate in a highly competitive environment. In addition to other gunfire detection companies, we may face competition from companies offering alternative security technologies, such as video surveillance, access control, alarm and lighting systems. The direct competitors for security solutions include the Alarm.com, Safety Dynamics Inc., V5 Systems, EAGL, Wi-fiber, AmberBox, Inc and Flock Safety. We believe none of our security solutions competitors is able to offer the comprehensive outdoor coverage we offer.

ResourceRouter Competitors

ResourceRouter operates in an emerging market with little direct competition since the 2023 exit of the market leader, Geolítica. We acquired the primary technology and intellectual property of Geolítica in 2023. However, competitors may include computer-aided dispatch providers and other third-party solutions providers, such as CentralSquare Technologies, Mark 43, Genetec, Inc., and Motorola Solutions, Inc. In addition, we may face competition from companies offering alternative solutions as well as solutions developed internally by our customers.

CrimeTracer Competitors

CrimeTracer has a few direct competitors and also competes with a few alternative approaches to develop investigative leads. Direct competitors include Lexis Nexis Accurant Virtual Crime Center, Peregrine, and Finder Software Solutions. Alternative approaches to law enforcement data sharing include federal government-built applications like the FBI's National Data Exchange ("N-DEX") System, and the Navy's NCIS Law Enforcement Information Exchange ("LInX"). Both of these platforms are available to U.S. law enforcement agencies at little to no cost. An additional alternative to develop investigative leads is using the law enforcement agency's existing Record Management System ("RMS") search function. We believe CrimeTracer is uniquely positioned due to its comprehensive and regularly enhanced features and functions, and our large private Criminal Justice Information Standard data set which we believe to be the largest available. Further, CrimeTracer is integrated with the Thomson Reuters CLEAR™ platform for CLEAR and CrimeTracer subscribers, allowing access to billions of additional public data records in a seamless experience.

CaseBuilder Competitors

There are many competitors in the market for investigative case management. The direct competitors include companies offering a case management module as part of their RMS such as Mark43, Tyler, and Soma Global. There are several purpose-built case management solutions such as Kaseware and CaseClosed. Also, many agencies use manual or homegrown methods. We believe that our solutions are superior in terms of comprehensiveness of functionality, analytical and collaboration tools, workflow process and proven effectiveness at scale. We also believe the market suffers from a lack of awareness and understanding of what is available from vendors for this type of solution and that our brand and feature-rich application has the potential to capture a sizeable piece of the market over time.

SafePointe Competitors

SafePointe has a few direct competitors and also competes with a few alternative approaches to weapons detection. Direct competitors include Evolv Technology, Xtract One Technologies, and CEIA USA. Competitors with alternate approaches include ZeroEyes and Omnilert. We believe SafePointe is uniquely positioned in the AI-powered weapons detection space due to its robust and regularly enhanced sensor platform, as well as the cost/benefit ratio we provide to our customers by deploying unmanned lanes and leveraging the ARC, which provides synergies with ShotSpotter's IRC.

Intellectual Property

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws, and contractual protections in the United States and other jurisdictions.

As of December 31, 2023, we had 34 issued patents, 27 in the United States, two in Brazil, and one each in Israel, Mexico, the United Kingdom, France and Germany. The issued patents expire on various dates from 2024 to 2034.

We also license software from third parties for integration into our offerings, including open source software and other software available on commercially reasonable terms.

Human Capital

Our values encourage us to be genuine, innovative, engaged and exceptional. They are built on the foundation that our people and the way we treat one another promote creativity, innovation and productivity, which spur the Company's success. We are continually investing in our global workforce to further drive diversity and inclusion, provide fair and competitive pay and benefits to support our employees' well-being, and to foster the growth and development of all employees. As of December 31, 2023, we employed 312 people, all of whom were based in the United States. Our total attrition rate in 2023 was less than 20%, we have not experienced work stoppages, and we believe our employee relations are good. We have been designated a Great Place to Work® Company for the last six years.

Diversity, Equity and Inclusion

Our vision is to advance diversity, equity and inclusion across the company. We recognize that everyone deserves respect and equal treatment, regardless of gender, race, ethnicity, age, disability, sexual orientation, gender identity, cultural background or religious belief. As of December 31, 2023, women represented 40% of our employees, and underrepresented minorities, defined as those who identify as Black/African American, Hispanic/Latinx, Native American, Pacific Islander and/or two or more races, represented 51% of our employees.

In order to create products that solve challenging problems for people all over the world, we need employees who can bring diverse perspectives and life experiences. We are committed to bringing more women and underrepresented and underserved groups into technology careers. We employ inclusive recruitment practices to source diverse candidates and mitigate potential bias. We have a three-pronged strategy to grow our diversity over time by (1) attracting diverse talent and ensuring fair hiring through inclusive and strategic recruitment practices, (2) creating an inclusive workplace environment for employees, and (3) joining forces with our customers, partners and peers to drive industry progress.

We have invested in analysis and transparency to demonstrate our commitment to equity and inclusion through fair compensation and opportunity for professional advancement. We define pay parity as ensuring that employees in the same job and location are paid fairly regardless of their gender or ethnicity. We make efforts to ensure our employees receive access to advanced opportunities within the company.

Board Composition and Refreshment

As stated in our Corporate Governance Guidelines, our board of directors values diversity and recognizes the importance of having unique and complementary backgrounds and perspectives in the board room. Our board of directors endeavors to bring together diverse skills, professional experience, perspectives, age, race, ethnicity, gender, and cultural backgrounds that reflect our customer base and the citizens served by our customers, and to guide us in a way that reflects the best interests of all of our stockholders. There are currently seven members on our board of directors. As of December 31, 2023, 50% of our board members were women and 50% of our board members were from underrepresented communities.

Compensation, Benefits and Well-being

We strive to offer fair, competitive compensation and benefits that support our employees' overall well-being. To ensure alignment with our short- and long-term objectives, our compensation programs for all employees include base pay, short-term incentives, and opportunities for long-term incentives, including equity incentives offered under our employee equity incentive plans and employee stock purchase program. Our well-being and benefit programs focus on four key pillars: physical, emotional, financial and community health. We offer a wide array of benefits including comprehensive health and welfare insurance, paid time-off and leave, and we sponsor a 401(k) plan to provide defined contribution retirement benefits.

Growth and Development

Career development is a primary reason new hires decide to join SoundThinking. We actively foster a learning culture where employees are empowered to drive their career progression, supporting professional development and providing on-demand learning platforms. Our development programs play a critical role in engaging and retaining our

employees as these programs offer opportunities to continually enhance their skills for a variety of career opportunities across the Company.

Corporate Information

We were formed as ShotSpotter, Inc., a California corporation, in 2001, reincorporated as ShotSpotter, Inc., a Delaware corporation, in 2004 and reincorporated as SoundThinking, Inc. a Delaware Corporation in 2023. We have also done business as "SST" pursuant to a registered trade name.

Our principal executive offices are located at 39300 Civic Center Drive, Fremont, California 94538 and our telephone number is (510) 794-3100. Our website address is www.soundthinking.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider any information contained on, or that can be accessed through, our website as part of this Annual Report on Form 10-K.

SoundThinking, the SoundThinking logo, ShotSpotter™, ShotSpotter for Campus™, ShotSpotter for Corporate™, ShotSpotter for Highways, ResourceRouter®, CaseBuilder™, CrimeTracer™, SafePointe, SoundThinking Labs and other trade names, trademarks or service marks of SoundThinking appearing in this Annual Report on Form 10-K are the property of SoundThinking, Inc. Trade names, trademarks and service marks of other companies appearing in this Annual Report on Form 10-K are the property of their respective holders.

Where You Can Find More Information

You can read our SEC filings, including this Annual Report on Form 10-K, over the internet at the SEC's website at www.sec.gov.

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we are required to file reports, proxy statements and other information with the SEC. We also maintain a website at www.soundthinking.com, at which you may access these materials, free of charge, as reasonably practicable after they are electronically filed with, or furnished to, the SEC. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this Annual Report on Form 10-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 Growth

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.

Our ability to successfully grow our business depends on a number of factors including our ability to:

- accelerate our acquisition of new customers;
- further sell expansions of coverage areas to our existing customers;
- expand our international footprint;

- expand into new vertical markets, such as precision policing, and security solutions;
- increase awareness of the benefits that our solutions offer;
- maintain our competitive and technology leadership position; and
- manage our business successfully through macroeconomic pressures, such as inflation, rising interest rates, and past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, and any resulting impact on economic conditions, including conditions impacting the availability of funding for our public safety solution.

As usage of our solutions grows, we will need to continue to make investments to develop and implement new or updated solutions, technologies, security features and cloud-based infrastructure operations. In addition, we will need to appropriately scale our internal business systems and our services organization, including the suppliers of our detection equipment and customer support services, to serve our growing customer base. Any failure of, or delay in, these efforts could impair the performance of our solutions and reduce customer satisfaction.

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

Our revenues and results of operations could vary significantly from quarter to quarter as a result of various factors, many of which are outside of our control, including:

- the expansion or contraction of our customer base;
- the renewal or non-renewal of subscription agreements with, and expansion of coverage areas by, existing customers;
- the size, timing, terms and deployment schedules of our sales to both existing and new customers;
- the introduction of products or services that may compete with us for the limited funds available to our customers, and changes in the cost of such products or services;
- changes in our customers' and potential customers' budgets;
- our ability to control costs, including our operating expenses;
- our ability to hire, train and maintain our direct sales force;
- the timing of satisfying revenues recognition criteria in connection with initial deployment and renewals;
- fluctuations in our effective tax rate;
- the concentration of our revenue in a small number of large contracts with the potential for fluctuations and delays; and

•general economic factors, such as inflation, rising interest rates, past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, and political conditions, both domestically and internationally.

For example, with regard to the concentration of our revenue, for the year ended December 31, 2023, the City of New York and the City of Chicago, our two largest customers accounted for 25% and 9% of the Company's total revenues, respectively. We have extended our contract with the City of Chicago through November 2024, but there is no guarantee we will receive another extension. Additionally, we are experiencing a delay in our ShotSpotter renewal with Puerto Rico, see the risk entitled "Our success depends on maintaining and increasing our sales, which depends on factors we cannot control, including the availability of funding to our customers." Any delays in renewal of our contracts or any of the other factors above or other factors discussed elsewhere in this report may result in fluctuations in our revenues and operating results, meaning that quarter-to-quarter comparisons of our revenues, results of operations and cash flows may not necessarily be indicative of our future performance.

Because of the fluctuations described above, our ability to forecast revenues is limited and we may not be able to accurately predict our future revenues or results of operations. In addition, we base our current and future expense levels on our operating plans and sales forecasts, and our operating expenses are expected to increase in the short term. Accordingly, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter. The variability and unpredictability of these and other factors could result in our failing to meet or exceed financial expectations for a given period.

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.

Our revenues are primarily generated from subscriptions to our solutions. With the exception of a small number of legacy customers, our customers do not have the right to take possession of our equipment or software platform. Revenues from subscriptions to our software platform are recognized ratably over the subscription period beginning on the date that the subscription is made available to the customer, which we refer to as the "go-live" date. Our agreements with our customers typically range from one to three years. As a result, much of the revenues that we report in each quarter are attributable to agreements entered into during previous quarters. Consequently, a decline in sales, customer renewals or market acceptance of our solutions in any one quarter would not necessarily be fully reflected in the revenues in that quarter and would negatively affect our revenues and profitability in future quarters. This ratable revenue recognition also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers generally are recognized over the applicable agreement term. Our subscription-based approach may result in uneven recognition of revenues.

We recognize subscription revenues over the term of a subscription agreement. Once we enter into a ShotSpotter contract with a customer, there is a delay until we begin recognizing revenues while we survey the coverage areas, obtain any required consents for installation, and install our sensors, which together can take up to several months or more. We begin recognizing revenues from a ShotSpotter sale only when all of these steps are complete and the solution is live.

While most of our customers elect to renew their subscription agreements following the expiration of a term, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to such expiration. For these customers, we stop recognizing subscription revenues at the end of the current term, even though we may continue to provide services for a period of time while the renewal process is completed. Once the renewal is complete, we then recognize subscription revenues for the period between the expiration of the term of the agreement and the completion of the renewal process.

The variation in the timeline for deploying our solutions and completing renewals may result in fluctuations in our revenues, which could cause our results to differ from projections. Additionally, while we generally invoice for 50% of the contract cost upon a customer's go-live date, our cash flows may be volatile and will not match our revenues recognition.

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

We had a net loss of \$2.7 million for the year ended December 31, 2023 and as of December 31, 2023, we had an accumulated deficit of \$95.1 million. Although we posted net income in 2019, 2020 and 2022, we had a net loss in 2021 and we had net losses prior to 2019. We are not certain whether we will be able to maintain enough revenues from sales of our solutions to sustain or increase our growth or maintain profitability in the future. We also expect our costs to increase in future periods, which could negatively affect our future operating results if our revenues do not increase. In particular, we expect to continue to expend substantial financial and other resources on:

- higher costs to procure the sensors required for our solutions due to inflationary pressures;
- sales and marketing, including a significant expansion of our sales organization, both domestically and internationally;
- research and development related to our solutions, including investments in our engineering and technical teams;
- acquisition of complementary technologies or businesses, such as our acquisition of HunchLab technology in October 2018, our acquisition of Technologic in November 2020, our acquisition of Forensic Logic in January 2022 and our acquisition of SafePointe in August 2023;
- continued international expansion of our business; and
- general and administrative expenses.

These investments may not result in increased revenues or growth in our business. If we are unable to increase our revenues at a rate sufficient to offset the expected increase in our costs, our business, operating results and financial position may be harmed, and we may not be able to maintain profitability over the long term. Rising inflation rates have resulted in decreased demand for our products and services and have increased our operating costs. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not maintain profitability in the future.

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 intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our solutions, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, in addition to the revenues we generate from our business and our existing cash balances, we may need to engage in additional equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

Risks Related to Our Public Safety Business

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, substantially all of our revenues have been derived from contracts with local governments and their agencies, in particular the police departments of major cities in the United States. To a lesser extent, we also generate

revenues from federal agencies, foreign governments and higher education institutions. We believe that the success and growth of our business will continue to depend on our ability to add new police departments and other government agencies, domestically and internationally, as customers of our public safety solution and new universities, corporate campuses and key infrastructure and transportation centers as customers of our security solutions. Many of our target customers have restricted budgets, such that we are forced to compete with programs or solutions that offer an alternative use of the same funds. A number of factors could cause current and/or potential customers to delay or refrain from purchasing our solutions, prevent expansion of, or reduce coverage areas and/or terminate use of our solutions, including:

- decreases or changes in available funding, including tax revenues, budgetary allocations, government grants and other government funding programs;
- potential delays or changes in appropriations or other funding authorization processes;
- changes in fiscal or contracting policies;
- macro- and/or local economic changes, such as inflation, rising interest rates, and past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, that may affect customer funding;
- changes in elected or appointed officials;
- changes in public perception of the accuracy of our solutions and the appropriate use of our solutions by law enforcement, including as a result of negative publicity; and
- changes in laws or public sentiment regarding privacy or surveillance.

For example, our existing contract with the City of Chicago remains in effect until November 2024 and we may not be able to renew or extend our contract on reasonable terms, if at all. The City of Chicago is one of our largest customers and represented 9% and 10% of our total revenues for the year ended December 31, 2023 and 2022, respectively. Additionally, while we signed an interim contract with Puerto Rico through January 31, 2024, we are working on the delayed renewal with Puerto Rico, which represented 1.6% and 2.6% of our total revenues for the year ended December 31, 2023 and 2022, respectively. If we are unable to renew our contracts with the City of Chicago or Puerto Rico, this could have a material adverse effect on our operating results.

The past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, geopolitical developments such as the conflicts between Ukraine and Russia in Israel, and other macroeconomic pressures in the United States and the global economy such as rising inflation and interest rates, supply chain constraints, labor market shortages, energy prices and recession fears, and any associated impact on economic conditions, could also cause or exacerbate any of the foregoing. The occurrence of any of the foregoing would impede or delay our ability to maintain or increase the amount of revenues derived from these customers, which could have a material adverse effect on our business, operating results and financial condition.

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

The procurement process for government entities is in many ways more challenging than contracting in the private sector. We must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with government entities, including U.S. federal, state and local governmental bodies. These laws and regulations may impose added costs on our business or prolong or complicate our sales efforts, and failure to comply with these laws and regulations or other applicable requirements could lead to claims for damages from our customers, penalties, termination of contracts and other adverse consequences. Any such damages, penalties, disruptions or limitations in our ability to do business with government entities could have a material adverse effect on our business, operating results and financial condition.

Government entities often require highly specialized contract terms that may differ from our standard arrangements. For example, if the federal government provides grants to certain state and local governments for our solutions, and such governments do not continue to receive these grants, then these customers have the ability to terminate their contracts with us without penalty. Government entities often impose compliance requirements that are complicated, require preferential pricing or “most favored nation” terms and conditions, or are otherwise

time-consuming and expensive to satisfy. Compliance with these special standards or satisfaction of such requirements could complicate our efforts to obtain business or increase the cost of doing so. Even if we do meet these special standards or requirements, the increased costs associated with providing our solutions to government customers could harm our margins. Additionally, even once we have secured a government contract, the renewal process can be lengthy and as time-consuming as the initial sale, and we may be providing our service for months past the contract expiration date without certainty if the renewal agreement will be signed or not. During periods of economic uncertainty resulting from the past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, geopolitical developments such as the conflicts between Ukraine and Russia and in Israel, and other macroeconomic pressures in the United States and the global economy such as rising inflation and interest rates, supply chain constraints, labor market shortages, energy prices and recession fears, and any associated impact on economic conditions, these risks are more pronounced than usual, as government entities struggle with reduced levels of resources related to implications of such global events.

Changes in the underlying regulatory conditions, political landscape or required procurement procedures that affect these types of customers could be introduced prior to the completion of our sales cycle, making it more difficult or costly to finalize a contract with a new customer or expand or renew an existing customer relationship. For example, customers may require a competitive bidding process with extended response deadlines, review or appeal periods, or customer attention may be diverted to other government matters, postponing the consideration of the purchase of our products. Such delays could harm our ability to provide our solutions efficiently and to grow or maintain our customer base.

If we are unable to further penetrate the public safety market, our revenues may not grow.

Our ability to increase revenues will depend in large part on our ability to sell our current and future public safety solutions. For example, our ability to have our ShotSpotter customers renew their annual subscriptions and expand their mileage coverage or purchase and implement our other products, such as CaseBuilder (formerly ShotSpotter Investigate) and ResourceRouter (formerly ShotSpotter Connect), drives our ability to increase our revenues. Most of our ShotSpotter customers begin using our solution in a limited coverage area. Our experience has been, and we expect will continue to be, that after the initial implementation of our solutions, our new customers typically renew their annual subscriptions, and many also choose to expand their coverage area. However, some customers may choose to not renew or reduce their coverage. If existing customers do not choose to renew or expand their coverage areas, or choose to reduce their coverage, our revenues will not grow as we anticipate, or may even decline. During periods of economic uncertainty resulting from past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, geopolitical developments such as the conflicts between Ukraine and Russia and in Israel, and other macroeconomic pressures in the United States and the global economy, such as rising inflation and interest rates, supply chain constraints, labor market shortages, energy prices and recession fears, and any associated impact on economic conditions, this risk is more pronounced than usual, as our customers' priorities may change or they may have greater uncertainty regarding the availability of funding for our solutions as a result.

Our ability to further penetrate the market for our public safety solutions depends on several factors, including: maintaining a high level of customer satisfaction and a strong reputation among law enforcement; increasing the awareness of our SoundThinking solutions and their benefits; the effectiveness of our marketing programs; the availability of funding to our customers; geopolitical developments and other macroeconomic pressures as described above; our ability to expand our solutions; and the costs of our solutions. Some potential public safety customers may be reluctant or unwilling to use our solution for a number of reasons, including concerns about additional costs, unwillingness to expose or lack of concern regarding the extent of gun violence in their community, uncertainty regarding the reliability and security of cloud-based offerings or lack of awareness of the benefits of our public safety solutions. If we are unsuccessful in expanding the coverage of SoundThinking solutions by existing public safety customers or adding new customers, our revenues and growth prospects would suffer.

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

Our sales process involves educating prospective customers and existing customers about the use, technical capabilities and benefits of our solutions. Prospective customers, especially government agencies, often undertake a prolonged evaluation process that may last up to nine months or more and that typically involves comparing the

benefits of our solutions to alternative uses of funds. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales.

In addition, in 2011 the Federal Bureau of Investigation's (the "FBI") Criminal Justice Information Services Division (the "CJIS") issued the CJIS Security Policy, a set of standards for organizations that access criminal justice information ("CJI"). CJIS developed this policy to better protect the data it delivers to federal, state and local law enforcement agencies, from services like the National Crime Information Center, the Integrated Automated Fingerprint Identification System and the National Incident Based Reporting System. The policy is also designed to protect CJI that comes from sources other than the FBI. As part of the process of implementing CaseBuilder for a customer, we will have to complete a rigorous application process to become an approved CJIS compliant vendor. While this CJIS compliant vendor approval process is based upon the FBI's CJIS Security Policy, a separate process will have to be completed in each state where CaseBuilder will be implemented.

We are continually improving our security, compliance, and processes. Our general processes are based on the NIST-800-53 standard with some aspects also being controlled by CJIS. In the fourth quarter of 2022, an audit of our processes under a SOC2 Type 2 audit was completed. These initiatives require fiscal and time investments. Failure to obtain a SOC2 Type 2 audit report or to be compliant with the CJIS standard could adversely affect our reputation and sales, as well as the availability of our solutions in certain markets.

Additionally, events affecting our customers' budgets or missions may occur during the sales cycle that could negatively impact the size or timing of a purchase after we have invested substantial time, effort and resources into a potential sale, contributing to more unpredictability in the growth of our business. If we are unable to succeed in closing sales with new and existing customers, our business, operating results and financial condition will be harmed. During periods of economic uncertainty resulting from the past and potential future disruptions in access to bank capital and lending commitments due to bank failures, geopolitical developments such as the conflicts between Ukraine and Russia and in Israel, and other macroeconomic pressures in the United States and the global economy, such as rising inflation and interest rates, supply chain constraints, labor market shortages, energy prices and recession fears, and any associated impact on economic conditions, this risk is more pronounced than usual, as our customers' priorities may change or they may have greater uncertainty regarding the availability of funding for our solutions as a result.

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

Many of our customers rely to some extent on funds from the U.S. federal government in order to purchase and pay for our solutions. Any reduction in federal funding for local law enforcement efforts could result in our customers having less access to funds required to continue, renew, expand or pay for our solutions. Social unrest, protests against racial inequality, protests against police brutality and movements such as "Defund the Police" have increased in past years. These events may directly or indirectly affect municipal and police agency budgets, including federal funding available to current and potential customers. If federal funding is reduced or eliminated and our customers cannot find alternative sources of funding to purchase our solutions, our business will be harmed.

Federal stimulus funding or earnings as a result of the COVID-19 pandemic had been provided; however, we do not know whether additional stimulus funding will be made available to our existing or potential customers, and many state and local governments anticipate budget shortfalls without additional funding. Further, the allocation and prioritization of stimulus funds or earnings is uncertain and may change. There is no guarantee that additional funding will be made available to fund our solutions.

Real or perceived false positive gunshot alerts or false positive security threat detection, 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 false positive alert, in which a non-gunfire incident is reported as gunfire or detection of items that do not actually represent security threats, could result in an unnecessary rapid deployment of police officers and first responders, which may raise unnecessary fear among the occupants of a community or facility, and may be deemed a waste of police and first responder resources. A failure to alert law enforcement or security personnel of actual gunfire or security threats (false negative) could result in a less rapid or no response by police officers and first responders, increasing the probability of injury or loss of life. Both false positive alerts and the failure to generate alerts of actual

gunfire or security threats (false negative) may result in customer dissatisfaction, potential loss of confidence in our solutions, and potential liabilities to customers or other third parties, any of which could harm our reputation and adversely impact our business and operating results. Additionally, third parties may misunderstand or misrepresent what constitutes a false positive or false negative and generate negative publicity regarding our solutions. For example, a May 2021 report by the MacArthur Center for Justice appears to argue that any incident that does not result in a police report is a false positive. The perception of a false positive alert or of a failure to generate an alert, even where our customers understand that our solutions were utilized correctly, could lead to negative publicity or harm the public perception of our solutions, which could harm our reputation and adversely impact our business and operating results.

The nature of our business may result in undesirable press coverage or other negative publicity, which could adversely affect our growth prospects and results of operations.

Our solutions are used to assist law enforcement and first responders in the event that gunfire is detected. Even when our solutions work as intended, the incidents detected by our solutions could lead to injury, loss of life and other negative outcomes, and such events are likely to receive negative publicity. If we fail to detect an incident, or if we detect an incident, such as a terrorist attack or active-shooter event, but the response time of law enforcement or first responders is not sufficiently quick to prevent injury, loss of life, property damage or other adverse outcomes, we may receive negative media attention. At times, our data or information concerning our techniques and processes may become a matter of public record due to legal or other obligations (for example, as a result of public-records requests or subpoenas to provide information or to testify in court), and we may receive negative media attention as a result.

Our reputation and our business may be harmed by inaccurate reporting, which could have an adverse impact on new sales or renewals or expansions of coverage areas by existing customers, which would adversely impact our financial results and future prospects. For example, in July 2021, VICE Media, LLC (“VICE”) falsely accused us of illegal behavior, which has had a material adverse effect on our business. We initiated a defamation lawsuit against VICE that has since been dismissed.

The role of our solutions and our personnel in criminal prosecutions or other court proceedings may result in unfavorable judicial rulings that generate negative publicity or otherwise adversely impact new sales or renewals or expansions of coverage areas by existing customers, which would adversely impact our financial results and future prospects. For instance, a court ruling limiting or excluding evidence related to information gathered through our systems or to the operation of our systems in a judicial proceeding could harm public perceptions of our business and solutions.

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

Economic uncertainties or downturns could adversely affect our business and operating results. Negative conditions in the general economy both in the United States and abroad, including past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, conditions resulting from changes in gross domestic product growth, labor market shortages, inflation, interest rates, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare, geopolitical tensions, such as the ongoing conflicts between Russia and Ukraine and in Israel, terrorist attacks, climate change and global pandemics, could cause a decrease in funds available to our existing and potential customers and negatively affect the rate of growth of our business.

These economic conditions may make it extremely difficult for our customers and us to forecast and plan future budgetary decisions or business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our solutions, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times or as a result of political changes, our customers may tighten their budgets and face constraints in gaining timely access to sufficient funding or other credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely affect our financial results.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry, or the impact of political changes. If the economic conditions of the general economy or industries in which we operate worsen from present levels, or if past political changes result in less funding being

available to purchase our solutions, our business, operating results, financial condition and cash flows could be adversely affected.

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

If cities and other government entities increase their efforts to reduce gun violence or our solutions gain visibility in the market, companies could decide to enter into the public safety solution market and thereby increase the competition we face. In addition to other gunshot detection products, we also compete with other technologies and solutions targeting our public safety customers' resources for law enforcement and crime prevention. Our competitors could benefit from the disclosure of our data or information concerning our techniques and processes due to legal or other obligations (for example, as a result of public-records requests or subpoenas to provide information or to testify in court). Because there are several possible uses for these limited budgetary resources, if we are not able to compete successfully for these limited resources, our business may not grow as we expect, which could adversely impact our revenues and operating results.

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

Governmental agencies and private citizens have become increasingly sensitive to real or perceived government or third-party surveillance and may wrongly believe that our outdoor sensors allow customers to listen to private conversations and monitor private citizen activity. Our sensors are not designed for "live listening" and are triggered only by loud impulsive sounds that may likely be gunfire. However, perceived privacy concerns may result in negative media coverage and efforts by private citizens to persuade municipalities, educational institutions or other potential customers not to purchase our precision policing solutions for their communities, campuses or facilities. In addition, laws may exist or be enacted to address such concerns that could impact our ability to deploy our solutions. For example, the City of Toronto, Canada decided against using SoundThinking solutions because the Ministry of the Attorney General of Ontario indicated that it may compromise Section 8 of Canada's Charter of Rights and Freedoms, which relates to unreasonable search and seizure. If customers choose not to purchase our solutions due to privacy or surveillance concerns, then the market for our solutions may develop more slowly than we expect, or it may not achieve the growth potential we expect, any of which would adversely affect our business and financial results.

Ongoing social unrest may have a material adverse effect on our business, the future magnitude or duration of which we cannot predict with accuracy.

We may be adversely affected by ongoing social unrest, protests against racial inequality, protests against police brutality and movements such as "Defund the Police" or increases in such unrest that may occur in the future, and such unrest may be exacerbated by inaccurate information or negative publicity regarding our solutions. These events may directly or indirectly affect police agency budgets and funding available to current and potential customers. Participants in these events may also attempt to create the perception that our solutions are contributing to the "problem" which may adversely affect us, our business and results of operations, including our revenues, earnings and cash flows from operations.

Strategic and Operational Risks

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

Part of our growth strategy depends on our ability to increase sales of our security and public safety solutions in markets outside of the United States. We are focused on expanding the sales of these solutions into new markets, but customers in these new markets may not be receptive or sales may be delayed beyond our expectations, causing our revenue growth and growth prospects to suffer. During periods of economic uncertainty resulting from the past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, geopolitical developments such as the conflicts between Ukraine and Russia and in Israel, and other macroeconomic pressures in the United States and the global economy such as rising inflation and interest rates, supply chain constraints, labor market shortages, energy prices and recession fears, and any associated impact on economic conditions, this risk is more pronounced than usual.

Our ability to successfully face these challenges depends on several factors, including increasing the awareness of our solutions and their benefits; the effectiveness of our marketing programs; the costs of our solutions; our ability

to attract, retain and effectively train sales and marketing personnel; and our ability to develop relationships with communication carriers and other partners. If we are unsuccessful in developing and marketing our solutions into new markets, new markets for our solutions might not develop or might develop more slowly than we expect, either of which would harm our revenues and growth prospects.

The failure of our solutions to meet our customers' expectations or of our solutions generally could, in some cases, result in injury or loss of life, and 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, expand existing customer coverage areas, 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 SoundThinking solutions 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 precision policing solutions;
- our ability to maintain continuous gunshot detection 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 service level agreements 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.

In some cases, if our solutions fail to detect threats such as a firearm or other potential weapon or explosive device, or if our products contain undetected errors or defects, these failures or errors could result in injury or loss of life, which could harm our brand and reputation, subject us to litigation and potential claims against us, and have an adverse effect on our business, operating results and financial condition. There is no guarantee that our solutions will detect and prevent all attacks, especially in light of the rapidly changing security landscape to which it must respond, as well as unique factors that may be present in our customers' operating environments. If our products fail to detect security threats for any reason, including failures due to customer personnel or security processes, it may also result in significant costs, the attention of our key personnel could be diverted, our customers may delay or withhold payment to us or elect not to renew or cause other significant customer relations problems to arise.

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 reviewers, 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 addition, our IRC department personnel operate either remotely or out of our offices. Any interruption or delay in service from our IRC, such as from a communications or power outage, could limit our ability to deliver our solutions. In addition, it may become increasingly difficult to maintain and improve the performance of our solutions, especially during peak usage times as the capacity of our IRC operations reaches its limits. If there is an interruption or delay in service from our IRC operations and a gunshot is detected but not reviewed in the allotted time, our software will flag the incident for off-line review. This may result in delayed notifications to our customers and as a result, we could experience a decline in customer satisfaction with our solutions and our reputation and growth prospects could be harmed.

We expect to continue to make significant investments to maintain and improve the performance of our solutions. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology, our business, operating results and financial condition may be adversely 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 rely on wireless carriers, mainly AT&T and Verizon, to provide access to wireless networks for machine-to-machine data transmissions, which are an integral part of our services. Our wireless carriers may suspend wireless service to expand, maintain or improve their networks. These wireless carriers perform routine maintenance and periodic software and firmware updates that may damage our sensors or make them inoperable. Any suspension or other interruption of services would adversely affect our ability to provide our services to our customers and may adversely affect our reputation. In addition, the terms of our agreements with these wireless carriers provide that either party can cancel or terminate the agreement for convenience. If one of our wireless carriers were to terminate its agreement with us, we would need to source a different wireless carrier and/or modify our equipment during the notice period in order to minimize disruption in the performance of our solutions. Price increases or termination by our wireless carriers or changes to existing contract terms could have a material adverse effect on our business, operating results and financial condition.

Furthermore, our reliance on wireless carriers may require updates to our technology and making such updates could also result in interruptions in our service or increase our costs of operations. We may not be able to successfully implement new technologies or adapt existing technologies to changing market demands. If we are unable to adapt timely to changing technologies, market conditions or customer preferences, our business, operating results and financial condition could be materially and adversely affected.

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

We recognize revenue on a subscription basis as our solutions are provided to our customers over time. If our services are disrupted due to natural disasters, infectious disease outbreaks, power outages or other events that we cannot control, we may not be able to continue providing our solutions as expected.

When we stop providing coverage, we also stop recognizing revenues as a result of the affected subscription agreement. If we are forced to discontinue our services due to natural disasters, power outages and other events outside of our control, our revenues may decline, which would negatively impact our results of operations and financial condition. In addition, we may face liability for damages caused by our sensors in the event of heavy weather, hurricanes or other natural disasters. We may also incur additional costs to repair or replace installed sensor networks damaged by heavy weather, hurricanes or other natural disasters.

Any of our facilities or operations may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, global pandemics, and power outages, which may render it difficult or impossible for us to operate our business for some period of time or decrease productivity. For example, our primary IRC and a data center that hosts some of our customer services are located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. In addition, like many companies, at the beginning of the COVID-19 pandemic, we implemented a work from home

policy. We expect to work in a hybrid work model for the foreseeable future. This policy may negatively impact productivity of our employees.

Any disruptions in our operations could negatively impact our business and operating results and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, operating results and financial condition. In addition, the facilities of significant vendors, including the manufacturer of our proprietary acoustic sensor, may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

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

On September 27, 2018, we entered into a senior secured revolving credit facility with Umpqua Bank (the “Umpqua Credit Agreement”) and in November 2022, we amended the Umpqua Credit Agreement to, among other things, extend the maturity date from November 27, 2022 to October 15, 2024, increase the revolving credit commitment from \$20.0 million to \$25.0 million and increase the letter of credit sub-facility from \$6.0 million to \$7.5 million. In February 2024, we amended the Umpqua Credit Agreement to extend the maturity date from October 15, 2024 to October 15, 2025. As of December 31, 2023, there was \$7.0 million outstanding on our line of credit.

Under the Umpqua Credit Agreement, we are subject to various negative covenants that limit, subject to certain exclusions, our ability to incur indebtedness, make loans, invest in or secure the obligations of other parties, pay or declare dividends, make distributions with respect to our securities, redeem outstanding shares of our stock, create subsidiaries, materially change the nature of our business, enter into related party transactions, engage in mergers and business combinations, the acquisition or transfer of our assets outside of the ordinary course of business, grant liens or enter into collateral relationships involving company assets or reincorporate, reorganize or dissolve the company. These covenants could adversely affect our financial health and business and future operations by, among other things:

- making it more difficult to satisfy our obligations, including under the terms of the Umpqua Credit Agreement;
- limiting our ability to refinance our debt on terms acceptable to us or at all;
- limiting our flexibility to plan for and adjust to changing business and market conditions and increasing our vulnerability;
- limiting our ability to use our available cash flow to fund future acquisitions, working capital, business activities, and other general corporate requirements; and
- limiting our ability to obtain additional financing for working capital to fund growth or for general corporate purposes, even when necessary to maintain adequate liquidity.

We are also required to maintain certain financial covenants tied to our leverage, interest charges and profitability. Our ability to meet such covenants (those negative covenants discussed in the preceding paragraph) or other restrictions can be affected by events beyond our control, and our failure to comply with the financial and other covenants would be an event of default under the Umpqua Credit Agreement. If an event of default under the Umpqua Credit Agreement, has occurred and is continuing, the outstanding borrowings thereunder could become immediately due and payable, and we would then be required to cash collateralize any letters of credit then outstanding, and the lender could refuse to permit additional borrowings under the facility. We have in the past obtained waivers for the financial covenant tied to our profitability, the acquisition and investment covenants related to our acquisition of SafePointe and name change covenant for failure to provide notice of our corporate name change and of the name change of LEEDS, LLC to Technologic Solutions, LLC. We cannot assure you that we would have sufficient assets to repay those borrowings and, if we are unable to repay those amounts, the lender could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our assets as collateral, and an event of default would likely have a material adverse effect on our business.

The competitive landscape for our security solutions is evolving.

The market for security solutions for university campuses, corporate campuses and transportation and key infrastructure centers includes a number of available options, such as video surveillance and increased human security presence. Because there are several possible uses of funds for security needs, we may face increased challenges in demonstrating or distinguishing the benefits of ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate. In particular, while we have seen growing interest in our security solutions, interest in the indoor gunshot detection offering was limited, and as a result, in June 2018, we made the strategic decision to cease indoor coverage as part of our service offering. If we experience declining interest in any of our offerings, we may cease offering such impacted solution in the future.

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 increase total customers and customer coverage areas and to achieve broader market acceptance of our solutions, we will need to expand our sales and marketing organization and increase our business development resources, including the vertical and geographic distribution of our sales force and our teams of account executives focused on new accounts and responsible for renewal and growth of existing accounts.

Our business requires that our sales personnel have particular expertise and experience in working with law enforcement agencies, other government organizations and higher education institutions. We may not achieve revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel with appropriate experience, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

During the COVID-19 pandemic, this risk was more pronounced than usual, as our sales and marketing organization were unable to travel and meetings with current and potential customers were more difficult to conduct.

Our strategy includes pursuing acquisitions, and our inability to successfully integrate newly acquired technologies, assets or businesses, or our becoming subject to certain liabilities assumed or incurred with our acquisitions, 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 acquired Technologic in November 2020, Forensic Logic in January 2022 and SafePointe and intellectual property assets in August 2023 in order to enhance our SafetySmart platform. We will continue to evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our platform and applications, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

We believe that part of our continued growth will be driven by acquisitions of other companies or their technologies, assets, businesses and teams. Acquisitions in the future that we complete will give rise to risks, including:

- incurring higher than anticipated capital expenditures and operating expenses;
- failing to assimilate the operations and personnel or failing to retain the key personnel of the acquired company or business;
- failing to integrate the acquired technologies, or incurring significant expense to integrate acquired technologies, into our platform and applications;
- disrupting our ongoing business;
- diverting our management's attention and other company resources;
- failing to maintain uniform standards, controls and policies;
- incurring significant accounting charges;
- impairing relationships with our customers and employees;

- finding that the acquired technology, asset or business does not further our business strategy, that we overpaid for the technology, asset or business or that we may be required to write off acquired assets or investments partially or entirely;
- failing to realize the expected synergies of the transaction;
- being exposed to unforeseen liabilities and contingencies that were not identified prior to acquiring the company; and
- being unable to generate sufficient revenues and profits from acquisitions to offset the associated acquisition costs.

Fully integrating an acquired technology, asset or business into our operations may take a significant amount of time. We may not be successful in overcoming these risks or any other problems encountered with the acquisition of and integration of Technologic, Forensic Logic and SafePointe, intellectual property assets acquired or any future acquisitions. To the extent that we do not successfully avoid or overcome the risks or problems related to any such acquisitions, our results of operations and financial condition could be harmed. Acquisitions also could impact our financial position and capital requirements or could cause fluctuations in our quarterly and annual results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions.

Additionally, there may be liabilities that we fail to discover while conducting due diligence for acquisitions, that we inadequately assess or that are not properly disclosed to us. In particular, to the extent that any acquired company failed to comply with or otherwise violated applicable laws or regulations, failed to fulfill contractual obligations to counterparties or incurred material liabilities or obligations to other parties that are not identified during the diligence process, we, as the successor owner, may be financially responsible for these violations, failures and liabilities and may suffer financial or reputational harm or otherwise be adversely affected. We also may be subject to litigation or other claims in connection with an acquired company. Any material liabilities we incur that are associated with our acquisitions could harm our business, operating results and financial condition.

We expect that the consideration we might pay for any future acquisitions of technologies, assets, businesses or teams could include stock, rights to purchase stock, cash or some combination of the foregoing. If we issue stock or rights to purchase stock in connection with future acquisitions, net income per share and then-existing holders of our common stock may experience dilution.

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

Our gunshot detection solutions are designed to communicate real-time alerts of gunfire incidents to police officers and first responders. Similarly, our weapons detection solution obtained from our SafePointe acquisition is designed to identify potential threats and alert security personnel. Due to the nature of such applications, we are potentially exposed to greater risks of liability for employee acts or omissions or system failures than may be inherent in other businesses. Although substantially all of our customer agreements contain provisions limiting our liability to our customers, we cannot be certain that these limitations will be enforced or that the costs of any litigation related to actual or alleged omissions or failures would not have a material adverse effect on us even if we prevail. Further, certain of our insurance policies and the laws of some states may limit or prohibit insurance coverage for punitive or certain other types of damages or liability arising from gross negligence, or other issues, such as damages caused due to installation of our sensors on buildings owned by third parties, and we cannot assure you that we are adequately insured against the risks that we face.

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

Because our software is complex, undetected errors, failures or bugs may occur. Our software is often installed and used with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite our testing, errors, failures, vulnerabilities, or

bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues, failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In any such event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions or delays in the use of our solutions, which could cause us to lose existing or potential customers and could adversely affect our operating results and growth prospects.

Any 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 revenue.

We currently use third-party data center hosting facilities to host certain components of our solutions. Our operations depend, in part, on our third-party providers' abilities to protect these facilities against damage or interruption from natural disasters, power or communications failures, cyber incidents, criminal acts and similar events. In the event that any of our third-party facility arrangements is terminated, or if there is a lapse of service or damage to a facility, we could experience service interruptions in our solutions as well as delays and additional expenses in arranging new facilities and services. People continuing to work remotely may increase the likelihood of service interruptions or cyber incidents at these data center hosting facilities. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, cyber incidents or other performance problems with our solutions could harm our reputation.

Any damage to, or failure of, the systems of the communications providers with whom our data center provider contracts could result in interruptions to our solutions. The occurrence of spikes in usage volume, natural disasters, cyber incidents, acts of terrorism, vandalism or sabotage, closure of a facility without adequate notice or other unanticipated problems could result in lengthy interruptions in the availability of our services. Problems faced by these network providers, or with the systems by which they allocate capacity among their customers, including us, could adversely affect the experience of our customers. People continuing to work remotely may increase the likelihood of these problems with such network providers and their capacity allocation systems. Interruptions in our services might cause us to issue refunds to customers and subject us to potential liability.

Further, our insurance policies may not adequately compensate us for any losses that we may incur in the event of damage or interruption, and therefore the occurrence of any of the foregoing could subject us to liability, cause us to issue credits to customers or cause customers not to renew their subscriptions for our applications, any of which could materially and adversely affect our business.

If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, our solutions may be perceived as not being secure, our customers may be harmed and we could experience adverse consequences, including but not limited to regulatory investigations or actions; litigation or mass arbitration demands; fines and penalties; disruptions of our business operations; reputation harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

Our operations involve the collection, receipt, storage, storage processing, generation, use, transfer, disclosure, protection, disposal of, transmission, and sharing (collectively, "processing") of proprietary, confidential, and sensitive data, including personal information, intellectual property, trade secrets and other sensitive information such as gunfire incident data, including date, time, address and GPS coordinates, occurring in our customer's coverage area (collectively, "sensitive information"). Additionally, our systems read, write, store and transfer information from third parties including criminal justice information.

Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to increase generally, and are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in

cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services.

We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing, credential harvesting, personnel misconduct or error, and supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, attacks enhanced or facilitated by artificial intelligence (“AI”), telecommunications failures, earthquakes, fires, floods, and other similar threats. For example, in November 2023, we discovered that a recently terminated employee logged on to an employee resource, obtained our confidential information, and began posting some of the information publicly on social media. We took steps to remove the information and prevent the former employee from posting the information again, but we are uncertain to what extent this will reoccur and the postings will affect our business or operations. In particular, ransomware attacks are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, ability to provide our products or services, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems because such techniques change frequently and often are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to customer data or other sensitive information. Further, because of the nature of the services that we provide to our customers, we may be a unique target for attacks.

Future or past business transactions (such as acquisitions or integrations, including of Forensic Logic, LLC and SafePointe, LLC) expose us to additional cybersecurity risks and vulnerabilities, as we and our systems are negatively affected by vulnerabilities and weaker security controls present in acquired or integrated entities’ systems, products, processes and technologies. Furthermore, we may not have adequate visibility into security issues of such acquired or integrated entities, may discover security issues that were not found during due diligence of such entities, and it may be difficult to integrate companies and their products into our information technology environment and security program.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We also rely on third-party service providers to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties’ information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. If third parties with whom we work, such as vendors or developers, violate applicable laws or our security policies, such violations may also put our systems and data at risk and could in turn have an adverse effect on our business. In addition, such a violation could expose sensitive data including; criminal justice information, and other data we are contractually obliged to keep confidential. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect and remediate vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability

change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. Unremediated high risk or critical vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our solutions.

We may expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. For example, many governments have enacted laws requiring companies to notify individuals of data security incidents or unauthorized transfers involving certain types of personal information. In addition, some of our customers contractually require notification of any data security incident.

If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal information); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may prevent or cause customers to stop using our solutions, deter new customers from using our solutions, and negatively impact our ability to grow and operate our business. Furthermore, security incidents experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity and significant costs. Any security compromise, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could materially and adversely affect our business and operating results. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security incidents.

While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage would be adequate or would otherwise protect us from liabilities or damages with respect to claims alleging compromise or loss of data, or that such coverage will continue to be available on acceptable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Additionally, sensitive information of the Company or our customers could be leaked, disclosed, or revealed as a result of or in connection with our employee's, personnel's, or vendor's use of generative AI technologies.

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

Our ShotSpotter solution requires us to deploy ShotSpotter sensors in our customer coverage areas, which typically entails the installation of approximately 15 to 25 sensors per square mile. The ShotSpotter sensors are

mounted on city facilities and third-party buildings, and occasionally on city or utility-owned light poles, and installing the sensors requires the consent of the property owners, which can be time-consuming to obtain and can delay deployment. Generally, we do not pay a site license fee in order to install our sensors, and our contractual agreements with these facility owners provide them the right to revoke permission to use their facility with notice of generally 60 days. Our SafePoint solution requires us to install sensors, cameras, and networking equipment on our customer's property. SafePoint does not pay a site license fee to install our sensors, cameras, and networking equipment and is typically paid by the customer to complete the installation. In almost all cases, the property is owned by the customer, and no additional approvals or consents are required.

To the extent that required consents delay our ability to deploy our solutions or facility owners do not grant permission to use their facilities, revoke previously granted permissions, or require us to pay a site license fee in order to install our sensors or bollards, our business may be harmed. If we were required to pay a site license fee in order to install sensors or bollards, our deployment expenses would increase, which would impact our gross margins. If we cannot obtain a sufficient number of sensor or bollard mounting locations that are appropriately dispersed in a coverage area, the effectiveness of our ShotSpotter and SafePoint solutions would be limited, and we may need to reduce the coverage area of the solution.

If we lose our ability to share a significant agency's dataset in our CrimeTracer platform, our ability to sell that product may be adversely affected.

Agencies typically share their private CJIS data sets with us through subscription agreements. If we lose access to their data sets because of a technical problem, such as a ransomware attack, or other issues that arise through no fault of our own that makes that data set inaccessible, this may result in the loss of a customer to a competitor, subscriptions not being renewed and may make it more difficult to sell CrimeTracer in that geographic region and to the federal market.

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

We offer customer support 24 hours a day, seven days a week, as well as training on best practices, forensic expertise and expert witness services. Providing these services requires that our personnel have specific experience, knowledge and expertise, making it more difficult for us to hire qualified personnel and to scale up our support operations. The importance of high-quality customer support will increase as we expand our business and pursue new customers. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services or scale our services if our business grows. Increased customer demand for these services, without corresponding revenues, could increase our costs and harm our operating results. If we do not help our customers use applications within our solutions and provide effective ongoing support, our ability to sell additional applications to, or to retain, existing customers may suffer and our reputation with existing or potential customers may be harmed.

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

We rely on a limited number of suppliers and contract manufacturers. In particular, we use a single manufacturer, with which we have no long-term contract and from which we purchase on a purchase-order basis, to produce our proprietary ShotSpotter sensors. Our reliance on a sole contract manufacturer increases our risks since we do not currently have any alternative or replacement manufacturers, and we do not maintain a high volume of inventory. In the event of an interruption in our supply from our sole contract manufacturer, we may not be able to develop alternate or secondary sources without incurring material additional costs and substantial delays. Furthermore, these risks could materially and adversely affect our business if one of our contract manufacturers is impacted by a natural disaster or other interruption at a particular location because each of our contract manufacturers produces our products from a single location. Although each of our contract manufacturers has alternative manufacturing locations, transferring manufacturing to another location may result in significant delays in the availability of our sensors. Also, many standardized components used broadly in our sensors are manufactured in significant quantities in concentrated geographic regions, particularly in Greater China. As a result, protracted regional crises, or issues with manufacturing facilities could lead to eventual shortages of necessary components. It could be difficult, costly and time consuming to obtain alternative sources for these components, or to change product designs to make use of alternative components. In addition, difficulties in transitioning from an existing supplier to a new supplier could create delays in component availability that would have a significant impact on our ability to fulfill orders for our products.

Many of the key components used to manufacture our proprietary ShotSpotter sensors also come from limited or sole sources of supply. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly, and we or our suppliers may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to fill our orders in a timely manner.

For example, for our ShotSpotter sensors, it may take a significant amount of time to identify a contract manufacturer that has the capability and resources to build the sensors to our specifications. Identifying suitable suppliers and contract manufacturers is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. Accordingly, the loss of any key supplier or contract manufacturer could adversely impact our business, operating results and financial condition.

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 license third-party software and depend on services from various third parties for use in our solutions. In the future, such software or services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our solutions until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could harm our business. In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in our solutions or cause our solutions to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software and service providers, and obtain from such providers software and services that do not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver effective products to our customers and could harm our operating results.

We use artificial intelligence in our products and services which may result in operational challenges, legal liability, reputational concerns and competitive risks.

We currently use and intend to leverage generative AI processes and algorithms and our own evolving cognitive and analytical applications into our daily operations, including by deploying generative AI into our products and services, which may result in adverse effects to our financial condition, results or reputation. Generative AI products and services leverage existing and widely available technologies, such as Chat GPT-4 and its successors, or alternative large language models or other processes. The use of generative AI processes at scale is relatively new, and may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time.

Use of generative AI in our products and services may be difficult to deploy successfully due to operational issues inherent to the nature of such technologies, and our customers may not adopt or integrate our new services as intended. For example, AI algorithms use machine learning and predictive analytics which may lead to flawed, biased, and inaccurate results, which could lead to customer rejection or skepticism of such products. Emerging ethical issues surround the use of AI, and if our deployment or use of AI becomes controversial, we may be subject to reputational risk. Further, unauthorized use or misuse of AI by our employees or others may result in disclosure of confidential company and customer data, reputational harm, privacy law violations and legal liability. Our use of AI may also lead to novel and urgent cybersecurity risks, including the misuse of personal information, which may adversely affect our operations and reputation.

As a result, we may not be able to successfully integrate AI into our products, services and operations despite expending significant time and monetary resources to attempt to do so. Our investments in deploying such technologies may be substantial and may be more expensive than anticipated. If we fail to deploy AI as intended, our competitors may incorporate AI technology into their products or services more successfully than we do, which may impair our ability to effectively compete in the market.

Uncertainty in the legal regulatory regime relating to AI may require significant resources to modify and maintain business practices to comply with U.S. and non-U.S. laws, the nature of which cannot be determined at this time. Several jurisdictions around the globe, including Europe and certain U.S. states, have already proposed or enacted laws governing AI. For example, European regulators have proposed a stringent AI regulation, and we expect other jurisdictions will adopt similar laws. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging.

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

Some of our customers choose to integrate our solutions with certain other systems used by our customers, such as real-time Technologic, Forensic Logic or SafePointe platforms or computer-aided dispatch systems. The functionality and popularity of our solutions depend, in part, on our ability to integrate our solutions into these systems. Providers of these systems may change the features of their technologies, restrict our access to their applications or alter the terms governing use of their applications in an adverse manner. Such changes could functionally limit or terminate our ability to use these technologies in conjunction with our solutions, which could negatively impact our customer service and harm our business. If we fail to integrate our solutions with applications that our customers use, we may not be able to offer the functionality that our customers need, and our customers may not renew their agreements, which would negatively impact our ability to generate revenues and adversely impact our business.

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

We currently operate in limited number of locations outside the United States. A key component to our business strategy is to expand our international operations to increase our revenues from customers outside of the United States as part of our growth strategy. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. In addition, we will need to invest time and resources in understanding the regulatory framework and political environments of our potential customers overseas in order to focus our sales efforts. Because such regulatory and political considerations are likely to vary across jurisdictions, this effort will require additional time and attention from our sales team and could lead to a sales cycle that is longer than our typical process for sales in the United States. We also may need to hire additional employees and otherwise invest in our international operations in order to reach new customers. Because of our limited experience with international operations as well as developing and managing sales in international markets, our international expansion efforts may be delayed or may not be successful.

In addition, we face and will continue to face risks in doing business internationally that could adversely affect our business, including:

- the potential impact of currency exchange fluctuations;
- the need to comply with local data residency requirements;
- the availability and reliability of local data centers and internet bandwidth providers;
- the difficulty of staffing and managing international operations and the increased operations, travel, shipping and compliance costs associated with having customers in numerous international locations;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the availability and cost of coverage by wireless carriers in international markets;
- higher or more variable costs associated with wireless carriers and other service providers;
- the need to offer customer support in various languages;
- challenges in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including laws regarding privacy and government surveillance;
- export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security and the Treasury Department's Office of Foreign Assets Control;

- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and United Kingdom Bribery Act of 2010;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for our intellectual property in some countries;
- adverse or uncertain tax consequences as a result of international operations;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries; and
- political or social unrest, global pandemics, or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

Also, we expect that due to costs related to our international expansion efforts and the increased cost of doing business internationally, we will incur higher costs to secure sales to international customers than the comparable costs for domestic customers. As a result, our financial results may fluctuate as we expand our operations and customer base worldwide.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition.

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.

Our future success depends in large part on the continued contributions of our senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our products, and our strategic direction. We also depend on the contributions of key technical personnel.

We do not maintain “key person” insurance for any member of our senior management team or any of our other key employees. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business.

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

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees, especially those who work remotely, may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, our business will be adversely affected.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our common stock. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, operating results and financial condition would be adversely affected.

Legal and Regulatory Risks

We are subject to stringent and evolving laws, governmental regulation contractual obligations, policies and other legal obligations, particularly related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration; fines and penalties; disruptions of our business operations; reputation harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences. Compliance with such laws could impair our efforts to maintain and expand our customer base, and thereby decrease our revenues.

In the ordinary course of business, we process confidential, proprietary, and/or sensitive information, including data collected by our sensors, personal information, business data, trade secrets, and intellectual property. Accordingly, our data processing activities are subject to a variety of data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security and restrictions on audio monitoring and the collection, use, storage and disclosure of personal information. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws).

Various U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have adopted and others are considering proposals for comprehensive data privacy and security laws and regulations. that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal information. As applicable, such rights may include the right to access, correct and delete certain personal information, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. These state laws also allow for statutory fines for noncompliance.

For example the California Consumer Privacy Act (“CCPA”), applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, such as those noted below. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Other similar laws are being considered in several other states, as well as at the federal and local levels. These developments further complicate compliance efforts, and increase legal risk and compliance costs for us, and the third parties upon whom we rely.

Outside the United States, an increasing number of laws, regulations, and industry standards govern data privacy and security. For example, the European Union’s General Data Protection Regulation (“EU GDPR”), the United Kingdom’s GDPR (“UK GDPR”), Brazil’s General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or “LGPD”) (Law No. 13,709/2018), and China’s Personal Information Protection Law (“PIPL”) impose strict requirements for processing personal information. For example, under the EU GDPR and UK GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR, 17.5 million pounds sterling under the UK GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal information brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests.

Additionally, we may be required, under various data privacy and security laws and other obligations, to obtain certain consents to process personal information. Our inability or failure to do so could result in adverse consequences.

For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Regulators are increasingly scrutinizing the activities of data suppliers, and laws in the United States (including the CCPA and California's Delete Act) and other jurisdictions are likewise regulating such activity. These laws, which may apply to us and our partners, pose additional, material compliance risks to data suppliers, and suppliers may not be able to provide personal information in compliance with these laws.

For example, some data suppliers are required to register as data brokers under California and Vermont law and file reports with regulators, which exposes them to increased scrutiny. Additionally, California's Delete Act requires a regulatory agency to establish by January 1, 2026 a mechanism to allow California consumers to submit a single, verifiable request to delete all of their personal information held by all registered data brokers and their service providers. Moreover, data suppliers have recently been subject to increased litigation under various claims of violating certain state privacy laws. These laws and related challenges may make it so difficult for us or our suppliers to provide the data that the costs associated with the data materially increase or may materially decrease the availability of data that data suppliers can provide.

In addition, we may face compliance risks and limitations on our ability to use certain data provided by our data suppliers if those suppliers have not complied with applicable privacy laws, provided appropriate notice to data subjects, obtained necessary consents, or established a legal basis for the transfer and processing of the data by us.

Our employees and personnel use generative AI technologies to perform their work, and the disclosure and use of personal information in generative AI technologies is subject to various data privacy and security laws and other obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and consumer lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages. We use AI/ML to assist us in making certain decisions, which is regulated by certain data privacy and security laws. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI/ML, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits.

We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain data privacy and security laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security (and consumers' data privacy and security expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal information on our behalf. In addition, these obligations may require us to change our business model. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations.

If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims and mass arbitration demands); additional reporting requirements and/or oversight; bans

on processing personal information; orders to destroy or not use personal information; and imprisonment of company officials. In particular, plaintiffs have become increasingly more active in bringing data privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations; inability to process personal information or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

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, local and foreign jurisdictions have differing rules and regulations governing sales, use, value added and other taxes, and these rules and regulations are subject to varying interpretations that may change over time, particularly with respect to software-as-a-service products like our solutions. Further, these jurisdictions' rules regarding tax nexus are complex and vary significantly. If one or more jurisdictions were to assert that we have failed to collect taxes for sales of our solutions, we could face the possibility of tax assessments and audits. A successful assertion that we should be collecting additional sales, use, value added or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales or otherwise harm our business and operating results.

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

As of December 31, 2023, we had federal net operating loss carryforwards ("NOLs") of approximately \$57.9 million, of which \$53.1 million will begin to expire in 2029, if not utilized. The remaining net operating losses of \$4.9 million can be carried forward indefinitely under the Tax Cuts and Jobs Act. As of December 31, 2023, we also had state NOLs of approximately \$42.7 million, which begin expiring in 2024. These federal and state NOLs may be available to reduce future income subject to income taxes. In general, under Section 382 of the Internal Revenue Code of 1986, as amended ("the Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Past or future changes in our stock ownership, some of which are outside of our control, may have resulted or could result in an ownership change. State NOLs generated in one state cannot be used to offset income generated in another state. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, such as the 2020 temporary suspension of the ability to use California NOLs and limitation on the use of certain tax credits to offset California income and tax liabilities, which could accelerate or permanently increase state taxes owed.

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 litigation for a variety of claims arising from our normal business activities. These may include claims, suits, and proceedings involving labor and employment, wage and hour, commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future operating results, our cash flows or both.

An unfavorable outcome on any litigation matters could require us to pay substantial damages, or, in connection with any intellectual property infringement claims, could require us to pay ongoing royalty payments or could prevent us from selling certain of our products. As a result, a settlement of, or an unfavorable outcome on, any of the matters referenced above or other litigation matters could have a material adverse effect on our business, operating results, financial condition and cash flows.

We, or our customers, may be subject to requests for our data or information concerning our techniques and processes, pursuant to state or federal law (for example, public-records requests or subpoenas to provide information

or to testify in court). This data and information, some of which we may deem to be confidential or trade secrets, could therefore become a matter of public record and also become accessible by competitors, which could negatively impact our business.

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

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board, the Securities and Exchange Commission and various bodies formed to promulgate and interpret appropriate accounting principles. In addition, many companies' accounting disclosures are being subjected to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could impact our financial statements.

Changes to accounting principles or our accounting policies on our financial statements going forward are difficult to predict, could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of the change. In addition, were we to change our critical accounting estimates, including the timing of recognition of subscription and professional services revenues and other revenues sources, our results of operations could be significantly impacted.

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

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under patent and other intellectual property laws of the United States, as well as our brands, so that we can prevent others profiting from them. We rely on a combination of contractual and intellectual property rights, including non-disclosure agreements, patents, trade secrets, copyrights and trademarks, to establish and protect our intellectual property rights in our names, services, innovations, methodologies and related technologies. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business might be adversely affected.

As of December 31, 2023, we had 34 issued patents directed to our technologies, 27 in the United States, two in Brazil, one each in Israel, Mexico, the United Kingdom, France and Germany. The issued patents expire on various dates from 2023 to 2034. We have patent applications pending for examination in the United States, Europe, Mexico and Brazil, but we cannot guarantee that these patent applications will be granted. We also license one other U.S. patent from one third party. The patents that we own or those that we license from others (including those that may be issued in the future) may not provide us with any competitive advantages or may be challenged by third parties.

The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.

Any patents that are issued may subsequently be invalidated or otherwise limited, allowing other companies to develop offerings that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, issuance of a patent does not guarantee that we have a right to practice the patented invention. Patent applications in the United States are typically not published until 18 months after their earliest priority date or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that third parties do not have blocking patents that could be used to prevent us from marketing or practicing our software or technology.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our software is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States (in particular, some foreign jurisdictions do not permit patent protection for software), and mechanisms for enforcement of intellectual property rights may be inadequate. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the recent America Invents Act, or to the laws of other countries and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we endeavor to enter into non-disclosure agreements with our employees, licensees and others who may have access to this information, we cannot assure you that these agreements or other steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition. Third parties also may seek access to our trade secrets, proprietary know-how and other confidential information through legal measures (for example, public-records requests or subpoenas to provide information or to testify in court) and it could be expensive to defend against those requests. Disclosure of our trade secrets, proprietary know-how and other confidential information could negatively impact our business.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. We may also engage in litigation in response to public-records requests or subpoenas that seek our intellectual property. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert counterclaims against us. We may not prevail in any lawsuits that we initiate or other legal proceedings in which we participate, and the damages or other remedies awarded, if any, may not be commercially viable. Any litigation, whether or not resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, operating results, financial condition and cash flows.

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.

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. We may have previously received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims.

There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on a timely basis, on reasonable terms or at all. We also may be required to modify our products, services, internal systems or technologies. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software and may be unable to compete effectively. Any of these results would adversely affect our business, operating results, financial condition and cash flows.

Our use of generative artificial intelligence tools may pose particular risks to our proprietary software and systems and subject us to legal liability.

We use generative AI tools in our business, including to generate code and other materials incorporated with our proprietary software and systems, and expect to use generative AI tools in the future. Generative AI tools producing content which can be indistinguishable from that generated by humans is a relatively novel development, with benefits, risks, and liabilities still unknown. Recent decisions of the U.S. Copyright Office suggest that we would not be able to claim copyright ownership in any source code, text, images, or other materials, which we develop through use of generative AI tools, and the availability of such protections in other countries is unclear. As a result, we could have no remedy if third parties reused those same materials, or similar materials also generated by AI tools.

We also face risks to any confidential or proprietary information of the Company which we may include in any prompts or inputs into any generative AI tools, as the providers of the generative AI tools may use these inputs or prompts to further train the tools. Not all providers offer an option to opt-out of such usage, and, even where we do opt-out, we cannot guarantee that the opt-out will be fully effective. In addition, we have little or no insight into the third-party content and materials used to train these generative AI tools, or the extent of the original works which remain in the outputs. As a result, we may face claims from third parties claiming infringement of their intellectual property rights, or mandatory compliance with open source software or other license terms, with respect to software, or other materials or content we believed to be available for use, and not subject to license terms or other third-party proprietary rights. We could also be subject to claims from the providers of the generative AI tools, if we use any of the generated materials in a manner inconsistent with their terms of use. Any of these claims could result in legal proceedings and could require us to purchase a costly license, comply with the requirement of open source software license terms, or limit or cease using the implicated software, or other materials or content unless and until we can re-engineer such software, materials, or content to avoid infringement or change the use of, or remove, the implicated third-party materials, which could reduce or eliminate the value of our technologies and services. Our use of generative AI tools may also present additional security risks because the generated source code may have been modelled from publicly available code, or otherwise not subject to all of our standard internal controls, which may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on the code. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

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

A portion of our technologies incorporates open source software, and we expect to continue to incorporate open source software into our platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and their application to the open source software integrated into our proprietary technology platform may be uncertain. If we fail to comply with these licenses, then pursuant to the terms of these licenses, we may be subject to certain requirements, including requirements that we make available the source code for our software that incorporates the open source software. We cannot assure you that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable licenses or our current policies and procedures. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our technology platform.

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 market price of our common stock has fluctuated and may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this “Risk Factors” section:

- actual or anticipated fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- changes in the availability of federal funding to support local law enforcement efforts, or local budgets;
- announcements by us of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;

- changes in operating performance and stock market valuations of other software companies generally;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- novel and unforeseen market forces and trading strategies, as well as short sales, hedging and other derivative transactions involving our capital stock;
- the impact of past and potential future disruptions in access to bank deposits and lending commitments due to bank failures, and other macroeconomic pressures;
- general economic conditions in the United States and abroad;
- other events or factors, including those resulting from pandemics, protests against racial inequality, protests against police brutality and movements such as “Defund the Police,” war, incidents of terrorism or responses to these events; and
- negative publicity, including false information, regarding our solutions.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many software companies. Stock prices of many software companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our common stock. In the past, stockholders have instituted securities action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, operating results, financial condition and cash flows.

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

Non-affiliates have the ability to sell shares of our common stock in the open market or through block trades without being subject to volume restrictions under Rule 144 of the Securities Act. In addition, in the future we may issue common stock or other securities if we need to raise additional capital. The number of new shares of our common stock issued in connection with raising additional capital could constitute a material portion of the then outstanding shares of our common stock. In the event a large number of shares of common stock are sold in the public market, such share sales could reduce the trading price of our 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 November 2022, our board of directors approved a new stock repurchase program for up to \$25.0 million of our common stock, of which \$5.6 million was utilized as of December 31, 2023. Although our board of directors has authorized the stock repurchase program, it does not obligate us to repurchase any specific dollar amount or number of shares, there is no expiration date for the stock repurchase program, and the stock repurchase program may be modified, suspended or terminated at any time and for any reason. The timing and actual number of shares repurchased under the stock repurchase program will depend on a variety of factors, including the acquisition price of the shares, our liquidity position, general market and economic conditions, legal and regulatory requirements and other considerations. Our ability to repurchase shares may also be limited by restrictive covenants in our existing credit agreement or in future borrowing arrangements we may enter into from time to time.

Repurchases of our shares could increase the volatility of the trading price of our stock, which could have a negative impact on the trading price of our stock. Similarly, the future announcement of the termination or suspension

of the stock repurchase program, or our decision not to utilize the full authorized repurchase amount under the stock repurchase program, could result in a decrease in the trading price of our stock. In addition, the stock repurchase program could have the impact of diminishing our cash reserves, which may impact our ability to finance our growth, complete acquisitions and execute our strategic plan. There can be no assurance that any share repurchases we do elect to make will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased our shares. Although our stock repurchase program is intended to enhance long-term stockholder value, we cannot guarantee that it will do so and short-term stock price fluctuations could reduce the effectiveness of the stock repurchase program.

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 trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares of common stock or change their opinion of our shares of common stock, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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

As a public company, we are incurring significant levels of legal, accounting, insurance and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the Nasdaq Capital Market, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources as compared to when we operated as a private company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional corporate employees to comply with these requirements, we may need to hire more corporate employees in the future or engage outside consultants, which would increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

As a result of disclosure of information in this report and in the filings that we are required to make as a public company, our business, operating results and financial condition have become more visible, which has resulted in, and may in the future result in threatened or actual litigation, including by competitors and other third parties. If any such claims are successful, our business, operating results and financial condition could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business, operating results and financial condition.

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

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits stockholders owning 15% or more of our outstanding voting stock from merging or otherwise combining with us for a period of three years following the date on which the stockholder became a 15% stockholder without the consent of our board of directors. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management, and otherwise discourage management takeover attempts.

Our certificate of incorporation contains exclusive forum provisions that could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws or (4) any action asserting a claim governed by the internal affairs doctrine. Our certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provision.

Our certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These forum selection clauses in our certificate of incorporation may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. While the Delaware courts have determined that such choice of forum

provisions are facially valid and several state trial courts have enforced such provisions and required that suits asserting Securities Act claims be filed in federal court, there is no guarantee that courts of appeal will affirm the enforceability of such provisions and a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive forum provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with litigating Securities Act claims in state court, or both state and federal court, which could seriously harm our business, financial condition, results of operations, and prospects.

Item 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

Item 1C. CYBERSECURITY

Risk management and strategy

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and data related to our SafetySmart platform (“Information Systems and Data”).

Our information security and engineering functions, led by our Vice President of Operational Engineering, help identify, assess and manage the Company’s cybersecurity threats and risks. These teams identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment and our industry’s risk profile using various methods including, for example manual and automated tools (including firewalls and endpoint protection); subscribing to and analyzing reports and services that identify cybersecurity threats; conducting scans of our environment; evaluating threats reported to us and coordinating with law enforcement concerning certain threats; conducting threat assessments of both internal and external threats; conducting vulnerability assessments to identify vulnerabilities; working with third-parties to conduct testing and tabletop exercises; and using external threat intelligence feeds.

Depending on the environment and data, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example: incident response and detection policy and processes; vulnerability management processes; a secure software development lifecycle policy and change management procedures; business continuity plans; penetration tests; encrypting certain data; using network security controls; segregating and maintaining access controls over certain data; asset management and tracking; training our employees; and maintaining cybersecurity insurance.

Our assessment and management of material risks from cybersecurity threats are integrated into the Company’s overall risk management processes. For example, (1) cybersecurity risk is addressed as a component of the Company’s enterprise risk management program and identified in the Company’s risk register; (2) the information security function works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business; (3) our senior management evaluates material risks from cybersecurity threats against our overall business objectives and reports to the audit committee of the board of directors, which evaluates our overall enterprise risk.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including for example: professional service firms; threat intelligence service providers; cybersecurity consultants; penetration testing firms; darkweb monitoring services; and managed detection and response providers.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers, hosting companies, and network and cellular communications providers. We have a vendor management program to manage cybersecurity risks associated with our use of these providers. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider, including for example, conducting risk assessment of certain vendors, providing our vendors with a security questionnaire or reviewing their SOC report, reviewing the vendor’s written information security program in certain circumstances, conducting audits of our vendors as may be needed, and requiring certain technical controls of our vendors through contractual obligations.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, including the

risks titled “If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, our solutions may be perceived as not being secure, our customers may be harmed and we could experience adverse consequences, including but not limited to regulatory investigations or actions; litigation or mass arbitration demands; fines and penalties; disruptions of our business operations; reputation harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.”

Governance

Our board of directors addresses the Company’s cybersecurity risk management as part of its general oversight function. The board of directors’ audit committee is responsible for overseeing Company’s cybersecurity risk management processes, including oversight of mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including our Vice President of Operational Engineering, Dave Halliday. Mr. Halliday has over thirty years of experience in information technology and information security management and oversees our operational engineering component, which includes our information security function, IT, networking, cloud operations, and development operations teams.

Mr. Halliday is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company’s overall risk management strategy, and communicating key priorities to relevant personnel. Our Chief Financial Officer is responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response and vulnerability management processes are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the Chief Executive Officer, Chief Financial Officer, and the Vice President of Operational Engineering. Those members of management work with the Company’s incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company’s incident response and vulnerability management processes includes reporting to the audit committee of the board of directors for certain cybersecurity incidents.

The audit committee receives periodic reports from the Chief Financial Officer concerning the Company’s significant cybersecurity threats and risk and the processes the Company has implemented to address them. The audit committee also has access to various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

Item 2. PROPERTIES

Our principal facilities consist of office space for our corporate headquarters in Fremont, California. We also have offices in Washington D.C., Newark, New Jersey, Walnut Creek, California, Eustis, Florida and Tucson, Arizona.

We lease our facilities and do not own any real property. We may procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that should it be needed, suitable additional space will be available to accommodate expansion of our operations.

Item 3. LEGAL PROCEEDINGS

On August 28, 2018, Silvon S. Simmons (the “Plaintiff”) amended a complaint against the City of Rochester, New York and various city employees, filed in the United States District Court, Western District of New York, to add us and employees as defendants. The amended complaint alleges conspiracy to violate the Plaintiff’s civil rights, denial of the right to a fair trial, and malicious prosecution. The Plaintiff claims that we colluded with the City of Rochester to fabricate and create gunshot alert evidence to secure Plaintiff’s conviction. On the basis of the allegations, the

Plaintiff has petitioned for compensatory and punitive damages and other costs and expenses, including attorney's fees. We believe that the Plaintiff's claims are without merit and are disputing them vigorously.

We may become subject to legal proceedings, as well as demands and claims that arise in the normal course of our business, including claims of alleged infringement of third-party patents and other intellectual property rights, breach of contract, employment law violations, and other matters and matters involving requests for information from us or our customers under federal or state law. Such claims, even if not meritorious, could result in the expenditure of significant financial and management resources. We make a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed and adjusted to include the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel, and other information and events pertaining to a particular matter.

An unfavorable outcome on any litigation matters could require payment of substantial damages, or, in connection with any intellectual property infringement claims, could require us to pay ongoing royalty payments or could prevent us from selling certain of our products. As a result, a settlement of, or an unfavorable outcome on, any of the matters referenced above or other litigation matters or legal proceedings could have a material adverse effect on our business, operating results, financial condition and cash flows.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II.

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

Market Information of Common Stock

Our common stock has been listed on the Nasdaq Capital Market under the symbol "SSTT" since June 7, 2017. Prior to that date, there was no public trading market for our common stock.

On March 26, 2024, the last reported sale price of our common stock as reported on the Nasdaq Capital Market was \$15.05 per share. As of March 26, 2024, we had approximately 66 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid any dividends on our capital stock. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business and, therefore, we do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in our future debt agreements, and other factors that our board of directors may deem relevant.

Sale of Unregistered Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

Not applicable.

(b) Issuer Purchases of Equity Securities

In November 2022, our board of directors approved a new stock repurchase program for up to \$25.0 million of our common stock. The shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or by other methods in accordance with federal securities laws. The actual timing, number and value of shares repurchased under the program will be determined by management in its discretion and will depend on a number of factors, including the market price of our common stock, general market and economic conditions and applicable legal requirements. The stock repurchase program does not obligate us to purchase any particular amount of common stock and may be suspended or discontinued at any time.

We did not repurchase any common stock during the quarter ended December 31, 2023.

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

Our initial public offering of common stock (the "IPO") was effected through a Registration Statement on Form S-1 (File No. 333-217603), which was declared effective on June 6, 2017. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) and other periodic reports previously filed with the SEC.

We used \$13.7 million of the net proceeds from our IPO to repay outstanding indebtedness of \$13.5 million, including early termination fees of \$0.2 million, during the quarter ending September 30, 2017. On October 3, 2018,

we used \$1.7 million of our IPO proceeds to fund the acquisition of HunchLab. On November 24, 2020, we used \$14.6 million of our IPO proceeds to fund the acquisition of LEEDS.

Securities Authorized for Issuance under Equity Compensation Plans

Information about securities authorized for issuance under our equity compensation plan is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

Item 6. [Reserved]

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 of 1933, as amended (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, 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 are a leading public safety technology company that combines data-driven solutions and strategic advisory services for law enforcement and civic leadership. In April 2023, we changed the company name, ShotSpotter, Inc., to SoundThinking, Inc., reflecting our broader impact on public safety through a growing set of industry-leading law enforcement tools and community-focused solutions. As part of the rebranding, we introduced our SafetySmart™ platform that includes five data-driven tools consisting of: (i) our flagship product, ShotSpotter® (formerly ShotSpotter Respond), our leading outdoor gunshot detection, location and alerting system trusted by 170 cities and 19 universities and corporations as of December 31, 2023, (ii) CrimeTracer™ (formerly COPLINK X) a leading law enforcement search engine that enables investigators to search through more than one billion criminal justice records from across jurisdictions to generate tactical leads and quickly make intelligent connections to solve cases, (iii) CaseBuilder™ (formerly ShotSpotter Investigate) a one-stop investigative management system for tracking, reporting, and collaborating on cases, (iv) ResourceRouter™ (formerly ShotSpotter Connect), which directs the deployment of patrol and community anti-violence resources in an objective way to help maximize the impact of limited resources and improve community safety, and (v) SafePointe™, an AI-based weapons detection system, that we added when we acquired SafePointe in August 2023. We also offer other security solutions within our flagship product offering ShotSpotter, including ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate that are typically smaller-scale deployments of ShotSpotter vertically marketed to universities, corporate campuses, highways, and key infrastructure centers to mitigate risk and enhance security by notifying authorities of outdoor gunfire incidents, saving critical minutes for first responders to arrive. SoundThinking Labs supports innovative uses of the Company's technology to help protect wildlife and the environment.

Our gunshot detection solutions consist of highly-specialized, cloud-based software integrated with proprietary, internet-enabled sensors designed to detect outdoor gunfire. The speed and accuracy of our gunfire alerts enable law enforcement and security personnel to consistently and quickly respond to shooting events including those unreported through 911, which can increase the chances of apprehending the shooter, providing timely aid to victims, and identifying witnesses before they scatter, as well as aid in evidence collection and serve as an overall deterrent. When a potential gunfire incident is detected by our sensors, our system precisely locates where the incident occurred and applies machine classification combined with human review to analyze and validate the incident. An alert containing a location on a map and critical information about the incident is sent directly to subscribing law enforcement or security personnel through any internet-connected computer and to iPhone or Android mobile devices.

Our software sends gunfire data along with the audio of the triggering sound to our Incident Review Center ("IRC"), where our trained incident review specialists are on duty 24 hours a day, seven days a week, 365 days a year to screen and confirm actual gunfire incidents. Our trained incident review specialists can supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons.

Gunshot incidents reviewed by our IRC result in alerts typically sent within approximately 45 seconds of the receipt of the gunfire incident.

We offer our solutions on a software-as-a-service subscription model to our customers. We generate annual subscription revenues from the deployment of ShotSpotter on a per-square-mile basis. Our security solutions, ShotSpotter for Highways, ShotSpotter for Campus, and ShotSpotter for Corporate are typically sold on a subscription basis, each with a customized deployment plan. Our ResourceRouter solution, CaseBuilder Crime Gun (formerly ShotSpotter GCM™) an offering of CaseBuilder focused on gun violence, and CrimeTracer are also sold on a subscription basis generally customized based on the number of sworn officers in a particular city. We generate annual subscription revenues from the deployment of SafePointe on a per-lane basis, a lane being the detection area between two lanes. As of December 31, 2023, we had ShotSpotter, ShotSpotter for Campus, and ShotSpotter for Corporate coverage areas under contract for over 1,160 square miles, of which over 1,120 square miles had gone live. Coverage areas under contract for ShotSpotter included 170 cities and coverage areas under contract for ShotSpotter for Campus and ShotSpotter for Corporate included 19 campuses/sites across the United States, South Africa and the Bahamas, including some of the largest cities in the United States. As of December 31, 2023, we had 158 SafePointe lanes under contract. Most of our revenues are attributable to customers based in the United States.

While we intend to continue to devote resources to increase sales of our solutions, we expect that revenues from ShotSpotter will continue to comprise a majority of our revenues for the foreseeable future. SoundThinking Labs projects are generally conducted in coordination with a sponsoring charitable organization and may or may not be revenue-producing. When they are revenue-producing, they will generally be sold on a cost-plus basis. As such, SoundThinking Labs projects will normally produce gross margins significantly lower than most of our other solutions. Additionally, in early 2021, we added new pricing programs for Tier 4 and 5 law enforcement agencies (those with fewer than 100 sworn officers) that allow them to contract for our gunshot detection solutions to cover a footprint of less than three square miles, using standardized coverage parameters, at a discounted annual subscription rate.

We acquired LEEDS, LLC (“LEEDS”) in November 2020 to expand our suite of solutions and introduce CaseBuilder. CaseBuilder is our case management solution that helps automate investigative work and improve case clearance rates – addressing an inefficiency problem for many agencies that have had to rely on multiple disparate systems to work cases. Using the software, investigators benefit from a single digital case folder that includes all elements related to a case. Analytical and collaboration tools help investigators connect the dots and share information faster while reporting helps package cases for command staff and prosecutors. In May 2023, we renamed LEEDS to Technologic Solutions, LLC (“Technologic”).

In January 2022, we acquired Forensic Logic, a leading provider of cloud-based data services to U.S. law enforcement and public safety to enable powering the industry's most advanced search and analysis technology. We believe combining lead generation from Forensic Logic with our CaseBuilder case management solution, and utilizing CrimeTracer, can accelerate crime solving solutions and improve clearance rates.

In August 2023, we acquired SafePointe, a provider of an AI-driven next-generation concealed weapons detection solution and added this technology to our SafetySmart platform.

Since our founding over 27 years ago, SoundThinking has been and continues to be a purpose-led company. We are a mission-driven organization that focuses on improving public safety outcomes. We accomplish this by earning the trust of law enforcement and providing solutions to help them better engage and strengthen the police-community relationships in fulfilling their sworn obligation to serve and protect all. Our inspiration comes from our principal founder, Dr. Bob Showen, who believes that the highest and best use of technology is to promote social good. We are committed to developing comprehensive, respectful, and engaged partnerships with law enforcement agencies, elected officials and communities focused on making a positive difference in the world.

We enter into subscription agreements that typically range from one to three years in duration. Substantially all of our sales are to governmental agencies and universities, which often undertake a prolonged contract evaluation process that affects the size or the timing of our sales contracts and may likewise increase our customer acquisition costs.

We rely on a limited number of suppliers and contract manufacturers to produce components of our solutions. We have no long-term contracts with these manufacturers and purchases from them are generally on a purchase order basis. Although we use a limited number of suppliers and contract manufacturers, we believe that we could find alternate suppliers or manufacturers if circumstances required us to do so, in part because a portion of the components required by our solutions are available off the shelf.

We generated revenues of \$92.7 million, \$81.0 million, and \$58.2 million for the years ended December 31, 2023, 2022, and 2021, respectively, representing year-over-year increases of 14% and 39%. For the years ended December 31, 2023, 2022, and 2021, revenues from ShotSpotter represented approximately 70%, 69% and 82% of total revenues, respectively. Our two current largest customers, the City of New York, and the City of Chicago each accounted for 25% and 9%, respectively, of our total revenues for the year ended December 31, 2023. The City of New York and the City of Chicago each accounted for 30% and 10%, respectively, of our total revenues for the year ended December 31, 2022. The City of New York and the City of Chicago each accounted for 28% and 14%, respectively, of our total revenues for the year ended December 31, 2021. Substantially all of our revenues for the years ended December 31, 2023, 2022, and 2021 were derived from customers within the United States (including Puerto Rico and the U.S. Virgin Islands).

We had net loss of \$2.7 million for the year ended December 31, 2023, net income of \$6.4 million for the year ended December 31, 2022, and net loss of \$4.4 million for the year ended December 31, 2021. Our accumulated deficit was \$95.1 million and \$92.4 million as of December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023, the fair value of the contingent consideration that we recorded in connection with our acquisition of Forensic Logic, decreased by \$3.2 million, based upon adjustments to recorded liabilities as a result of actual revenues.

During the year ended December 31, 2023, the fair value of the contingent consideration that we recorded in connection with our acquisition of SafePoint decreased by \$2.4 million. This adjustment was prompted by revised revenue estimates for 2024 and 2025, which were incorporated into our fair value methodology.

The balance sheet within the consolidated financial statements as of and for the year ended December 31, 2023 within this Annual Report Form 10-K have been revised since our financial results for the year were reported in our earnings press release (the "Earnings Press Release") and included in our Current Report on Form 8-K dated February 27, 2024. The changes were the result of changes to our purchase price accounting for our acquisition of SafePoint, which we acquired in the third quarter of 2023.

These changes impacted goodwill, accounts receivable and contract assets, and deferred revenue reflected on our balance sheet as of December 31, 2023, which were \$34.2 million, \$30.7 million and \$42.1 million, respectively, as compared to the \$33.7 million, \$31.6 million and \$41.9 million, respectively, initially reported in the Earnings Press Release in our Current Report on Form 8-K dated February 27, 2024. Additionally, we recorded an escrow claim receivable of \$0.6 million. The information in this Annual Report on Form 10-K amends and supersedes the disclosures in the Earnings Press Release.

We have focused on rapidly growing our business and believe that our future growth is dependent on many factors, including our ability to increase our customer base, expand the coverage of our solutions among our existing customers, expand our international presence, increase sales of our security solutions and retain our customers. Our future growth will primarily depend on the market acceptance for outdoor gunshot detection solutions. Challenges we face in this regard include our target customers not having access to adequate funding sources, the fact that contracting with government entities can be complex, expensive and time-consuming, the fact that our typical sales cycle is often very long and difficult to estimate accurately and the fact that negative publicity about our company can and has caused current and potential future customers to evaluate the sales of our solutions more than in the past. We expect international sales cycles to be even longer than our domestic sales cycles. To combat these challenges, we invest in research and development, increase awareness of our solutions, invest in new sales and marketing campaigns, often in different languages for international sales, and hire additional sales representatives to drive sales to continue to maintain our position as a market leader. In addition, we believe that entering into strategic partnerships with other service providers to cities and municipalities offers another potential avenue for expansion.

We will also focus on expanding our business by introducing new products and services to existing customers, such as ResourceRouter, CrimeTracer and as a result of our acquisition of SafePointe, an AI-driven weapon detection system and acquiring intellectual property assets. We believe that developing and acquiring products for law enforcement in adjacent categories is a path for additional growth. We believe our large and growing installed base of police departments who trust SoundThinking's products, support, and way of doing business provide revenue growth opportunities. The ability to cross-sell new products provides an opportunity to grow revenues per customer and lifetime value. Challenges we face in this area include ensuring our new products are reliable, integrated well with other SoundThinking solutions, and priced and serviced appropriately. In some cases, we will need to bring in new skill sets to properly develop, market, sell or service these new products depending on the categories they represent. Consistent with this strategy, we expanded our suite of solutions with the acquisitions of Technologic, Forensic Logic and SafePointe.

With respect to international sales, we believe that we have the potential to expand our coverage within existing areas, and to pursue opportunities in Latin America and other regions of the world. By adding additional sales resources in strategic locations, we believe we will be better positioned to reach these markets. However, we recognize that we have limited international operational experience and currently operate in a limited number of regions outside of the United States. Operating successfully in international markets will require significant resources and management attention and will subject us to additional regulatory, economic, and political risks. We may face additional challenges that may delay contract execution related to negotiating with governments in transition, the use of third-party integrations and consultants. Moreover, we anticipate that different political and regulatory considerations that vary across different jurisdictions could extend or make more difficult to predict the length of what is already a lengthy sales cycle.

Key Business Metrics

		December 31,		
	2023		2022	
Revenue retention rate		107 %		124 %
Sales and marketing spend per \$1.00 of new annualized contract value	\$	0.52	\$	0.40
Net new "go-live" square miles		155		102
Net new "go-live" cities		25		16
Annual recurring revenue (in millions)	\$	95.4	\$	79.7

Revenue Retention Rate

We calculate our revenue retention rate annually by dividing the (a) total revenues for such year from those customers who were customers during the corresponding prior year by (b) the total revenues from all customers in the corresponding prior year. For the purposes of calculating our revenue retention rate, we count as customers all entities with which we had contracts in the applicable year. Revenue retention rate for any given period does not include revenues attributable to customers first acquired during such period. We focus on our revenue retention rate because we believe that this metric provides insight into revenues related to and retention of existing customers. If our revenue retention rate for a year exceeds 100%, as it did in the years presented above, this indicates a low churn and means that the revenues retained during the year, including from customer expansions, more than offset the revenues that we lost from customers that did not renew their contracts during the year. As further evidence of our low churn, since our initial public offering in June 2017, we have added over 650 miles of ShotSpotter coverage while losing approximately 15 miles of coverage.

Sales and Marketing Spend per \$1.00 of New Annualized Contract Value

We calculate sales and marketing spend annually as the total sales and marketing expense during a year divided by the first 12 months of contract value for contracts entered into during the same year. We use this metric to measure the efficiency of our sales and marketing efforts in acquiring customers, renewing customer contracts, and expanding their coverage areas.

Net New "Go-Live" Square Miles

Net new “go-live” square miles represent the square miles covered by deployments of our gunshot detection solutions that were formally approved by customers during the year, both from initial and expanded customer deployments, net of square miles that ceased to be “live” during the year due to customer cancellations. New square miles include deployed square miles that may have been sold, or booked, in prior years. We focus on net new “go-live” square miles as a key business metric to measure our operational performance and inform strategic decisions.

Net New “Go-Live” Cities

Net new “go-live” cities represent the number of cities covered by deployments of our gunshot detection solutions that were formally approved by customers during the year, both from initial and expanded customer deployments, net of cities that ceased to be “live” during the year due to customer cancellations. New cities include deployed coverage areas that may have been sold, or booked, in a prior period. We focus on net new “go-live” cities as a key business metric to measure our operational performance and market penetration.

Annual Recurring Revenue

We calculate our annual recurring revenue for a year based on the expected GAAP revenue for the year from contracts that are in effect on January 1st of such year, assuming all such contracts that are due for renewal during the year renew as expected on or near their renewal date, and including contracts executed during the year after January 1st, but for which GAAP revenue recognition starts January 1st of the year.

Components of Results of Operations

Revenues

We generate annual subscription revenues from the deployment of ShotSpotter on a per-square-mile basis and generate annual subscription revenues from the deployment of SafePointe on a per-lane basis, a lane being the detection area between two sensors. Our security solutions, ShotSpotter for Highways, ShotSpotter for Campus, ShotSpotter for Corporate as well as CaseBuilder are typically sold on a subscription basis, each with a customized deployment plan. Our ResourceRouter solution, CaseBuilder Crime Gun (formerly ShotSpotter GCM™) and CrimeTracer are also sold on a subscription basis generally customized based on the number of sworn officers in a particular city.

We derive the majority of our revenues from subscription services. We recognize subscription fees ratably, on a straight-line basis, over the term of the subscription, which for new customers is typically initially one to three years in length. Customer contracts include one-time set-up fees for the set-up of our sensors in the customer’s coverage areas, training, and third-party integration licenses. If the set-up fees are deemed to be a material right, they are recognized ratably over three to five years depending on the contract term. Training and third-party integration license fees are recognized upon delivery.

We also generate revenues through sales to two customers through sales channel intermediaries that include enhanced services. One sales channel intermediary contract through Technologic includes (i) a single on-premise software license for our proprietary software technology and related maintenance and support services and (ii) professional software development services, such as for software development and testing for product feature enhancements, by executing supplementary work orders. The second sales channel intermediary contract includes an enterprise CaseBuilder solution with supplemental professional services to integrate CaseBuilder with the customer's existing systems that will remain in place.

For ShotSpotter sales to cities, we generally invoice customers for 50% of the total contract value when the contract is fully executed and for the remaining 50% when the subscription service is operational and ready to go live – that is, when the customer has acknowledged the completion of all the deliverables in the signed customer acceptance form. For SafePointe, we generally invoice the first year's subscription price when the contract is fully executed. For ShotSpotter for Highways, ShotSpotter for Campus, ShotSpotter for Corporate and CrimeTracer, we generally invoice customers 100% of the total contract value when the subscription service is operational, which is often soon after contract execution. All fees billed in advance of services being delivered are recorded as deferred revenue. The timing of when new miles go live can be uncertain and, as a result, can have a significant impact on the levels of revenues and deferred revenue from quarter to quarter.

For ShotSpotter, our pricing model is based on a per-square-mile basis. For SafePointe, our pricing model is based on a per-lane basis. For ShotSpotter for Highways, ShotSpotter for Campus, ShotSpotter for Corporate and CaseBuilder, our pricing model is on a customized-site basis. For ResourceRouter, CaseBuilder Crime Gun (formerly ShotSpotter GCM™) and CrimeTracer, pricing is currently customized, generally tied to the number of sworn police officers in a particular agency. We may also offer discounts or other incentives in conjunction with all ShotSpotter sales in an effort to introduce the product, accelerate sales or extend renewals for a longer contract term. As a result of our process for invoicing contracts and renewals upon execution, our cash flow from operations and accounts receivable can fluctuate due to timing of contract execution and timing of deployment.

We generally invoice subscription service renewals for 100% of the total contract value when the renewal contract is executed. Renewal fees are recognized ratably over the term of the renewal, which is typically one year. While most of our customers elect to renew their agreements, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to expiration. For these customers, we stop recognizing subscription revenues at the end of the current contract term, even though we may continue to provide services for a period of time until the renewal process is completed. Once the renewal is complete, we then recognize subscription revenues for the period between the expiration of the original term of the agreement and the completion of the renewal process in the month in which the renewal is executed. If a customer declines to renew its subscription prior to the end of the contract term, remaining setup fees, if any, are immediately recognized.

Through Forensic Logic, we generate revenues from subscriptions of CrimeTracer, cloud-based data services for advanced search and analysis tools. We also provide access to this technology platform to an intermediary to either be resold or combined with their own materials, software and/or services, to create an integrated solution that is provided to their end-user customers. We recognize this revenue net of margins paid to the intermediary.

We also generate revenues from CaseBuilder Crime Gun, a first-of-its-kind digital case management solution that automates the process by which key information is input, captured and used to identify associated gun crime cases leading to the identification of persons of interest. Subscriptions for CaseBuilder Crime Gun recognize revenue similar to our ShotSpotter and CrimeTracer products.

With the acquisition of SafePointe, we generate revenues from subscriptions of our AI-based weapons detection system based on the number of entryways, or lanes, being covered.

It is likely that international deployments may have different payment and billing terms due to their local laws, restrictions or other customary terms and conditions.

SoundThinking Labs projects may or may not be revenue-producing. When they are revenue-producing, they are generally sold on a cost-plus basis.

We anticipate that, due to rising costs of inflation, our customers may experience increased expenditures resulting in budget shortfalls and changes in their business cycle, which may cause delays in their ability to approve proposals for contracts.

Costs

Costs include the cost of revenues and impairment of property and equipment. Cost of revenues primarily includes depreciation expense associated with capitalized customer acoustic sensor networks, communication expenses, costs related to hosting our service applications, costs related to operating our IRC, providing remote and on-site customer support and maintenance and forensic services, providing customer training and onboarding services, certain personnel and related costs of operations, stock-based compensation and allocated overheads that include information technology, facility and equipment depreciation costs. Cost of revenues for our SafePointe solution are similar except that depreciation of the capitalized customer equipment is smaller due to the lower costs of SafePointe customer equipment.

Impairment of property and equipment is primarily attributable to our write-off of the remaining book value of sensor networks related to customers lost.

In the near term, we expect our cost of revenues to increase in absolute dollars as our installed base increases, although certain of our costs of revenues are fixed and do not need to increase commensurate with increases in revenues. In addition, depreciation expense associated with deployed equipment is recognized over the first five years from the go live date. We also expect cost of revenues to increase in absolute dollars as we continue to invest in our customer success capabilities to drive growth and value for our customers.

For revenues generated through the sale of a proprietary software license and related maintenance and support services and professional software development services, cost of revenues generally includes employee compensation costs that are relatively fixed, third-party contractor costs, allocated facility costs and overhead, and the costs of billable expenses such as travel and lodging. The unpredictability of the timing of entering into significant professional services agreements may cause significant fluctuations in our costs which, in turn, may impact our quarterly financial results.

The cost of revenues for CrimeTracer, ResourceRouter and CaseBuilder is generally related to employee compensation costs and data center hosting services, both of which are relatively fixed.

Operating Expenses

Operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Consultants, salaries, bonuses, stock-based compensation expense and other personnel costs are the most significant components of each of these expense categories. We include stock-based compensation expense incurred in connection with the grant of stock options and restricted stock units to the applicable operating expense category based on the equity award recipient's functional area.

We are focused on executing on our growth strategy. As a result, in the near term we expect our total operating expenses to increase in absolute dollars as we incur additional expenses due to growth. Although our operating expenses will fluctuate, we expect that over time, they will generally decrease as a percentage of revenues.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related costs attributable to our sales and marketing personnel, commissions earned by our sales personnel, marketing expenses for trade shows and lead generation programs, consulting fees and travel and facility-related costs.

We expect sales and marketing expense will increase in the near-term in absolute dollars as we continue to grow our organization and may fluctuate from quarter to quarter based on the timing of commission expense, marketing campaigns and tradeshow.

Research and Development

Research and development expenses primarily consist of personnel-related costs attributable to our research and development personnel, consulting fees and allocated facilities and general operational overhead. We have devoted our product development efforts primarily to develop new lower-cost sensor hardware, develop new features, improve functionality of our solutions, and adapt to new technologies or changes to existing technologies.

We are investing in engineering resources to support further development of ResourceRouter, CrimeTracer, CaseBuilder and SafePoint. The focus of this effort will be in the areas of data science modeling, user experience, core application functionality and backend infrastructure improvements, including integration of ShotSpotter gunshot data to enhance forecasting of gun violence.

We are also investing in research and development resources in conjunction with our SoundThinking Labs projects and initiatives. The initial focus of these efforts is to develop innovative sensor applications as well as to test and expand the functionality of our outdoor sensors in challenging environmental conditions.

In the near term, we expect our research and development expenses to increase in absolute dollars and as a percentage of revenues as we increase our research and development headcount to further strengthen our software and invest in the development of our services.

We will continue to invest in research and development to leverage our large and growing database of acoustic events, which includes those from both gunfire and non-gunfire. We also intend to leverage third-party artificial intelligence and our own evolving cognitive and analytical applications to improve the efficiency of our solutions. Certain of these applications and outputs may expand the platform of services that we will be able to offer our customers.

General and Administrative

General and administrative expenses primarily consist of personnel-related costs attributable to our executive, finance, and administrative personnel, legal, litigation, strategic communications, accounting and other professional services fees, and other corporate expenses and allocated overhead.

In the near term, we expect our general and administrative expenses to increase in both absolute dollars and as a percentage of revenues as we grow our business.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration primarily consists of increases or decreases in our contingent consideration liabilities recorded for potential earnouts from our acquisitions of Forensic Logic, Technologic and SafePointe. The changes result from revenue actuals and revised revenue estimates utilized in the fair value methodology to estimate the contingent liability for the earnouts.

Other Income (Expense), Net

Other income (expense), net, consisted primarily of interest income and local and franchise tax expenses.

Income Taxes

Our income taxes are based on the amount of our income before tax and enacted federal, state and foreign tax rates, adjusted for allowable credits and deductions, as applicable. Historically, our income tax expense has been at the state level.

We continually monitor all positive and negative evidence regarding the realization of our deferred tax assets and may record assets when it becomes more likely than not, that they will be realized, which may impact the expense or benefit from income taxes.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We regularly assess the likelihood that the deferred tax assets will be recovered from future taxable income. We consider projected future taxable income and ongoing tax planning strategies, then record a valuation allowance to reduce the carrying value of the net deferred taxes to an amount that is more likely than not able to be realized. Based upon our assessment of all available evidence, including the previous three years of income before tax after permanent items, estimates of future profitability, and our overall prospects of future business, we have determined that it is more likely than not that we will not be able to realize a portion of the deferred tax assets in the future. We will continue to assess the potential realization of deferred tax assets on an annual basis, or an interim basis if circumstances warrant. If our actual results and updated projections vary significantly from the projections used as a basis for this determination, we may need to change the valuation allowance against the gross deferred tax assets.

Results of Operations

The following table sets forth our consolidated statements of operations data for the years ended December 31, 2023 and 2022 (in thousands):

	2023	As a % of Revenues	2022	As a % of Revenues	Change	
	\$	100 %	\$	100 %	\$	%
Revenues	92,717	100 %	81,003	100 %	11,714	14 %
Costs						
Cost of revenues	39,988	43 %	34,218	42 %	5,770	17 %
Total costs	39,988	43 %	34,218	42 %	5,770	17 %
Gross profit	52,729	57 %	46,785	58 %	5,944	13 %
Operating expenses:						
Sales and marketing	26,959	29 %	22,416	28 %	4,543	20 %
Research and development	12,138	13 %	10,026	12 %	2,112	21 %
General and administrative	20,557	22 %	15,750	19 %	4,807	31 %
Change in fair value of contingent consideration	(5,686)	(6 %)	(9,154)	(11 %)	3,468	(38 %)
Total operating expenses	53,968	58 %	39,038	48 %	14,930	38 %
Operating income (loss)	(1,239)	(1 %)	7,747	10 %	(8,986)	(116 %)
Other expense, net	(275)	—	(195)	—	(80)	-41 %
Provision for income taxes	1,204	1 %	1,167	1 %	37	3 %
Net income (loss)	\$ (2,718)	(3 %)	\$ 6,385	8 %	\$ (9,103)	(143 %)

Revenues

The increase of \$11.7 million was primarily attributable to an \$11.6 million increase in revenues from new customers and expansions of existing customer coverage areas, and a \$1.0 million increase in revenues from SafePointe which was acquired in the third quarter of 2023. This was partially offset by a decrease of \$0.9 million. Specifically, the revenues from monthly support contracts for the twelve months ending December 31, 2022, were higher due to additional revenues generated from a contract amendment that was delayed from late 2021 and executed in January 2022. We went live in 25 new ShotSpotter cities. We expanded in 16 current customer sites, two current universities and one current corporate solution during the year ended December 31, 2023.

Costs

The increase in costs of \$5.8 million was due primarily to a \$4.7 million increase in product costs due to the increase in our customer base and an increase of \$1.1 million in material and other costs following our acquisition of SafePointe in the third quarter of 2023.

Gross Profit

Gross profit as a percentage of revenues decreased compared with the prior year primarily as a result of lower margins from SafePointe which was acquired in the third quarter of 2023.

Operating Expenses

Sales and Marketing Expense

Sales and marketing expense increased by \$4.5 million and was primarily due to a \$1.4 million increase in personnel costs, a \$0.8 million increase in tradename asset amortization related to our Forensic Logic acquisition, \$0.8 million increase in marketing expense, a \$0.7 million increase in consulting and commission expenses, a \$0.3 million increase in credit loss expense, and a \$0.5 million increase in other costs.

Research and Development Expense

Research and development expense increased by \$2.1 million and was primarily due to a \$1.7 million increase in personnel-related costs due to increased headcount and a \$0.4 million increase in consulting and outside services expense and other costs.

General and Administrative Expense

General and administrative expense increased by \$4.8 million and was primarily due to a \$2.3 million increase in consulting and outside services that included acquisition expenses related to our acquisition of SafePointe in the third quarter of 2023, increased legal expense and increased consulting expense for contract employees, a \$2.0 million increase in personnel costs and a \$0.5 million increase in office expense including insurance costs and other costs.

Change in Fair Value of Contingent Consideration

The fair value of contingent consideration related to our acquisitions decreased by \$5.7 million during the year ended December 31, 2023. This was due to a decrease in the fair value of the Forensic Logic contingent consideration liability of \$3.2 million, based upon adjustments to recorded liabilities as a result of actual revenues. This also reflected a decrease in the fair value of the SafePointe contingent consideration liability of \$2.5 million, based upon revised 2024 and 2025 revenue estimates utilized in the fair value methodology to estimate the contingent liability for the earnouts.

Other Income (Expense), Net

Other income (expense) did not increase materially compared with the prior year.

Income Taxes

Our income taxes are based on the amount of our taxable income and enacted federal, state, and foreign tax rates, adjusted for allowable credits, deductions and the valuations allowance against deferred tax assets, as applicable. Our provision for state income taxes did not increase materially from the prior year.

Comparison of the Years Ended December 31, 2022 and 2021

For discussion of our 2022 results and a comparison with 2021 results please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 that was filed with the SEC on March 14, 2023 (the "2022 Form 10-K").

Liquidity and Capital Resources

Sources of Funds

Our operations have been financed primarily through net proceeds from the sale of equity, debt financing arrangements and cash from operating activities. Our principal source of liquidity is cash and cash equivalents totaling \$5.7 million as of December 31, 2023. On December 31, 2023, our available credit facility was approximately \$18.0 million and we had \$7.0 million outstanding on our line of credit, which was primarily used to fund our acquisition of SafePointe.

We believe our existing cash and cash equivalent balances, our available credit facility and cash flow from operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. We believe that despite our negative working capital, the costs to perform the short-term deferred revenue is relatively low compared to the balance of \$41.3 million. However, should additional working capital be needed, we can utilize our unused credit facility. We believe that we will meet longer term expected future working capital and capital expenditure requirements through a combination of cash flows from operating activities, available cash balances and our available credit facility. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenues growth, the timing and extent of spending on sales and marketing, the expansion of sales and marketing activities, the timing of new product introductions, market acceptance of our products, and overall economic conditions. We may also seek additional capital to fund our

operations, including through the sale of equity or debt financings. To the extent that we raise additional capital through the future sale of equity, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. Additionally, there is no guarantee that debt or equity financing will be available to us on terms that are favorable to us, or at all.

Use of Funds

Our historical uses of cash have primarily consisted of cash used for operating activities, such as expansion of our sales and marketing operations, research and development activities and other working capital needs, and cash used in investing activities, such as property and equipment expenditures to install infrastructure in customer cities in order to deliver our solutions and acquisitions. Our expected material cash requirements are similar to our historical uses of cash as well as in connection with contingent earnouts, our stock repurchase program and repayment of any outstanding debt obligations under our credit facility, each as described below.

In August 2023, we completed the acquisition of SafePointe for purchase consideration of \$25.6 million, consisting of \$11.4 million in cash, subject to working capital adjustments, and the issuance of 549,579 shares of our common stock that was valued at \$11.2 million at the time of acquisition. We used \$7.0 million of our credit facility to complete this acquisition. The purchase consideration also included contingent consideration valued at \$3.0 million at the time of acquisition, which is related to a contingent earnout payable of up to \$11.5 million based on SafePointe's revenues generated during the remainder of 2023 through 2025. Any earned amounts will be payable within approximately 120 days after the end of the target year.

In August 2023, we entered into an agreement to purchase patents, source codes and a customer list for \$0.5 million in cash and \$0.1 million in the form of 4,638 shares of our common stock, based on the closing price on the date of purchase.

In January 2022, we acquired Forensic Logic for purchase consideration of \$31.6 million, consisting of \$4.9 million in cash, subject to working capital adjustments, 464,540 shares of our common stock that were valued at \$14.3 million at the time of the acquisition. The purchase consideration also included an earnout. The acquisition date fair value of the contingent earnout was \$12.4 million, payable in cash based on Forensic Logic's revenues generated during the years ended December 31, 2022 and 2023. The earnout for 2022 and 2023 was not earned, so no amounts will be paid.

In November 2020, we completed the acquisition of Technologic for purchase consideration of \$21.6 million in cash, subject to working capital adjustments, and the issuance of 63,901 shares of our common stock that were valued at \$2.0 million at the time of the acquisition. The purchase consideration also included an earnout payable based on Technologic's revenues generated during the years ended December 31, 2021 and 2022. The earnout for 2021 was not earned, so no amounts were paid in respect of this earnout in 2022. The \$1.5 million contingent earnout for 2022 was earned and paid in March 2023.

Stock Repurchase Program

In May 2019, our board of directors approved a stock repurchase program for up to \$15.0 million of our common stock. During the year ended December 31, 2022, we repurchased 106,992 shares of our common stock at an average price of \$28.81 per share for \$3.1 million and used up the remaining balance under the May 2019 stock repurchase program in the third quarter ended September 30, 2022. These repurchases were made in open market transactions using cash on hand, and all of the shares repurchased were retired.

In November 2022, our board of directors approved a new stock repurchase program (the "2022 Repurchase Program") for up to \$25.0 million of our common stock. The shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or by other methods in accordance with federal securities laws. The actual timing, number and value of shares repurchased under the program will be determined by management in its discretion and will depend on a number of factors, including the market price of our common stock, general market and economic conditions and applicable legal requirements. The stock repurchase program does not obligate us to purchase any particular amount of common stock and may be suspended or discontinued at any time.

During the year ended December 31, 2023, we repurchased 228,782 shares of our common stock under the 2022 Repurchase Program at an average price of \$24.41 per share for approximately \$5.6 million. The repurchases were made in open market transactions using cash on hand, and all of the shares repurchased were retired. As of December 31, 2023, \$19.4 million remains available under the 2022 Repurchase Program.

Credit Facility

In September 2018, we entered into our Umpqua Credit Agreement, initially providing for borrowing capacity of \$10.0 million. The agreement was amended in November 2022 to increase the size of our available credit facility to \$25.0 million with an expiration date of October 15, 2024 and to increase the letter of credit sub-facility to \$7.5 million. In February 2024, we amended the Umpqua Credit Agreement to extend the maturity date from October 15, 2024 to October 15, 2025. The revolving loan facility is for general working capital purposes. Our available credit facility as of December 31, 2023 was approximately \$18.0 million. On December 31, 2023, there was \$7.0 million outstanding on our line of credit. The Umpqua Credit Agreement subjects us to certain restrictive and financial covenants, see the risk entitled “The incurrence of debt may impact our financial position and subject us to additional financial and operating restrictions” in Part II, Item 1A, *Risk Factors*, included in this Annual Report on Form 10-K. We are in compliance with all the covenants under the Umpqua Credit Agreement as of December 31, 2023.

Cash Flows

Comparison of Years Ended December 31, 2023 and 2022

The following table presents a summary of our cash flows for the years ended December 31, 2023 and 2022 (in thousands):

	Year Ended December 31,	
	2023	2022
Net cash provided by (used in):		
Operating activities	\$ 10,951	\$ 12,184
Investing activities	(16,485)	(15,539)
Financing activities	795	(1,749)
Net change in cash and cash equivalents	<u>\$ (4,739)</u>	<u>\$ (5,104)</u>

As of December 31, 2023 and 2022, \$0.5 million and \$0.9 million in cash was held by our consolidated foreign subsidiaries, respectively.

Operating Activities

Our net income (loss) and cash flows provided by operating activities are significantly influenced by our increase in headcount to support our growth, increase in legal, outside services fees, and sales and marketing expenses, and our ability to bill and collect in a timely manner.

Net cash provided by operating activities decreased \$1.2 million in the year ended December 31, 2023 compared to net cash provided in the same period of 2022, primarily due to a decrease of \$13.8 million in the change of deferred revenue and a decrease of \$1.0 million in the change of accrued and other liabilities offset by a \$13.8 million increase in collections.

Investing Activities

Our investing activities consist primarily of capital expenditures to install our solutions in customer coverage areas, purchases of property and equipment, and investments in intangible assets and business acquisitions.

Investing activities used \$16.5 million and \$15.5 million in the years ended December 31, 2023 and 2022, respectively. We completed our acquisition of SafePointe for approximately \$11.0 million in cash, net of \$0.4 million cash acquired at closing during the year ended December 31, 2023. We completed our acquisition of Forensic Logic for approximately \$4.6 million in cash, net of \$0.3 million cash acquired at closing during the year ended December 31, 2022.

Financing Activities

Cash generated by financing activities includes net proceeds from the exercise of stock options and warrants and proceeds from the employee stock purchase plan ("ESPP") purchases, offset by payments for repurchases of our common stock and debt issuance and financing costs.

Financing activities provided \$0.8 million in cash during the year ended December 31, 2023. This was primarily due to \$7.0 million in proceeds from our line of credit which was primarily used to fund our acquisition of SafePointe, approximately \$0.2 million in proceeds from the exercise of stock options and \$0.7 million in proceeds from ESPP purchases, offset by \$5.6 million in payments for repurchases of our common stock, and \$1.5 million in contingent liability payments.

Comparison of the Years Ended December 31, 2022 and 2021

A discussion of changes in our cash flows from the year ended December 31, 2021 to the year ended December 31, 2022 can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations" of the 2022 Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2023, we did not have any relationships, material commitments or obligations with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Critical Accounting Estimates and Policies

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of revenues, assets, liabilities, costs, and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances and evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our most critical accounting policies are summarized below. See Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a description of our other significant accounting policies.

Revenue Recognition

Revenue Recognition

We generate annual subscription revenues from the deployment of ShotSpotter Respond on a per-square-mile basis and generate annual subscription revenues from the deployment of SafePointe on a per-lane basis, a lane being the detection area between two sensors. Our security solutions within ShotSpotter, ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate as well as CaseBuilder and CrimeTracer, are typically sold on a subscription basis, each with a customized deployment plan. Our ResourceRouter, CaseBuilder Crime Gun and CrimeTracer solutions are also sold on a subscription basis generally customized based on the number of sworn officers in a particular city.

We generate substantially all of our revenues from the sale of ShotSpotter subscription services, in which gunshot data generated by company-owned sensors and software is sold to our customers through a cloud-based hosting application for a specified contract period. Typically, the initial contract period is one to three years in length. The subscription contract is generally noncancelable without cause and these service arrangements do not provide the customer with the right to take possession of the hardware or software supporting the subscription service at any time. A small portion of our revenues are generated from the delivery of setup services to install company-owned sensors in the customer's coverage area and other services including training and licenses to integrate with third-party applications.

We generally invoice customers for 50% of the total contract value when the contract is fully executed and for the remaining 50% when the subscription service is operational and ready to go live – that is, when the customer has acknowledged the completion of all the deliverables in the signed customer acceptance form. We generally invoice subscription service renewals for 100% of the total contract value when the renewal contract is executed. For the public safety solution, the pricing model is based on a per-square-mile basis. For security solutions, the pricing model is on a customized-site basis. For case management and search engine solutions, the pricing model is currently customized, generally tied to the number of sworn police officers in a particular city. As a result of the process for invoicing contracts and renewals upon execution, cash flows from operations and accounts receivable can fluctuate due to timing of contract execution and timing of deployment.

We recognize revenues upon the satisfaction of performance obligations. At contract inception, we assess the services promised in our contracts with customers and identify a performance obligation for each promise to transfer a good or service (or bundle of services) to the customer that is distinct. To identify the performance obligations, we consider all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. We determined that the subscription services, training, and licenses to integrate with third-party applications are each distinct services that represent separate performance obligations. The setup activities are not distinct from the subscription service and are combined into the subscription service performance obligation. However, setup fees may provide a material right to the customer that has influence over the customers' decision to renew. All setup fees are assessed on a quantitative and qualitative basis to determine whether they represent a distinct performance obligation. The total contract value is allocated to each performance obligation identified based on the standalone selling price of the service and any discounts are allocated pro-rata to the identified performance obligations. For contracts that have an original duration of one year or less, we use the practical expedient applicable to such contracts and do not consider the time value of money. We believe revenue recognition for gunshot detection services is subject to uncertainty because of the timing of renewal contracts or work orders.

Revenues from subscription services are recognized ratably, on a straight-line basis, over the term of the subscription. Revenues from material rights are recognized ratably over the period in which they are determined to provide a material right to the customer, which is generally three years. Revenues from training and licenses to integrate with third-party applications are recognized upon delivery which generally occurs when the subscription service is operational and ready to go live.

Subscription renewal fees are recognized ratably over the term of the renewal, which is typically one year. While most customers elect to renew their agreements, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to expiration. For these customers, we stop recognizing subscription revenues at the end of the current contract term, even though services may continue to be provided for a period of time until the renewal process is completed. Once the renewal is complete, we recognize subscription revenues for the period between the expiration of the original term of the agreement and the completion of the renewal process in the month in which the renewal is executed. If a customer declines to renew its subscription, the remaining fees from material rights, if any, are immediately recognized.

Revenue Recognition – Software License, Maintenance and Support, and Professional Services

We also generate revenues from the sale of (i) a software license and related maintenance and support services of our proprietary software technology and (ii) professional software development services to a single customer, through a sales channel intermediary. We have been serving this customer for more than ten years. The sales channel intermediary contract includes software licensing and related maintenance and support services. The contract also provides for the procurement of professional services, such as for software development and testing for product feature enhancements, by executing supplementary work orders.

We recognize revenue from the software license and related maintenance and support services revenues upon the satisfaction of performance obligations. We determined that the term-based software license should be combined with the maintenance and support services as a single performance obligation. The nature of the maintenance and support services, inclusive of our obligation to provide additional, unspecified software functionality over the license term, in allowing this single customer to be flexible in utilizing the customized software to respond to the changing regulatory environment, are critical to the customer's ability to derive benefit and value from the license. Contractually, we provide continuous access to the software, maintenance and support services, helpdesk, and

technical support over the contract term, hence a time-elapsed method is used to recognize revenue. There is a fixed and variable component to the maintenance and support services. Revenues from the software license and fixed maintenance and support services are recognized ratably over the term of the contract because our obligation to provide the license and related support services is uniform over the license term. The variable portion is based on time and materials provided for higher-level technical support. We generally invoice for both the fixed and time and materials services a month in arrears. For our time and materials services, we have elected the right-to-invoice practical expedient, allowing us to recognize revenue based on the amount we have the right to invoice the customer, provided that amount directly corresponds with the value of our completed performance to date. This approach results in revenue recognition as we perform the services and incurs the costs. If this customer does not renew prior to the contract term expiring, we stop recognizing revenues at the end of the current contract term, even though services may continue to be provided for a period of time until the renewal process is completed. Once the renewal is complete, we recognize the revenues for the period between the expiration of the original contract term and the completion of the renewal process in the month in which the renewal is executed.

Professional services revenue consists of fees typically associated with the design, development, and testing of product feature enhancements requested by the customer. The customer procures additional development services as needed, and generally based upon annual development plans negotiated by and between the customer and us. Professional services do not result in significant customization of the maintenance and support services and are considered distinct services. All, and any part of the output, of our professional services towards such product feature enhancements, belong to the customer. The contract price and billing schedule are stated in each work order and we generally invoice in monthly installments upon the commencement of each work order.

We also have a contract for an enterprise CaseBuilder solution through a second sales channel intermediary that includes supplemental professional services to integrate CaseBuilder with the customer's existing systems that will remain in place. This contract includes fixed fees for these professional services.

We satisfy the performance obligations for these professional services over time as the performance of work typically creates or enhances an asset that the customer controls as the asset is created or enhanced. As these product feature enhancements each have a fixed contract fee, we recognize revenue over time proportionally as work is performed, based on cumulative resource costs incurred as a percentage of total forecast costs for the project. Management uses significant judgment in making these estimates, which affect the timing of revenue recognition, including how much revenue to recognize in each period, and in estimating the timing of revenue recognition for remaining performance obligations.

Gross Versus Net Presentation

Our single software license and related service agreement was facilitated through a sales channel intermediary. We present the total value of the billings to the customer as revenue (or gross) and that portion of the billings to the customer retained by the sales channel intermediary as a sales cost which is included in sales and marketing in the accompanying statement of operations, as we have determined that we are the principal in the arrangement. Our conclusion is based on our role in controlling the goods and services consumed by the end-customer throughout the license term or development life cycle, combined with our control over the price charged to the end-user for such goods and services, and the inability of the sales channel intermediary to direct or control the services provided to the customer. The fees paid to the sales channel intermediary are expensed as incurred as it relates to a period of performance of one year, and the sales channel intermediary is paid the same rate of commission on license term renewals or additional professional services that are sold to the customer.

Stock-Based Compensation

We recognize stock-based compensation expense for equity awards granted to our employees, directors, and consultants that can be settled in shares of our common stock. Stock-based compensation expense is based on the

grant date fair value estimate for each award as determined by our board of directors. We recognize these compensation costs on a straight-line basis over the requisite service period of the award.

Restricted stock unit awards are valued using the grant date market closing price of our common stock as traded on the Nasdaq Capital Market .

We estimate the fair value of stock option awards at the date of grant using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and are freely transferable. The fair values generated by the model may not be indicative of the actual fair values of our awards as it does not consider other factors important to those stock-based payment awards, such as continued employment, periodic vesting requirements and limited transferability.

Business Acquisitions

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets and contingent consideration liabilities. Critical estimates in valuing such intangible assets include, but not limited to, future expected cash flows from customer relationships and developed technology and discount rates. Critical estimates in valuing contingent consideration liabilities include, but are not limited to, revenues estimates and discount rates.

Goodwill

Goodwill represents the excess of amounts paid over the fair value of net assets acquired from a business acquisition. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (October 1) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. Application of the goodwill impairment test requires judgment, including the identification of reporting units and determination of the fair value of each reporting unit. We have concluded there is only one reporting unit for purposes of performing the goodwill impairment test. The fair value of each reporting unit is estimated primarily through the use of market capitalization as a key input. This analysis involves calculating our market capitalization, which is derived from multiplying our closing stock price by the number of outstanding shares, and then comparing it against the net asset value. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment. We performed our annual test for goodwill impairment as of October 1, 2023 and concluded that no impairment charge was necessary.

Income Taxes

We account for income taxes under the asset and liability approach. Under this method, deferred tax assets, including those related to tax loss carryforwards and credits, and deferred tax liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We recognize the tax benefit for an uncertain tax position when it meets the more likely than not threshold for recognition.

A valuation allowance is recorded to reduce deferred tax assets when management cannot conclude that it is more likely than not that the deferred tax asset will be recovered. The valuation allowance is determined by assessing both positive and negative evidence to determine whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction-by-jurisdiction basis. Significant judgment is required in determining whether the valuation allowance should be recorded against deferred tax assets. In assessing the need for or release of a valuation allowance, we consider all available evidence including past operating results and estimates of future taxable income.

Item 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates as well as, to a lesser extent, inflation.

Interest Rate Risk

We are exposed to interest rate risk in the ordinary course of our business. At December 31, 2023, the outstanding balance of our Credit Agreement was \$7.0 million, which bears interest at a variable rate. At December 31, 2023, the rate in effect was approximately 7.3%. Based on the outstanding balance of our Credit Agreement at December 31, 2023, a 100 basis point increase in the interest rate would increase interest expense by \$0.1 million annually.

Our cash includes cash in readily available checking and money market accounts. These securities are not dependent on interest rate fluctuations that may cause the principal amount of these assets to fluctuate.

We had cash and cash equivalents of \$5.7 million as of December 31, 2023, which consists entirely of bank deposits.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenues and operating expenses denominated in currencies other than our functional currency, the U.S. dollar, principally the South African Rand. Movements in foreign currencies in which we transact business could significantly affect future net earnings. However, if the average value of the South African Rand had been 10% higher relative to the U.S. dollar during 2023, 2022 or 2021, it would not have resulted in a significant impact to our results of operations for the years ended December 31, 2023, 2022 or 2021. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign currency rate.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of SoundThinking, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SoundThinking, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

SafePointe, LLC Acquisition – Fair Value of Intangible Assets

Critical Audit Matter Description

As discussed in Note 4 to the consolidated financial statements, on August 18, 2023, the Company accounted for the SafePointe, LLC acquisition as a business combination. The Company allocated a portion of the purchase price to an acquired software technology and customer relationship, which were assigned acquisition-date fair values of \$9.2 million and \$2.5 million, respectively.

We identified the fair value of the software technology and customer relationship associated with the acquisition as a critical audit matter. A high degree of subjective auditor judgment was involved in evaluating certain inputs to the relief from royalty and multi-period excess earnings methods used to determine the fair value software technology and customer relationships. The key input used in the relief from royalty method was the royalty rate. The key input used in the multi-period excess earnings method was the attrition assumption. There was limited observable market information and the calculated fair value of the assets was sensitive to possible changes in these key inputs.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included substantively testing, with the assistance of firm personnel with expertise in the application of fair value and valuation methodologies, the appropriateness of the inputs used in management's process for determining the fair value of the identifiable intangibles, which included the following procedures:

- Obtained management's purchase price allocation detailing fair values assigned to the acquired tangible and intangible assets and purchase consideration.
- Obtained the valuation report prepared by a valuation specialist engaged by management to assist in the purchase price allocation, including determination of fair values assigned to acquired identifiable intangible assets. We reviewed the qualifications of the specialist and tested the key inputs in the valuation methods.
- Utilized an internal valuation specialist to assist the engagement team in evaluating: the methodologies used and whether they were acceptable for the underlying acquisitions and whether such methodologies were being applied correctly, the appropriateness of the royalty rate and attrition assumption used by independently calculating the amounts based on comparable guideline companies, comparable rates for market participants and also other transactions.
- Evaluated the Company's forecasted future cash flows for acquired business by reviewing historical results and obtaining audit evidence for future expected customer growth as well as the reasonableness of other key assumptions used by management.
- Performed inquiries of personnel at SafePointe, LLC that were highly involved in the development of the forecasts to evaluate the reasonableness of revenue and margin forecasts.

SafePointe, LLC Acquisition – Contingent Consideration

Critical Audit Matter Description

As discussed in Note 4 to the consolidated financial statements, on August 18, 2023, the Company accounted for the SafePointe, LLC acquisition as a business combination. The acquisition included contingent consideration, which had an acquisition date fair value of \$3 million.

We identified the fair value of the contingent consideration associated with the acquisition as a critical audit matter. A high degree of subjective auditor judgment was involved in evaluating certain inputs to the Monte Carlo simulation used to determine the fair value of the contingent consideration. The key inputs used in the Monte Carlo simulation were the revenue discount rate, revenue volatility and payment discount rate. There was limited observable market information and the calculated fair value of the liability was sensitive to possible changes in these key inputs.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included substantively testing, with the assistance of firm personnel with expertise in the application of fair value and valuation methodologies, the appropriateness of the inputs used in management's process for determining the fair value of the identifiable contingent consideration, which included the following procedures:

- Obtained management's purchase price allocation detailing fair values assigned to the acquired tangible and intangible assets and purchase consideration
- Obtained the valuation report prepared by a valuation specialist engaged by management to assist in the purchase price allocation, including determination of fair values assigned to acquired identifiable intangible assets. We reviewed the qualifications of the specialist and tested the key inputs in the valuation methods.
- Utilized an internal valuation specialist to assist the engagement team in evaluating: the methodologies used and whether they were acceptable for the underlying acquisitions and whether such methodologies were being applied correctly, the appropriateness of the revenue discount rate, revenue volatility, payment discount rate, royalty rate and attrition assumption used by independently calculating the amounts based on comparable guideline companies, comparable rates for market participants and also other transactions.
- Evaluated the Company's forecasted future revenue for the acquired business by reviewing historical results and obtaining audit evidence for future expected customer growth as well as the reasonableness of other key assumptions used by management.
- Performed inquiries of personnel at SafePointe, LLC that were highly involved in the development of the forecasts to evaluate the reasonableness of revenue and margin forecasts.

We have served as the Company's auditor since 2017.

Baker Tilly US, LLP
Minneapolis, MN
April 1, 2024

SoundThinking, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31,	
	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 5,703	\$ 10,479
Accounts receivable and contract assets, net	30,700	30,957
Prepaid expenses and other current assets	3,902	3,225
Total current assets	40,305	44,661
Property and equipment, net	21,028	21,988
Operating lease right-of-use assets	2,315	3,240
Goodwill	34,213	22,971
Intangible assets, net	36,938	27,318
Other assets	3,909	2,570
Total assets	\$ 138,708	\$ 122,748
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 3,031	\$ 1,633
Accrued expenses and other current liabilities	8,521	9,965
Line of credit	7,000	—
Deferred revenue, short-term	41,265	41,907
Total current liabilities	59,817	53,505
Deferred revenue, long-term	812	1,813
Deferred tax liability	1,226	685
Other liabilities	2,096	5,800
Total liabilities	63,951	61,803
Commitments and contingencies (Note 17)		
Stockholders' equity		
Preferred stock: \$0.005 par value; 20,000,000 shares authorized; no shares issued and outstanding as of December 31, 2023 and 2022, respectively	—	—
Common stock: \$0.005 par value; 500,000,000 shares authorized; 12,761,448 and 12,243,929 shares issued and outstanding as of December 31, 2023 and 2022, respectively	64	62
Additional paid-in capital	170,139	153,573
Accumulated deficit	(95,118)	(92,400)
Accumulated other comprehensive loss	(328)	(290)
Total stockholders' equity	74,757	60,945
Total liabilities and stockholders' equity	\$ 138,708	\$ 122,748

See accompanying notes to consolidated financial statements.

SoundThinking, Inc.

Consolidated Statements of Operations
(In thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenues	\$ 92,717	\$ 81,003	\$ 58,155
Costs			
Cost of revenues	39,874	34,218	25,611
Impairment of property and equipment	114	—	25
Total costs	39,988	34,218	25,636
Gross profit	52,729	46,785	32,519
Operating expenses			
Sales and marketing	26,959	22,416	15,479
Research and development	12,138	10,026	7,035
General and administrative	20,557	15,750	12,744
Change in fair value of contingent consideration	(5,686)	(9,154)	1,330
Total operating expenses	53,968	39,038	36,588
Operating income (loss)	(1,239)	7,747	(4,069)
Other income (expense), net			
Interest income (expense), net	(48)	45	38
Other expense, net	(227)	(240)	(344)
Total other expense, net	(275)	(195)	(306)
Income (loss) before income taxes	(1,514)	7,552	(4,375)
Provision for income taxes	1,204	1,167	56
Net income (loss)	\$ (2,718)	\$ 6,385	\$ (4,431)
Net income (loss) per share, basic	\$ (0.22)	\$ 0.52	\$ (0.38)
Net income (loss) per share, diluted	\$ (0.22)	\$ 0.52	\$ (0.38)
Weighted-average shares used in computing net income (loss) per share, basic	12,425,132	12,171,609	11,647,558
Weighted-average shares used in computing net income (loss) per share, diluted	12,425,132	12,317,707	11,647,558

See accompanying notes to consolidated financial statements.

ShotSpotter, Inc.

Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	\$ (2,718)	\$ 6,385	\$ (4,431)
Other comprehensive loss:			
Change in foreign currency translation adjustment, net of taxes	(38)	(52)	(68)
Comprehensive income (loss)	<u>\$ (2,756)</u>	<u>\$ 6,333</u>	<u>\$ (4,499)</u>

See accompanying notes to consolidated financial statements.

SoundThinking Inc.
Consolidated Statements of Stockholders' Equity
(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity/ (Deficit)
	Shares	Par Value				
Balance at December 31, 2020	11,538,998	58	128,771	(94,354)	(170)	34,305
Exercise of stock options	97,702	—	898	—	—	898
Issuance of common stock in connection with exercise of warrants	50,716	—	8	—	—	8
Repurchase of common stock	(95,151)	—	(3,601)	—	—	(3,601)
Issuance of common stock from ESPP purchases	30,193	—	832	—	—	832
Vesting of restricted stock units	80,972	—	—	—	—	—
Stock-based compensation	—	—	5,872	—	—	5,872
Foreign currency translation loss	—	—	—	—	(68)	(68)
Net loss	—	—	—	(4,431)	—	(4,431)
Balance at December 31, 2021	11,703,430	58	132,780	(98,785)	(238)	33,815
Exercise of stock options	41,819	1	537	—	—	538
Repurchase of common stock	(106,992)	—	(3,084)	—	—	(3,084)
Issuance of common stock from ESPP purchases	33,161	—	797	—	—	797
Vesting of restricted stock units	107,971	—	—	—	—	—
Issuance of common stock for acquisition	464,540	3	14,263	—	—	14,266
Stock-based compensation	—	—	8,280	—	—	8,280
Foreign currency translation loss	—	—	—	—	(52)	(52)
Net income	—	—	—	6,385	—	6,385
Balance at December 31, 2022	12,243,929	62	153,573	(92,400)	(290)	60,945
Exercise of stock options	19,021	—	150	—	—	150
Repurchase of common stock	(228,782)	—	(5,595)	—	—	(5,595)
Issuance of common stock from ESPP purchases	37,824	—	740	—	—	740
Vesting of restricted stock units	135,239	—	—	—	—	—
Issuance of common stock for acquisition	554,217	2	11,289	—	—	11,291
Stock-based compensation	—	—	9,982	—	—	9,982
Foreign currency translation loss	—	—	—	—	(38)	(38)
Net loss	—	—	—	(2,718)	—	(2,718)
Balance at December 31, 2023	<u>12,761,448</u>	<u>\$ 64</u>	<u>\$ 170,139</u>	<u>\$ (95,118)</u>	<u>\$ (328)</u>	<u>\$ 74,757</u>

See accompanying notes to consolidated financial statements.

SoundThinking, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	\$ (2,718)	\$ 6,385	\$ (4,431)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation of property and equipment	6,718	6,400	5,795
Amortization of intangible assets	3,920	2,799	1,032
Impairment of property and equipment	114	—	25
Stock-based compensation	9,982	8,282	5,872
Change in fair value of contingent consideration	(5,686)	(9,154)	1,330
Deferred taxes	541	685	—
Allowance for credit losses	99	(74)	—
Changes in operating assets and liabilities:			
Accounts receivable and contract assets	619	(14,530)	(3,213)
Prepaid expenses and other assets	(1,357)	(1,168)	(673)
Accounts payable	1,094	(18)	354
Accrued expenses and other liabilities	(149)	947	1,588
Deferred revenue	(2,226)	11,630	2,143
Net cash provided by operating activities	10,951	12,184	9,822
Cash flows from investing activities:			
Purchase of property and equipment	(5,053)	(10,915)	(7,840)
Investment in intangible and other assets	(437)	(6)	(59)
Business acquisition, net of cash acquired	(10,995)	(4,618)	15
Net cash used in investing activities	(16,485)	(15,539)	(7,884)
Cash flows from financing activities:			
Payment of contingent consideration liability	(1,500)	—	(403)
Proceeds from line of credit	7,000	—	—
Proceeds from exercise of stock options	150	538	898
Repurchases of common stock	(5,595)	(3,084)	(3,601)
Proceeds from exercise of warrants	—	—	8
Proceeds from employee stock purchase plan	740	797	832
Net cash provided by (used in) financing activities	795	(1,749)	(2,266)
Change in cash, cash equivalents and restricted cash	(4,739)	(5,104)	(328)
Effect of exchange rate on cash and cash equivalents	(37)	(53)	(79)
Cash, cash equivalents at beginning of year	10,479	15,636	16,043
Cash, cash equivalents at end of year	<u>\$ 5,703</u>	<u>\$ 10,479</u>	<u>\$ 15,636</u>
Supplemental cash flow disclosures:			
Property and equipment purchases included in accounts payable	\$ 477	\$ 404	\$ 563
Estimated fair value of contingent consideration for business combination at closing	\$ 2,994	\$ 12,400	\$ —
Fair value of common stock issued as consideration for acquisitions	\$ 11,291	\$ 14,266	\$ —

See accompanying notes to consolidated financial statements.

SoundThinking, Inc.
Notes to Consolidated Financial Statements

Note 1. Organization and Description of Business

SoundThinking, Inc. (the “Company”) brings the power of digital transformation to law enforcement and security personnel by providing precision-policing and security solutions, combining data-driven solutions and strategic advisory services for law enforcement and civic leadership. As of December 31, 2023, the Company had approximately 250 customers and to date have worked with approximately 2,100 agencies to help drive more efficient, effective, and equitable public safety outcomes.

In April 2023, the Company's name changed to SoundThinking, Inc., reflecting its broader impact on public safety through a growing set of industry-leading law enforcement tools and community-focused solutions. As part of the rebrand, the Company introduced its SafetySmart™ platform that includes five data-driven tools consisting of (i) its flagship product, ShotSpotter® (formerly ShotSpotter Respond), the leading outdoor gunshot detection, location and alerting system trusted by 170 cities and 19 universities and corporations as of December 31, 2023, (ii) CrimeTracer™ (formerly COPLINK X), a leading law enforcement search engine that enables investigators to search through more than one billion criminal justice records from across jurisdictions to generate tactical leads and quickly make intelligent connections to solve crimes, (iii) CaseBuilder™ (formerly ShotSpotter Investigate), a one-stop investigative management system for tracking, reporting, and collaborating on cases, (iv) ResourceRouter™ (formerly ShotSpotter Connect) that directs the deployment of patrol and community anti-violence resources in an objective way to help maximize the impact of limited resources and improve community safety, and (v) SafePointe™, an AI-based weapons detection system, that the Company added when it acquired SafePointe, LLC (“SafePointe”) in August 2023. The Company offers its solutions on a software-as-a-service subscription model to its customers.

ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate, are typically smaller-scale deployments of ShotSpotter vertically marketed to universities, corporate campuses, highways, and key infrastructure centers to mitigate risk and enhance security by notifying authorities of outdoor gunfire incidents, saving critical minutes for first responders to arrive. In 2019, the Company created a technology innovation unit, SoundThinking Labs, to expand its efforts supporting innovative uses of its technology to help protect wildlife and the environment. Additionally, the Company provides maintenance and support services and professional software development services to two customers, through sales channel intermediaries.

The Company's principal executive offices are located in Fremont, California. The Company has six wholly-owned subsidiaries.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding financial reporting. In the opinion of management, the accompanying consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive income (loss), stockholders' equity and cash flows for the

year ended December 31, 2023, but are not necessarily indicative of the results of operations or cash flows to be anticipated for any future period.

The consolidated financial statements include the results of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated during consolidation.

The Company has evaluated subsequent events occurring after the date of the consolidated financial statements for events requiring recording or disclosure in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its significant estimates including the valuation of accounts receivable, the lives and realization of tangible and intangible assets and goodwill, contingent consideration liabilities, stock-based compensation expense, customer life, revenue recognition, contingent liabilities related to legal matters, and income taxes including deferred taxes and any related valuation allowance. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions it believes to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the Company's financial position and results of operations.

Revenue Recognition – Subscription Services

The Company generates annual subscription revenues from the deployment of ShotSpotter on a per-square-mile basis and generates annual subscription revenues from the deployment of SafePointe on a per-lane basis. The Company's three security solutions, ShotSpotter for Highways, ShotSpotter for Campus and ShotSpotter for Corporate, as well as CaseBuilder, CrimeTracer and ResourceRouter are typically sold on a subscription basis, each with a customized deployment plan.

The Company generates a majority of its revenues from the sale of ShotSpotter subscription services, in which gunshot data generated by Company-owned sensors and software is sold to customers through a cloud-based hosting application for a specified contract period. Typically, the initial contract period is one to three years in length. The subscription contract is generally noncancelable without cause. Generally, these service arrangements do not provide the customer with the right to take possession of the hardware or software supporting the subscription service at any time. A small portion of the Company's revenues are generated from the delivery of setup services to install Company-owned sensors in the customer's coverage area and other services including training and a license to integrate with third-party applications.

For ShotSpotter, the Company generally invoices customers for 50% of the total contract value when the contract is fully executed and for the remaining 50% when the subscription service is operational and ready to go live – that is, when the customer has acknowledged the completion of all the deliverables in the signed customer acceptance form. If it is a multi-year contract, the Company invoices 50% of the first-year fees upon contract execution and the remaining 50% of the first-year fees when the service is operational and ready to go live. The following years are invoiced 100% at each annual anniversary. For SafePointe, the Company generally invoices the first year's subscription price when the contract is fully executed. For ShotSpotter for Highways, ShotSpotter for Campus, ShotSpotter for Corporate, CaseBuilder and CrimeTracer, the Company generally invoices subscription service renewals for 100% of the total contract value when the renewal contract is executed. All fees billed in advance of services being delivered are recorded as deferred revenue.

For ShotSpotter, the pricing model is based on a per-square-mile basis. For SafePointe, the pricing model is based on a per-lane basis. For ShotSpotter for Highways, ShotSpotter for Campus, ShotSpotter for Corporate and CaseBuilder, the pricing model is on a customized-site basis. For ResourceRouter and CrimeTracer, pricing is currently customized, generally tied to the number of sworn police officers in a particular city. The Company may also offer discounts or other incentives in conjunction with all ShotSpotter sales in an effort to introduce the product, accelerate sales or extend renewals for a longer contract term. As a result of the process for invoicing contracts and

renewals upon execution, cash flows from operations and accounts receivable can fluctuate due to timing of contract execution and timing of deployment.

The Company recognizes revenues upon the satisfaction of performance obligations. At contract inception, the Company assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of services) that is distinct. To identify the performance obligations, the Company considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. The Company determined that the subscription services, training, and licenses to integrate with third-party applications are each distinct and represent separate performance obligations. The setup activities are not distinct from the subscription service and are combined into the subscription service performance obligation. However, setup fees may provide a material right to the customer that has influence over the customer's decision to renew. The total contract value is allocated to each performance obligation identified based on the standalone selling price of the service. Discounts are allocated pro-rata to the identified performance obligations.

Revenues from subscription services are recognized ratably, on a straight-line basis, over the term of the subscription. Revenues from material rights are recognized ratably over the period in which they are determined to provide a material right to the customer, which is generally the longer of the estimated customer life or contract, which is typically three years. Revenues from training and third-party integration license fees are recognized upon delivery which generally occurs when the subscription service is operational and ready to go live.

Subscription renewal fees are recognized ratably over the term of the renewal, which is typically one year. While most customers elect to renew their agreements, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to expiration. For these customers, the Company stops recognizing subscription revenues at the end of the current contract term, even though services may continue to be provided for a period of time until the renewal process is completed. Once the renewal is complete, the Company recognizes subscription revenues for the period between the expiration of the original term of the agreement and the completion of the renewal process in the month in which the renewal is executed. If a customer declines to renew its subscription, then the remaining fees from material rights, if any, are immediately recognized.

The Company capitalizes certain incremental costs of obtaining a contract, which includes sales commissions, based on the first-year fee upon booking of a new contract. These capitalized commissions are amortized on a straight-line basis over the expected customer life, which is determined to be five years. As there are not commensurate commissions earned on renewals of the subscription services, the Company recognizes the commissions as expense when the renewal invoice is paid instead of capitalizing them. Amortization of capitalized commissions is included in sales and marketing expense and was \$1.1 million, \$0.8 million, and \$0.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Revenue Recognition – Software License, Maintenance and Support, and Professional Services

Through Technologic, the Company generates revenues through the sale of (i) a proprietary software license and maintenance and support services and (ii) professional software development services to a single customer, through a sales channel intermediary. The sales channel intermediary contract includes a renewable subscription for software and related maintenance and support services. The contract also provides for the procurement of professional services, such as for software development and testing for product feature enhancements, by executing supplementary work orders.

The Company recognizes revenue from the software license and related maintenance and support services revenues upon the satisfaction of performance obligations. It determined that the term-based software license should be combined with the maintenance and support services as a single performance obligation. The nature of the maintenance and support services, inclusive of the Company's obligation to provide additional, unspecified software functionality over the license term, in allowing this single customer to be flexible in utilizing the customized software to respond to the changing regulatory environment, are critical to the customer's ability to derive benefit and value from the license. Contractually, the Company provides continuous access to the software, maintenance and support services, helpdesk, and technical support over the contract term, hence a time-elapsed method is used to recognize revenue. There is a fixed and variable component to the maintenance and support services. Revenues from the software

license and fixed maintenance and support services are recognized ratably over the term of the contract because the Company's obligation to provide the license and related support services is uniform over the license term. The variable portion is based on time and materials provided for higher-level technical support. For the time and materials component, the Company has elected the right-to-invoice practical expedient, allowing it to recognize revenue based on the amount it has the right to invoice the customer, provided that amount directly corresponds with the value of its completed performance to date. This approach results in revenue recognition as the Company performs the services and incurs the costs. The Company generally invoices for both the fixed and time and materials services a month in arrears. If this customer does not renew prior to the contract term expiring, the Company stops recognizing revenues at the end of the current contract term, even though services may continue to be provided for a period of time until the renewal process is completed. Once the renewal is complete, revenues are recognized for the period between the expiration of the original contract term and the completion of the renewal process in the month in which the renewal is executed.

Professional services revenue consists of fees typically associated with the design, development and testing of product feature enhancements requested by the customer. The customer procures additional development services as needed, and generally based upon annual development plans negotiated by and between the customer and the Company. Professional services do not result in significant customization of the maintenance and support services and are considered distinct services. All, and any part of the output, of the Company's professional services towards such product feature enhancements, belong to the customer. Accordingly, the Company satisfies the performance obligations over time as the performance of work typically creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Company also has a contract for an enterprise CaseBuilder solution through a second sales channel intermediary that includes supplemental professional services to integrate CaseBuilder with the customer's existing systems that will remain in place.

As these professional services each have a fixed contract fee, the Company recognizes revenue over time proportionally as work is performed, based on cumulative resource costs incurred as a percentage of total forecast costs for the project. Management uses significant judgment in making these estimates, which affect the timing of revenue recognition, including how much revenue to recognize in each period, and in estimating the timing of revenue recognition for remaining performance obligations (see Note 3).

Gross Versus Net Presentation

The Company's single software license on premise instance and related maintenance and support service agreement was facilitated through a sales channel intermediary. The Company presents the total value of the billings to the end-user as revenue (or gross) and that portion of the billings to the customer retained by the sales channel intermediary as a sales cost which is included in sales and marketing in the accompanying statement of operations, as the Company determined that it is the principal in the arrangement. The Company's conclusion is based on its role in controlling the goods and services consumed by the end-customer throughout the license term or development life cycle, combined with its control over the price charged to the end-user for such goods and services, and the inability of the sales channel intermediary to direct or control the services provided to the customer. The fees paid to the sales channel intermediary are expensed as incurred as it relates to a period of performance of one year, and the sales channel intermediary is paid the same rate of commission on license term renewals or additional professional services that are sold to the customer.

Costs

Costs include the cost of revenues and charges for impairment of property and equipment. Cost of revenues primarily include depreciation expense associated with capitalized customer acoustic sensor networks, communication expenses, costs related to hosting the Company's service application, costs related to operating its Incident Review Center (the "IRC"), providing remote and on-site customer support and maintenance and forensic services, personnel and related costs of operations, stock-based compensation and allocated facilities and general operational overhead.

which includes information technology, facility and equipment depreciation costs. The Company expenses all costs as incurred for services that are not recoverable under an enforceable contract.

Advertising and Public Relations Costs

Advertising and public relations costs are expensed as incurred. Advertising and public relations costs were \$2.0 million, \$1.5 million, and \$1.3 million for the years ended December 31, 2023, 2022 and 2021, respectively, and were included in sales and marketing expense in the consolidated statements of operations.

Research and Development Costs

Research and development costs are expensed as incurred and consisted primarily of salaries and benefits, consultant fees, certain facilities costs, and other direct costs associated with the continued development of the Company's solutions.

Product development costs are expensed as incurred until technological feasibility has been established, which the Company defines as the completion of all planning, designing, coding, and testing activities that are necessary to establish products that meet design specifications including functions, features and technical performance requirements. The Company has determined that technological feasibility for its software products is reached shortly before they are released for sale. Costs incurred after technological feasibility is established are not significant, and accordingly the Company expenses all research and development costs when incurred. The Company capitalizes the cost of technology acquired through a business combination based on the fair value of the assets acquired.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly liquid investments with an original maturity of three months or less.

At December 31, 2023 and 2022, the Company's cash and cash equivalents consisted of cash deposited in financial institutions.

Restricted cash

Cash balances that are legally, contractually or otherwise restricted as to withdrawal or usage are considered restricted cash. The Company had no restricted cash balances at December 31, 2023 and December 31, 2022.

Foreign Currency

The functional currency for the Company's foreign subsidiaries is the local currency. The assets and liabilities of the subsidiary are translated into U.S. dollars using the exchange rate as of each balance sheet date. Revenues and expenses are translated at the average exchange rates for the period. Gains and losses from translations are recognized in foreign currency translation included in accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets. Foreign currency exchange gains and losses that are realized are recorded in other expense, net, in the accompanying consolidated statements of operations.

Accounts Receivable and Contract Assets, Net

Accounts receivable, net consist of trade accounts receivables from the Company's customers, net of allowance for credit losses if deemed necessary, and are recorded at the invoiced amount. Accounts receivable also consists of trade accounts receivables (net of any commissions) from the sales channel intermediary through which the Company provides software license, maintenance and support, and professional services. The Company does not require collateral or other security for accounts receivable. Contract assets consist of revenues recognized in advance of invoicing the customer for amounts that the Company has the right to invoice. The Company does not charge interest on accounts receivable that are past due.

The Company periodically evaluates the collectability of its accounts receivable and provides an allowance for credit losses based on the Company's historical experience. At December 31, 2023, the Company has an allowance for credit losses of \$0.1 million. There was no allowance as of December 31, 2022.

Concentrations of Risk

Credit Risk — Financial instruments that potentially subject the Company to concentration of credit risk consisted primarily of cash and cash equivalents and accounts receivable from trade customers. The Company maintains its deposits of cash and cash equivalents at three domestic and four international financial institutions. The Company is exposed to credit risk in the event of default by a financial institution to the extent that cash and cash equivalents are in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") and other local country government agencies. The Company generally places its cash and cash equivalents with high-credit quality financial institutions. To date, the Company has not experienced any losses on its cash and cash equivalents. As of December 31, 2023, the Company had approximately \$5.1 million, \$40,000, and \$8,000 deposited with the Company's three domestic financial institutions for which \$250,000 is insured per institution under FDIC limits.

Concentration of Accounts Receivable and Contract Assets — At December 31, 2023, two customers accounted for 24% and 10% of the Company's total accounts receivable. At December 31, 2022, two customers accounted for 23% and 17% of the Company's total accounts receivable.

Concentration of Revenues — For the year ended December 31, 2023, two customers accounted for 25% and 9%, respectively, of the Company's revenues. For the year ended December 31, 2022, two customers accounted for 30% and 10%, respectively, of the Company's revenues. For the year ended December 31, 2021, two customers accounted for 28% and 14%, respectively, of the Company's revenues.

Concentration of Suppliers — The Company relies on a limited number of suppliers and contract manufacturers. In particular, a single supplier is currently the sole manufacturer of the Company's proprietary sensors.

Business Acquisitions

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets and contingent consideration liabilities. Acquisition-related expenses are recognized separately from the business combination and are recognized as general and administrative expense as incurred.

Goodwill

Goodwill represents the excess of amounts paid over the fair value of net assets acquired from an acquisition. Goodwill is tested for impairment at the reporting unit level (the Company has one reporting segment and tests at the company level) on an annual basis (October 1) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company operates as one reportable segment. It performed its annual test for goodwill impairment as of October 1, 2023 and concluded

that no goodwill impairment charge was necessary. Since inception through December 31, 2023, the Company has not recorded any goodwill impairment.

Intangible Assets

Intangible assets consist of customer relationships, software technology, tradename and acquired patents and capitalized legal fees related to obtaining patents. Patent assets are stated at cost, less accumulated amortization. Customer relationships, tradename and software technology are recorded at fair value as of the date of the acquisition. Intangible assets are amortized on an attribution method, over their expected useful lives, which range from three years for patents, eight to 11 years for software technology, nine years for tradename, and seven to 15 years for customer relationships.

Property and Equipment, net

Property and equipment, net, is stated at cost, less accumulated depreciation, and amortization. The Company depreciates property and equipment using the straight-line method over their estimated useful lives, ranging from three to five years. Leasehold improvements are amortized over the shorter of the asset's useful life or the remaining lease term. Costs incurred to develop software for internal use and for the Company's solutions are capitalized and amortized over such software's estimated useful life. Internally developed software costs capitalized during all periods presented have not been material.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset group to the group's future undiscounted cash flows expected to be generated from the existing service potential of the asset group for the period of time consistent with the remaining life of the group's primary asset. If such assets are determined to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the future undiscounted net cash flows arising from the assets. Assets to be disposed of are reported at the lower of their carrying amounts or fair value less cost to sell.

Royalty Expense

In 2009, the Company entered into a license agreement with a third-party relating to a patented gunshot digital imaging system that facilitates integration with certain third-party systems. The terms of the license agreement require the Company to pay a one-time fee of \$5,000 for each license sold to a customer allowing the customer to integrate their ShotSpotter service with a third-party application, such as a video management system, with a minimum annual amount due of \$75,000. In 2023, the Company incurred \$155,000 related to this agreement. In 2023, 2022, and 2021, the Company incurred only the \$75,000 minimum amount. The license agreement terminated in November 2023.

Fair Value Measurements

The Company uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing

financial instruments are not necessarily an indication of the risks associated with investing in those financial instruments. The three-level hierarchy for fair value measurements is defined as follows:

Level I — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III — Inputs to the valuation methodology are unobservable and supported by little or no market data. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

An asset's or a liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Stock-Based Compensation

The Company generally grants options to purchase shares of its common stock to its employees, directors and non-employees for a fixed number of shares with an exercise price equal to the fair value of the underlying shares at the grant date. All stock option grants are accounted for using the fair value method, and stock-based compensation expense is recognized ratably over the requisite service period as the underlying options vest. The Company uses the Black-Scholes option pricing model to measure the fair value of its stock options.

The Company estimates the grant date fair value of its common stock options using the following assumptions:

Expected Term — The expected term represents the weighted-average period that the stock-based compensation awards are expected to be outstanding. It was calculated based on the Company's historical experience with its stock option grants.

Risk-Free Interest Rate — The risk-free interest rate is based on the yield on U.S. Treasury yield curve in effect at the grant date.

Expected Volatility — The expected volatility is based on the historical volatility of the Company's stock.

Dividend Yield — Expected dividend yield is based on the Company's dividend policy at the time the options were granted. The Company does not plan to pay any dividends in the foreseeable future. Consequently, it has historically used an expected dividend yield of zero.

The Company uses the market closing price of its common stock as traded on the Nasdaq Capital Market to determine fair value of its common stock for use in the Black-Scholes option pricing model.

The Company generally grants unvested restricted stock unit awards to non-employee directors and executive management for a fixed number of shares and a fixed vesting schedule. The restricted stock unit awards are valued

using the closing price on the date of grant and stock-based compensation is recognized ratably over the requisite service period. Forfeitures are recognized as and when they occur.

Segment Information

The chief operating decision maker is the Company's Chief Executive Officer, who allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. There are no segment managers who are held accountable by the chief operating decision maker, or anyone else, for operations, operating results and planning for levels or components below the consolidated unit level. Accordingly, the Company has determined that it operates as a single operating and reportable segment.

Leases

The Company leases office space under operating leases with expiration dates through 2027. The Company determines whether an arrangement constitutes a lease at inception and records lease liabilities and right-of-use assets on our consolidated balance sheets at lease commencement. We measure lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or our incremental borrowing rate, which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease.

Operating lease right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease and are included in operating lease right-of-use assets, accrued expenses and other current liabilities and other liabilities (long term) on the Company's consolidated balance sheets.

The Company has made an accounting policy election to not recognize short-term leases, or leases that have a lease term of 12 months or less at commencement date, within its consolidated balance sheets and to recognize those lease payments in the consolidated statements of operations and comprehensive income (loss) on a straight-line basis over the lease term.

Income Taxes

The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. The Company establishes a valuation allowance to reduce the deferred tax assets when it is more likely than not that a deferred tax asset will not be realizable. Changes in tax rates are reflected in the tax provision as they occur.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company determines that it would be able to realize its deferred assets in the future in excess of their net recorded amount, the Company makes an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

In accounting for uncertainty in income taxes, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

Net Income (Loss) per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares and common stock equivalents outstanding during

the period. Common stock equivalents are only included when their effect is dilutive. Common stock equivalents include unvested restricted stock units, convertible preferred stock, warrants and outstanding stock options.

Recent Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects current expected credit loss and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance was effective at the beginning of the Company's first quarter of fiscal 2023. The Company adopted this ASU effective January 1, 2023. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Effective

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances prior reportable segment disclosure requirements in part by requiring entities to disclose significant expenses related to their reportable segments. The guidance also requires disclosure of the Chief Operating Decision Maker's ("CODM") position for each segment and detail of how the CODM uses financial reporting to assess their segment's performance. The new guidance is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis, with early adoption permitted. The Company does not expect implementation of the new guidance to have a material impact on its consolidated financial statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 enhances the transparency of income tax disclosures, primarily by requiring public business entities to disclose on an annual basis, specific categories in the rate reconciliation tabular presentation, as well as by providing additional information for reconciling items that meet a quantitative threshold. The ASU also requires disaggregated disclosures of federal, state and foreign income tax taxes paid. The new guidance is effective for fiscal years beginning after December 15, 2023. The Company expects the adoption of this guidance will modify its disclosures, but will not have an impact on the Company's financial position and results of operations.

Note 3. Revenue Related Disclosures

The changes in deferred revenue were as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Beginning balance	\$ 43,720	\$ 26,709
Deferred revenues acquired (Note 4 - Acquisitions)	581	5,382
New billings	87,918	91,453
Revenue recognized during the year from beginning balance	(36,761)	(31,180)
Revenue recognized during the year from new billings	(53,381)	(48,643)
Foreign currency impact	—	(1)
Ending balance	\$ 42,077	\$ 43,720

The following table presents remaining performance obligations for contractually committed revenues as of December 31, 2023 (in thousands):

2024	\$	69,935
2025		30,886
2026		15,683
Thereafter		2,840
Total	\$	<u>119,344</u>

The timing of revenue recognition included in the table above is based on estimates of go-live dates for contracts not yet live. Contractually committed revenue includes deferred revenue as of December 31, 2023 and amounts under contract that will be invoiced after December 31, 2023.

During the year ended December 31, 2023, the Company recognized revenues of \$90.8 million from customers in the United States, and \$1.9 million from customers in South Africa, the Bahamas and Uruguay. During the year ended December 31, 2022, the Company recognized revenues of \$80.2 million from customers in the United States and \$0.8 million from customers in South Africa and the Bahamas. During the year ended December 31, 2021, the Company recognized revenues of \$57.3 million from customers in the United States and \$0.9 million from customers in South Africa and the Bahamas.

During the year ended December 31, 2023, the Company recognized revenues of \$87.5 million from monthly subscription, maintenance, and support services, and \$5.2 million from professional software development services. During the year ended December 31, 2022, the Company recognized revenues of \$75.4 million from monthly subscription, maintenance, and support services and \$5.6 million from professional software development services. During the year ended December 31, 2021, the Company recognized revenues of \$54.7 million from monthly subscription, maintenance, and support services and \$3.4 million from professional software development services.

Note 4. Acquisitions

SafePointe, LLC

During the third quarter of 2023, the Company completed the acquisition of 100% of the membership interests in SafePointe for purchase consideration of \$11.4 million in cash, subject to working capital adjustments, of which \$1.1 million is indemnification escrow cash, and \$11.2 million in the form of 549,579 shares of the Company's common stock based on the closing price on the date of acquisition, of which \$1.1 million is indemnification escrow stock. The purchase consideration also included a contingent earnout payable based on SafePointe's revenues generated during 2023 through 2025. The acquisition date fair value of the contingent earnout was \$3.0 million, resulting in a total purchase consideration of \$25.6 million. Up to \$11.5 million in earnout will be payable based on SafePointe's revenues generated during the remainder of 2023 and the years ended December 31, 2024 and 2025. The Company expects to recover some amounts through escrow claims under the terms of the membership purchase agreement. The Company borrowed \$7.0 million under the Umpqua Credit Agreement (See Note 9, *Financing Arrangements*) to partially fund the purchase consideration. The SafePointe acquisition was accounted for as a business acquisition in accordance with ASC 805, *Business Combinations*. The acquisition allows the Company to enter the AI-based weapons detection market.

The following table summarizes the assignment of fair value to the identified assets and liabilities recorded as of the acquisition date (in thousands):

Cash and cash equivalents	\$	394
Accounts receivable and contract assets		370
Property and equipment, net		717
Customer relationships		2,500
Software technology		9,200
Tradename		1,100
Goodwill		11,242
Other assets		101
Accrued expenses and other current liabilities		(52)
Deferred revenue		(581)
Net assets acquired		24,991
Escrow claim		581
Total estimated consideration	\$	<u>25,572</u>

The goodwill recognized was primarily attributed to increased synergies that are expected to be achieved from the integration of SafePointe and primarily represents the value of cash flows from future customers and the employee workforce. The Company expects to deduct the amortization of goodwill and intangible assets for tax purposes. A portion of the amortization deduction commences upon settlement of contingent consideration liabilities. The Company valued the intangible assets using income-based approaches. Significant assumptions included forecasts of revenues, cost of revenues, research and development expense, sales and marketing expense, general and administrative expense, technology lives, royalty rates, working capital rates, customer attrition rates and other estimates. The Company discounted the cash flows at 20.9%, reflecting the risk profile of the assets.

The Company will amortize the acquired customer relationships for 12 years, the acquired software technology for 11 years and the acquired tradename for 9 years.

Acquisition-related expenses were \$0.8 million for the year ended December 31, 2023, and are included in general and administrative expense.

Forensic Logic, LLC

During the first quarter of 2022, the Company completed the acquisition of 100% of the membership interests in Forensic Logic, LLC (“Forensic Logic”) for purchase consideration of \$4.9 million in cash, subject to working capital adjustments, and \$14.3 million in the form of 464,540 shares of the Company’s common stock based on the closing price on the date of acquisition. The purchase consideration also included a contingent earnout payable based on Forensic Logic’s revenues generated during 2022 and 2023. The acquisition date fair value of the contingent earnout was \$12.4 million, resulting in a total purchase consideration of \$31.6 million. The Forensic Logic acquisition was accounted for as a business acquisition in accordance with ASC 805, *Business Combinations*.

The following table summarizes the assignment of fair value to the identified assets and liabilities recorded as of the acquisition date (in thousands):

Cash and cash equivalents	\$	303
Accounts receivable and contract assets		220
Property and equipment, net		200
Operating lease right-of-use assets		1,893
Software technology		7,140
Tradename		1,000
Customer relationships		8,400
Goodwill		20,155
Other assets		186
Accrued expenses and other current liabilities		(635)
Operating lease liabilities		(1,893)
Deferred revenue		(5,382)
Total estimated consideration	\$	<u>31,587</u>

Goodwill primarily represents the value of cash flows from future customers and the employee workforce. The Company expects to deduct the amortization of goodwill and intangible assets for tax purposes. A portion of the amortization deduction will commence upon settlement of contingent consideration liabilities. The Company valued the intangible assets using income-based approaches. Significant assumptions included forecasts of revenues, cost of revenues, research and development expense, sales and marketing expense, general and administrative expense, technology lives, royalty rates, working capital rates, customer attrition rates and other estimates. The Company discounted the cash flows at 24%, reflecting the risk profile of the assets.

Acquisition-related expenses totaled \$0.1 million for the year ended December 31, 2022, which is included in general and administrative expense.

Pro Forma Information

The unaudited pro forma combined revenue and net income presented below have been prepared as if the Company had acquired SafePointe and Forensic Logic on January 1, 2021 and is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place on January 1, 2021. The unaudited pro forma financial information has been derived from the consolidated statements of operations of the Company, SafePointe and Forensic Logic for the below periods. The historical financial information has been adjusted in the unaudited combined pro forma information based upon currently available information and certain estimates and assumptions. The actual effect of the transactions ultimately may differ from the pro forma adjustments included herein. However, management believes that the assumptions used to prepare the pro forma adjustments provide a reasonable basis for presenting the significant effects of the transactions as currently contemplated and that the pro forma adjustments are factually supportable, give appropriate effect to the expected impact of events that are directly attributable to the transactions, and reflect those items expected to have a continuing impact on the Company.

The unaudited pro forma combined revenue for the years ended December 31, 2023, 2022 and 2021 would have been \$93.9 million, \$81.8 million and \$64.8 million, respectively. The unaudited pro forma combined net income (loss) for the years ended December 31, 2023, 2022 and 2021, would have been \$(4.2) million, \$4.4 million and \$(9.2) million, respectively.

Note 5. Fair Value Measurements

In November 2020, the Company estimated the fair value of the contingent consideration liability associated with its acquisition of LEEDS, LLC ("LEEDS"). This fair value measurement was classified as Level III within the fair value hierarchy as prescribed by Accounting Standards Codification 820-10-35-37 ("ASC 820, *Fair Value Measurement*"). In May 2023, the Company renamed LEEDS to Technologic Solutions, LLC ("Technologic"). During the first quarter of 2023, the Company paid the \$1.5 million Technologic contingent consideration balance, in full settlement of its obligations under the purchase agreement.

In January 2022, the Company estimated the fair value of the contingent consideration liability associated with its acquisition of Forensic Logic to be \$12.4 million as of the acquisition date, using a Monte Carlo simulation approach with asset and revenue volatility of 60.0% and 28.0%, respectively. This fair value measurement is classified as Level III within the fair value hierarchy as prescribed by ASC 820, *Fair Value Measurement*. During the years ended December 31, 2023 and 2022, the fair value of the contingent consideration was decreased by \$3.2 million and \$9.2 million, respectively, based upon adjustments to recorded liabilities as a result of actual revenues. As a result of actual revenue recognized, the company did not pay any amounts under the contingent consideration and no further contingent payments remain.

In August 2023, the Company estimated the fair value of the contingent consideration liability associated with its acquisition of SafePointe to be \$3.0 million as of the acquisition date, using a Monte Carlo simulation approach with asset and revenue volatility of 76.1% and 25.8%, respectively. This fair value measurement is classified as Level III within the fair value hierarchy as prescribed by ASC 820, *Fair Value Measurement*. During the year ended December 31, 2023, the fair value of the contingent consideration was decreased by \$2.4 million based upon revised estimated 2024 and 2025 revenue targets.

The changes in the fair value of the aggregate contingent consideration liability are summarized below (in thousands):

	Year Ended December 31,	
	2023	2022
Beginning balance	\$ 4,746	\$ 1,500
Payment of contingent consideration liability	(1,500)	—
Contingent consideration - Forensic Logic (Note 4 - Acquisitions)	—	12,400
Contingent consideration - SafePointe (Note 4 - Acquisitions)	2,994	—
Change in fair value of contingent consideration	(5,686)	(9,154)
Ending balance	<u>\$ 554</u>	<u>\$ 4,746</u>

There were no transfers into or out of Level III during the year ended December 31, 2023 and 2022.

Note 6. Goodwill

The changes in goodwill for 2023 and 2022 are as follows (in thousands):

	December 31,	December 31,
	2023	2022
Beginning balance	\$ 22,971	\$ 2,816
Acquisition of Forensic Logic (Note 4 - Acquisitions)	—	20,155
Acquisition of SafePointe (Note 4 - Acquisitions)	11,242	—
Ending balance	<u>\$ 34,213</u>	<u>\$ 22,971</u>

The Company has not recorded any goodwill impairment charges through December 31, 2023.

Note 7. Intangible Assets, net

Intangible assets as of December 31, 2023 and 2022 are as follows (in thousands):

	Gross	December 31, 2023		Net
			Accumulated Amortization	
Customer relationships	25,470	(4,467)		21,003
Acquired software technology	16,340	(2,199)		14,141
Patents and intellectual property	1,966	(1,227)		739
Tradename	2,100	(1,045)		1,055
Total intangible assets, net	<u>\$ 45,876</u>	<u>\$ (8,938)</u>		<u>\$ 36,938</u>

	Gross	December 31, 2022		Net
			Accumulated Amortization	
Customer relationships	\$ 22,970	\$ (2,760)	\$	20,210
Acquired software technology	7,140	(1,015)		6,125
Patents	1,227	(1,133)		94
Tradename	1,000	(111)		889
Total intangible assets, net	<u>\$ 32,337</u>	<u>\$ (5,019)</u>		<u>\$ 27,318</u>

Intangible amortization expense was \$3.9 million, \$2.8 million, and \$1.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The following table presents future intangible asset amortization as of December 31, 2023 (in thousands):

2024	3,856
2025	3,842
2026	3,805
2027	3,790
2028	3,736
Thereafter	17,909
Total	<u>\$ 36,938</u>

Note 8. Details of Certain Consolidated Balance Sheet Accounts

Prepaid expenses and other current assets (in thousands):

	December 31, 2023	December 31, 2022
Deferred commissions	\$ 1,295	\$ 1,040
Prepaid software and licenses	1,147	647
Prepaid insurance	806	724
Other prepaid expenses	199	236
Short-term deposits	406	363
Other	49	215
	<u>\$ 3,902</u>	<u>\$ 3,225</u>

Accounts receivable and contract assets, net (in thousands):

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 24,574	\$ 28,790
Contract assets	6,225	2,167
Allowance for credit losses	(99)	—
	<u>\$ 30,700</u>	<u>\$ 30,957</u>

Other assets (in thousands):

	December 31, 2023	December 31, 2022
Deferred commissions	\$ 3,205	\$ 2,552
Escrow claim (Note 4 - Acquisitions)	581	—
Other	123	18
	<u>\$ 3,909</u>	<u>\$ 2,570</u>

Property and equipment, net (in thousands):

	December 31, 2023	December 31, 2022
Deployed equipment	\$ 50,467	\$ 44,700
Construction in progress	3,513	5,267
Computer equipment	2,771	2,359
Software	1,238	1,314
Furniture and fixtures	1,189	472
Leasehold improvements	979	934
Vehicles	263	258
	60,420	55,304
Accumulated depreciation and amortization	(39,392)	(33,316)
	<u>\$ 21,028</u>	<u>\$ 21,988</u>

Depreciation and amortization expense during the years ended December 31, 2023, 2022 and 2021 was \$6.7 million, \$6.4 million, and \$5.8 million, respectively.

Accrued expenses and other current liabilities (in thousands):

	December 31, 2023	December 31, 2022
Personnel-related accruals	\$ 6,500	\$ 5,971
Contingent consideration liability	—	1,500
Operating lease liabilities	964	868
Professional fees	407	441
Sales/use tax payable	100	257
State income tax payable	128	385
Other	422	543
	<u>\$ 8,521</u>	<u>\$ 9,965</u>

Other liabilities (long-term) (in thousand):

	December 31, 2023		December 31, 2022	
Operating lease liabilities	\$	1,542	\$	2,554
Contingent consideration liability		554		3,246
	\$	<u>2,096</u>	\$	<u>5,800</u>

Note 9. Financing Arrangements

The Company has a Credit Agreement with Umpqua Bank (the "Credit Agreement"), which allows borrowings of up to \$25.0 million under a revolving facility and provides for a letter of credit sub-facility of up to \$7.5 million. As of December 31, 2023, the Credit Agreement expired on October 15, 2024. On February 12, 2024, the Company entered into an amendment to the Credit Agreement extending the maturity date to October 15, 2025.

Borrowings under the Credit Agreement are secured by substantially all of the assets of the Company. Any amounts outstanding under the letter of credit sub-facility reduce the amount available for the Company to borrow under the Revolving Facility.

Under the Credit Agreement, the Company has the option to select an interest rate based on either (1) a base rate, which fluctuates daily and is the greater of (a) the prime rate in effect as of any date of determination and (b) the SOFR rate as of such date of determination plus 1.0% per annum or (2) a SOFR rate, which can be for a period of 30, 90 or 180 days at the Company's option and is equal to the SOFR rate as published by CME Group Benchmark Administration Limited, in each case plus 2.0% per annum. Any letters of credit issued under the Credit Agreement will be subject to a fee of 2.0% per annum. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time prior to termination of the Credit Agreement.

The Company is subject to certain financial covenants in the Credit Agreement, which include: (1) maintaining a ratio of consolidated funded debt, excluding the amount of any unsecured convertible notes issued by the Company, to consolidated earnings before income tax, depreciation and amortization ("Consolidated EBITDA") of not greater than 3.00 to 1.00 measured at the end of each fiscal quarter and (2) maintaining a ratio of Consolidated EBITDA to interest charges of at least 2.00 to 1.00 measured at the end of each fiscal quarter. The Company was in compliance with its covenants as of December 31, 2023.

The Credit Agreement contains various negative covenants that limit, subject to certain exclusions, the Company's ability to incur indebtedness, make loans, invest in or secure the obligations of other parties, pay or declare dividends, make distributions with respect to the Company's securities, redeem outstanding shares of the Company's stock, create subsidiaries, materially change the nature of its business, enter into related party transactions, engage in mergers and business combinations, the acquisition or transfer of Company assets outside of the ordinary course of business, grant liens or enter into collateral relationships involving company assets or reincorporate, reorganize or dissolve the Company.

The available loan facility as of December 31, 2023 and December 31, 2022 was approximately \$18.0 million and \$20.0 million, respectively. As of December 31, 2023, there was \$7.0 million outstanding on the Company's line of credit, which the Company borrowed in August 2023 to partially fund the acquisition of SafePointe. There were no amounts outstanding on December 31, 2022. The interest expense recorded for the year ended December 31, 2023 was \$0.2 million, based on a weighted-average interest rate of 7.32%.

Note 10. Related Party Transactions

During the year ended December 31, 2023, 2022 and 2021, the Company recognized \$0.1 million, \$0.8 million, and \$0.1 million in revenues, respectively, from SoundThinking Labs projects with charitable organizations that have received donations from one of the Company's directors and one of the Company's significant shareholders.

Note 11. Income Taxes

The domestic and foreign components of net income (loss) before income tax were as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ (1,596)	\$ 7,583	\$ (4,280)
Foreign	82	(31)	(95)
Net income (loss) before income tax	<u>\$ (1,514)</u>	<u>\$ 7,552</u>	<u>\$ (4,375)</u>

The provision (benefit) for income tax consists of the following (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ —	\$ —	\$ —
State	656	455	—
Foreign	7	27	6
Total	663	482	6
Deferred:			
Federal	277	316	—
State	264	369	—
Foreign	—	—	50
Total	541	685	50
Total provision (benefit) for income tax	<u>\$ 1,204</u>	<u>\$ 1,167</u>	<u>\$ 56</u>

A reconciliation of income taxes at the statutory federal income tax rate to income tax expense included in the accompanying consolidated statements of operations is as follows (in thousands):

	December 31,		
	2023	2022	2021
Income tax (benefit) at statutory rate	\$ (312)	\$ 1,545	\$ (919)
Change in valuation allowance	(76)	(1,715)	1,288
Indefinite-lived asset (goodwill)	541	685	—
State tax	354	239	(288)
Change in deferred	616	415	(27)
Stock-based compensation	197	111	62
Research and development credits	(369)	(271)	(160)
Foreign rate differential	23	43	7
Other	230	115	93
Total	<u>\$ 1,204</u>	<u>\$ 1,167</u>	<u>\$ 56</u>

Temporary differences that gave rise to significant portions of the Company's deferred tax assets and liabilities as of December 31, 2023 and 2022 were as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Deferred tax assets:		
Net operating losses	\$ 15,302	\$ 17,255
Stock-based compensation	4,094	2,974
Section 174 capitalized expenditures	3,820	1,918
Research and development credits	3,359	2,917
Accruals and reserves	1,127	1,022
Deferred revenue and contract costs	482	625
Gross deferred tax assets	28,184	26,711
Valuation allowance	(25,953)	(25,343)
Net deferred tax assets	2,231	1,368
Deferred tax liabilities:		
Fixed assets and intangibles	(317)	(624)
Goodwill	(3,140)	(1,429)
Total deferred tax liabilities, net	\$ (1,226)	\$ (685)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company regularly assesses the likelihood that the deferred tax assets will be recovered from future taxable income. The Company considers projected future taxable income and ongoing tax planning strategies, then records a valuation allowance to reduce the carrying value of the net deferred taxes to an amount that is more likely than not able to be realized. Based upon the Company's assessment of all available evidence, including the previous three years of U.S.-based taxable income and loss after permanent items, estimates of future profitability, and the Company's overall prospects of future business, the Company determined that it is more likely than not that the Company will not be able to realize a portion of the deferred tax assets in the future. The Company will continue to assess the potential realization of deferred tax assets on an annual basis, or an interim basis if circumstances warrant. If the Company's actual results and updated projections vary significantly from the projections used as a basis for this determination, the Company may need to change the valuation allowance against the gross deferred tax assets. Management determined that a valuation allowance of \$26.0 million and \$25.3 million was required as of December 31, 2023 and 2022, respectively.

The valuation allowance changed by \$0.6 million during the year ended December 31, 2023. This is different than 2022, which includes an increase to the valuation allowance related to *ASC 805 Business Combination* accounting and to certain changes in temporary differences that give rise to deferred tax liabilities related to indefinite-lived intangible assets.

At December 31, 2023 and 2022, the Company had available net operating loss carryforwards of approximately \$57.9 million and \$67.1 million, respectively, for federal income tax purposes, of which \$53.1 million were generated before 2018 and will begin to expire in 2029. The remaining net operating losses of \$4.9 million can be carried forward indefinitely under the Tax Cuts and Jobs Act. The Company continually monitors all positive and negative evidence regarding the realization of its deferred tax assets and may record assets when it becomes more likely than not, than they will be realized, which may impact the expense or benefit from income taxes.

At December 31, 2023 and 2022, the net operating losses for state purposes are \$42.7 million and \$43.8 million, respectively, and will begin to expire in 2024 if not utilized.

As of December 31, 2023, the Company had available for carryover, research and experimental credits of approximately \$2.0 million for federal income tax purposes and \$1.7 million for California income tax purposes, which are available to reduce future income taxes. The federal research and experimental tax credits will begin to expire, if not utilized, in 2027. The California research and experimental tax credits carry forward indefinitely until utilized.

Section 382 of the Internal Revenue Code of 1986 (the “Code”), as amended, and similar California regulations impose substantial restrictions on the utilization of net operating losses and tax credits in the event of an “ownership change” of a corporation. Accordingly, the Company’s ability to utilize net operating losses and credit carryforwards may be limited as the result of such an “ownership change” as defined in the Code.

Uncertain Tax Positions

The Company applied FASB ASC 740-10-50, *Accounting for Uncertainty in Income Tax*, which prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

A reconciliation of the beginning and ending amounts of unrecognized uncertain tax positions is as follows (in thousands):

Balance as of December 31, 2021	\$	954
Increases for current year tax positions		140
Decreases for prior year tax positions		(11)
Balance as of December 31, 2022		1,083
Increases for current year tax positions		187
Decreases for prior year tax positions		(29)
Balance as of December 31, 2023	\$	<u>1,241</u>

Of the total unrecognized tax benefits at December 31, 2023, no amount will impact the Company's effective tax rate because the uncertain amounts have a valuation allowance recorded against them. The Company does not anticipate that there will be a substantial change in unrecognized tax benefits within the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax positions within the income tax expense line in the accompanying consolidated statements of operations. There were no accrued interest and penalties associated with uncertain tax positions as of December 31, 2023 and 2022.

The Company files federal and state income tax returns in the United States, certain United States territories, and certain foreign jurisdictions. The statutes of limitations remain open for 2009 through 2023 for federal and state purposes in the United States, and certain U.S. territories. Years beyond the normal statutes of limitations remain open to audit by tax authorities due to tax attributes generated in earlier years which are being carried forward and may be audited in subsequent years when utilized.

Note 12. Capital Stock*Common Stock*

The Company is authorized to issue 500,000,000 shares of common stock with a par value of \$0.005 per share. At December 31, 2023 and 2022, there were 12,761,448 and 12,243,929 shares of common stock issued and outstanding, respectively. Holders of common stock have voting rights equal to one vote per share of common stock held and are entitled to receive any dividends as may be declared from time to time by the Board.

At December 31, 2023, shares of common stock reserved for future issuance were as follows:

Options outstanding	1,789,431
Shares available for future grant	1,329,884
Unvested restricted stock units	298,361
Total	<u>3,417,676</u>

Preferred Stock

The Company is authorized to issue 20,000,000 shares of preferred stock, with a par value of \$0.005. At December 31, 2023 and 2022, there was no preferred stock issued or outstanding.

Stock Repurchase Program

In May 2019, the Company's board of directors adopted a stock repurchase program for up to \$15.0 million of our common stock. In November 2022, the Company's board of directors approved a new stock repurchase program for up to \$25.0 million of the Company's common stock. Although the board of directors has authorized the stock repurchase program, it does not obligate the Company to repurchase any specific dollar amount or number of shares, there is no expiration date for the stock repurchase program, and the stock repurchase program may be modified, suspended or terminated at any time and for any reason.

During the year ended December 31, 2023, the Company repurchased 228,782 shares of its common stock at an average price of \$24.41 per share for \$5.6 million. During the year ended December 31, 2022, the Company repurchased 106,992 shares of its common stock at an average price of \$28.81 per share for \$3.1 million and used up the remaining balance under the stock repurchase program authorized in May 2019. The repurchases were made in open market transactions using cash on hand, and all of the shares repurchased were retired.

Note 13. Net Income (Loss) per Share

The following table summarizes the computation of basic and diluted net income (loss) per share (in thousands, except share and per share data):

	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net income (loss)	\$ (2,718)	\$ 6,385	\$ (4,431)
Denominator:			
Weighted-average shares outstanding, basic	12,425,132	12,171,609	11,647,558
Weighted-average shares outstanding, diluted	12,425,132	12,317,707	11,647,558
Net income (loss) per share, basic	\$ (0.22)	\$ 0.52	\$ (0.38)
Net income (loss) per share, diluted	\$ (0.22)	\$ 0.52	\$ (0.38)

The following potentially dilutive shares outstanding at the end of the periods presented were excluded in the calculation of diluted net income (loss) per share as the effect would have been anti-dilutive:

	Year Ended December 31,		
	2023	2022	2021
Options to purchase common stock	1,789,431	1,015,497	783,928
Unvested restricted stock units	298,361	97,275	128,810
Total	<u>2,087,792</u>	<u>1,112,772</u>	<u>912,738</u>

Note 14. Equity Incentive Plans

In February 2005, the Company adopted the 2005 Stock Plan, as amended in January 2010 and November 2012 (the "2005 Plan"). Under the 2005 Plan provisions, the Company was authorized to grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units ("RSUs"), and shares of restricted stock.

In May 2017, the Board and the Company's stockholders approved the 2017 Equity Incentive Plan (the "2017 Plan"). As a result of the adoption of the 2017 Plan, no further grants may be made under the 2005 Plan. The 2017 Plan provides for the issuance of stock options, RSUs and other awards to employees, directors, and consultants of the Company. The 2017 Plan includes an evergreen provision that provides for the number of shares of common stock reserved for issuance under the 2017 Plan to automatically increase on January 1 of each year by the lesser of (1) 5% of the number of shares of the Company's common stock outstanding on December 31 of the preceding calendar year or (2) such number of shares as determined by the board of directors.

The following table summarizes the activity of shares available for grant under the 2017 Equity Incentive Plan:

Shares available for grant at December 31, 2022	1,527,374
Increase in accordance with the evergreen provision	612,196
Options issued during the year	(724,841)
Canceled during the year	172,602
RSUs granted	(257,447)
Shares available for grant at December 31, 2023	<u>1,329,884</u>

Stock Options

Incentive stock options may only be granted to Company employees and may only be granted with an exercise price not less than the fair value of the common stock, or not less than 110% of fair value when the grant is issued to a person who, at the time of grant, owns stock representing more than 10% of the voting power of all classes of stock. Non-statutory stock options may be granted to Company employees, directors, and consultants, and may be granted at a price per share not less than fair value on the date of the grant.

Options granted under the 2005 Plan and 2017 Plan generally vest over four years and expire no later than 10 years from the grant date. The 2005 Plan and 2017 Plan grants the board of directors' discretion to determine when the options granted will become exercisable.

Compensation expense for stock options is based upon the estimated fair value of the awards. The fair value of stock option grants is determined using the Black-Scholes option pricing model which requires the use of certain assumed inputs. The assumed inputs used to determine the fair value of stock options granted for the years ended December 31, 2023, 2022, and 2021 are set forth below:

	Year Ended December 31,		
	2023	2022	2021
Fair value of common stock	\$18.74-\$32.89	\$16.30-\$37.00	\$31.12-\$48.05
Expected term (in years)	6	6	6
Risk-free interest rate	3.46%-4.80%	1.54%-4.18%	0.45%-1.62%
Expected volatility	62%-63%	63%-64%	65%-67%
Expected dividend yield	—	—	—

A summary of stock option activities during 2023, 2022 and 2021 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value per Option	Aggregate Intrinsic Value Exercised (in thousands)
Outstanding at December 31, 2020	813,242	\$ 24.58		
Granted	111,489	\$ 39.00	\$ 23.32	
Exercised	(97,702)	\$ 9.20		\$ 3,064
Canceled	(43,101)	\$ 35.84		
Outstanding at December 31, 2021	783,928	\$ 28.00		
Granted	557,218	\$ 27.40	\$ 16.30	
Exercised	(41,819)	\$ 12.88		\$ 778
Canceled	(43,271)	\$ 28.85		
Outstanding at December 31, 2022	1,256,056	\$ 28.20		
Granted	724,841	\$ 25.05	\$ 15.18	
Exercised	(19,021)	\$ 7.95		\$ 424
Canceled	(172,445)	\$ 31.36		
Outstanding at December 31, 2023	<u>1,789,431</u>	\$ 26.83		

During the year ended December 31, 2023, the Company modified options to accelerate vesting for two individuals in respect of an aggregate of 6,734 options. The Company accounted for these as modifications of those awards and recognized net incremental compensation expense of approximately \$52,000 during the year ended December 31, 2023.

Additional information for stock options at December 31, 2023 were as follows:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)	Weighted Average Remaining Contractual term (in years)
Outstanding at December 31, 2023	1,789,431	\$ 26.83	\$ 4,867	7.70
Exercisable at December 31, 2023	842,475	28.20	\$ 2,632	6.21

At December 31, 2023, total unrecognized stock-based compensation cost related to unvested stock options was \$13.9 million, which will be recognized ratably over a weighted-average period of 2.9 years.

No income tax benefits from stock-based compensation arrangements have been recognized in the consolidated statements of operations.

Restricted Stock Units

The Company grants RSUs under the 2017 Plan to executive management and its non-employee directors. RSUs granted to executive management generally vest over four years, while RSUs granted to non-employee directors generally vest annually. A new non-employee director will receive an initial grant upon joining the board of directors and all non-employee directors receive new annual grants at each annual meeting of stockholders. Compensation expense for RSUs is based upon the estimated fair value of the awards on the date of grant.

A summary of RSU activities during 2023, 2022 and 2021 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value per RSU	Aggregate Fair Value of RSUs Vested (in thousands)
Unvested RSUs at December 31, 2020	141,508	\$ 29.67	
Granted	84,035	\$ 37.86	
Vested	(80,972)	\$ 29.22	\$ 3,078
Forfeited	(15,761)	\$ 31.38	
Unvested RSUs at December 31, 2021	128,810	\$ 35.09	
Granted	205,807	\$ 26.90	
Vested	(107,971)	\$ 31.88	\$ 3,129
Forfeited	(2,825)	\$ 26.50	
Unvested RSUs at December 31, 2022	223,821	\$ 29.21	
Granted	257,447	\$ 27.79	
Vested	(135,235)	\$ 29.63	\$ 3,446
Forfeited	(47,672)	\$ 31.08	
Unvested RSUs at December 31, 2023	298,361	\$ 27.58	

At December 31, 2023, total unrecognized stock-based compensation cost related to RSUs was \$7.5 million, which will be recognized ratably over a weighted-average period of 2.5 years.

During the year ended December 31 2023, the Company modified RSUs to accelerate vesting for one individual in respect of 2,256 RSUs. The Company accounted for this as a modification of this award and recognized net incremental compensation expense of approximately \$28,000 during the year ended December 31, 2023. During the year ended December 31, 2022, the Company modified RSUs to accelerate vesting for two individuals in respect of 5,849 RSUs and cancelled the award of another individual in respect of 1,887 RSUs. The Company accounted for these as modifications of those awards and recognized net incremental compensation expense of \$0.01 million during the year ended December 31, 2022.

The incremental compensation cost is measured as the excess of the fair value of the modified award over the fair value of the original award immediately before its terms were modified and recognized as compensation expense on the date of modification for vested awards.

Performance-based restricted stock units

During the year ended December 31, 2023, the Company granted certain executive management RSU awards, subject to certain performance-based vesting conditions ("PRSUs"). The PRSUs totaled 23,569 shares, at a grant date fair value of \$20.12 per share, the closing stock price on the grant date, and will vest on February 15, 2025, based on 2023 performance targets achieved, subject to the officer's continuous service as an officer of the Company through such date. Compensation expense related to the PRSUs is estimated each period based on the fair value of the target stock unit at the grant date and the most probable level of achievement of the performance conditions. Compensation expense related to these awards was approximately \$0.1 million for the year ended December 31, 2023.

2017 Employee Stock Purchase Plan

In May 2017, the Board and the Company's stockholders adopted the 2017 Employee Stock Purchase Plan ("2017 ESPP"). The 2017 ESPP permits the maximum discounted purchase price permitted under U.S. tax rules, including a "lookback", which allows eligible employees to purchase shares of the Company's common stock at a 15% discount to the lesser of the fair market value of common stock at the beginning and end of the offering period.

ESPP offering periods generally run for six months each. An employee's purchase rights terminate immediately upon termination of employment or other withdrawal from the 2017 ESPP. No participant will have the right to purchase shares of common stock in an amount that has a fair market value of more than \$25,000 determined as of the first day of the applicable purchase period, for each calendar year.

The 2017 ESPP contains a provision which provides for an automatic annual share increase on January 1 of each year, in an amount equal to the lesser of (1) 2% of the total number of shares of common stock outstanding on December 31st of the preceding calendar year, (2) 150,000 shares or (3) such number of shares as determined by the board of directors. The Company's board of directors authorized the automatic increase to the 2017 ESPP plan for the year ended December 31, 2023.

The following table summarizes the activity of shares available under the 2017 ESPP:

Shares available for grant at December 31, 2022	516,167
Increase in accordance with the evergreen provision	150,000
Issued during the year	(37,824)
Shares available for grant at December 31, 2023	<u>628,343</u>

Stock-Based Compensation Expense

Total stock-based compensation expense for all award types is recorded in the consolidated statements of operations and was allocated as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenues	\$ 1,871	\$ 1,992	\$ 1,567
Sales and marketing	1,983	1,754	1,612
Research and development	1,307	1,082	734
General and administrative	4,820	3,454	1,959
Total	<u>\$ 9,982</u>	<u>\$ 8,282</u>	<u>\$ 5,872</u>

Stock-based compensation expense is recognized over the award's expected vesting schedule. Forfeitures are recognized as and when they occur.

Note 15. Benefit Plan

The Company sponsors a 401(k) plan to provide defined contribution retirement benefits for all eligible employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company is allowed to make 401(k) matching contributions as defined in the plan and as approved by the board of directors. The Company matched 50% of employee contributions made during 2022 up to a maximum of 2% of compensation; the match will be deposited to the employees' 401(k) accounts in 2023. During the years ended December 31, 2023, 2022, and 2021, the Company recorded \$0.4 million, \$0.3 million, and \$0.3 million, respectively, of matching contribution expense. These matching contributions are subject to additional vesting criteria.

Note 16. Leases

The Company leases its principal executive offices in Fremont, California, under a non-cancelable operating lease which expires in February 2027. This lease does not have significant rent escalation holidays, concessions, leasehold improvement incentives, contingent rent provisions or other build-out clauses. The lease contains an option to extend the term for an additional period of up to five years subject to certain terms and conditions. The Company elected the practical expedient to group lease and non-lease components for all leases. Upon lease commencement on October 1, 2021, the Company recognized an operating lease right-of-use asset of \$2.0 million and a corresponding lease liability of \$2.0 million, using a discount rate of 3.00%, which reflects the Company's incremental borrowing rate for a similar asset and similar term as of the date of commencement.

In April 2020, the Company executed a lease agreement for office space in Washington, DC, under a non-cancelable operating lease that expires in November 2025. This lease does not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the lease does not contain contingent rent provisions. The lease contains an option to extend the term for an additional five years subject to certain terms and conditions. The Company has elected the practical expedient to group lease and non-lease components for all leases. Upon lease commencement on May 1, 2020, the Company recognized an operating lease right-of-use asset of \$0.5 million and a corresponding lease liability of \$0.5 million, using a discount rate of 3.85%, which reflects the Company's incremental borrowing rate for a similar asset and similar term as of the date of commencement.

In January 2022, as part of the Forensic Logic acquisition, the Company acquired the non-cancelable operating leases of Forensic Logic's offices in Walnut Creek, California and Tucson, Arizona, which expire in June 2025 and February 2026, respectively. Neither lease has significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Each lease contains an option to extend the term for an additional period of five years subject to certain terms and conditions. The Company has elected the practical expedient to group lease and non-lease components for all leases. In measuring the lease liability upon acquisition, the Company used a discount rate of 3.25% which reflects the Company's incremental borrowing rate for a similar asset and similar term as of the date of acquisition.

The operating lease cost recognized for the years ended December 31, 2023, 2022 and 2021, was \$1.0 million, \$1.0 million and \$0.6 million, respectively.

Supplemental information related to the operating leases as follows (in thousands):

	December 31,	
	2023	2022
Assets		
Operating lease right-of-use assets	\$ <u>2,315</u>	\$ <u>3,240</u>
Liabilities		
Lease liabilities (short-term) <i>(presented within Accrued expenses and other current liabilities)</i>	\$ 964	\$ 868
Lease liabilities (long-term) <i>(presented within Other liabilities)</i>	1,542	2,554
Total operating lease liabilities	\$ <u>2,506</u>	\$ <u>3,422</u>
	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities <i>(presented within Operating cash flows)</i>	\$ <u>1,006</u>	\$ <u>941</u>

Maturities of the lease liabilities at December 31, 2023 are as follows (in thousands):

2024	\$	1,078
2025		946
2026		506
2027		72
2028		—
Total lease payments, undiscounted		2,602
Less: imputed interest		(96)
Total	\$	<u>2,506</u>

Note 17. Commitments and Contingencies

Contingencies

On August 28, 2018, Silvon S. Simmons (the "Plaintiff") amended a complaint against the City of Rochester, New York, and various city employees, filed in the United States District Court, Western District of New York, to add the Company and employees as defendants. The amended complaint alleges conspiracy to violate plaintiff's civil rights, denial of the right to a fair trial, and malicious prosecution. The Plaintiff claims that SoundThinking colluded with the City of Rochester to fabricate and create gunshot alert evidence to secure Plaintiff's conviction. On the basis of the allegations, the Plaintiff has petitioned for compensatory and punitive damages and other costs and expenses, including attorney's fees. The Company believes that the Plaintiff's claims are without merit and are disputing them vigorously.

The Company may become subject to legal proceedings, as well as demands and claims that arise in the normal course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and management resources. The Company makes a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed and adjusted to include the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel, and other information and events pertaining to a particular matter.

An unfavorable outcome on any litigation matters could require payment of substantial damages, or, in connection with any intellectual property infringement claims, could require the Company to pay ongoing royalty payments or could prevent the Company from selling certain of its products. As a result, a settlement of, or an unfavorable outcome on, any of the matters referenced above or other litigation matters could have a material adverse effect on the Company's business, operating results, financial condition, and cash flows.

Note 18. Subsequent Events

Management evaluated subsequent events through April 1, 2024, which was the date the financial statements were available to be issued, and determined that there are no subsequent events to be reported.

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

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13-a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that the information we are required to file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

In January 2022, we completed the acquisition of Forensic Logic and in August 2023, we completed the acquisition of SafePointe. We continue to integrate internal controls at Forensic Logic and SafePointe into our control structure. With the exception of these changes, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) are designed and operated to provide reasonable assurance regarding the reliability of our financial reporting and our process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Our management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023.

Item 9B. OTHER INFORMATION

None.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

We will file a definitive Proxy Statement for our Annual Meeting (our "Proxy Statement") with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated herein by reference to the sections of our Proxy Statement.

We have adopted a code of business conduct and ethics that applies to our directors, officers and employees. This code of ethics is published on our website at www.soundthinking.com. If we ever were to amend or waive any provision of our code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, we intend to satisfy our disclosure obligations, if any, with respect to any such waiver or amendment by posting such information on our website set forth above rather than by filing a Current Report on Form 8-K.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the sections of our Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the sections of our Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the sections of our Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the section of our Proxy Statement.

PART IV.

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements

We have filed the consolidated financial statements listed in the Index to Consolidated Financial Statements, Schedules, and Exhibits included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(a)(2) Financial Statements Schedules

All financial statements schedules have been omitted because they are not applicable, not material, or the required information is shown in the Index to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(a)(3) Exhibits

See the Exhibit Index below in this Annual Report on Form 10-K. The exhibits listed in the Exhibit Index below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Item 16. FORM 10-K SUMMARY

None.

Exhibit Index

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Filing Date	Filed Herewith
			File No.	Exhibit		
3.1	Amended Restated Certificate of Incorporation	8-K	001-38107	3.1	April 11, 2023	
3.2	Certificate of Change of Registered Agent	10-Q	001-38107	3.2	August 10, 2023	
3.3	Amended and Restated Bylaws	8-K	001-38107	3.1	November 9, 2023	
4.1	Form of Common Stock Certificate	S-1/A	333-217603	4.1	May 19, 2017	
4.2	Investors' Rights Agreement, by and among ShotSpotter, Inc. and the investors listed on Exhibit A thereto, dated July 12, 2012	S-1	333-217603	4.2	May 2, 2017	
4.3	Description of Capital Stock	10-K	001-38107	4.5	March 13, 2020	
10.1(#)	ShotSpotter, Inc. Amended and Restated 2005 Stock Plan	S-1	333-217603	10.1	May 2, 2017	
10.2(#)	Forms of Option Agreement and Option Grant Notice under the Amended and Restated 2005 Stock Plan	S-1	333-217603	10.2	May 2, 2017	
10.3(#)	SoundThinking, Inc. 2017 Equity Incentive Plan					X
10.4(#)	Forms of Option Agreement and Option Grant Notice under the 2017 Equity Incentive Plan					X
10.5(#)	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Restricted Terms and Conditions under the 2017 Equity Incentive Plan	10-Q	001-38107	10.1	November 14, 2023	
10.6(#)	Form of Performance- and Service-Based RSU Grant Notice and Terms and Conditions	10-Q	001-38107	10.2	November 14, 2023	
10.7(#)	SoundThinking, Inc. 2017 Employee Stock Purchase Plan					X
10.8(#)	Form of Restricted Stock Unit Grant Notice for Directors	10-Q	001-38107	10.6	August 14, 2017	
10.9(#)	Form of Indemnification Agreement by and between ShotSpotter, Inc. and each director and executive officer	S-1	333-217603	10.7	May 2, 2017	
10.10(#)	Offer Letter between ShotSpotter, Inc. and Ralph A. Clark, dated March 13, 2017	S-1	333-217603	10.8	May 2, 2017	
10.12(#)	Offer Letter between ShotSpotter, Inc. and Alan R. Stewart, dated March 13, 2017	S-1	333-217603	10.9	May 2, 2017	
10.13(#)	Offer Letter between ShotSpotter, Inc. and Nasim Golzadeh, dated February 20, 2019	10-K	001-38107	10.16	March 4, 2019	

10.14	Offer Letter between SoundThinking, Inc. and Erin Edwards dated September 21, 2023								X
10.15	Lease Agreement between Washington Township Health Care District and ShotSpotter, Inc., dated August 16, 2021	10-Q	001-38107	10.1		November 15, 2021			
10.16	Credit Agreement between Umpqua Bank and ShotSpotter, Inc., dated September 27, 2018	10-Q	001-38107	10.1		November 14, 2018			
10.17	First Amendment to Credit Agreement between Umpqua Bank and ShotSpotter, Inc., dated May 21, 2019	8-K	001-38107	10.1		May 24, 2019			
10.18	Second Amendment to Credit Agreement between Umpqua Bank and ShotSpotter, Inc., dated August 14, 2020	8-K	001-38107	10.1		August 19, 2020			
10.19	Third Amendment to Credit Agreement between Umpqua Bank and ShotSpotter Inc. dated May 19, 2022.	10-Q	001-38107	10.1		November 9, 2022			
10.20	Fourth Amendment to Credit Agreement between Umpqua Bank and ShotSpotter, Inc. dated September 26, 2022.	10-Q	001-38107	10.2		November 9, 2022			
10.21	Fifth Amendment to Credit Agreement between Umpqua Bank and ShotSpotter, Inc. dated November 23, 2022.	8-K	001-38107	10.1		November 23, 2022			
10.22	Sixth Amendment to Credit Agreement between Umpqua Bank and SoundThinking, Inc. dated February 12, 2024	8-K	001-38107	10.1		February 12, 2024			
10.23	Amended and Restated Nonemployee Director Compensation Policy, dated February 14, 2023	10-K	001-38107	10.20		March 14, 2023			
21.1	List of Subsidiaries								X
23.1	Consent of Baker Tilly US, LLP, Independent Registered Public Accounting Firm for SoundThinking, Inc.								X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X

32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
97.1	SoundThinking, Inc. Incentive Compensation Recoupment Policy	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X

Indicates management contract or compensatory plan.

* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

SOUNDTHINKING, INC.

Date: April 1, 2024

By: /s/ Ralph A. Clark
Ralph A. Clark
President and Chief Executive Officer

Date: April 1, 2024

By: /s/ Alan R. Stewart
Alan R. Stewart
Chief Financial Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ralph A. Clark and Alan R. Stewart, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ralph A. Clark Ralph A. Clark	President, Chief Executive Officer, and a Director (Principal Executive Officer)	April 1, 2024
/s/ Alan R. Stewart Alan R. Stewart	Chief Financial Officer (Principal Financial and Accounting Officer)	April 1, 2024
/s/ Pascal Levensohn Pascal Levensohn	Director	April 1, 2024
/s/ Ruby Sharma Ruby Sharma	Director	April 1, 2024
/s/ Marc H. Morial Marc H. Morial	Director	April 1, 2024
/s/ William J. Bratton William J. Bratton	Director	April 1, 2024
/s/ Deborah Grant Deborah Grant	Director	April 1, 2024
/s/ Roberta S. Jacobson Roberta S. Jacobson	Director	April 1, 2024

SOUNDTHINKING, INC.
2017 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: MAY 8, 2017
APPROVED BY THE STOCKHOLDERS: MAY 8, 2017

1.

2. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is intended as the successor to and continuation of the SoundThinking, Inc. Amended and Restated 2005 Stock Plan (the “*Prior Plan*”). From and after 12:01 a.m. Pacific time on the IPO Date, no additional stock awards will be granted under the Prior Plan. All Awards granted on or after 12:01 a.m. Pacific Time on the IPO Date will be granted under this Plan. All stock awards granted under the Prior Plan will remain subject to the terms of the Prior Plan.

(i) Any shares that would otherwise remain available for future grants under the Prior Plan as of 12:01 a.m. Pacific Time on the IPO Date (the “*Prior Plan’s Available Reserve*”) will cease to be available under the Prior Plan at such time. Instead, that number of shares of Common Stock equal to the Prior Plan’s Available Reserve will be added to the Share Reserve (as further described in Section 3(a) below) and will be immediately available for grants and issuance pursuant to Stock Awards hereunder, up to the maximum number set forth in Section 3(a) below.

(ii) In addition, from and after 12:01 a.m. Pacific time on the IPO Date, any shares subject, at such time, to outstanding stock awards granted under the Prior Plan that (i) expire or terminate for any reason prior to exercise or settlement; (ii) are forfeited because of the failure to meet a contingency or condition required to vest such shares or otherwise return to the Company; or (iii) are reacquired, withheld (or not issued) to satisfy a tax withholding obligation in connection with an award or to satisfy the purchase price or exercise price of a stock award (such shares the “*Returning Shares*”) will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when such shares become Returning Shares, up to the maximum number set forth in Section 3(a) below.

(b) Eligible Award Recipients. Employees, Directors and Consultants are eligible to receive Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) Purpose. The Plan, through the grant of Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to

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exert maximum efforts for the success of the Company and any Affiliate, and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

3. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).

(v) To prohibit the exercise of any Option, Stock Appreciation Right or other exercisable Award during a period of up to thirty days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Corporate Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable. Except as provided in the Plan relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan that either (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common

Stock may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Awards available for issuance under the Plan. Except as provided above, rights under any Award granted before amendment of the Plan will not be materially impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii)To submit any amendment to the Plan for stockholder approval.

(ix)To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided, however*, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws or listing requirements.

(x)Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi)To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

(xii)To appoint a Stock Plan Administrator with the authority to administer the day to day operations of the Plan.

(xiii)To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or Stock Appreciation Right, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) Section 162(m) and Rule 16b-3 Compliance. The Committee may consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) Delegation to an Officer. The Board may also delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 14(x)(iii) below.

(e) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board and any officers or employees of the Company to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

(f)Effect of Board’s Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

4.SHARES SUBJECT TO THE PLAN.

(a)Share Reserve. Subject to Section 7(a) relating to Capitalization Adjustments, and the following sentence regarding the annual increase, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 2,413,659 shares (the “*Share Reserve*”), which number is the sum of (i) 900,000 new shares, *plus* (ii) the number of shares subject to the Prior Plan’s Available Reserve, *plus* (iii) a number of shares not to exceed 1,314,752 shares (consisting of the Returning Shares, as such shares become available from time to time).

In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1st of the year following the year in which the IPO Date occurs and ending on (and including) January 1, 2027, in an amount equal to 5% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards. Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(b)Incentive Stock Option Limit. Subject to the provisions of Section 7(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be a number of shares of Common Stock equal to two times the Share Reserve as of the IPO date.

(c)Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(d)Section 162(m) Limitations. Subject to the provisions of Section 7(a) relating to Capitalization Adjustments, at such time as the Company may be subject to the applicable provisions of Section 162(m) of the Code, the following limitations will apply; *provided, however*, that if any additional Award is granted to any Participant during any calendar year in excess of the limits below, compensation attributable to such additional Award will not satisfy the requirements to be considered “qualified performance-based compensation” under Section 162(m) of the Code unless such additional Award is approved by the Company’s stockholders.

(i)A maximum of 600,000 shares of Common Stock subject to Options, Stock Appreciation Rights and Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the Fair Market Value on the date the Stock Award is granted may be granted to any one Participant during any one calendar year.

(ii)A maximum of 600,000 shares of Common Stock subject to Performance Stock Awards may be granted to any one Participant during any one calendar year (whether the grant, vesting or exercise is contingent upon the attainment during the Performance Period of the Performance Goals).

(iii) A maximum of \$1,000,000 may be granted as a Performance Cash Award to any one Participant during any one calendar year.

(e)Limitation on Grants to Non-Employee Directors. The maximum number of shares of Common Stock subject to Stock Awards granted under the Plan or otherwise with respect to any period commencing on the date of the Company’s Annual Meeting of Stockholders for a particular year and ending on the day immediately prior to the date of the Company’s Annual Meeting of Stockholders for the next subsequent year to any Non-Employee Director, taken together with any cash fees paid by the Company to such Non-Employee Director during such period for service on the Board, will not exceed \$300,000 in total value (calculating the value of any such Stock Awards based on the grant date fair value of such Stock Awards for financial reporting purposes). The Board may make exceptions to the applicable limit in this Section 3(e) for individual Non-Employee Directors in extraordinary circumstances, as Board may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation.

(f)Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

5.ELIGIBILITY.

(a)Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 of the Securities Act, unless (i) the stock underlying such Stock Awards is treated as

“service recipient stock” under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in consultation with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

6. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or Stock Appreciation Right will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or Stock Appreciation Rights need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or Stock Appreciation Right will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or Stock Appreciation Right will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or Stock Appreciation Right on the date the Award is granted. Notwithstanding the foregoing, an Option or Stock Appreciation Right may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each Stock Appreciation Right will be denominated in shares of Common Stock equivalents.

(c) Option Exercise and Payment of Exercise Price. To exercise any outstanding Option, the Participant must provide notice of exercise to the Stock Plan Administrator in compliance with the provisions of the Award Agreement evidencing such Option. The purchase price of Common Stock acquired pursuant to the exercise of an Option will be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below as specified in the Option Agreement. The

Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) provided that at the time of exercise the Common Stock is publicly traded and the Company has established procedures for cashless exercise, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) provided that at the time of exercise the Common Stock is publicly traded and has established procedures for accepting such form of payment, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise; provided that (A) such tender would not violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock, (B) any certificated shares must be endorsed or accompanied by an executed assignment separate from certificate, and (C) such shares have been held by the Participant for the minimum period necessary to avoid adverse accounting treatment as a result of such tender;

(iv) provided that at the time of exercise the Company has established procedures for accepting such payment via a "net exercise," if the option is a Nonstatutory Stock Option, by a net exercise arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; *provided, further*, that shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise of a Stock Appreciation Right. To exercise any outstanding Stock Appreciation Right, the Participant must provide notice of exercise to the Stock Plan Administrator in compliance with the provisions of the Award Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock

Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such Stock Appreciation Right.

(e) Incentive Stock Option \$100,000 Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Award Agreement(s).

(f) Transferability of Options and Stock Appreciation Rights. The Board may, in its sole discretion, impose such limitations on the transferability of Options and Stock Appreciation Rights as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and Stock Appreciation Rights will apply:

(i) Restrictions on Transfer. An Option or Stock Appreciation Right will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or Stock Appreciation Right in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request, including to a trust if the Participant is considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the Option is held in the trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company. Except as explicitly provided in the Plan, neither an Option nor a Stock Appreciation Right may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or Stock Appreciation Right may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(g) Vesting Generally. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of the shares subject to Options and Stock Appreciation Rights as it, in its sole discretion, deems appropriate. The vesting and exercisability provisions of individual Options or Stock Appreciation Rights may vary. Except as otherwise provided in the Award Agreement or an individual agreement with the Participant, vesting will cease upon termination of the Participant's Continuous Service.

(h) Termination of Continuous Service. If a Participant's Continuous Service terminates, the Participant may exercise his or her Option or Stock Appreciation Right (to the extent that the Participant was entitled to exercise the vested portion of such Award as of the date of termination of Continuous Service) but only within such period of time following the termination of the Participant's Continuous Service as set forth in the Award Agreement. Unless otherwise provided in the Award Agreement, the Option or Stock Appreciation Right will be exercisable for a period of three (3) months following a termination of a Participant's Continuous Service by the Company without Cause or by the Participant for any reason; *provided, however* that such post-termination exercise period will instead be for the twelve (12) month period following a termination due to Disability, and an eighteen (18) month period following a termination due to the Participant's death. Additionally, if the Participant's death occurs within the applicable post-termination of Continuous Service period during which the Option was exercisable, the Option will be exercisable for an eighteen (18) month period following the Participant's death. If, after termination of Continuous Service, the Participant does not exercise his or her Option or Stock Appreciation Right prior to the applicable deadline the Option or Stock Appreciation Right will terminate.

(i) Automatic Extension of Termination Date. If the exercise of an Option or Stock Appreciation Right following the termination of the Participant's Continuous Service for any reason other than for Cause would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or Stock Appreciation Right will terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or Stock Appreciation Right would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or Stock Appreciation Right as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the immediate sale of any Common Stock received upon exercise of an Option or Stock Appreciation Right within the applicable post-termination exercise period following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or Stock Appreciation Right will not terminate prior to (i) the expiration of a period of months equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or Stock Appreciation Right would not be in violation of the Company's insider trading policy, or (ii) the expiration of the permitted term of the Option or Stock Appreciation Right as set forth in the applicable Award Agreement as determined without giving effect to any termination of Continuous Service.

(j) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or Stock Appreciation Right will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or Stock Appreciation Right from and after the time of such termination of Continuous Service.

(k) Non-Exempt Employees. If an Option or Stock Appreciation Right is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938,

as amended, the Option or Stock Appreciation Right will not be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or Stock Appreciation Right (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or Stock Appreciation Right is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and Stock Appreciation Rights may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or Stock Appreciation Right will be exempt from his or her regular rate of pay.

(l) Whole Shares. Options and Stock Appreciation Rights may be exercised only with respect to whole shares of Common Stock.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND STOCK APPRECIATION RIGHTS.

(a) Restricted Stock Awards. Each Restricted Stock Award will have such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Award Agreements evidencing Restricted Stock Awards may change from time to time, and the terms and conditions of separate Award Agreements need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past or future services to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. The Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Award as it, in its sole discretion, deems appropriate. The vesting provisions of individual Restricted Stock Awards may vary. Except as otherwise provided in the Award Agreement or an individual agreement with the Participant, vesting will cease upon termination of the Participant's Continuous Service.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Award Agreement.

(iv)Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b)Restricted Stock Unit Awards. Each Award Agreement evidencing a Restricted Stock Unit Award will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Award Agreements evidencing Restricted Stock Unit Awards may change from time to time, and the terms and conditions of separate Award Agreements need not be identical; *provided, however,* that each Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i)Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law. Unless otherwise determined by the Board at the time of grant, each Restricted Stock Unit Award will be granted in consideration of the Participant's services to the Company so that a Participant will not be required to make any payment to the Company (other than services to the Company) with respect to receipt of the Award, the vesting of the Award or the delivery of the Common Stock to be issued in settlement of the Award.

(ii)Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate. Except as otherwise provided in the Award Agreement or an individual agreement with the Participant, vesting will cease upon termination of the Participant's Continuous Service.

(iii)Settlement. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv)Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v)Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service and the Participant will have no further right, title or interest in such Award, the shares of Common Stock issuable in connection with such Award, or any consideration in respect of such forfeited Award.

(vii) Unsecured Obligation. A Restricted Stock Unit Award is an unfunded obligation, and as a holder of a vested Restricted Stock Unit Award, a Participant will be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to the terms of the applicable Award Agreement. A Participant will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant a Restricted Stock Unit Award unless and until such shares are actually issued. Nothing contained in the Plan or any Award Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or any other person.

(c) Performance Awards.

(i) Performance Stock Awards. With respect to any Performance Stock Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee, in its sole discretion. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee, in its sole discretion. A Performance Cash Award may also require the completion of a specified period of Continuous Service. The Committee may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

(iii) Board Discretion. The Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period.

(iv) Section 162(m) Compliance. Unless otherwise permitted in compliance with the requirements of Section 162(m) of the Code with respect to an Award intended to qualify as "performance-based compensation" thereunder, the Committee will establish the Performance Goals applicable to, and the formula for calculating the amount payable under, the Award no later than the earlier of (a) the date 90 days after the commencement of the applicable Performance

Period, and (b) the date on which 25% of the Performance Period has elapsed, and in any event at a time when the achievement of the applicable Performance Goals remains substantially uncertain. Prior to the payment of any compensation under an Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee will certify the extent to which any Performance Goals and any other material terms under such Award have been satisfied (other than in cases where such Performance Goals relate solely to the increase in the value of the Common Stock). Notwithstanding satisfaction of, or completion of any Performance Goals, the number of shares of Common Stock, Options, cash or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Performance Goals may be reduced by the Committee on the basis of such further considerations as the Committee, in its sole discretion, will determine.

(d) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

8. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(b), (iv) the class(es) and maximum number of securities that may be awarded to any person pursuant to Sections 3(d), and (v) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive. Notwithstanding the provisions of this Section 7(a), no fractional shares or rights for fractional shares of Common Stock will be created pursuant to this Section 7(a). The Board will, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 7(a).

(b) Dissolution. Except as otherwise provided in the Stock Award Agreement, in the event of a Dissolution of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such Dissolution, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent

such Stock Awards have not previously expired or terminated) before the Dissolution is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction (including transaction that also constitutes a Change in Control) unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Transaction as the Board will determine (or, if the Board will not determine such a date, to the date that is five days prior to the effective date of the Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested prior to the effective time of the Corporate Transaction, in exchange for no consideration (\$0) or such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) cancel or arrange for the cancellation of the Stock Award, to the extent not exercised prior to the effective time of the Transaction, in exchange for a payment, in such form as may be determined by the Board, equal to the excess, if any, of (A) the per share amount (or value of property per share) payable to holders of Common Stock in connection with the Corporate Transaction, over (B) the per share exercise price under the applicable Award, multiplied by the number of vested shares subject to the Stock Award. For clarity, this payment may be \$0 if the amount per share (or value of property per share) payable to the holders of the Common Stock is equal to or less than the per share exercise price of the Stock Award. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the Corporate Transaction

may apply to such payment to the holder of the Stock Award to the same extent and in the same manner as such provisions apply to the holders of Common Stock.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d)No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, Options or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

9.COVENANTS OF THE COMPANY.

(a)Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

(b)No Obligation to Notify or Minimize Taxes; No Liability for Taxes. The Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award and will not be liable to any holder of a Stock Award for any adverse tax consequences to such holder in connection with a Stock Award. As a condition to accepting a Stock Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Stock Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Stock Award and has either done so or knowingly and voluntarily declined to do so.

10. TAX WITHHOLDING.

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agree to make adequate provision for (including), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company will have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no shares of Common Stock are withheld with a Fair Market Value exceeding the maximum amount of tax that may be required to be withheld by law (or such other amount as may be permitted while still avoiding classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by means of a “cashless exercise” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board, or (vi) by such other method as may be set forth in the Award Agreement.

(c) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company’s withholding obligation in connection with such Award was greater than the amount actually withheld by the Company, each Participant agrees to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

11. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(c)Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

(d)No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e)Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(f)Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Company's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Company's request.

(g)Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and, if requested by the Company, to participate in the Plan through an on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (*e.g.*, a stock certificate or electronic entry evidencing such shares) will be determined by the Company.

(h)Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the

exercise, vesting or settlement of all or a portion of any Award, including but not limited to Performance Stock Awards and Performance Cash Awards, may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals by will be made in accordance with Section 409A of the Code.

(i)Section 409A Compliance. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant’s “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(j)Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company.

(k)Securities Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other applicable laws and regulations governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

(l)Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be

transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and applicable securities laws.

(m)Effect on Other Employee Benefit Plans. The value of any Stock Award granted under the Plan, as determined upon grant, vesting or settlement, will not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

12.PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of (i) the date the Plan is adopted by the Board (the "**Adoption Date**"), or (ii) the date the Plan is approved by the stockholders of the Company. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated. Suspension or termination of the Plan will not materially impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

13.EXISTENCE OF THE PLAN; TIMING OF FIRST GRANT OR EXERCISE.

The Plan will come into existence on the Adoption Date; *provided, however,* that no Stock Award may be granted prior to the IPO Date. In addition, no Stock Award will be exercised (or, in the case of a Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, or Other Stock Award, no Stock Award will be granted) and no Performance Cash Award will be settled unless and until the Plan has been approved by the stockholders of the Company, which approval will be within 12 months after the date the Plan is adopted by the Board.

14.CHOICE OF LAW.

The law of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

15.DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a)"Affiliate" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b)"Award" means a Stock Award or a Performance Cash Award.

(c) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(d) “**Board**” means the Board of Directors of the Company.

(e) “**Capital Stock**” means each and every class of common stock of the Company, regardless of the number of votes per share.

(f) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) “**Cause**” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) the Participant’s theft, dishonesty, or falsification of any Company documents or records; (ii) the Participant’s improper use or disclosure of the Company’s confidential or proprietary information; (iii) any action by the Participant which has a material detrimental effect on the Company’s reputation or business; (iv) the Participant’s failure or inability to perform any reasonable assigned duties after written notice from the Company of, and a reasonable opportunity to cure, such failure or inability; (v) any material breach by the Participant of any employment agreement between the Participant and the Company, which breach is not cured pursuant to the terms of such agreement; or (vi) the Participant’s conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Participant’s ability to perform his or her duties with the Company. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(h) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; *provided, however*, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, such transaction also constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company’s assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder):

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition;

(iv) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(i)“Code” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j)“Committee” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(k)“Common Stock” means, as of the IPO Date, the common stock of the Company, having one vote per share.

(l)“Company” means SoundThinking, Inc., a Delaware corporation.

(m)“Consultant” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(n)“Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be

construed, in a manner that is consistent with the definition of “separation from service” as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(o) “**Corporate Transaction**” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(p) “**Covered Employee**” will have the meaning provided in Section 162(m)(3) of the Code.

(q) “**Director**” means a member of the Board.

(r) “**Disability**” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(s) “**Dissolution**” means when the Company, after having executed a certificate of dissolution with the State of Delaware (or other applicable state), has completely wound up its affairs. Conversion of the Company into a Limited Liability Company (or any other pass-through entity) will not be considered a “Dissolution” for purposes of the Plan.

(t) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(u) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(v) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(w)“**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the IPO Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(x)“**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

(i)If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii)Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii)In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(y)“**Incentive Stock Option**” means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(z)“**IPO Date**” means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(aa)“**Non-Employee Director**” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(bb)“*Nonstatutory Stock Option*” means any Option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(cc)“*Officer*” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(dd)“*Option*” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(ee)“*Other Stock Award*” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(ff)“*Outside Director*” means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an “affiliated corporation,” and does not receive remuneration from the Company or an “affiliated corporation,” either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(gg)“*Own,*” “*Owned,*” “*Owner,*” “*Ownership*” means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(hh)“*Participant*” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ii)“*Performance Cash Award*” means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(jj)“*Performance Criteria*” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (1) profits (including pre-tax profits, net profits, operating profits and net operating profits); (2) billings; (3) revenues (including net revenue); (4) earnings (which may include earnings per share, net earnings, and earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue, or a subset of these categories); (5) income (including net income and operating income and growth in income); (6) operating margin or cash flow; (7) gross margin; (8) operating expenses or operating expenses as a percentage of revenue; (9) cash flow (including free cash flow or operating cash flows); (10) cash conversion cycle; (11) total stockholder return; (12) market share; (13) return on equity, assets, investment, or capital employed; (14) stock price performance; (15) growth in stockholder value relative to a pre-determined index; (16) debt reduction; (17) economic value added; (18) contract awards or backlog; (19) overhead or other expense reduction; (20) credit rating; (21) strategic plan

development and implementation; (22) succession plan development and implementation; (23) employee retention; (24) improvement in workforce diversity; (25) customer satisfaction; (26) new product invention or innovation; (27) attainment of research and development milestones; (28) improvements in productivity; (29) budget management; (30) capital expenditures; (31) entry into or completion of strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); (32) bookings; and (33) to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board.

(kk)“Performance Goals” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company’s bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(ll)“Performance Period” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(mm)“Performance Stock Award” means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(nn)“*Plan*” means this SoundThinking, Inc. 2017 Equity Incentive Plan.

(oo)“*Restricted Stock Award*” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(pp)“*Restricted Stock Unit Award*” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(qq)“*Rule 16b-3*” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(rr)“*Securities Act*” means the Securities Act of 1933, as amended.

(ss)“*Stock Appreciation Right*” or “*SAR*” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(tt)“*Stock Award*” means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(uu)“*Stock Plan Administrator*” means the person or persons delegated by the Company to administer the day to day operations of the Plan and the Company’s other equity incentive programs.

(vv)“*Subsidiary*” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(ww)“*Ten Percent Stockholder*” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

SOUNDTHINKING, INC.
STOCK OPTION GRANT NOTICE
(2017 EQUITY INCENTIVE PLAN)

SoundThinking, Inc. (the “*Company*”), pursuant to its 2017 Equity Incentive Plan (the “*Plan*”), has granted to the Participant an option to purchase the number of shares of the Company’s Common Stock set forth below (the “*Option*”). The Option is subject to all of the terms and conditions as set forth herein and in the Plan, the Option Terms and Conditions (the “*Terms and Conditions*”) and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Terms and Conditions shall have the meanings set forth in the Plan or the Terms and Conditions.

Participant:
Date of Grant:
Vesting Commencement Date:
Number of Shares Subject to Option:
Exercise Price (Per Share):
Total Exercise Price:
Expiration Date:

Type of Grant: [Incentive Stock Option] OR [Nonstatutory Stock Option]

Exercise and

Timing Schedule: Subject to the Participant’s Continuous Service through each applicable vesting date, the Option will vest as follows:

[1/4th of the shares vest and become exercisable one year after the Vesting Commencement Date; the balance of the shares vest and become exercisable in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date.]

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Terms and Conditions and the Plan. Participant acknowledges and agrees that this Stock Option Grant Notice and the Terms and Conditions (together, the “*Award Agreement*”) may not be modified, amended or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Terms and Conditions, and the Plan set forth the entire understanding between Participant and the Company regarding this Option and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) other Awards previously granted to Participant, (ii) shares of Company stock previously issued to Participant, (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law, and (iv) any written employment or severance arrangement that would provide for vesting acceleration of this Option upon the terms and conditions set forth therein. By accepting this Option, Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

1.

SOUNDTHINKING, INC.

PARTICIPANT:

By: _____ Signature _____ Signature
Title: _____ Date: _____
Date: _____

ATTACHMENTS: Option Terms and Conditions,
2017 Equity Incentive Plan
Notice of Exercise
Prospectus

ATTACHMENT I

SOUNDTHINKING, INC.
2017 EQUITY INCENTIVE PLAN

OPTION TERMS AND CONDITIONS

As reflected by your Stock Option Grant Notice (“*Grant Notice*”) SoundThinking, Inc. (the “*Company*”) has granted you an option under its 2017 Equity Incentive Plan (the “*Plan*”) to purchase a number of shares of the Company’s Common Stock at the exercise price as indicated in your Grant Notice (the “*Option*”). Defined terms not explicitly defined in these Terms and Conditions but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan, including but not limited to the provisions in Section 7 regarding the impact of a Capitalization Adjustment, Dissolution or Corporate Transaction on your Option, Section 8 regarding securities law compliance, and Section 9 regarding tax withholding and the tax consequences of your Option. Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between these Terms and Conditions and the provisions of the Plan, the provisions of the Plan shall control.

2. EXERCISE.

(a) You may generally exercise the vested portion of your Option at any time during its term by delivering the Notice of Exercise together with payment of the exercise price and applicable withholding taxes to the Stock Plan Administrator in accordance with the option exercise procedures established by the Stock Plan Administrator, which may include an electronic submission. Please review Sections 2(b)(vi), 5(k), and 8(a) of the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) You may always pay the Option exercise price in cash or by check, bank draft or money order. You may also pay the Option exercise price pursuant to any of the other payment methods specified in the Notice of Exercise and in Section 5(c) of the Plan, subject to the restrictions specified therein.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By accepting your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or

similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472-or any successor or similar rules-or regulation (the “**Lock-Up Period**”); *provided, however*, that nothing contained in this paragraph will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this paragraph. The underwriters of the Company’s stock are intended third party beneficiaries of this paragraph and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

3.WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

4.TERM. You may not exercise your option before the Date of Grant or after the expiration of the option’s term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a)immediately upon the termination of your Continuous Service for Cause;

(b)three months after the termination of your Continuous Service for any reason other than Cause, Disability or death, provided that if during any part of such three month period you may not exercise your Option solely because of a condition set forth in Section 5(i) of the Plan relating to securities law compliance, your Option shall not expire until it shall have been exercisable for an aggregate period of three months after the termination of your Continuous Service, subject to earlier termination upon the Expiration Date or upon a Corporate Transaction, as provided below;

(c)twelve (12) months after the termination of your Continuous Service due to your Disability;

(d)eighteen (18) months after your death if you die either during your Continuous Service;

(e)immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction;

(f)the Expiration Date indicated in your Grant Notice; or

(g)the day before the tenth (10th) anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of eighteen months after your

death, upon any termination of the Option in connection with a Corporate Transaction, the Expiration Date indicated in your Grant Notice, or the day before the tenth anniversary of the Date of Grant.

If your Option is an Incentive Stock Option, note that, to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your option and ending on the day three months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your Option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your Option more than three months after the date your employment terminates.

5. TRANSFERABILITY. Except as otherwise provided in Section __ of the Plan, your Option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

6. QUESTIONS. Please see the Plan prospectus, a copy of which has been provided to you, and additional copies of which can be obtained from the Stock Plan Administrator, if you have questions regarding these or any other terms and conditions applicable to your Option, including the applicable federal income tax consequences.

* * * *

ATTACHMENT II

**SOUNDTHINKING, INC.
2017 EQUITY INCENTIVE PLAN**

144440656 v3

ATTACHMENT III

NOTICE OF EXERCISE

SoundThinking, Inc.
7979 Gateway Blvd., #210
Newark, CA 94560 Date of Exercise: _____

This constitutes notice to SoundThinking, Inc. (the "**Company**") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "**Shares**") for the price set forth below.

Type of option (check one):	Incentive <input type="checkbox"/>	Nonstatutory <input type="checkbox"/>
Stock option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	\$ _____	\$ _____
Cash payment delivered herewith:	\$ _____	\$ _____
[Value of _____ Shares delivered herewith:	\$ _____	\$ _____]
[Value of _____ Shares pursuant to net exercise:	\$ _____	\$ _____]
[Regulation T Program (cashless exercise):	\$ _____	\$ _____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the SoundThinking, Inc. 2017 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

Very truly yours,

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ATTACHMENT IV

PROSPECTUS

144440656 v3

SOUNDTHINKING, INC.
2017 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: MAY 8, 2017
APPROVED BY THE STOCKHOLDERS: MAY 8, 2017

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain designated Related Corporations may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan.

(b) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time which Related Corporations of the Company will be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan.

(viii) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Common Stock that may be issued under the Plan will not exceed 200,000 shares of Common Stock, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the year in which the IPO Date occurs and ending on (and including) January 1, 2027, in an amount equal to the lesser of (i) 2% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year, and (ii) 150,000 shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company: (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation. Except as provided in Section 5(b), an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. In addition, the Board may provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company or the Related Corporation is more than 20 hours per week and more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be

deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the “Offering Date” of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee’s rights to purchase stock of the Company or any Related Corporation to accrue at a rate which exceeds \$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Related Corporation, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 25% of such Employee’s earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b)The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c)In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock available will be made in as nearly a uniform manner as will be practicable and equitable.

(d)The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

(i)an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or

(ii)an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7.PARTICIPATION; WITHDRAWAL; TERMINATION.

(a)An Eligible Employee may elect to authorize payroll deductions as the means of making Contributions by completing and delivering to the Company, within the time specified in the Offering, an enrollment form provided by the Company. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where applicable law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If specifically provided in the Offering, in addition to making Contributions by payroll deductions, a Participant may make Contributions through the payment by cash or check prior to a Purchase Date.

(b)During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's

withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c)Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by law) or (ii) is otherwise no longer eligible to participate. The Company will distribute to such individual all of his or her accumulated but unused Contributions.

(d)During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(e)Unless otherwise specified in the Offering, the Company will have no obligation to pay interest on Contributions.

8.EXERCISE OF PURCHASE RIGHTS.

(a)On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock, up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b)If any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock and such remaining amount is less than the amount required to purchase one share of Common Stock on the final Purchase Date of an Offering, then such remaining amount will be held in such Participant's account for the purchase of shares of Common Stock under the next Offering under the Plan, unless such Participant withdraws from or is not eligible to participate in such Offering, in which case such amount will be distributed to such Participant after the final Purchase Date, without interest. If the amount of Contributions remaining in a Participant's account after the purchase of shares of Common Stock is at least equal to the amount required to purchase one whole share of Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering without interest.

(c)No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable federal, state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 6 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent

permissible, the shares of Common Stock are not registered and the Plan is not in material compliance with all applicable laws, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest.

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent

company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock within ten business days prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by applicable law or listing requirements, including any amendment that either (i) materially increases the number of shares of Common Stock available for issuance under the Plan, (ii) materially expands the class of individuals eligible to become Participants and receive Purchase Rights, (iii) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be purchased under the Plan, (iv) materially extends the term of the Plan, or (v) expands the types of awards available for issuance under the Plan, but in each of (i) through (v) above only to the extent stockholder approval is required by applicable law or listing requirements.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to comply with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code.

13. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

14. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation, or on the part of the Company or a Related Corporation to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

15. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "**Board**" means the Board of Directors of the Company.

(b) "**Capital Stock**" means each and every class of common stock of the Company, regardless of the number of votes per share.

(c) "**Capitalization Adjustment**" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) "**Code**" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(e) "**Committee**" means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(f) "**Common Stock**" means, as of the IPO Date, the common stock of the Company, having 1 vote per share.

(g) "**Company**" means SoundThinking, Inc., a Delaware corporation.

(h) "**Contributions**" means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a

Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(i)“Corporate Transaction” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i)a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii)a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii)a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv)a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(j)“Director” means a member of the Board.

(k)“Eligible Employee” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(l)“Employee” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(m)“Employee Stock Purchase Plan” means a plan that grants Purchase Rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(n)“Exchange Act” means the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(o)“Fair Market Value” means, as of any date, the value of the Common Stock determined as follows:

(i)If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the **closing sales price** for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) **on the date of determination**, as reported in such source as the Board deems reliable.

Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with applicable laws and in a manner that complies with Sections 409A of the Code.

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company's initial public offering as specified in the final prospectus for that initial public offering.

(p) "**IPO Date**" means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(q) "**Offering**" means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the "**Offering Document**" approved by the Board for that Offering.

(r) "**Offering Date**" means a date selected by the Board for an Offering to commence.

(s) "**Officer**" means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(t) "**Participant**" means an Eligible Employee who holds an outstanding Purchase Right.

(u) "**Plan**" means this SoundThinking, Inc. 2017 Employee Stock Purchase Plan.

(v) "**Purchase Date**" means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(w) "**Purchase Period**" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(x) "**Purchase Right**" means an option to purchase shares of Common Stock granted pursuant to the Plan.

(y) "**Related Corporation**" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(z) "**Securities Act**" means the Securities Act of 1933, as amended.

(aa)“*Trading Day*” means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

September 20, 2023

Erin Edwards
Via Email: erinedw@yahoo.com

Dear Erin,

On behalf of SoundThinking (the "Company"), I am pleased to offer you the position of Senior Vice President, Sales, reporting to Ralph A. Clark, Chief Executive Officer, with duties and responsibilities as defined in Exhibit C.

You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Company.

Based on the duties you will perform for the Company, your position will be classified as regular, full-time and exempt. Your principal place of business for the performance of your duties and responsibilities will be in Claremont, California. The Company will require you to travel temporarily to other locations in connection with the Company's business. This agreement sets out the terms of your employment with the Company, and it shall take effect as of your start date.

You will receive an annual base salary paid of \$300,000, less applicable deductions, and withholding, to be paid in accordance with the Company's normal payroll practices. You shall also be eligible to earn variable compensation with a target amount of \$350,000 to be paid in accordance with the Company's normal bonus and commission plan payment practices. Your total on-target annual earnings will be \$650,000.00, less any and all applicable taxes. The terms of your variable compensation plan will be determined by your manager within 30 days of your start date.

Subject to approval by the Board of Directors (the "Board"), the Company anticipates granting you an option to purchase 35,000 shares of the Company's common stock, at an exercise price equal to the fair market value as determined by the Board as of the grant date (the "Option"). The anticipated Option will vest over a period of four years from the grant date/vesting commencement date, with 25% of the shares vesting on the first anniversary thereof and 1/36th or 2.08% at the end of each month thereafter for the next thirty-six months, subject to your Continuous Service (as defined in the Company's 2017 Equity Incentive Plan). In addition to the Option grant noted above, you will be eligible for an annual performance equity grant based on company performance and subject to board approval. The option and any subsequent equity grant will be governed by the terms of the Company's 2017 Equity Incentive Plan (the "Plan") and the associated option and equity grant documentation. You must be an active employee of SoundThinking on the vesting dates specified in your award agreement to receive your award.

SoundThinking Inc. dba SST, Inc.
39300 Civic Center Dr., Suite 300, Fremont, California 94538 +1.510.794.3100 main +1.888.274.6877 toll free www.soundthinking.com

The Company's benefits, payroll, and other human resource management services are provided through TriNet Human Resources Corporation, a professional employer organization. As a result of our arrangement with TriNet, TriNet will be considered your employer of record for these benefits and payroll purposes, but your managers here at the Company will be responsible for directing your work, reviewing your performance, setting your schedule, and otherwise directing your work. Please note that the Company reserves the right to adjust your title, duties, work location, compensation and benefits from time to time in its discretion. Through the TriNet relationship, the Company provides medical, dental and vision insurance coverage to you, subject to the terms and conditions of the applicable plans. You will also be eligible to participate in the benefit plans offered to similarly situated employees by the Company from time to time, subject to plan terms and generally applicable Company policies, including accrued paid time off. We also offer a 401(k) plan benefit to employees in which you will be able to participate, subject to the terms and conditions of the applicable plan documents.

In order to facilitate your work, the Company will provide you with a computer on which to work. The Company will reimburse you for reasonable travel and business expenses, pursuant to its regular business practice.

The Company's normal business hours are 8:00am to 5:00pm, Monday through Friday, although you may be asked to work other hours at the discretion of the Company. As an exempt salaried employee, you will be expected to work the Company's normal business hours as well as additional hours as required by the nature of your work assignments, and you will not be eligible for overtime compensation.

Your employment with the Company constitutes "at-will" employment. This means that you may terminate your employment relationship with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause or advance notice. Your employment at-will status with the Company can only be modified in a written agreement signed by you and an officer of the Company.

As a condition of your employment, you are required to sign and comply with the Company's standard form of employee nondisclosure and assignment agreement ("NDA Agreement") attached to this agreement.

By signing this letter, you are representing that you have full authority to accept this position and perform the duties of the position without conflict with any other obligations and that you are not involved in any situation that might create, or appear to create, a conflict of interest with respect to your loyalty or duties to the Company. You specifically warrant that you are not subject to an employment agreement or restrictive covenant preventing full performance of your duties to the Company. You agree not to bring to the Company or use in the performance of your responsibilities at the Company any materials or documents of a former employer that are not generally available to the public, unless you have obtained express written authorization from the former employer for their possession and use. You also agree to honor all obligations to former employers during your employment with the Company.

To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this letter agreement, your employment with the

Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at <http://www.jamsadr.com/rulesemployment-arbitration/>.) You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. All claims, disputes or causes of action under this paragraph, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with any claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "Excluded Claims"). In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

This offer of employment is contingent upon your accepting the terms of this agreement and the accompanying NDA. In addition, as a condition of your employment, you will be required to provide the Company with documents establishing your identity and right to work in the United States. Those documents must be provided to the Company on your employment start date. If the Company informs you that you are required to complete a background check and a reference check, this offer is contingent upon satisfactory clearance of such background check and reference check. You agree to assist as needed and to complete any documentation at the Company's request to meet these conditions. Furthermore, this offer of employment is also contingent upon your responding in the affirmative by the below response date (the "**Expiration Date**"), after which the offer is no longer valid.

This letter agreement, together with the NDA Agreement, forms the complete and exclusive statement of your employment with the Company. It supersedes any other agreements or promises made to you by anyone concerning your employment relationship with the Company, whether written or oral.

The terms of this agreement (except for those reserved to the Company's discretion) may only be amended, canceled or discharged in writing signed by you and the Company. If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this offer letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This agreement will be governed by the laws of the State of California.

As a Company employee, you will be expected to abide by the policies and procedures outlined on the Company's internal intranet website, as periodically updated and amended. You may request a copy of those materials at any time prior to executing this agreement, and they are available for your reference subsequently on that site.

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this agreement, and are knowingly and voluntarily entering into this agreement.

This letter may be delivered and executed via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

We anticipate your start date to be **October 2, 2023**. Please sign and date this letter on the spaces provided below, and the enclosed NDA, on or before **September 22, 2023**, the Expiration Date, to acknowledge your acceptance of employment with the Company under the terms described above.

We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

Ralph A. Clark
Chief Executive Officer

I agree to and accept employment with SoundThinking, Inc. on the terms and conditions set forth in this agreement.

9/21/2023

Date: _

NAME

EMPLOYEE NONDISCLOSURE AND ASSIGNMENT AGREEMENT

This Employee Nondisclosure and Assignment Agreement (the "Agreement") formalizes in writing certain understandings and procedures, which have been in effect since the time I was initially employed by SoundThinking, Inc. ("Company"). In consideration of my employment with the Company, and the Company's agreement to provide me with access to its Proprietary Information (as defined in Section 2 below), I agree to the terms of this Agreement as follows:

1. Duties. I agree to perform such duties for Company as the Company may designate from time to time. During my employment with Company, I will devote my best efforts to the interests of Company, will not, without the Company's written consent, directly or indirectly engage in any employment or business activities that is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company, and will otherwise abide by all of Company's policies and procedures. Furthermore, I will not (a) reveal, disclose or otherwise make available to any person any Company password or key, whether or not the password or key is assigned to me or (b) obtain, possess or use in any manner a Company password or key that is not assigned to me. I will use my best efforts to prevent the unauthorized use of any laptop or personal computer, peripheral device, software or related technical documentation that the Company issues to me, and I will not input, load or otherwise attempt any unauthorized use of software in any Company computer, whether or not such computer is assigned to me.

2. "Proprietary Information" Definition. "Proprietary Information" means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Proprietary Information includes (a) any information that is confidential or proprietary, technical or non-technical information of Company, including for example and without limitation, information related to Innovations (as defined in Section 4 below) and Company Innovations (as defined in Section 5 below), concepts, techniques, processes, methods, systems, designs, computer programs, source documentation, trade secrets, formulas, development

or experimental work, work in progress, forecasts, proposed and future products, research, marketing plans, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, information about customers and potential customers of Company (including customer lists, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information), suppliers and supplier information, information about Company's business partners and their services (including representatives, proposals, bids, contracts, and the products and services they provide), information regarding personnel, employee lists, compensation, and employee skills, and any other nonpublic information that has commercial value or that a competitor of Company could use to Company's competitive disadvantage, or (b) any information Company has received from others that Company is obligated to treat as confidential or proprietary, which may be made known to me by Company, a third party or otherwise that I may learn during my employment with Company, including the existence of any business discussions, negotiations, or agreements between Company and any third party.

Notwithstanding the foregoing, Company agrees that I am free to use information which was known to me prior to employment with Company or which is, at the time of use, generally known in the trade or industry through no breach of this Agreement or other act or omission by me. Company further agrees that this Agreement does not limit my right to discuss my employment or unlawful acts in Company's workplace, including but not limited to sexual harassment, or report possible violations of law or regulation with any federal, state or local government agency, or to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act, or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure, to the extent any such rights are not permitted by applicable law to be the subject of nondisclosure obligations.

3. Ownership and Nondisclosure

of Proprietary Information. All Proprietary Information is the sole property of Company, Company's assigns, Company's customers and Company's suppliers, as applicable. Company, Company's assigns, Company's customers and Company's suppliers, as applicable, are the sole and exclusive owners of all patents, copyrights, mask works, trade secrets and other rights in and to the Proprietary Information. My employment by Company creates a relationship of confidence and trust with respect to Proprietary Information and Company has a protectable interest in the Proprietary Information. At all times during and after my employment relationship, I will hold in confidence and will not disclose, use, lecture upon, or publish any Proprietary Information to anyone outside Company. During my employment, I will use and disclose Proprietary Information to those inside Company only as may be necessary in the ordinary course of performing my duties as an employee of Company or as approved by an officer of the Company. I will obtain written approval by an officer of Company before I lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Proprietary Information. I will take all reasonable precautions to prevent the disclosure of Proprietary Information. If I have any questions as to whether information constitutes Proprietary Information, or to whom, if anyone, inside Company, any Proprietary Information may be disclosed, I will consult with my manager at Company. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I agree that Company information or documentation to which I have access during my employment, regardless of whether it contains Proprietary Information, is the property of Company and cannot be downloaded or retained for my personal use or for any use that is outside the scope of my duties for Company.

4. "Innovations" Definition. In this Agreement, "Innovations" means all trade secrets, discoveries, designs, developments, improvements, inventions (whether or not protectable under patent laws), works of authorship, data, technology,

information fixed in any tangible medium of expression (whether or not protectable under copyright laws), formulas, processes, know-how, techniques, and ideas (whether or not protectable under trade secret laws), any other work product of any nature, and all "Intellectual Property Rights" in any of the items listed above. The term "Intellectual Property Rights" means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, copyrights, mask works rights, patents and industrial property, trademarks, service marks, trade and trade dress rights, and all proprietary rights in technology or works of authorship (including, in each case, any application for any such rights and any rights to apply for such rights, as well as all rights to pursue remedies for infringement or violation of such rights. The term "Moral Rights" means all paternity, integrity, disclosure, withdrawal, special and any other similar rights recognized by the laws of any jurisdiction in the world.

5. Disclosure and License of Prior Innovations. I have listed on Exhibit A ("Prior Innovations") attached hereto all Innovations (a) relating in any way to Company's business or demonstrably anticipated research and development or business, which were conceived, reduced to practice, created, derived, developed, acquired, or made by me, solely or jointly with others, prior to my employment with Company; (b) in which I have an ownership interest or which I have a license to use; and (c) that I wish to have excluded from the scope of this Agreement (collectively, the "Prior Innovations"). I represent that I have no rights in any such Company-related Innovations other than those Innovations listed in Exhibit A ("Prior Innovations"). If nothing is listed on Exhibit A ("Prior Innovations"), I represent that there are no Prior Innovations at the time of signing this Agreement. I hereby grant to Company and Company's designees a perpetual, royalty-free, irrevocable, worldwide, fully paid-up, nonexclusive license (with rights to sublicense through multiple tiers of sublicensees) to (1) practice, all patent, copyright, moral right, mask work, trade secret and other intellectual property rights relating to any Prior Innovations; and (2) reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Innovations or Nonassignable Innovations (as

defined in Section 8 below), that I use in the scope of my employment, or incorporate, or permit to be incorporated, in any Innovations that I, solely or jointly with others, conceive, develop or reduce to practice during my employment with Company (the "Company Innovations"). To the extent that any third parties have any rights in or to any Prior Innovations or any Nonassignable Innovations, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. Furthermore, I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

6. Disclosure and Assignment of Company Innovations. I will promptly disclose and describe to Company all Company Innovations. I hereby do and will assign to Company or Company's designee all my right, title, and interest in and to any and all Company Innovations. To the extent any of the rights, title and interest in and to Company Innovations cannot be assigned by me to Company, I hereby grant to Company an exclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable rights, title and interest. To the extent any of the rights, title and interest in and to Company Innovations can neither be assigned nor licensed by me to Company, I hereby irrevocably waive and agree never to assert such non-assignable and nonlicensable rights, title and interest against Company or any of Company's successors in interest. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Innovation. Any assignment of Innovations (and all Intellectual Property Rights with respect thereto) hereunder includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Company and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Company or related to Company's customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Innovations (and any Intellectual Property Rights with respect thereto). Nothing contained in this

Agreement may be construed to reduce or limit Company's rights, title, or interest in any Company Innovations so as to be less in any respect than that Company would have had in the absence of this Agreement. This Section 6 shall not apply to any Innovations that (a) do not relate, at the time of conception, reduction to practice, creation, derivation, development or making of such Innovation to Company's business or actual or demonstrably anticipated research, development or business; and

(b) were developed entirely on my own time; and (c) were developed without use of any of Company's equipment, supplies, facilities or trade secret information; and (d) did not result from any work I performed for Company.

7.Future Innovations. I will disclose promptly in writing to Company all Innovations conceived, reduced to practice, created, derived, developed, or made by me during the term of my employment and for three (3) months, thereafter, whether or not I believe such Innovations are subject to this Agreement, to permit a determination by Company as to whether or not the Innovations should be considered Company Innovations. Company will receive any such information in confidence.

8.Notice of Nonassignable Innovations to Employees in California. This

Agreement does not apply to an Innovation that qualifies fully as a nonassignable invention under the provisions of Section 2870 of the California Labor Code (a "Nonassignable Innovation"). I have reviewed the notification in Exhibit B ("Limited Exclusion Notification") and agree that my signature acknowledges receipt of the notification.

9.Cooperation in Perfecting Rights to Innovations. I agree to perform, during and after my employment, all acts that Company deems necessary or desirable to permit and assist Company, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Innovations as provided to Company under this Agreement. If Company is unable for any reason to secure my signature to any document required to file, prosecute, register or memorialize the assignment of any rights or application or to enforce any right under any Innovations as provided under this Agreement, I hereby irrevocably designate and appoint Company and Company's duly authorized officers and agents as my agents and attorneys-in-fact to act for and on my behalf and instead of me to take all lawfully permitted acts to further the filing, prosecution, registration,

memorialization of assignment, issuance, and enforcement of rights under such Innovations, all with the same legal force and effect as if executed by me. The foregoing is deemed a power coupled with an interest and is irrevocable. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned to Company under this Agreement.

10. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by the Company) of all Innovations made by me during the period of my employment by the Company, which records shall be available to, and remain the sole property of, the Company at all times.

11. Return of Materials. At any time upon Company's request, and when my employment with Company is over, I will return all property, equipment and materials (including, without limitation, documents, drawings, papers, diskettes and tapes) containing or disclosing any Proprietary Information (including all copies thereof), as well as any keys, pass cards, identification cards, computers, printers, pagers, personal digital assistants or similar items or devices that the Company has provided to me, together with all copies thereof, and any other material containing or disclosing any Innovations, third party information or Proprietary Information and I will provide Company with a written certification of my compliance with my obligations under this Section.

12. No Violation of Rights of Third Parties. During and after the term of my employment with Company, I will not (a) breach any agreement to keep in confidence any confidential or proprietary information, knowledge or data acquired by me prior to my employment with Company or (b) improperly disclose to Company, or use or induce Company to use, any confidential or proprietary information or material belonging to any previous employer or any other third party. I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing. I am not currently a party, and will not become a party, to any other agreement that is in conflict, or will prevent me from complying, with this Agreement.

13.

Notification of New Employer. If I leave the employ of Company, I consent to the notification of my new employer or business associates of my rights and obligations under this Agreement, by Company providing a copy of this Agreement or otherwise. Furthermore, if I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 15 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 15 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with and to make such persons aware of my obligations under this Agreement.

14.Survival. This Agreement

(a) shall survive my employment by Company; (b) does not in any way restrict my right to resign or the right of Company to terminate my employment at any time, for any reason or for no reason; (c) inures to the benefit of successors and assigns of Company; and (d) is binding upon my heirs and legal representatives.

15.No Solicitation. To the extent permitted by applicable law, I agree that during my employment with Company and for one (1) year period after my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others (except on behalf of Company), solicit, induce, encourage, or cause others to solicit, induce, or encourage, any person known to me to be an employee, consultant, or independent contractor of Company to terminate his or her relationship with Company.

16.Reasonableness of Restrictions. I have read this entire Agreement and understand it. I agree that

(a) this Agreement does not prevent me from earning a living or pursuing my career, and (b) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business

interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law. If the court declines to enforce this Agreement in the manner provided in this Section and/or Section 20, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law, and I agree to be bound by this Agreement as modified.

17. Injunctive Relief. I agree that (a) it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms, (b) any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and (c) Company will have the right to enforce this Agreement by injunction, specific performance, or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement. If Company enforces this Agreement through a court order, I agree that the restrictions of Section 15 will remain in effect for a period of 12 months from the effective date of the order enforcing the Agreement.

18. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows, with notice deemed given as indicated: (a) by personal delivery, when actually delivered; (b) by overnight courier, upon written verification of receipt; (c) by facsimile transmission, upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notices to me shall be sent to any address in Company's records or such other address as I may provide in writing. Notices to Company shall be sent to Company's Human Resources Department or to such other address as Company may specify in writing.

19. Governing Law; Forum. This Agreement shall be governed by the laws of the United States of America and by the laws of the State of California, as such laws are applied to agreements entered into and to be performed entirely within California between California residents. Company

and I each irrevocably consent to the exclusive personal jurisdiction of the federal and state courts located in California, as applicable, for any matter arising out of or relating to this Agreement, except that in actions seeking to enforce any order or any judgment of such federal or state courts located in California, such personal jurisdiction shall be nonexclusive.

20. Severability. If a court of law holds any provision of this Agreement to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected, and this Agreement will be construed as if such provision had never been contained in this Agreement. If any portion of this Agreement is, for any reason, held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent allowed by the then applicable law.

21. Waiver: Modification. If Company waives any term, provision or breach by me of this Agreement, such waiver shall not be effective unless it is in writing and signed by Company. No waiver shall constitute a waiver of any other or subsequent breach by me. This Agreement may be modified only if both Company and I consent in writing. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

22. Entire Agreement. This Agreement represents my entire understanding with Company with respect to the subject matter of this Agreement and supersedes all previous discussions or understandings, whether written or oral, provided, however, if, prior to execution of this Agreement, Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. The nondisclosure obligations and assignment provisions (except Section 8 and the last sentence of Section 5, in each case, with respect to a consulting relationship) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant, employee or other service provider if no other agreement governs nondisclosure and assignment of inventions during such period.

I certify and acknowledge that I have carefully read all of the provisions of this Agreement and that I understand and will fully and faithfully comply with such provisions.

SoundThinking, Inc.

By, _By, _

Ralph A. Clark Erin Edwards
Chief Executive Officer

9/21/2023

9/21/2023

Dated: _ Dated: _

EXHIBIT

A PRIOR INNOVATIONS

1. Prior Innovations Disclosure. The following is a complete list of all Prior Innovations (as provided in Section 5 of the attached Employee Non-Disclosure and Assignment Agreement, defined herein as the “Agreement”):

XNone

See immediately below:

No Innovations to Disclose

No Innovations to Disclose

“COMPANY” EMPLOYEE:

SoundThinking, Inc.

By, _ By, _

Ralph A. Clark Erin Edwards
Chief Executive Officer

Dated: 9/21/2023

Dated:

9/21/2023

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I ACKNOWLEDGE RECEIPT of a
copy of this notification.

EXHIBIT B

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and Company does not require you to assign or offer to assign to Company any Invention that you develop entirely on your own time without using Company's equipment, supplies, facilities or trade secret information, except for those Inventions that either:

- a.** Relate at the time of conception or reduction to practice to Company's business, or actual or demonstrably anticipated research or development; or
- b.** Result from any work performed by you for Company.

To the extent a provision in the foregoing Agreement purports to require you to assign an Invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or Invention covered by a contract between Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States.

"COMPANY" EMPLOYEE:

SoundThinking, Inc.

By, _ By, _
Ralph A. Clark Erin Edwards
Chief Executive Officer

Dated: 9/21/2023

Dated:

9/21/2023

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I ACKNOWLEDGE RECEIPT of a
copy of this notification.

Exhibit C

JOB DESCRIPTION

COMPANY BACKGROUND

SoundThinking, Inc., formerly ShotSpotter, Inc., (Nasdaq: SSTI) is a leading public safety technology company that combines transformative solutions and strategic advisory services for law enforcement and civic leadership. They are trusted by more than 250 customers and 2,000 agencies to drive more efficient, effective, and equitable public safety outcomes, making communities healthier. Their SafetySmart™ platform includes ShotSpotter®, the leading acoustic gunshot detection system, CrimeTracer™, the foremost law enforcement search engine, CaseBuilder™, a one-stop investigation management system, and ResourceRouter™, software that directs patrol and community anti-violence resources to help maximize their impact. SoundThinking has been designated a Great Place to Work® Company. Location

SoundThinking's corporate headquarters is located in Fremont, CA, however this role can be done from any major metropolitan market in the continental US.

KEY RELATIONSHIPS

The SVP Sales will report to the Chief Executive Officer. **POSITION OVERVIEW**

The Senior Vice President, Sales will lead the SoundThinking public safety sales and security teams. This individual will provide the vision, strategy, leadership and motivation to substantially grow the company's revenue and ensure customers receive maximum value from SoundThinking's solutions. The SVP Sales will provide guidance on planning, forecasting and drive the sales operations and processes required to achieve the company's revenue objectives.

RESPONSIBILITIES

- Develop and execute specific sales plans to achieve the company's annual revenue and profitability objectives.
- Play a leading role in evaluating sales opportunities and the development of proposals.
- Ensure that the sales, marketing, and training functions are tightly integrated, and their respective programs and initiatives are well coordinated.
- Manage key customer relationships and participate in or lead closing strategic opportunities.
- Manage and leverage strategic reseller / partner relationships.
- Manage the sales budget.
- Attract, hire, and develop a world-class sales organization that will best represent the company and its services.
- Communicate the goals, plans, expectations and performance metrics to the executive team and Board members.

QUALIFICATIONS

The ideal candidate will be a seasoned sales executive with experience selling complex, highly technical products or services to State and Local Government organizations, ideally in the Public Safety sector. The successful candidate must have demonstrated success growing a business, developing a sales organization and managing long term relationships. This individual should have worked in a larger, established company; however, some experience in an entrepreneurial, fast paced environment is strongly preferred.

PERSONAL CHARACTERISTICS

- Impeccable personal character and professional integrity
- An executive with a high level of IQ and EQ and a strong ability to “read customers”
- Able to make decisions that are balanced and inclusive
- Resolute, yet compassionate; disciplined, flexible; open-minded, but firm
- An executive who is able to instill rigor and discipline yet maintain an entrepreneurial spirit
- A person who loves to work hard and values winning.

INTERPERSONAL SKILLS

Leadership skills: The SVP, Sales must be strong leader capable of hiring, building, managing and mentoring a team while simultaneously developing and closing deals. This individual must be highly driven and tenacious, yet thoughtful in their approach. The successful candidate will be capable of operating independently, be a “player- coach” and have a customer- centric approach to leadership.

Business acumen: A customer-focused individual who understands how to build, cultivate, and leverage executive relationships. A savvy executive experienced with and comfortable operating in and navigating the complex, often highly political area of state and local governments. This individual must have exceptional communications and formal presentation skills. A solid financial grounding related to structuring deals and managing budgets.

Teamwork: A consummate team player who can operate effectively in a trust-based, integrity- driven company culture. An individual with superior interpersonal and communications skills who can function effectively as a member of the company’s management team and can forge close working relationships across the business. A hands-on, roll-up-the-sleeves executive. This individual must resonate with and promote the company’s mission.

EDUCATION

An undergraduate degree is strongly preferred. An advanced degree in business or a related field would be a plus.

9/21/2023
Date: _

NAME

List of Subsidiaries of SoundThinking, Inc.

Company Name	Jurisdiction
ShotSpotter (Pty.) Ltd.	South Africa
LEEDS, LLC	United States of America

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (File Nos. 333-264034, 333-237217, 333-226053 and 333-218712) and Form S-3 (File No. 333-226052) of SoundThinking, Inc. of our report dated April 1, 2024, relating to the consolidated financial statements, which appears in this annual report on Form 10-K for the year ended December 31, 2023.

Baker Tilly US, LLP
Minneapolis, Minnesota
April 1, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ralph A. Clark, certify that:

1. I have reviewed this Annual Report on Form 10-K of SoundThinking, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ Ralph A. Clark

Ralph A. Clark
Chief Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alan Stewart, certify that:

1. I have reviewed this Annual Report on Form 10-K of SoundThinking, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ Alan Stewart

Alan Stewart
Chief Financial Officer

**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, Ralph A. Clark, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of SoundThinking, Inc. for the year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SoundThinking, Inc.

Date: April 1, 2024

/s/ Ralph A. Clark

Ralph A. Clark
Chief Executive Officer

**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, Alan Stewart, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of SoundThinking, Inc. for the year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of SoundThinking, Inc.

Date: April 1, 2024

/s/ Alan Stewart

Alan Stewart

Chief Financial Officer

SOUNDTHINKING, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of SoundThinking, Inc., a Delaware corporation (the “**Company**”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “**Policy**”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”).

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “**Effective Date**”). Incentive Compensation is deemed “**received**” in the Company’s fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

3. DEFINITIONS

“**Accounting Restatement**” means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Accounting Restatement Date**” means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Administrator**” means the Compensation Committee or, in the absence of such committee, the Board.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Compensation Committee**” means the Compensation Committee of the Board.

“**Covered Officer**” means each current and former Executive Officer.

“**Exchange**” means the Nasdaq Stock Market.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

“**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return (“**TSR**”). A measure need not be presented in the Company’s financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

“**Incentive Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

“**Lookback Period**” means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

“**Recoverable Incentive Compensation**” means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (*i.e.*, on a gross basis without regard to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

“**SEC**” means the U.S. Securities and Exchange Commission.

4. RECOUPMENT

(a) Applicability of Policy. This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv)

during the Lookback Period.

(b)Recoupment Generally. Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(c)Impracticability of Recovery. Recoupment may be determined to be impracticable if, and only if:

(i)the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or

(ii)recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(d)Sources of Recoupment. To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, *e.g.*, base salary, bonuses or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(e)No Indemnification of Covered Officers. Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(f)Indemnification of Administrator. Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

(g)No “Good Reason” for Covered Officers. Any action by the Company to recoup or any recoupment of Recoverable Incentive Compensation under this Policy from a Covered Officer shall not be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Officer, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Officer is party.

5.ADMINISTRATION

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

6.SEVERABILITY

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

7.NO IMPAIRMENT OF OTHER REMEDIES

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer’s obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 (“**SOX 304**”) that are applicable to the Company’s Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time; provided, however, that compensation recouped pursuant to this Policy shall not be duplicative of compensation recouped pursuant to SOX 304 or any such compensation recoupment policy and/or similar provisions in any such employment, equity plan, equity award, or other individual agreement except as may be required by law.

8.AMENDMENT; TERMINATION

The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

9.SUCCESSORS

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

10. REQUIRED FILINGS

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

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SOUNDTHINKING, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

FORM OF EXECUTIVE ACKNOWLEDGMENT

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the SoundThinking, Inc. Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented or otherwise modified from time to time (the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or other individual agreement with SoundThinking, Inc. (the "**Company**") to which I am a party, or the terms of any compensation plan, program or agreement, whether or not written, under which any compensation has been granted, awarded, earned or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

Agreed and Acknowledged:

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Name: _

Title: _

Date: _
