



Knightscope, Inc.

Q4 Preview: Expect inline results. We believe strong growth over the next year and AI assets to drive stock much higher. Lowering P/T to \$32.

COMPANY UPDATE

Rating: **BUY**

Ticker: KSCP

Price: \$8.75

Target: \$32.00

from (\$187.50)

Q4 Preview: We expect Knightscope to report its fiscal Q4 2024 (ending December) results in late-March. We expect the company to report Q4 results about inline with consensus estimates, currently for revenue of \$2.6 million (-13% y-o-y) and EPS of \$(2.00). There was no Q4 guidance.

No guidance: The company has not provided forward guidance.

Lowering 2024 estimates: We are lowering our 2024 estimates for revenue to \$10 million, from \$12 million, and for EPS to \$(11.37) from \$(11.00).

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

Targeting crime: ASRs conduct real-time on-site data collection and analysis in both indoor and outdoor spaces delivering alerts to security professionals to access the data for investigative purposes. Knightscope's technologies and products are designed to supplement the work of law enforcement and security professionals and are known to be effective in reducing crime.

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

Revenue growth potential strong long term: We believe revenues should increase significantly in 2025/26. We have modeled high revenue growth in 2025/26 and thereafter to scale up significantly which should drive improved margins and profitability. We expect the company to be profitable in 2026.

Leader in AI: The company is a pioneer in the use of AI (artificial intelligence) for its ASRs. The K3 and K5 ASRs are designed to patrol autonomously (using AI), either randomly or on a scheduled pattern. The ASRs are well developed AI machines with over 2.5+ million hours of operating service logged. In December, the company just launched the 5th Generation K5 ("K5v5") ASR.

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

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

Stock split: The company effected a 1-for-50 reverse stock split in September 2024.

Balance sheet: In Q4, the company raised \$12 million selling stock. We believe it has enough cash into late-2025.

Valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$32.00 from \$187.50, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with its high growth prospects and large upside opportunities.

Company Description

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

United States
Technology

February 15, 2025

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqGM
52-week Range:	4.89 – 31.50
Shares Outstanding (million):	5
Market cap (\$million):	\$44
EV (\$million):	\$36
Debt (\$million):	\$7
Cash (\$million):	\$15
Avg. Daily Trading Vol. (\$million):	\$3
Float (million shares):	3
Short Interest (million shares):	0.6
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	2.3A		2.4E	3.1E
Q2 Jun	3.2A		2.6E	3.6E
Q3 Sep	2.5A		3.0E	4.3E
Q4 Dec	<u>2.4E</u>	<u>5.0E</u>	<u>4.0E</u>	<u>6.0E</u>
Total	10.4E	12.0E	12.0E	17.0E
EV/Revs	3.5x		3.0x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	(3.94)A		(1.29)E	(2.00)E
Q2 Jun	(2.68)A		(1.07)E	(2.00)E
Q3 Sep	(3.58)A		(0.83)E	(2.50)E
Q4 Dec	<u>(1.82)E</u>	<u>(2.00)E</u>	<u>(0.79)E</u>	<u>(2.00)E</u>
Total	(11.37)E	(11.00)E	(3.96)E	(8.50)E
P/E	N/A		N/A	

*Reflects a 1:50 reverse stock split in September 2024.

Important Disclosures

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

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 10.

Exhibit 1: Knightscope Corporate Overview



Overview

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



Source: Company reports.

Exhibit 2: Knightscope's Products - Autonomous Security Robots (ASRs) and Blue Light Emergency Communication Devices



Source: Company reports.

Exhibit 3: Knightscope's Investment Summary



Summary

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

Source: Company reports.

Exhibit 4: Knightscope Market Opportunities

\$40B+ Recurring Revenue Opportunity (USA)

Selected Vertical	Total Number of Guards and Officers	Estimated % Augmentation with Robots		Potential Annual Recurring Revenue (estimate)		
		Near-Term	Long-Term	Per Robot	Near-Term Opportunity	Long-Term Opportunity
Corporate Campuses	12,000	2%	20%	\$70,000 *	\$17M	\$160M
Healthcare	103,550				\$271M	\$2,710M
Casinos	59,160				\$83M	\$828M
Commercial Real Estate	260,400				\$360M	\$3,648M
Manufacturing & Logistics	270,869				\$370M	\$3,702M
Law Enforcement	1,000,000			\$150,000 **	\$3B	\$30B
Total	~ 1.8 million	~ 36,000 robots	~ 360,000 robots		~ \$4.1 billion	~ \$41 billion

Source: Company reports.

Exhibit 5: Knightscope Products Solution

Knightscope Solution (Software + Hardware + Humans)

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

Autonomous Security Robots and Emergency Communication Systems



Source: Company reports.

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



*Reflects a 1:50 reverse stock split in September 2024.

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

Exhibit 7: Consensus Expectations (as of February 15, 2025)

	Revenue			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$2.3A	\$2.6E	Q1 Mar	\$(3.94)A	\$(1.88)E
Q2 Jun	\$3.2A		Q2 Jun	\$(2.68)A	
Q3 Sep	\$2.5A		Q3 Sep	\$(3.58)A	
Q4 Dec	\$2.6E		Q4 Dec	\$(2.00)E	
Total	\$10.6E	\$12.9E	Total	\$(11.74)E	\$(7.16)E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

*Reflects a 1:50 reverse stock split in September 2024.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Knightscope, Inc.

Income Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	0.9	1.0	1.3	2.3	5.6	2.9	3.6	3.3	3.0	12.8	2.3	3.2	2.5	2.4	10.4	2.4	2.6	3.0	4.0	12.0
Cost of Revenues	1.5	1.7	2.2	3.5	9.0	3.1	3.6	3.3	4.9	14.8	3.7	3.8	3.2	2.7	13.4	2.4	2.5	2.7	3.6	11.1
Gross Profit	(0.5)	(0.7)	(0.9)	(1.2)	(3.3)	(0.2)	0.0	0.0	(1.9)	(2.0)	(1.4)	(0.6)	(0.7)	(0.2)	(2.9)	0.0	0.1	0.3	0.5	0.9
Research & development	1.8	2.1	2.1	2.5	8.4	1.4	1.5	1.9	1.6	6.4	1.6	1.6	1.8	2.1	7.1	2.0	1.7	1.2	1.0	5.9
Sales and marketing	3.5	1.5	1.9	1.6	8.5	1.1	1.2	1.4	1.5	5.2	1.5	1.5	1.0	2.1	6.1	2.0	1.6	1.2	1.0	5.7
General & administrative	2.3	3.0	2.9	3.5	11.7	3.6	3.3	3.2	2.4	12.6	3.6	2.7	4.2	2.4	13.1	2.4	2.2	2.1	2.4	9.1
Restructuring and other					0.0	0.1	0.0			0.1	0.1	0.3	0.0		0.4					0.0
Total operating expenses	7.7	6.5	6.9	7.6	28.6	6.3	6.0	6.5	5.5	24.3	6.8	6.2	7.0	6.6	26.7	6.3	5.4	4.4	4.5	20.7
Operating income (loss)	(8.2)	(7.2)	(7.8)	(8.8)	(32.0)	(6.5)	(5.9)	(6.5)	(7.3)	(26.3)	(8.3)	(6.8)	(7.7)	(6.8)	(29.6)	(6.3)	(5.3)	(4.1)	(4.0)	(19.8)
Interest income (expense)	(8.9)	0.0		(0.3)	(9.2)	(0.5)	0.0	(0.0)	(0.1)	(0.6)	(0.1)	(0.2)	(0.1)	(0.3)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(1.0)
Other income (expense)	7.5	8.1	2.5	(2.6)	15.6	4.6	1.1	(1.9)	0.9	4.7	0.8	0.7	(3.0)	0.0	(1.6)	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(4.8)	(8.3)	(6.5)	(22.1)	(7.6)	(6.3)	(10.9)	(7.1)	(31.9)	(6.6)	(5.6)	(4.4)	(4.2)	(20.8)
Income taxes					0.0					0.0					0.0					0.0
Net income (loss)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(4.8)	(8.3)	(6.5)	(22.1)	(7.6)	(6.3)	(10.9)	(7.1)	(31.9)	(6.6)	(5.6)	(4.4)	(4.2)	(20.8)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(4.8)	(8.3)	(6.5)	(22.1)	(7.6)	(6.3)	(10.9)	(7.1)	(31.9)	(6.6)	(5.6)	(4.4)	(4.2)	(20.8)
EBITDA	(7.1)	(6.2)	(6.1)	(7.0)	(26.5)	(5.2)	(4.5)	(4.9)	(6.0)	(20.7)	(7.2)	(5.5)	(6.4)	(5.9)	(25.0)	(5.4)	(4.4)	(3.2)	(3.1)	(16.1)
Shares, Basic	0.6	0.7	0.7	0.8	0.7	0.9	1.1	1.6	1.7	1.3	1.9	2.3	3.0	3.9	2.8	5.1	5.2	5.3	5.4	5.3
Shares, Diluted	0.6	1.0	0.7	0.8	0.7	0.9	1.1	1.6	1.7	1.3	1.9	2.3	3.0	3.9	2.8	5.1	5.2	5.3	5.4	5.3
EPS Basic (pro forma)	(\$15.14)	\$1.21	(\$7.09)	(\$15.36)	(\$36.06)	(\$2.86)	(\$4.19)	(\$5.36)	(\$3.80)	(\$16.77)	(\$3.94)	(\$2.68)	(\$3.58)	(\$1.82)	(\$11.37)	(\$1.29)	(\$1.07)	(\$0.83)	(\$0.79)	(\$3.96)
EPS Diluted (pro forma)	(\$15.14)	\$0.87	(\$7.09)	(\$15.36)	(\$36.06)	(\$2.86)	(\$4.19)	(\$5.36)	(\$3.80)	(\$16.77)	(\$3.94)	(\$2.68)	(\$3.58)	(\$1.82)	(\$11.37)	(\$1.29)	(\$1.07)	(\$0.83)	(\$0.79)	(\$3.96)
Margins																				
Gross margin	-58%	-66%	-69%	-50%	-59%	-7%	0%	2%	-62%	-16%	-64%	-17%	-28%	-10%	-28%	0%	5%	10%	11%	7%
Research & development	195%	199%	160%	105%	150%	48%	42%	57%	52%	50%	70%	51%	70%	85%	68%	80%	65%	40%	26%	49%
Sales and marketing	370%	145%	147%	68%	151%	39%	33%	42%	49%	40%	67%	48%	39%	85%	59%	80%	60%	40%	25%	47%
General & administrative	246%	284%	224%	150%	208%	126%	92%	97%	81%	98%	162%	85%	167%	100%	125%	100%	85%	70%	60%	76%
Operating margin	-869%	-694%	-600%	-373%	-568%	-225%	-167%	-195%	-244%	-205%	-367%	-211%	-305%	-280%	-284%	-260%	-205%	-140%	-100%	-165%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-1017%	83%	-404%	-497%	-455%	-84%	-135%	-251%	-217%	-173%	-337%	-196%	-430%	-290%	-305%	-270%	-214%	-148%	-106%	-173%
YY % change																				
Total Revenue	9%	14%	65%	178%	65%	207%	242%	156%	28%	127%	-22%	-10%	-24%	-19%	-18%	8%	-19%	17%	64%	15%
Gross margin	73%	63%	71%	49%	61%	-61%	-101%	-106%	58%	-39%	578%	-6300%	-1500%	-87%	46%	-100%	-124%	-143%	-287%	-130%
Research & development	-67%	13%	0%	19%	51%	-83%	6%	28%	-18%	-25%	-75%	4%	8%	17%	11%	-72%	-14%	-30%	-12%	-17%
Sales and marketing	14%	-58%	174%	-66%	-29%	-68%	-21%	-27%	-8%	-39%	34%	29%	-28%	42%	18%	30%	1%	18%	-52%	-7%
General & administrative	-52%	27%	-2%	21%	140%	-69%	-10%	-1%	-25%	8%	-71%	-25%	55%	-42%	4%	-81%	-10%	-6%	16%	-30%
Operating income (loss)	62%	9%	95%	-1%	30%	-21%	-18%	-17%	-16%	-18%	27%	14%	19%	-7%	13%	-23%	-21%	-47%	-42%	-33%
Net income (loss)	67%	-105%	3%	-28%	-42%	-75%	-653%	59%	-44%	-14%	211%	31%	31%	9%	44%	-13%	-11%	-60%	-40%	-35%
EPS Diluted (pro forma)	-46%	-101%	-72%	-77%	-83%	-81%	-580%	-24%	-75%	-53%	38%	-36%	-33%	-52%	-32%	-67%	-60%	-77%	-57%	-65%

Source: Company reports and Ascendant Capital Markets estimates.

*Reflects a 1-for-50 Reverse Stock Split in September 2024

Knightscope, Inc.

Balance Sheet (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	21.1	15.6	11.1	4.8	2.4	5.8	4.6	2.3	2.5	2.6	5.2	14.9	8.3	3.6	0.1	(3.6)
Short term investments												0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	2.0	1.6	0.3	1.4	1.9	2.0	2.1	2.1	3.1	3.5	2.4	1.4	1.4	1.4	1.6	2.2
Inventory				2.6	2.7	2.7	3.2	2.3	2.9	3.2	2.9	2.2	2.2	2.3	2.7	3.6
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	1.3	1.3	2.0	1.3	1.5	1.4	1.3	1.5	1.5	1.4	1.1	1.0	1.2	1.3	1.3	1.8
Total current assets	24.3	18.5	13.3	10.1	8.4	12.0	11.2	8.2	9.9	10.7	11.5	19.4	13.1	8.7	5.8	4.0
Autonomous Security Robots, net	3.4	4.0	4.6	5.9	5.8	6.8	7.8	8.8	8.5	8.5	8.8	8.8	8.8	8.8	8.8	8.8
Property and equipment, net	0.1	0.2	0.2	0.6	1.0	1.0	0.9	0.9	0.8	0.8	0.7	0.5	0.3	0.2	(0.0)	(0.2)
Leases	0.9	0.8	0.6	2.0	1.8	1.7	1.5	1.5	1.3	1.1	0.6	0.6	0.6	0.6	0.6	0.6
Intangibles, net				3.4	3.3	3.7	3.6	3.5	3.4	3.3	3.2	3.2	3.2	3.2	3.2	3.2
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total assets	28.9	23.5	18.8	22.1	20.4	25.2	25.0	23.0	24.0	24.6	24.9	32.6	26.1	21.5	18.4	16.5
Liabilities and stockholders' equity																
Accounts payable	1.1	1.2	1.7	2.5	1.7	1.5	1.7	1.9	1.5	2.6	2.6	2.5	1.8	1.9	2.2	3.0
Accrued expenses	0.5	0.6	1.2	2.4	1.8	2.4	1.6	1.1	1.2	1.9	1.7	1.8	1.8	1.9	2.2	3.0
Deferred revenue	1.3	1.5	1.4	1.7	2.4	2.4	1.9	1.7	1.7	2.3	2.5	2.5	2.5	2.5	2.5	2.5
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Leases	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6
Other	1.1	1.2	0.6	1.1	1.4	1.7	1.6	1.5	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Short term debt				2.1	0.9	0.5	0.3					2.8	2.8	2.8	2.8	2.8
Total current liabilities	4.6	5.3	5.4	10.5	9.0	9.3	7.7	6.9	6.5	8.9	11.5	11.5	10.9	11.1	11.6	13.2
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Warrant liabilities	22.7	14.5	12.0	11.2	6.5	5.3	6.8	6.2	5.5	0.0		0.0	0.0	0.0	0.0	0.0
Other long term liabilities				0.4	0.3	0.3	0.7	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Leases	0.3	0.1		1.3	1.1	1.0	0.8	0.7	0.5	0.3		0.0	0.0	0.0	0.0	0.0
Deferred revenue												0.0	0.0	0.0	0.0	0.0
Long term debt				6.6	4.1			1.2	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Total other liabilities	23.0	14.7	12.0	19.4	12.1	6.6	8.2	8.5	10.1	4.5	4.1	4.1	4.1	4.1	4.1	4.1
Preferred stock	40.0	36.6	36.1	35.8	34.7	34.5	34.3	34.2	34.0			0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.7	1.5	2.2	2.9	3.6
Additional paid-in capital	84.6	89.3	92.9	95.7	106.3	121.2	129.7	134.7	142.3	186.4	195.5	195.5	195.5	195.5	195.5	195.5
Retained earnings	(123.3)	(122.4)	(127.7)	(139.3)	(141.8)	(146.6)	(154.9)	(161.5)	(169.1)	(175.3)	(186.2)	(193.3)	(199.9)	(205.5)	(209.9)	(214.1)
Other												14.1	14.1	14.1	14.1	14.1
Accumulated other comprehensive income												0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	1.3	3.5	1.4	(7.8)	(0.7)	9.2	9.1	7.6	7.4	11.2	9.3	17.0	11.1	6.3	2.6	(0.9)
Total stockholders' equity and liabil	28.9	23.5	18.8	22.1	20.4	25.2	25.0	23.0	24.0	24.6	24.9	32.6	26.1	21.5	18.4	16.5

Balance Sheet Drivers

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	133%	120%	151%	57%	51%	39%	40%	50%	65%	42%	43%	43%	50%	50%	45%	45%
Inventory as % of total rev	0%	0%	0%	109%	93%	75%	95%	77%	128%	101%	114%	90%	90%	90%	90%	90%
A/P as % of total rev	114%	119%	131%	105%	58%	43%	52%	62%	67%	82%	101%	101%	75%	75%	75%	75%
Accrued exp related as % of total rev	48%	56%	89%	102%	64%	68%	47%	38%	55%	59%	69%	75%	75%	75%	75%	75%
Activity Ratios																
A/R Days Sales Outstanding	188	141	22	52	58	52	57	62	124	99	84	50	50	50	50	50
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$2.05	\$3.57	\$1.85	#####	-\$0.83	\$8.05	\$5.88	\$4.40	\$3.83	\$4.78	\$3.04	\$4.36	\$2.18	\$1.21	\$0.49	-\$0.17
Cash per Share (diluted)	\$33.27	\$15.74	\$14.98	\$6.33	\$2.78	\$5.10	\$2.97	\$1.33	\$1.29	\$1.12	\$1.71	\$3.81	\$1.64	\$0.70	\$0.03	-\$0.67
Net cash per Share (diluted)	\$33.27	\$15.74	\$14.98	-\$5.12	-\$3.04	\$4.63	\$2.79	\$0.60	-\$0.73	-\$0.55	-\$0.50	\$2.09	\$0.32	-\$0.59	-\$1.24	-\$1.91

Source: Company reports and Ascendant Capital Markets estimates

Knightscope, Inc.

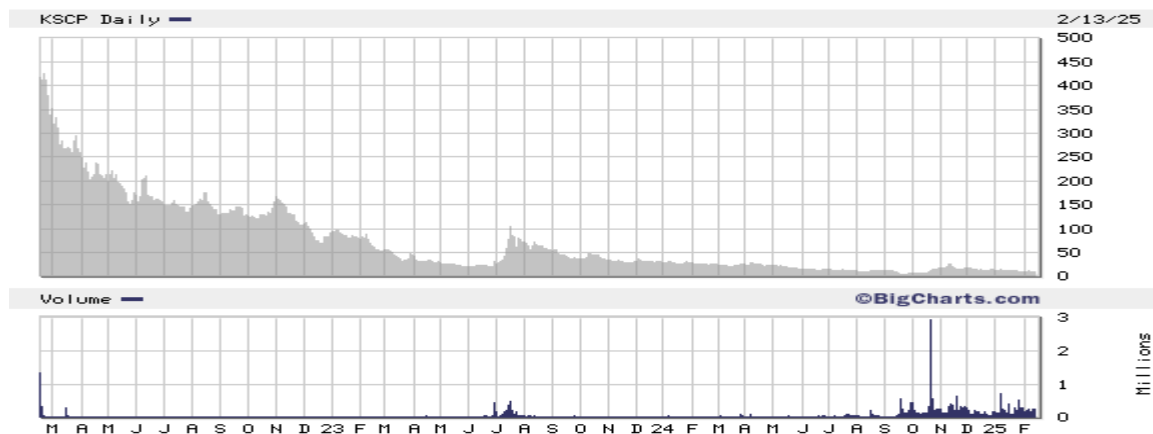
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(4.8)	(8.3)	(6.5)	(22.1)	(7.6)	(6.3)	(10.9)	(7.1)	(31.9)	(6.6)	(5.6)	(4.4)	(4.2)	(20.8)	
Depreciation	0.4	0.3	0.5	0.6	1.7	0.6	0.6	0.6	0.6	2.4	0.6	0.7	0.6	0.2	2.1	0.2	0.2	0.2	0.2	0.8	
Amortization					0.0					0.0					0.0					0.0	
Non-cash lease expense					0.0					0.0					0.0					0.0	
Debt related amortization expen	8.9			0.3	9.2				0.5	0.5	0.0	0.0	0.0	0.1	0.1					0.0	
Stock comp	0.7	0.7	1.2	1.2	3.8	0.6	0.9	0.9	0.7	3.1	0.3	0.3	0.7	0.7	2.1	0.7	0.7	0.7	0.7	2.9	
Deferred income taxes					0.0					0.0				0.0	0.0					0.0	
Change in fair value of warrant l	(7.5)	(8.1)	(2.5)	2.0	(16.2)	(4.7)	(1.2)	1.8	(0.9)	(4.9)	(0.8)	(0.7)	3.0	1.5						0.0	
Accrued interest	0.0			0.0	0.0	0.5	(0.1)		(0.4)	0.0	0.1	0.1	0.1	0.3	0.3					0.0	
Writedowns and impairments					0.0					0.0	0.8	0.3		1.1	1.1					0.0	
Other gains/losses					0.0				0.0	0.0	0.0		(0.0)	0.0	0.0					0.0	
Other					0.0					0.0				0.0	0.0					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	(0.8)	0.3	1.3	(0.7)	0.2	(0.5)	(0.2)	(0.1)	0.0	(0.7)	(1.0)	(0.4)	1.2	1.0	0.7	0.0	(0.1)	(0.2)	(0.6)	(0.9)	
Inventory				(0.0)	(0.0)	(0.1)	0.0	(0.5)	0.8	0.2	(0.6)	(0.4)	0.3	0.7	0.1	0.0	(0.1)	(0.3)	(1.0)	(1.4)	
Prepaid expenses & other curre	0.1	(0.1)	(0.1)	0.4	0.4	(0.2)	(0.1)	(0.0)	(0.2)	(0.5)	0.1	0.1	0.3	0.0	0.5	(0.2)	(0.1)	(0.0)	(0.5)	(0.8)	
Income tax					0.0					0.0					0.0					0.0	
Other assets				(0.0)	(0.0)	0.0			(0.0)	(0.0)		(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	(0.4)	0.2	0.5	0.8	0.9	(0.8)	(0.2)	0.2	0.1	(0.6)	(0.4)	1.1	(0.1)	(0.1)	0.6	(0.6)	0.1	0.3	0.8	0.5	
Accrued expenses	(0.7)	0.1	0.6	1.2	1.2	(0.6)	0.6	(0.9)	(0.4)	(1.3)	0.0	0.5	(0.2)	0.1	0.4	(0.0)	0.1	0.3	0.8	1.2	
Deferred revenue	0.4	0.2	(0.2)	0.1	0.6	0.7	(0.5)	(0.6)	(0.1)	(0.5)	(0.1)	0.6	0.2	0.7	0.7					0.0	
Other liabilities	0.2	0.1	(0.7)	0.2	(0.2)	0.4	0.1	(0.2)	(0.1)	0.3	(0.1)	(0.1)	0.1	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(8.4)	(5.3)	(4.8)	(5.6)	(24.1)	(6.5)	(4.7)	(6.9)	(6.0)	(24.2)	(8.6)	(4.0)	(4.7)	(4.4)	(21.8)	(6.5)	(4.7)	(3.5)	(3.7)	(18.4)	
Cash flow from investing activities																					
Purchases of property and equi	(0.0)	(0.0)		(0.0)	(0.1)	(0.4)	(0.0)	0.0	(0.0)	(0.5)		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions				(5.4)	(5.4)					0.0					0.0					0.0	
Other	(0.8)	(0.9)	(1.1)	(1.6)	(4.4)	(0.3)	(1.4)	(1.4)	(1.5)	(4.7)	(0.9)	(0.9)	(0.7)		(2.5)					0.0	
Net cash used in investing activ	(0.8)	(0.9)	(1.1)	(7.1)	(9.9)	(0.8)	(1.4)	(1.4)	(1.5)	(5.1)	(0.9)	(0.9)	(0.7)	(0.0)	(2.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	
Cash flow from financing activities																					
Issuance of debt					3.2				1.2	1.2	2.6		(0.2)	0.0	2.4	0.0	0.0	0.0	0.0	0.0	
Repayment of debt					0.0			(0.3)	(0.3)	(0.6)					0.0					0.0	
Issuance of stock	19.5	0.5	1.0	1.5	22.5	4.7	9.5	7.4	4.3	25.9	7.1	5.0	8.3	0.0	20.4	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	0.1	0.1	0.3	1.8	2.4	0.2	0.0			0.3		0.0			0.0					0.0	
Other	(0.1)		(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		(0.0)	(0.1)	14.0	13.9					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
Cash provided by (used in) fina	19.5	0.7	1.3	6.5	28.0	4.9	9.6	7.1	5.2	26.8	9.7	5.0	8.0	14.0	36.8	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	10.3	(5.6)	(4.6)	(6.2)	(6.0)	(2.3)	3.5	(1.2)	(2.3)	(2.4)	0.2	0.1	2.6	9.5	12.5	(6.5)	(4.7)	(3.5)	(3.8)	(18.5)	
Beginning cash and equivalents	10.8	21.2	15.6	11.1	10.8	4.8	2.5	5.9	4.7	4.8	2.4	2.6	2.7	5.3	2.4	14.9	8.3	3.6	0.1	14.9	
Ending cash and equivalents	21.2	15.6	11.1	4.9	4.8	2.5	5.9	4.7	2.4	2.4	2.6	2.7	5.3	14.9	14.9	8.3	3.6	0.1	(3.6)	(3.6)	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Knightscope, Inc.



**Reflects a 1:50 reverse stock split in September 2024.*

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

	Report Date		Price
Report	Date	Rating	Target
1	6/22/2023	Buy	175.00
2	9/17/2023	Buy	187.50
3	12/28/2023	Buy	200.00
4	4/30/2024	Buy	212.50
5	5/31/2024	Buy	187.50

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, ability to commercialize product, changing technologies or obsolescence, competition, changing macroeconomic factors, investor sentiment for investing in technology and security stocks, and changes in consumer, enterprise, or government priorities for security.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 10, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	56	98%	20	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	57	100%	20	35%



Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.