



Knightscope, Inc.

Q4 about inline. We believe strong growth over the next year and AI assets to drive stock much higher. Raising P/T to \$4.25.

COMPANY UPDATE

Rating: **BUY**

Ticker: KSCP

Price: \$0.45
(intraday)

Target: \$4.25
from (\$4.00)

Q4 about inline: Knightscope recently (on April 2) reported its fiscal Q4 2023 (ending December) results. Revenue was \$3.0 million (+28% y-o-y), compared to our estimates of \$2.9 million. EPS was \$(0.08), compared to our estimates of \$(0.06). There was no Q4 guidance or consensus estimates.

Strong Q4 growth: The company's solid execution and sales wins drove strong revenue growth (+28% y-o-y).

No guidance: The company did not provide forward guidance. The company did qualitatively expect to reach profitability by Q4 2024.

Adjusting estimates: We are adjusting our 2024 estimates for revenue to \$16 million, from \$18 million, and for EPS to \$(0.19) from \$(0.23).

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 strong: We believe revenues should increase significantly in 2024/25. We have modeled high revenue growth in 2024 (+25%) and 2025 (+20%) 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.

Valuation attractive: We are maintaining our BUY rating, but raising our 12-month price target to \$4.25 from \$4.00, 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

April 30, 2024

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Stock Data

Exchange:	NasdaqGM
52-week Range:	0.36 – 2.24
Shares Outstanding (million):	94
Market cap (\$million):	\$42
EV (\$million):	\$41
Debt (\$million):	\$1
Cash (\$million):	\$2
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	87
Short Interest (million shares):	7
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	3.3E	3.7E	3.9E	
Q2 Jun	3.8E		4.4E	
Q3 Sep	3.9E	4.4E	4.6E	
Q4 Dec	<u>4.9E</u>	<u>6.2E</u>	<u>6.2E</u>	
Total	15.9E	18.0E	19.1E	
EV/Revs	2.6x		2.1x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	(0.06)E		(0.06)E	
Q2 Jun	(0.05)E	(0.06)E	(0.06)E	
Q3 Sep	(0.05)E	(0.06)E	(0.05)E	
Q4 Dec	<u>(0.03)E</u>	<u>(0.05)E</u>	<u>(0.04)E</u>	
Total	(0.19)E	(0.23)E	(0.21)E	
P/E	N/A		N/A	

Important Disclosures

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

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 16.

OVERVIEW

- Knightscope recently (on April 2) reported its fiscal Q4 2023 (ending December) results.
- Revenue was \$3.0 million (+28% y-o-y), compared to our estimates of \$2.9 million.
- EPS was \$(0.08), compared to our estimates of \$(0.06).
- There was no Q4 guidance or consensus estimates.
- The company did not provide specific forward guidance.
- The company maintained its qualitative guidance “stretch target” is to reach profitability by Q4 2024.
- We are adjusting our 2024 estimates for revenue to \$16 million, from \$18 million, and for EPS to \$(0.19) from \$(0.23).
- We are initiating our 2025 estimates for revenue of \$19 million, and for EPS of \$(0.21).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$(1.9) million, compared with our estimate of \$0.2 million.
- Gross margin for the quarter was -62%, versus our expectation of +6% and -50% last year.
- Operating expenses were \$5.5 million, versus our expectation of \$5.1 million.
- Operating loss was \$7.3 million, versus our expectation of a loss of \$4.9 million.
- Net loss was \$6.5 million, versus our expectation of a loss of \$4.9 million.
- Backlog was \$3.4 million, down from \$4.1 million in Q3.

In December 2023, the company appointed Apoorv Dwivedi as its new Chief Financial Officer replacing Mallorie Burak, who left to pursue other opportunities. Mr. Dwivedi is an experienced financial executive who most recently served as the Chief Financial Officer of Nxu, Inc.

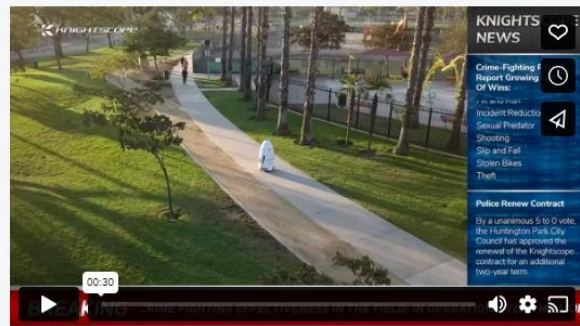
The company’s balance sheet had \$2 million in cash and \$1 million in debt, compared with \$5 million in cash and ~\$0 million in debt at the end of September.

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: BofA Merrill Lynch Global Research]
- 
Proven Effective
 Company has secured numerous crime-fighting wins and holds contracts across the United States in numerous verticals in both the private and public sectors
- 
Technology Growth
 Unique combination of autonomous self-driving technology, robotics, artificial intelligence and electric vehicles is now scaling across the country generating millions of dollars revenue

Source: Company reports.

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	\$168M
Healthcare	193,550				\$271M	\$2,710M
Casinos	59,160				\$83M	\$828M
Commercial Real Estate	260,400				\$365M	\$3,646M
Manufacturing & Logistics	270,869				\$379M	\$3,792M
Law Enforcement	1,000,000			\$150,000 **	\$3B	\$30B
Total	~ 1.8 million	~ 36,000 robots	~ 360,000 robots		~ \$4.1 billion	~ \$41 billion

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: KSOC (Knightscope Security Operations Center)

KSOC (Knightscope Security Operations Center)

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



Recording & Streaming

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

People Detection

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

Facial Recognition

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

Thermal

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

Automatic License Plate Recognition

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

Source: Company reports.

Exhibit 7: Sample Customer Experience

Automation Disruption Underway

PG&E (NYSE: PCG)

Major Power Utility
Doubles Knightscope
Order to Ten Robots



ABM (NYSE: ABM)

Deploys Knightscope
Autonomous Robot in
Major Parking Facility









Long Term Technology Strategy

AUTONOMY	<ul style="list-style-type: none"> Autonomously navigate both outdoors and indoors in dynamic or static environments providing a physical deterrence 24/7/365 at low and high speeds
SEE	<ul style="list-style-type: none"> Computer Vision and Video Analytics (people, faces, vehicles, plates, gait, weapons)
FEEL	<ul style="list-style-type: none"> Thermal Imaging and Emotion Detection (fire, crowds, forensics)
HEAR	<ul style="list-style-type: none"> Acoustic Event Detection and Machine Listening (gunshot, vehicle crash, yelling, glass breaking)
SMELL	<ul style="list-style-type: none"> WMD Threat Detection (Devices, Pathogens, Chemical, Biological, Radiological and Nuclear)
SPEAK	<ul style="list-style-type: none"> Automated Pre-Recorded Broadcasts, Live Public Address, Text-to-Speech, Concierge

Source: Company report.

Exhibit 8: Business Model and Unit Economics Target

MaaS Business Model

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

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

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

1. Needs Assessment
Define a measurable pain point or problem to be solved, consider budget, funding source and signing authority, and identify all affected parties

7. Site Survey
Knightscope performs a formal site survey with the client to set/capture expectations and confirm suitability of terrain and data transmission

2. Initial Site Assessment
Determine feasibility of deployment locations for each machine

8. Pre-Deployment
New client meets with Client Experience team to ensure deployment readiness including site preparations, branding/graphics, internal communication protocols, public relations/social media plan, logistics, timing, etc.

3. Virtual Demo
Demonstrate to all stakeholders how Knightscope's technologies will fulfill the need; kick off client-required cybersecurity risk assessment, if needed

9. Deployment Setup
Knightscope deployment specialists arrive onsite to map the patrol area, setup the docking station, and test functionality

4. Proposal
Issue a proposal addressing each specific deployment location for client review and approval; clearly communicate disaster preparedness and machine cosmetic damage procedures

10. KSOC Setup
The client's deployment information is loaded into the user interface (KSOC) and prepped for 'Go Live' date

5. Accept Proposal
Client accepts the proposal and signs the corresponding Order Form

11. Training
Knightscope trains the appropriate staff on machine operations and KSOC usage

6. Order Execution
The Order Form is countersigned and approved to be scheduled for site survey.

12. Go Live
Release date for fully autonomous operation and client utilization

Unit Economics Target

Illustrative Example of Unit Economics

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

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

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

Source: Company report.

Exhibit 9: Long Term Growth Strategy

Long Term Growth Strategy

WHY NOW?

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

MACRO

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

SHORT TERM

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

LONG TERM

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



Robot Roadshow

- Kicked off a nationwide tour to allow prospective clients to experience Knightscope’s technologies up close
- A first in North America use of a transportable Pod containing a showcase of robots, capabilities and a telepresence sales team
- Effective tool in the sales process to drive closing contracts with key decision makers physically involvement and interaction with the technologies



Source: Company report.

Exhibit 10: Recent 2023 Customer Announcements

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Dec '2023

Commercial Real Estate Investment Firm Signs Contract for Knightscope K5 ASR

5 th Generation Security Robot Hired to Protect Kansas City, MO Shopping Center MOUNTAIN VIEW, Calif. -- (BUSINESS WIRE)--Dec. 28, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication

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Dec '2023

Texas Transportation Provider Expands Use of Knightscope Technologies

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 27, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces an expansion contract for 3 K1 Blue Light Towers with a

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Dec '2023

Real Estate Developer Deploys 2 New Knightscope K1 Towers in Los Angeles

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 26, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces the deployment of two new K1 Towers in Los Angeles, CA

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Dec '2023

Leading Semiconductor Test Equipment Supplier Signs 3-Machine Contract

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 20, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces a new contract with a California supplier of semiconductor

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Dec '2023

Knightscope Growth in Healthcare and Higher Education Continues

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 19, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces two new sales, one in healthcare and the other in higher

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Dec '2023

Memphis Hotel Deploys 5th Generation K5 ASR

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 14, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces a new deployment of its 5th Generation K5 Autonomous Security

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Dec '2023

Knightscope Builds on Land and Expand Plan with Two More Purchase Orders

MOUNTAIN VIEW, Calif. --(BUSINESS WIRE)--Dec. 12, 2023-- Knightscope, Inc. [Nasdaq: KSCP] ("Knightscope" or the "Company"), a leading developer of autonomous security robots and blue light emergency communication systems, today announces two new expansion sales from a Knightscope Authorized Partner

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Dec '2023

Unico Properties Advances Security at U.S. Bancorp Tower with First Autonomous Security Robot in Downtown Portland

Nicknamed "Rob," the robot provides video and audio surveillance, thermal imaging, and other technology to the perimeter of the building's parking garage, further enhancing safety and security for the tenants and daily visitors parking at U.S. Bancorp Tower MOUNTAIN VIEW, Calif.

Source: Company report.

Exhibit 11: Outlook (as of April 2, 2024)

OUTLOOK

Revenue

Our company has generated over \$30 million in lifetime revenue and has begun to show consistent double-digit growth over the last 3 years as the technology scaled up from a large-scale proof of concept to production. We believe our recurring revenue business model for the recurring societal problem of crime and terrorism will continue to grow. Robots will be everywhere.

Volume

Our machines-in-network across the country combining both our ASR and K1B business is planned to exceed 10,000 during 2024. Additionally, we are working to significantly improve our manufacturing throughput this year and will maintain our focus on "Made in the USA".

Cash

We seek to improve our cash position in 2024 through a variety of actions including delivering on our multi million-dollar backlog of new orders, closing on our first ever bond offering, utilizing our ATM facility as needed and improving operational efficiency.

Profitability

Our stretch target is to achieve profitability for the 4th quarter 2024 by improving our revenue strategy, reducing our variable costs including labor efficiencies and bill-of-material costs as well as further leveraging outsourcing of maintenance and service operations. We are reducing our fixed costs with a streamlined management team and a reduction in our facility footprint nationwide from 13 to 1 over time.

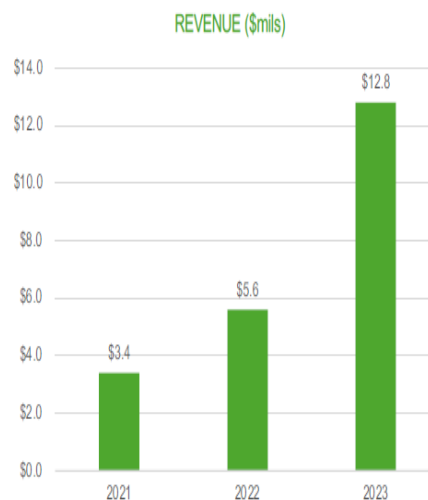
Technology

We seek to ramp up production of both the all-new K1 Hemisphere and the 5th generation K5 while continuing development on our all-new K7 ASR and kicking off development on our AI-driven Mission Control software application.

Our mission is to make the United States of America the safest country in the world. To achieve the mission, we must have Full Spectrum Dominance over criminals and terrorists. The strategy will drive a required wide portfolio from the K1 through the K15 that are autonomous and can "see, feel, hear, smell, speak – and cooperate". As criminals and terrorists can be anywhere, to achieve the mission, Knightscope must be everywhere.

Growth

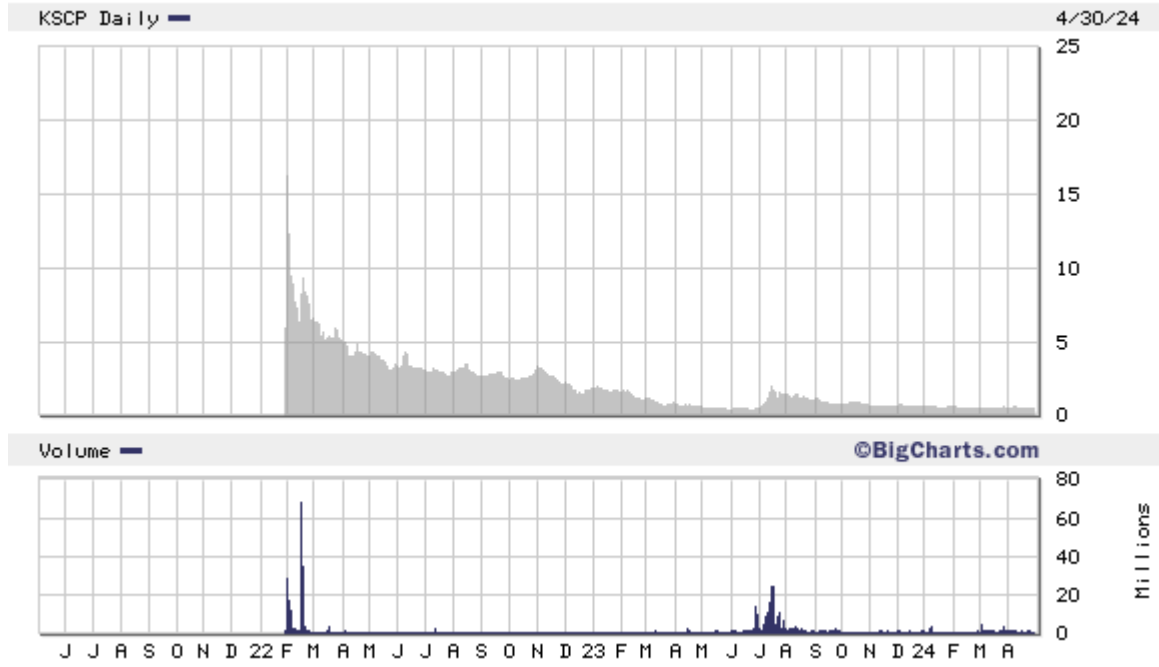
Knightscope seeks to grow both organically as well as through acquisition. Where viable we are also seeking strategic and technical partnerships to drive a comprehensive and integrated portfolio of technological offerings to our clients in the private sector as well as local, state, and federal governments in the USA.



Architecture	Future Technology
CENTRAL INTELLIGENCE	Mission Control User Interface
	KNOC Internal Tool
	KMACS Internal Tool
SKYSCRAPER	K1 Laser
	K1 Mindset / K1 Orb
	K1 Hemisphere / Globe
	K1 Super Tower / Heavy Duty
	K3 Indoor
MOONRAKER	K5 Outdoor
	K7 Multi-Terrain
ZZ	K8 Humanoid
	K9 Dog
ORCA	K10 Patrol
	K15 Tactical

Source: Company report.

Exhibit 12: Knightscope, Inc. Stock Price (since IPO January 27, 2022)



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

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	Q1E	Q2E	Q3E	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	3.3	3.8	3.9	4.9	15.9	3.9	4.4	4.6	6.2	19.1
Cost of Revenues	1.5	1.7	2.2	3.5	9.0	3.1	3.6	3.3	4.9	14.8	3.2	3.5	3.4	4.0	14.0	3.2	3.5	3.6	4.4	14.7
Gross Profit	(0.5)	(0.7)	(0.9)	(1.2)	(3.3)	(0.2)	0.0	0.0	(1.9)	(2.0)	0.1	0.3	0.5	0.9	1.9	0.7	0.9	1.0	1.8	4.4
Research & development	1.8	2.1	2.1	2.5	8.4	1.4	1.5	1.9	1.6	6.4	1.2	1.4	1.4	1.0	5.1	1.4	1.6	1.7	1.4	6.2
Sales and marketing	3.5	1.5	1.9	1.6	8.5	1.1	1.2	1.4	1.5	5.2	1.0	1.2	1.2	0.7	4.1	1.2	1.4	1.4	1.2	5.2
General & administrative	2.3	3.0	2.9	3.5	11.7	3.6	3.3	3.2	2.4	12.6	3.0	2.8	2.3	2.2	10.4	3.5	3.7	3.2	3.4	13.9
Restructuring and other					0.0	0.1	0.0			0.1					0.0					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	5.2	5.4	5.0	4.0	19.6	6.2	6.7	6.4	6.1	25.3
Operating income (loss)	(8.2)	(7.2)	(7.8)	(8.8)	(32.0)	(6.5)	(5.9)	(6.5)	(7.3)	(26.3)	(5.1)	(5.1)	(4.5)	(3.0)	(17.6)	(5.5)	(5.8)	(5.3)	(4.3)	(20.9)
Interest income (expense)	(8.9)	0.0		(0.3)	(9.2)	(0.5)	0.0	(0.0)	(0.1)	(0.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)
Other income (expense)	7.5	8.1	2.5	(2.6)	15.6	4.6	1.1	(1.9)	0.9	4.7	0.0	0.0	0.0	0.0	0.0	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)	(5.1)	(5.1)	(4.5)	(3.1)	(17.8)	(5.5)	(5.9)	(5.4)	(4.3)	(21.1)
Income taxes					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(9.6)	0.9	(5.2)	(11.7)	(25.6)	(2.4)	(4.8)	(8.3)	(6.5)	(22.1)	(5.1)	(5.1)	(4.5)	(3.1)	(17.8)	(5.5)	(5.9)	(5.4)	(4.3)	(21.1)
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)	(5.1)	(5.1)	(4.5)	(3.1)	(17.8)	(5.5)	(5.9)	(5.4)	(4.3)	(21.1)
EBITDA	(7.1)	(6.2)	(6.1)	(7.0)	(26.5)	(5.2)	(4.5)	(4.9)	(6.0)	(20.7)	(4.2)	(4.2)	(3.5)	(2.1)	(14.0)	(4.6)	(4.9)	(4.4)	(3.4)	(17.3)
Shares, Basic	31.7	35.7	36.9	38.0	35.6	42.7	57.2	77.7	86.0	65.9	93.0	94.0	95.0	96.0	94.5	97.0	98.0	99.0	100.0	98.5
Shares, Diluted	31.7	49.7	36.9	38.0	35.6	42.7	57.2	77.7	86.0	65.9	93.0	94.0	95.0	96.0	94.5	97.0	98.0	99.0	100.0	98.5
EPS Basic (pro forma)	(\$0.30)	\$0.02	(\$0.14)	(\$0.31)	(\$0.72)	(\$0.06)	(\$0.08)	(\$0.11)	(\$0.08)	(\$0.34)	(\$0.06)	(\$0.05)	(\$0.05)	(\$0.03)	(\$0.19)	(\$0.06)	(\$0.06)	(\$0.05)	(\$0.04)	(\$0.21)
EPS Diluted (pro forma)	(\$0.30)	\$0.02	(\$0.14)	(\$0.31)	(\$0.72)	(\$0.06)	(\$0.08)	(\$0.11)	(\$0.08)	(\$0.34)	(\$0.06)	(\$0.05)	(\$0.05)	(\$0.03)	(\$0.19)	(\$0.06)	(\$0.06)	(\$0.05)	(\$0.04)	(\$0.21)
Margins																				
Gross margin	-58%	-66%	-69%	-50%	-59%	-7%	0%	2%	-62%	-16%	4%	9%	14%	19%	12%	18%	20%	23%	29%	23%
Research & development	195%	199%	160%	105%	150%	48%	42%	57%	52%	50%	37%	37%	37%	20%	32%	37%	37%	37%	23%	32%
Sales and marketing	370%	145%	147%	68%	151%	39%	33%	42%	49%	40%	31%	31%	31%	15%	26%	31%	31%	31%	20%	27%
General & administrative	246%	284%	224%	150%	208%	126%	92%	97%	81%	98%	90%	75%	60%	45%	65%	90%	85%	70%	55%	73%
Operating margin	-869%	-694%	-600%	-373%	-568%	-225%	-167%	-195%	-244%	-205%	-154%	-134%	-114%	-61%	-111%	-140%	-133%	-115%	-69%	-109%
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%	-156%	-135%	-116%	-62%	-112%	-142%	-134%	-117%	-70%	-110%
YY % change																				
Total Revenue	9%	14%	65%	178%	65%	207%	242%	156%	28%	127%	14%	7%	17%	64%	25%	19%	15%	18%	26%	20%
Gross margin	73%	63%	71%	49%	61%	-61%	-101%	-106%	58%	-39%	-159%	3733%	966%	-150%	-196%	444%	148%	95%	95%	127%
Research & development	-67%	13%	0%	19%	51%	-83%	6%	28%	-18%	-25%	-81%	15%	2%	-31%	-20%	-71%	12%	5%	-16%	23%
Sales and marketing	14%	-58%	174%	-66%	-29%	-68%	-21%	-27%	-8%	-39%	-9%	-1%	-13%	-49%	-20%	19%	15%	18%	68%	26%
General & administrative	-52%	27%	-2%	21%	140%	-69%	-10%	-1%	-25%	8%	-76%	-4%	-18%	-5%	-18%	-66%	6%	-13%	6%	34%
Operating income (loss)	62%	9%	95%	-1%	30%	-21%	-18%	-17%	-16%	-18%	-22%	-14%	-31%	-59%	-33%	8%	15%	20%	42%	19%
Net income (loss)	67%	-105%	3%	-28%	-42%	-75%	-653%	59%	-44%	-14%	110%	7%	-46%	-53%	-19%	8%	15%	19%	41%	18%
EPS Diluted (pro forma)	-46%	-101%	-72%	-77%	-83%	-81%	-580%	-24%	-75%	-53%	-4%	-35%	-56%	-58%	-44%	4%	10%	15%	36%	14%

Source: Company reports and Ascendant Capital Markets estimates.

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	Q1E	Q2E	Q3E	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	8.6	4.1	0.5	(2.2)	(6.3)	(11.5)	(16.1)	(20.3)
Short term investments									0.0	0.0	0.0	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	1.8	2.1	2.2	2.7	2.2	2.4	2.6	3.5
Inventory				2.6	2.7	2.7	3.2	2.3	3.0	3.4	3.5	4.4	3.5	3.9	4.2	5.6
Deferred income taxes									0.0	0.0	0.0	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	1.6	1.9	1.9	2.5	2.0	2.2	2.3	3.1
Total current assets	24.3	18.5	13.3	10.1	8.4	12.0	11.2	8.2	15.0	11.6	8.1	7.5	1.3	(3.0)	(7.1)	(8.1)
Autonomous Security Robots, net	3.4	4.0	4.6	5.9	5.8	6.8	7.8	8.8	8.8	8.8	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	0.7	0.5	0.3	0.1	(0.1)	(0.3)	(0.5)	(0.7)
Leases	0.9	0.8	0.6	2.0	1.8	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Intangibles, net				3.4	3.3	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Deferred income tax									0.0	0.0	0.0	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	29.6	25.9	22.3	21.5	15.1	10.6	6.3	5.1
Liabilities and stockholders' equity																
Accounts payable	1.1	1.2	1.7	2.5	1.7	1.5	1.7	1.9	2.5	2.8	2.9	3.7	2.9	3.3	3.5	4.7
Accrued expenses	0.5	0.6	1.2	2.4	1.8	2.4	1.6	1.1	2.5	2.8	2.9	3.7	2.9	3.3	3.5	4.7
Deferred revenue	1.3	1.5	1.4	1.7	2.4	2.4	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Deferred income tax									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities									0.0	0.0	0.0	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	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other	1.1	1.2	0.6	1.1	1.4	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Short term debt				2.1	0.9	0.5	0.3		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	4.6	5.3	5.4	10.5	9.0	9.3	7.7	6.9	8.9	9.6	9.8	11.4	9.8	10.5	10.9	13.3
Deferred income taxes									0.0	0.0	0.0	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	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Other long term liabilities				0.4	0.3	0.3	0.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Leases	0.3	0.1		1.3	1.1	1.0	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Deferred revenue									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt				6.6	4.1			1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total other liabilities	23.0	14.7	12.0	19.4	12.1	6.6	8.2	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Preferred stock	40.0	36.6	36.1	35.8	34.7	34.5	34.3	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2
Common stock	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.8	1.5	2.2	2.9	3.6	4.3	5.0	5.7
Additional paid-in capital	84.6	89.3	92.9	95.7	106.3	121.2	129.7	134.7	134.7	134.7	134.7	134.7	134.7	134.7	134.7	134.7
Retained earnings	(123.3)	(122.4)	(127.7)	(139.3)	(141.8)	(146.6)	(154.9)	(161.5)	(166.6)	(171.7)	(176.2)	(179.3)	(184.8)	(190.7)	(196.1)	(200.4)
Other									0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Accumulated other comprehensive income									9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Total stockholders' equity	1.3	3.5	1.4	(7.8)	(0.7)	9.2	9.1	7.6	12.2	7.8	4.0	1.7	(3.2)	(8.3)	(13.0)	(16.6)
Total stockholders' equity and liabil	28.9	23.5	18.8	22.1	20.4	25.2	25.0	23.0	29.6	25.9	22.3	21.5	15.1	10.6	6.3	5.1

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	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	133%	120%	151%	57%	51%	39%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Inventory as % of total rev	0%	0%	0%	109%	93%	75%	95%	77%	90%	90%	90%	90%	90%	90%	90%	90%
A/P as % of total rev	114%	119%	131%	105%	58%	43%	52%	62%	75%	75%	75%	75%	75%	75%	75%	75%
Accrued exp related as % of total rev	48%	56%	89%	102%	64%	68%	47%	38%	75%	75%	75%	75%	75%	75%	75%	75%
Activity Ratios																
A/R Days Sales Outstanding	188	141	22	52	58	52	57	62	50	50	50	50	50	50	50	50
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$0.04	\$0.07	\$0.04	-\$0.21	-\$0.02	\$0.16	\$0.12	\$0.09	\$0.13	\$0.08	\$0.04	\$0.02	-\$0.03	-\$0.09	-\$0.13	-\$0.17
Cash per Share (diluted)	\$0.67	\$0.31	\$0.30	\$0.13	\$0.06	\$0.10	\$0.06	\$0.03	\$0.09	\$0.04	\$0.01	-\$0.02	-\$0.07	-\$0.12	-\$0.16	-\$0.20
Net cash per Share (diluted)	\$0.67	\$0.31	\$0.30	-\$0.10	-\$0.06	\$0.09	\$0.06	\$0.01	\$0.08	\$0.03	-\$0.01	-\$0.04	-\$0.08	-\$0.13	-\$0.18	-\$0.21

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	Q1E	Q2E	Q3E	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)	(5.1)	(5.1)	(4.5)	(3.1)	(17.8)	(5.5)	(5.9)	(5.4)	(4.3)	(21.1)	
Depreciation	0.4	0.3	0.5	0.6	1.7	0.6	0.6	0.6	0.6	2.4	0.2	0.2	0.2	0.2	0.8	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	
Stock comp	0.7	0.7	1.2	1.2	3.8	0.6	0.9	0.9	0.7	3.1	0.7	0.7	0.7	0.7	2.8	0.7	0.7	0.7	0.7	2.8	
Deferred income taxes					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)					0.0					0.0	
Accrued interest	0.0			0.0	0.0	0.5	(0.1)		(0.4)	0.0					0.0					0.0	
Writedowns and impairments					0.0					0.0					0.0					0.0	
Other gains/losses					0.0				0.0	0.0					0.0					0.0	
Other					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)	0.3	(0.3)	(0.1)	(0.6)	(0.7)	0.6	(0.3)	(0.1)	(0.9)	(0.7)	
Inventory				(0.0)	(0.0)	(0.1)	0.0	(0.5)	0.8	0.2	(0.6)	(0.5)	(0.1)	(0.9)	(2.1)	0.9	(0.4)	(0.2)	(1.5)	(1.2)	
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)	(0.3)	(0.0)	(0.5)	(0.9)	0.5	(0.2)	(0.1)	(0.8)	(0.6)	
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	0.0	
Accounts payable	(0.4)	0.2	0.5	0.8	0.9	(0.8)	(0.2)	0.2	0.1	(0.6)	0.6	0.4	0.1	0.8	1.8	(0.8)	0.3	0.2	1.2	1.0	
Accrued expenses	(0.7)	0.1	0.6	1.2	1.2	(0.6)	0.6	(0.9)	(0.4)	(1.3)	1.3	0.4	0.1	0.8	2.6	(0.8)	0.3	0.2	1.2	1.0	
Deferred revenue	0.4	0.2	(0.2)	0.1	0.6	0.7	(0.5)	(0.6)	(0.1)	(0.5)					0.0					0.0	
Other liabilities	0.2	0.1	(0.7)	0.2	(0.2)	0.4	0.1	(0.2)	(0.1)	0.3	0.0	0.0	0.0	0.0	0.0	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)	(2.8)	(4.5)	(3.6)	(2.6)	(13.5)	(4.2)	(5.2)	(4.6)	(4.2)	(18.1)	
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)	(0.0)	(0.0)	
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)					0.0					0.0	
Net cash used in investing acti	(0.8)	(0.9)	(1.1)	(7.1)	(9.9)	(0.8)	(1.4)	(1.4)	(1.5)	(5.1)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
Cash flow from financing activities																					
Issuance of debt				3.2	3.2				1.2	1.2	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	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	
Other	(0.1)		(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	9.0				9.0					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	9.0	0.0	0.0	0.0	9.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	10.3	(5.6)	(4.6)	(6.2)	(6.0)	(2.3)	3.5	(1.2)	(2.3)	(2.4)	6.2	(4.5)	(3.6)	(2.6)	(4.5)	(4.2)	(5.2)	(4.6)	(4.2)	(18.1)	
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	8.6	4.1	0.5	2.4	(2.2)	(6.3)	(11.5)	(16.1)	(2.2)	
Ending cash and equivalents	21.2	15.6	11.1	4.9	4.8	2.5	5.9	4.7	2.4	2.4	8.6	4.1	0.5	(2.2)	(2.2)	(6.3)	(11.5)	(16.1)	(20.3)	(20.3)	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

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Total return is defined as price appreciation plus dividend yield.

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			Count	Percent
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Total	56	100%	18	32%

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