

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2021

ShotSpotter, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38107
(Commission File Number)

47-0949915
(IRS Employer
Identification No.)

7979 Gateway Blvd., Suite 210
Newark, California
(Address of Principal Executive Offices)

94560
(Zip Code)

Registrant's Telephone Number, Including Area Code: 510 794-3100

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, par value \$0.005 per share	SSTI	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On August 10, 2021, ShotSpotter, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended June 30, 2021. The Company’s press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information included in Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press release dated August 10, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ShotSpotter, Inc.

Date: August 10, 2021

By:

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



ShotSpotter Reports Second Quarter 2021 Financial Results

Revenues Increase 30% Year-over-Year to \$14.6 Million

NEWARK, CA – August 10, 2021 – [ShotSpotter, Inc.](#) (NASDAQ: SSTI), a leader in precision policing technology solutions that enable law enforcement to more effectively respond to, investigate and deter crime, today reported financial results for the second quarter ended June 30, 2021.

Second Quarter 2021 Financial and Operational Highlights

- 🕒 Revenues increased 30% to \$14.6 million from \$11.3 million for the second quarter of 2020.
- 🕒 Gross profit increased 20% to \$8.3 million (57% of revenues) from \$6.9 million (61% of revenues) for the second quarter of 2020.
- 🕒 Net loss of \$(250,000) from net income of \$866,000 for the second quarter of 2020.
- 🕒 Adjusted EBITDA¹ was \$2.9 million, or 20% of revenues from \$3.4 million, or 30% of revenues for the second quarter of 2020.
- 🕒 Went "live" with ShotSpotter Respond in two new cities, one new security location and also had three expansions in current customer cities during the quarter.
- 🕒 Maintained a strong balance sheet with \$15.6 million in cash and cash equivalents and had \$20.0 million available on the Company's line of credit at the end of the quarter.
- 🕒 Repurchased 12,585 shares for a total of approximately \$0.5 million.
- 🕒 Reiterated full year 2021 revenue guidance of \$60 million to \$61 million, representing year-over-year growth of 32%.

¹See the section below titled "Non-GAAP Financial Measures" for more information about Adjusted EBITDA, and their reconciliation to GAAP net (loss) income.

Management Commentary

"During the second quarter, we again delivered 30% year-over-year revenue growth while generating strong gross profit and adjusted EBITDA," said ShotSpotter CEO Ralph Clark. "Our financial performance was driven by the addition of two new Respond cities and three Respond city expansions in the second quarter coupled with no attrition. Additionally, initial feedback and progress on our Q3 deployments are encouraging with staffing of new city and expansions already well underway. We believe our ongoing success landing new customers and expanding with existing customers demonstrates the effectiveness of our end-to-end Precision Policing Platform and the positive impact it has on reducing gun violence and keeping communities safe.

"Our continued forward momentum gives us confidence to reiterate our outlook for 2021, which includes more than 30% revenue growth and net income profitability in 2021. Our positive outlook reflects the improving demand environment for our core ShotSpotter Respond solution, including its strong retention, increased upsell of our ShotSpotter Connect offering and good visibility into second half go-live cadence of ShotSpotter Respond, Connect and now Investigate."

Second Quarter 2021 Financial Results

Revenues for the second quarter of 2021 increased 30% to \$14.6 million from \$11.3 million for the same period in 2020. The increase in revenues reflects an increase in new live miles and customer expansions as well as contribution from LEEDS, which was acquired in the fourth quarter of 2020.

Gross profit for the second quarter of 2021 was \$8.3 million (57% of revenues), compared to \$6.9 million (61% of revenues) for the same period in 2020. The decrease in gross profit margin was primarily due to the lower margin from LEEDS professional services.

Total operating expenses for the second quarter of 2021 were \$8.5 million, compared to \$6.0 million for the same period in 2020. The increase in operating expenses was primarily due to increased legal fees, personnel-related costs as well as incremental expenses associated with LEEDS.

Net loss totaled \$(250,000), or \$(0.02) per basic and diluted share (based on 11.6 million basic and diluted weighted average shares outstanding), compared to net income of \$866,000, or \$0.08 per basic share and \$0.07 per diluted share (based on 11.4 million basic and 11.7 million diluted weighted average shares outstanding), for the same period in 2020.

Adjusted EBITDA for the second quarter of 2021 totaled \$2.9 million, compared to \$3.3 million in the same period last year.

Financial Outlook

The company reiterated its full year 2021 revenue guidance to \$60 million to \$61 million, representing 32% year-over-year growth at the midpoint of the guidance range. The company expects to be GAAP profitable for the full year 2021.

The company's financial outlook statements are based on current expectations. The preceding statements are forward-looking, and actual results could differ materially depending on market conditions and the factors set forth under "Safe Harbor Statement" below.

Conference Call

ShotSpotter will hold a conference call today August 10, 2021 at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss these results and provide an update on business conditions.

ShotSpotter management will host the presentation, followed by a question and answer period.

U.S. dial-in: 1-855-327-6838

International dial-in: 1-604-235-2082

Conference ID: 10015933

The conference call will be broadcast simultaneously and is available for replay in the investor section of the company's website at www.shotspotter.com.

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact ShotSpotter's investor relations team at 1-949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern Time through September 10, 2021.

U.S. replay dial-in: 1-844-512-2921

International replay dial-in: 1-412-317-6671

Replay ID: 10015933

Non-GAAP Financial Measures

Adjusted net (loss) income: Adjusted net (loss) income, a non-GAAP financial measure, represents the company's net income or loss before acquisition related expenses.

Adjusted EBITDA: Adjusted EBITDA, a non-GAAP financial measure, represents the company's net income or loss before interest (income) expense, income taxes, depreciation, amortization and impairment, stock-based compensation expense and acquisition related expenses. Adjusted EBITDA is a measure used by management internally to understand and evaluate the company's core operating performance and trends across accounting periods and in connection with developing future operating plans, making strategic decisions regarding the allocation of capital and considering initiatives

focused on cultivating new markets for our solutions. In particular, the exclusion of these expenses in calculating adjusted EBITDA facilitates comparisons of the company's operating performance on a period-to-period basis.

ShotSpotter believes adjusted net (loss) income and adjusted EBITDA also provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. For example, ShotSpotter adjusts EBITDA for stock-based compensation expense and acquisition related expenses because such expenses often vary for reasons that are generally unrelated to financial and operational performance in any particular period. Stock-based compensation is utilized by ShotSpotter to attract and retain employees with a goal of long-term retention and the alignment of employee interests with those of the company and its stockholders, rather than to address operational performance for any particular period based financial performance measures, in particular net income or loss, and our other GAAP financial results.

The following table presents a reconciliation of adjusted net (loss) income to GAAP net (loss) income, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP net (loss) income	\$ (250)	\$ 866	\$ (171)	\$ 879
<i>Less:</i>				
Acquisition related expenses	—	—	165	—
Adjusted net (loss) income	\$ (250)	\$ 866	\$ (6)	\$ 879
Adjusted net (loss) income per share, basic	\$ (0.02)	\$ 0.08	\$ (0.00)	\$ 0.08
Adjusted net (loss) income per share, diluted	\$ (0.02)	\$ 0.07	\$ (0.00)	\$ 0.08
Weighted average shares used in computing adjusted net (loss) income per share, basic	11,627,546	11,390,580	11,606,194	11,364,035
Weighted average shares used in computing adjusted net (loss) income per share, diluted	11,627,546	11,727,654	11,606,194	11,717,937

The following table presents a reconciliation of adjusted EBITDA to net (loss) income, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
GAAP net (loss) income	\$ (250)	\$ 866	\$ (171)	\$ 879
<i>Less:</i>				
Interest income	(9)	(5)	(20)	(98)
Income taxes	—	(8)	49	(9)
Depreciation, amortization and impairment	1,675	1,345	3,352	2,712
Stock-based compensation expense	1,494	1,163	2,869	2,050
Acquisition related expenses	—	—	165	—
Adjusted EBITDA	<u>\$ 2,910</u>	<u>\$ 3,361</u>	<u>\$ 6,244</u>	<u>\$ 5,534</u>

Safe Harbor Statement

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding revenue and GAAP profitability guidance for full year 2021, expected changes in gross margin, future deployments of ShotSpotter Respond and ShotSpotter Connect, the Company's expectations for demand for ShotSpotter Investigate and the funding environment for the company's products. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the company's control. The company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the company's ability to successfully negotiate and execute contracts with new and existing customers in a timely manner, if at all; the company's ability to address the business and other impacts and uncertainties associated with the COVID-19 pandemic; the company's ability to maintain and increase sales, including sales of the company's newer product lines; the availability of funding for the company's customers to purchase the company's solutions; the complexity, expense and time associated with contracting with government entities; the company's ability to maintain and expand coverage of existing public safety customer accounts and further penetrate the public safety market; the company's ability to sell its solutions into international and other new markets; the lengthy sales cycle for the company's solutions; changes in federal funding available to support local law enforcement; the company's ability to deploy and deliver its solutions; and the company's ability to maintain and enhance its brand, as well as other risk factors included in the company's most recent annual report on Form 10-K and quarterly report on Form 10-Q and other SEC filings. These forward-looking statements are made as of the date of this press release and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Except as required by law, the company undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

About ShotSpotter, Inc.

ShotSpotter (NASDAQ: SSTI) is a leader in precision policing technology solutions that enable law enforcement to more effectively respond to, investigate and deter crime. The company's products are trusted by more than 100 U.S. cities to help make their communities safer. The platform includes its flagship product, ShotSpotter Respond™, the leading gunshot detection, location, and forensic system, ShotSpotter Connect™, patrol management software to dynamically direct patrol resources to areas of greatest risk and more effectively deter crime, and ShotSpotter Investigate™, an investigative case management solution that helps detectives connect the dots and share information more effectively to improve case clearance rates. ShotSpotter also serves the corporate and college security markets and has been designated a Great Place to Work® Company.

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ShotSpotter, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	\$ 14,624	\$ 11,277	\$ 29,637	\$ 21,735
Costs				
Cost of revenues	6,317	4,353	12,617	8,695
Impairment of property and equipment	—	—	25	—
Total costs	6,317	4,353	12,642	8,695
Gross profit	8,307	6,924	16,995	13,040
Operating expenses				
Sales and marketing	3,928	2,321	7,863	4,837
Research and development	1,740	1,377	3,453	2,729
General and administrative	2,812	2,316	5,683	4,587
Total operating expenses	8,480	6,014	16,999	12,153
Operating (loss) income	(173)	910	(4)	887
Other income (expense), net				
Interest income, net	9	5	20	98
Other expense, net	(86)	(57)	(138)	(115)
Total other income (expense), net	(77)	(52)	(118)	(17)
(Loss) income before income taxes	(250)	858	(122)	870
Provision (benefit) for income taxes	—	(8)	49	(9)
Net (loss) income	\$ (250)	\$ 866	\$ (171)	\$ 879
Net (loss) income per share, basic	\$ (0.02)	\$ 0.08	\$ (0.01)	\$ 0.08
Net (loss) income per share, diluted	\$ (0.02)	\$ 0.07	\$ (0.01)	\$ 0.08
Weighted average shares used in computing net (loss) income per share, basic	11,627,546	11,390,580	11,606,194	11,364,035
Weighted average shares used in computing net (loss) income per share, diluted	11,627,546	11,727,654	11,606,194	11,717,937

ShotSpotter, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	June 30, 2021 (Unaudited)	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 15,567	\$ 16,043
Accounts receivable and contract asset	7,353	12,921
Prepaid expenses and Other current assets	3,272	2,172
Total current assets	26,192	31,136
Property and equipment, net	16,063	15,346
Operating lease right-of-use assets	623	882
Goodwill	2,816	2,811
Intangible assets, net	14,051	14,540
Other assets	1,696	1,605
Total assets	<u>\$ 61,441</u>	<u>\$ 66,320</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 1,214	\$ 1,192
Deferred revenue, short-term	19,231	24,174
Accrued expenses and other current liabilities	4,533	5,613
Total current liabilities	24,978	30,979
Deferred revenue, long-term	560	405
Other liabilities	515	631
Total liabilities	26,053	32,015
Stockholders' equity		
Common stock	58	58
Additional paid-in capital	130,004	128,771
Accumulated deficit	(94,525)	(94,354)
Accumulated other comprehensive loss	(149)	(170)
Total stockholders' equity	35,388	34,305
Total liabilities and stockholders' equity	<u>\$ 61,441</u>	<u>\$ 66,320</u>

