
**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): February 20, 2018

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

Not Applicable
(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 (see General Instructions A.2. below):

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in 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 February 20, 2018, ShotSpotter, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter and full year ended December 31, 2017. 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 is 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, 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 February 20, 2018 |

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: February 20, 2018

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



ShotSpotter Reports Fourth Quarter, Full Year 2017 Financial Results

NEWARK, CA – February 20, 2018 – **ShotSpotter, Inc.** (NASDAQ: SSTI), the leader in gunshot detection solutions that help law enforcement officials and security personnel identify, locate and deter gun violence, today reported results for the fourth quarter and full year ended December 31, 2017.

Fourth Quarter 2017 Operational Highlights

- Quarterly revenue increased to \$6.5 million, a 43% increase from Q4 2016.
- Added 23 net new “go-live” square miles of coverage during the quarter.
- Achieved annual revenue retention rate of 141%.
- Reported sales and marketing spend for annualized contract revenue of \$0.34 per \$1.00.
- Announced a Smart Communities agreement with Verizon to add gunshot detection to its Light Sensory Network.
- Increased revenue guidance for full year 2018 to a range of \$31 million to \$33 million.

Management Commentary

“We were pleased to end the year on a solid quarter, achieving 43% revenue growth while deploying 23 net new go-live miles in five cities, helping protect those at-risk communities from gun violence,” said Ralph Clark, CEO of ShotSpotter. “For the full year we saw growth accelerate across the business, including revenue, go-live miles deployed and total miles covered, even as we began to benefit from the financial leverage in our model. We look for this momentum to continue in 2018, as ShotSpotter’s technology is increasingly being recognized as a proven and effective method to address the growing problem of gun violence in cities across the United States and beyond.”

Fourth Quarter 2017 Financial Results

Revenues in the fourth quarter of 2017 increased 43% to \$6.5 million from \$4.6 million in the same period in 2016. The increase in revenues was driven by new customer deployments, expansion of miles covered with existing customers and strong customer renewal rates.

Gross profit in the fourth quarter of 2017 increased 56% to \$3.2 million (49% of revenue) from \$2.0 million (45% of revenue) in the same period of 2016. The increase in both gross profit and gross margin was primarily a result of subscription revenue growth outpacing cost of revenue, a large portion of which are fixed.

Total operating expenses in the fourth quarter of 2017 increased 107% to \$5.4 million from \$2.6 million in the same period last year. The increase in operating expenses included public company costs, including certain legal and listing expenses, as well as professional and outside service fees.

Net loss totaled \$2.5 million or \$0.26 per share (based on 9.7 million basic and diluted weighted average shares outstanding), compared with a net loss of \$0.9 million or \$0.54 per share (based on 1.6 million basic and diluted weighted average shares outstanding) in the same period in 2016.

Full Year 2017 Financial Results

Revenues in 2017 increased 53% to \$23.8 million from \$15.5 million in 2016.

Gross profit in 2017 increased 95% to \$11.6 million (49% of revenue) from \$6.0 million (38% of revenue) in 2016. The increase in both gross profit and gross margin was primarily a result of subscription revenue growth outpacing cost of revenue, a large portion of which are fixed.

Total operating expenses in 2017 increased 46% to \$15.9 million from \$10.9 million in 2016. The increase in operating expenses included public company costs, including certain legal and listing expenses, as well as professional and outside service fees.

Net loss totaled \$10.0 million or \$1.61 per share (based on 6.2 million basic and diluted weighted average shares outstanding), compared with a net loss of \$6.9 million or \$4.28 per share (based on 1.6 million basic and diluted weighted average shares outstanding) in the same period in 2016.

As of December 31, 2017, the company was debt free, had cash and cash equivalents of \$19.6 million and short-term deferred revenue of \$15.8 million.

2018 Outlook

The company expects revenue for the full year 2018 to be approximately \$31 to \$33 million, revised upward from the previous revenue guidance range of approximately \$30 to \$32 million. The company remains on track to achieve GAAP profitability by the end of 2018.

The company's outlook statements are based on current expectations. The prior 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, February 20, 2018, 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.

Date: Tuesday, February 20, 2018

Time: 4:30 p.m. Eastern Daylight Time (1:30 p.m. Pacific Daylight Time)

U.S. dial-in: 1-877-451-6152

International dial-in: 1-201-389-0879

The conference call will be broadcast simultaneously and available for replay via 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 Liolios Group at 1-949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time on the same day through March 20, 2018.

U.S. replay dial-in: 1-844-512-2921
International replay dial-in: 1-412-317-6671
Replay ID: 13675233

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 the company’s overall business, total addressable market, expectations regarding future sales, expenses, gross profit, gross margin, and revenue guidance and expected GAAP profitability for 2018. 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 maintain and increase sales; 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 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 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 were 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 is the leader in gunshot detection solutions that help law enforcement officials and security personnel identify, locate and deter gun violence. ShotSpotter is based in Newark, California and offers its solutions on a SaaS-based subscription model.

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

| | Three Months Ended | | Year Ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2016 | 2017 | 2016 | 2017 |
| | (Unaudited) | (Unaudited) | | (Unaudited) |
| Revenues | \$ 4,551 | \$ 6,519 | \$ 15,507 | \$ 23,763 |
| Costs | | | | |
| Cost of revenues | 2,518 | 3,216 | 9,549 | 11,370 |
| Impairment of property and equipment | — | 127 | — | 793 |
| Total costs | <u>2,518</u> | <u>3,343</u> | <u>9,549</u> | <u>12,163</u> |
| Gross profit | 2,033 | 3,176 | 5,958 | 11,600 |
| Operating expenses | | | | |
| Sales and marketing | 1,041 | 1,910 | 4,475 | 6,179 |
| Research and development | 900 | 1,135 | 4,093 | 4,159 |
| General and administrative | 688 | 2,389 | 2,362 | 5,595 |
| Total operating expenses | <u>2,629</u> | <u>5,434</u> | <u>10,930</u> | <u>15,933</u> |
| Operating loss | <u>(596)</u> | <u>(2,258)</u> | <u>(4,972)</u> | <u>(4,333)</u> |
| Other expense, net | | | | |
| Remeasurement of convertible preferred stock warrant liability | 125 | — | (524) | (3,725) |
| Loss on early extinguishment of debt | — | — | — | (479) |
| Interest expense, net | (362) | 53 | (1,317) | (1,114) |
| Other expense, net | (31) | (138) | (47) | (169) |
| Total other expense, net | <u>(268)</u> | <u>(85)</u> | <u>(1,888)</u> | <u>(5,487)</u> |
| Loss before income taxes | (864) | (2,343) | (6,860) | (9,820) |
| Provision for income taxes | — | 160 | — | 160 |
| Net loss | <u>\$ (864)</u> | <u>\$ (2,503)</u> | <u>\$ (6,860)</u> | <u>\$ (9,980)</u> |
| Net loss per share, basic and diluted | <u>\$ (0.54)</u> | <u>\$ (0.26)</u> | <u>\$ (4.28)</u> | <u>\$ (1.61)</u> |
| Weighted average shares used in computing net loss per share, basic and diluted | <u>1,614,661</u> | <u>9,702,116</u> | <u>1,602,402</u> | <u>6,197,775</u> |

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

| | December 31, | |
|--|--------------|---------------------|
| | 2016 | 2017 (Unaudited) |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,865 | \$ 19,567 |
| Accounts receivable | 2,410 | 3,928 |
| Prepaid expenses and other current assets | 567 | 839 |
| Restricted cash | 30 | 30 |
| Total current assets | 6,872 | 24,364 |
| Property and equipment, net | 8,959 | 11,596 |
| Intangible assets, net | 66 | 95 |
| Other assets | 220 | 143 |
| Total assets | \$ 16,117 | \$ 36,198 |
| Liabilities and Stockholders' (Deficit) Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 1,336 | \$ 1,627 |
| Deferred revenue, short-term | 10,863 | 15,780 |
| Accrued expenses and other current liabilities | 2,359 | 3,815 |
| Notes payable, net of current maturities | 667 | — |
| Total current liabilities | 15,225 | 21,222 |
| Notes payable, net of current maturities and unamortized debt issuance costs | 11,012 | — |
| Convertible preferred stock warrant liability | 1,875 | — |
| Deferred revenue, long-term | 3,112 | 2,710 |
| Other liabilities | 24 | 104 |
| Total liabilities | 31,248 | 24,036 |
| Series B-1 convertible preferred stock | 22,075 | — |
| Series A-2 convertible preferred stock | 20,000 | — |
| Stockholders' (deficit) equity: | | |
| Common stock | 8 | 48 |
| Additional paid-in capital | 30,403 | 109,708 |
| Accumulated deficit | (87,615) | (97,595) |
| Accumulated other comprehensive loss | (2) | 1 |
| Total stockholders' (deficit) equity | (57,206) | 12,162 |
| Total liabilities and stockholders' (deficit) equity | \$ 16,117 | \$ 36,198 |

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

| | <u>Year Ended December 31,</u> | |
|---|--------------------------------|------------------|
| | <u>2016</u> | <u>2017</u> |
| | (Unaudited) | |
| Cash flows from operating activities: | | |
| Net loss | \$ (6,860) | \$ (9,980) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,551 | 3,121 |
| Impairment of property and equipment | — | 793 |
| Stock-based compensation | 83 | 628 |
| Amortization of debt issuance costs | 131 | 132 |
| Remeasurement of convertible preferred stock warrant liability | 524 | 3,725 |
| Loss on early extinguishment of debt | — | 479 |
| Loss on disposal of property and equipment | 27 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 255 | (1,518) |
| Prepaid expenses and other assets | (90) | (247) |
| Accounts payable | 410 | 291 |
| Accrued expenses and other current liabilities | 1,049 | 1,535 |
| Deferred revenue | 4,177 | 4,428 |
| Net cash provided by operating activities | <u>2,257</u> | <u>3,387</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (4,476) | (6,430) |
| Investment in intangible and other assets | (78) | (76) |
| Net cash used in investing activities | <u>(4,554)</u> | <u>(6,506)</u> |
| Cash flows from financing activities: | | |
| Proceeds from initial public offering, net of commissions and discounts | — | 32,426 |
| Proceeds from notes payable | 2,000 | 1,500 |
| Repayment of notes payable | — | (13,500) |
| Payment of debt issuance costs | (17) | (30) |
| Payment on debt extinguishment costs | — | (149) |
| Payments of offering costs | — | (1,870) |
| Proceeds from exercise of stock options | 25 | 55 |
| Proceeds from ESPP | — | 319 |
| Net cash provided by financing activities | <u>2,008</u> | <u>18,751</u> |
| Increase in cash and cash equivalents | (289) | 15,632 |
| Effect of exchange rate on cash and cash equivalents | 30 | 70 |
| Cash and cash equivalents at beginning of year | 4,124 | 3,865 |
| Cash and cash equivalents at end of period | <u>\$ 3,865</u> | <u>\$ 19,567</u> |