

Risk Factors Comparison 2025-03-31 to 2024-04-01 Form: 10-K

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We have not yet generated any profits or significant revenues, anticipate that we will incur continued losses for the foreseeable future, and may never achieve profitability. • The report of our independent registered public accounting firm expresses substantial doubt about our ability to continue as a going concern, and we may not be able to continue to operate the business if we are not successful in securing additional funding. • We expect to experience future losses as we ~~implement~~ **execute on** our business strategy and will need to generate significant revenues to achieve profitability, which may not occur. • We may not be able to comply with all applicable listing requirements or standards of The Nasdaq Capital Market, and Nasdaq could delist our Class A Common Stock. • We are subject to potential fluctuations in operating results due to ~~its~~ **our** sales cycle. • If we are unable to acquire new customers, our future revenues and operating results will be harmed. Likewise, potential customer turnover in the future, or costs we incur to retain our existing customers, could materially and adversely affect our financial performance. • We are subject to the loss of contracts, due to terminations, non- renewals or competitive re- bids, which could adversely affect our results of operations and liquidity, including our ability to secure new contracts from other customers. • Our future operating results are difficult to predict and may be affected by a number of factors, many of which are outside of our control. • Our financial results will fluctuate in the future, which makes them difficult to predict. • Changes in global economic conditions, including, but not limited to, those driven by inflation and interest rates, may adversely affect customer spending and the financial health of our customers and others with whom we do business, which may adversely affect our financial condition, results of operations, and cash resources. • **Our business could be adversely affected by trade tariffs or other trade barriers.** • Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non- performance by financial institutions, could adversely affect our business, financial condition or results of operations. • We have a limited number of deployments, and limited market acceptance of our products could harm our business. • We cannot assure you that we will effectively manage our growth. • Our costs may grow more quickly than our revenues, harming our business and profitability. • Any debt arrangements that we enter into may impose significant operating and financial restrictions on us, which may prevent us from capitalizing on business opportunities. A breach of any of the restrictive covenants under such debt arrangements may cause us to be in default under our debt arrangements, and our lenders could foreclose on our assets.

PART II Item 1. ~~Business Overview~~ **Knightscope Business Overview** **Our mission is to make the United States of America the safest country in the world by helping to protect the people, places, and assets where we live, work, study and visit. Through strategic market expansion, increased ASR adoption, and continued innovation, we aim to redefine public safety with a comprehensive, technology- driven approach. As we execute on our growth strategy, we remain committed to delivering scalable, effective solutions that enhance safety, deter crime, and provide peace of mind to organizations and communities nationwide. Knightscope**, Inc. is a Silicon Valley based ~~technology company that designs, builds, and deploys solutions to enhance public safety.~~ **Knightscope products include ASRs innovator that builds Autonomous Security Robots and ECDs consisting of fully integrated, solar powered wireless emergency** ~~Emergency blue light towers~~ **Communication Devices. We design, manufacture, and deploy our technologies to improve public safety and to protect the places people live, work, study and visit. We provide our cutting- edge capabilities, including remote monitoring capabilities, to both the private sector and to government clients including law enforcement. With Federal Risk and Authorization Management Program (“BLT FedRAMP”) Authority to Operate (“ATO”) obtained in January 2024**, Knightscope can be listed on the FedRAMP Marketplace as an approved provider for federal agencies and is therefore positioned to expand into federal contracts. We have already deployed a pilot program under a contract with the U. S. Department of Veteran Affairs for our first K5 GOV, which is an ASR exclusively developed for the U. S. federal government. Additionally, we have been awarded a Phase 1 contract from the U. S. Air Force in 2025. We believe FedRAMP ATO positions us to seek federal contracts with other federal departments including the U. S. Army, Transportation Security Administration (TSA), Federal Protective Service (FPS), General Services Administration (GSA), U. S. Department of Homeland Security (DHS), Customs and Border Protection (CBP), Federal Bureau of Investigation (FBI), Federal Emergency Management Agency (FEMA), United States Postal Service (USPS) and the U. S. Department of the Interior (DOI). We believe that the initiatives of the Department of Government Efficiency (DOGE) may provide us with an expansion opportunity as federal entities seek efficiencies through automation and robotics. Our core technologies are a unique combination of autonomy, robotics, artificial intelligence and electric vehicle technology: • ASRs: AI- powered autonomous security robots that are designed to provide continuous monitoring, real- time incident detection, and proactive threat deterrence through a strong physical presence. • ECDs: ~~blue~~ **Blue** light emergency ~~communication systems, including towers, e- phones (“E- Phones”), and call boxes, designed to provide instant connectivity to~~ **emergency services** ~~call box systems (“Call Boxes”).~~ • Our technologies are made in the United States of America (“USA”) and are designed to enable public safety professionals to more effectively deter, intervene, capture, and prosecute criminals. Our mission is to make the USA the safest country in the world by helping protect the people, places, and things where people live, work, study and visit. To support this mission, we design, develop, manufacture, market, deploy, and support ASRs and ECDs, with our proprietary Knightscope Security Operations Center (“KSOC”): **A cloud- based platform for real- time security monitoring, data analysis, and event management driven by autonomous security robots.** • Knightscope Emergency Management System (“KEMS”) ~~software user interfaces:~~ **A diagnostics tool designed to keep emergency communication devices operational and reliable.** • Our **Knightscope Network Operations Center (KNOC):**

The Company has built a custom set of tools that enables our employees to manage and monitor the network of ASRs and ECDs are designed to deter, detect, and report security incidents, other Knightscope technologies operating in the field nationwide. • Knightscope's Risk & Threat Exposure (RTX): RTX analysts providing provide innovative solutions for proactive monitoring by verifying alerts triggered by Knightscope devices. Knightscope operates in a highly fragmented U. S. public safety at various venues market that is experiencing strong demand for automation and artificial intelligence-driven solutions due to rising labor costs, including convention centers security staffing shortages, casinos and challenging crime rates. Our solutions combine proactive physical deterrence with critical emergency response tools and remote monitoring, offering resorts, college campuses, corporate campuses and an other integrated approach to public spaces safety. We are a Delaware corporation, founded in April 2013 and Our headquarters headquartered is located in Mountain View, California, in the heart of Silicon Valley. 5Market Opportunity & Competitive PositioningThe public safety industry in the United States is undergoing rapid transformation, driven by labor constraints, evolving threats of perimeter intrusion to large facilities, and advancements in artificial intelligence (AI) and automation. The demand for scalable, technology- driven public safety solutions is increasing as organizations seek more cost- effective and proactive methods to enhance safety. Key Market Trends Driving Demand • In the United States, as of 2024, there are over 11, 000 private security firms [per IBISWorld Industrial Reports] and 18, 000 law enforcement agencies [per the International Association of Chief of Police] that rely on outdated, labor- intensive security methods. • Per Amarak Ultimate Perimeter Security, out of a recent survey of 400 security guard firms in the United States, 34 % responded that their staff numbers were still well below pre- pandemic levels. • Rising costs to implement public safety have driven businesses and municipalities to invest in technology- driven solutions that offer 24 / 7 surveillance at a lower operational cost. • Over the last three years, there has been a growing investment in public safety and emergency communication systems by corporate, municipal, and federal agencies. Key Challenges with Traditional Public Safety Solutions • Rising labor costs- The U. S. security guard industry has faced wage inflation, making it increasingly expensive to maintain 24 / 7 human patrols. • Workforce shortages – Per Security Magazine, security firms struggle to recruit and retain personnel, with turnover rates that range from 1070- 100 Terra Bella Ave, Mountain % to 400 % annually. • Limited real- time response capabilities- Human guards and passive surveillance cameras often fail to prevent incidents before they occur. • Increased liability risks- Organizations are facing greater legal and financial exposure due to security lapses. Market Opportunity • Per Horizon Grand View Research, CA 94043 and our telephone number the U. S. physical security market is projected to reach \$ 56. 8 billion by 2030, driven by technological advancements and heightened public safety concerns. • Per Market Research Future, AI- powered surveillance and autonomous security solutions are expected to grow at a compound annual growth rate of 15. 3 % during the forecast period 2025- 2034, outpacing traditional security services. • Government investment in security technology has expanded significantly, with U. S. federal agencies allocating billions to enhance public safety initiatives in 2024. Our Market PositioningKnightscope is well- positioned to capitalize on these trends by providing a cost- effective, scalable alternative to traditional public safety solutions. Our combination of autonomous security robots, ECDs, and AI- driven analytics offers: 6 • 24 / 7 security solution that delivers greater effectiveness at lower cost than traditional security guards — combining machine- driven insights with human- in- the- loop operations to enhance safety, responsiveness, and decision. • Real- time threat detection and response to improve incident prevention. • Compliance- ready solutions for federal, state, and municipal security requirements. • With growing adoption across corporate, educational, healthcare, transportation, and government sectors, Knightscope is driving the next generation of public safety innovation in the United States. Our Competitive AdvantageKnightscope's technology provides a cost- effective, scalable alternative to traditional security solutions. Our ASRs and ECDs enhance public safety through conspicuous presence, automated routine monitoring, and improved response times. • ASRs can operate 24 / 7 with no downtime, reducing reliance on expensive security personnel. • AI- powered analytics provide real- time data for faster, more informed decision- making. • Emergency communication solutions are integrated into a cloud- based system, ensuring reliability in crisis situations. Our TechnologiesASRsKnightscope offers a comprehensive suite of public safety technologies designed to enhance safety and support security personnel in various environments. These solutions integrate advanced robotics, AI, and real- time monitoring to provide a proactive approach to public safety. We use AI to continuously monitor security feeds across our product portfolio. Real- team AI- powered alerts can be configured to trigger when people or vehicles matching a certain description are observed. Knightscope also offers AI- powered search tools, intended to make finding relevant security footage captured by our products, quick and easy. • The K3 Indoor Autonomous Security Robot is a compact, self- navigating unit designed for enclosed spaces such as corporate offices, hospitals, and shopping centers. Equipped with 360- degree high- definition cameras, thermal imaging, LiDAR- based obstacle detection, and two- way communication capabilities, the K3 provides continuous AI- driven monitoring and real- time threat detection. Its ability to patrol autonomously allows organizations to reduce reliance on human guards while increasing surveillance coverage. • The K5 Outdoor Autonomous Security Robot is a larger, more robust unit built for external environments like parking lots, logistics facilities, and corporate campuses. This model features advanced AI- powered analytics, including license plate recognition, thermal imaging, and anomaly detection, providing a visible deterrent against crime. Its integration with the KSOC enables public safety teams to receive real- time alerts, access recorded footage, and coordinate incident responses more effectively. • The K1 Hemisphere, with its smaller profile, is a stationary unit designed for both indoor and outdoor use. The Hemisphere can easily be mounted to a variety of surfaces or objects and has 3 cameras that provide up to 210- degrees of eye- level, high- definition video, a strobe light, automatic license plate recognition, facial recognition (650- optional) 679- 7626 and our website is www. knightscope. com. StrategyThe Knightscope management team intends to continue its focus on organic growth as well as add to its core solutions portfolio through future , opportunistic

acquisitions based automated broadcast announcements, and intercom capability running on a target-wired or wireless network. • Central to Knightscope's revenue ASR offerings is the KSOC, free cash flow, technology, talent, a browser-based user interface that enables clients to monitor and facilities manage their ASRs in real-time. The KSOC provides access to live 360-degree high-definition video streaming, recorded video storage, and downloadable files for evidence collection. It also features capabilities such as well-people detection, thermal anomaly detection for identifying heat irregularities, and automatic license plate recognition for vehicle monitoring. This integrated platform ensures that security teams have immediate access to actionable intelligence, enhancing situational awareness and response times. 7 • The Company has built a custom set of tools that enables our employees to manage and monitor the network of ASRs and other Knightscope technologies operating in the field nationwide, which it refers to as strategic partnerships-KNOC. These tools allow our team to achieve monitor the health of the ASRs down to the millisecond, with dozens of alerts related to critical indicators and statistics, including charging, software, navigation and temperatures. We also use the KNOC to execute over-the-air software upgrades, patches and other related items. The KNOC is mission-staffed 24 / 7 by the Company in the United States. • Knightscope's RTX team offers clients a comprehensive, human-in-the-loop monitoring service that enhances the capabilities of their ASRs running 24 / 7. Once operational for a client, RTX analysts provide proactive monitoring by verifying alerts triggered by Knightscope devices. They engage in live streaming and review of all ASR camera feeds upon receiving alerts, which may include detecting suspicious individuals, unauthorized vehicles identified through license plate recognition, or other predefined security breaches. In 2022 the event of an incident, we-RTX analysts can perform digital talk-downs to intervene directly, conduct virtual public safety tours, and generate detailed incident reports for clients. This integrated approach is intended for clients to benefit from advanced technological surveillance completed-complemented by human expertise the acquisition of Case Emergency Systems ("CASE"), leading to a manufacturer more robust and responsive security posture. By combining autonomous monitoring with professional oversight, Knightscope's RTX service enhances threat detection, reduces response times, and provides clients with actionable intelligence to maintain safer environments. ECDs In addition to ASRs, Knightscope provides a range of blue-light emergency communication solutions devices, and market the products under the portfolio of "K1B" emergency communication devices. • Positioned to enhance Knightscope offerings, the K1B technologies are designed for reliability and ease of use in critical situations, providing one-touch connections to emergency services. They- The K1 Blue Light Towers are solar-powered, weatherproof, and can operate wirelessly via highly visible emergency communication stations that provide immediate access to emergency response personnel or law enforcement. Equipped with cellular or and satellite technology connectivity, integrated cameras, and public announcement system capabilities, these towers are designed to enhance safety in parking lots, public parks, and college campuses. • The K1 Blue Light E-Phone is a compact emergency phone system that delivers one-touch connectivity and features a high-visibility blue strobe light, making them it suitable for areas where larger tower designs may not fit. Its durable, tamperproof, and weatherproof construction is intended to provide reliable operation in harsh conditions, while the illuminated front call panel facilitates nighttime use. The K1 Blue Light E-Phone supports two-way communications over various networks, including Verizon, AT & T, and Iridium® Satellite, providing flexibility and reliability in diverse settings. This device is designed for locations such as parking lots, building interiors, college campuses, electric vehicle charging stations, transit stations, and office spaces, where space constraints require a wide range of environments-streamlined yet effective emergency communication solution. • The With an installed base of nearly 10,000 devices across the USA, K1B- K1 technologies significantly enhance safety-Call Box is Knightscope's smallest emergency call box system, offering a simple housing and interface for one-touch connection security in public spaces by allowing individuals to quickly contact emergency services. Designed or for both indoor and outdoor use, with features and functionalities similar to our E-phones, the K1 Call Box is suitable for remote locations where traditional communication infrastructure may be lacking. This device is particularly beneficial in areas such as bridges, highways, parks, metro stations, military installations, and remote parking lots, where immediate access to emergency assistance is crucial. • Complementing the ECD products is the KEMS, a cloud-based application that monitors the health and status of deployed emergency communication devices. KEMS provides system owners with automated daily email reports, real-time error detection, and diagnostics, eliminating the need for manual testing of each device. Immediate text and email notifications are sent whenever a help button is pressed, in order to provide prompt responses to emergencies. This system enhances the reliability and effectiveness of emergency communication networks, providing peace of mind to clients and users alike. Additionally, through a partnership with Verizon, all ASR and ECD are now able to be equipped with Verizon Frontline, an exclusive network used for priority communications by first responders. Through this growing product portfolio, Knightscope continues to redefine security personnel with the push of a button on and public safety by merging robotics, AI, and emergency communication into any- an integrated, K1B device. Our technologies technology aim to build on each other to create safer environments- driven ecosystem. By offering both proactive security monitoring through ASRs proactive monitoring and reactive emergency communication capabilities through ECDs, the Company provides a holistic approach to modern public safety challenges. By integrating 8Business Strategy Knightscope is focused on driving growth through two key strategic initiatives: expanding our market penetration in Emergency Communication Devices and increasing the installed base of our autonomous-Autonomous security-Security Robots. Additionally, we continue to innovate with robust emergency communication systems, organizations can offer new product introductions that enhance our value proposition and provide comprehensive safety solutions to that are adaptive, responsive, and effective in a wide range of scenarios. Use cases for our combined suite of clients. Scaling ASR Deployment and K1B technologies include a wide variety of applications where a 24 / 7 presence, accessible emergency communication, and deterrence can assist public safety officials with incidents, disturbances, medical emergencies, theft, trespassing, fire, talk-downs, and promote an and Recurring Revenue

GrowthKnightscope's overall feeling of improved safety. Areas where our products and services can be useful include, but are not limited to: • Airports; • Casinos; • Commercial Real Estate; • Corporate Campus; • Homeowner Associations; • Hospitals; • Hotels; • Law Enforcement sites; • Logistics sites; • Manufacturing sites; • Parking areas; • Public Parks; • Schools and; • U. S. Federal Government buildings Our core technologies are suitable for most environments that require law enforcement or security patrol coverage and designed to be force multipliers that offer public safety teams improved situational awareness. ASRs and ECDs conduct real-time on increasing site data collection and analysis in both indoor and outdoor spaces delivering alerts to security professionals through the KSOC and KEMS. The KSOC and KEMS software applications enable clients with appropriate credentials and user permissions to access the data for investigative and evidence collection purposes. Our K1B portfolio of Emergency Communication Devices consist of the K1 Blue Light Towers, K1 Blue Light Emergency Phones, and K1 Call Boxes. Tower devices are tall, highly visible and recognizable apparatuses that provide emergency communications using cellular and satellite communications with solar power for additional safety in remote locations. E-Phones and Call Boxes offer a smaller, yet still highly visible, footprint than the towers, but with the same reliable communication capabilities. We sell our installed base ASRs and stationary multi-purpose security solutions under an annual all-inclusive subscription, leveraging our Machine-as-a-Service (“MaaS”) subscription framework to drive cumulative recurring revenue business model, which includes the ASR machine as well as maintenance, service, support, data transfer, KSOC access, charging stations, and unlimited software, firmware and select hardware upgrades. Each new subscription enhances long term revenue streams while providing clients with advanced of-sale modular systems, including Knightscope's exclusive, self-diagnostic, alarm monitoring system, KEMS, that provides system owners daily email reports on the operational status of their system, a one-year parts warranty, and optional installation services. Modular upgrades are available for the blue light towers, such as public announcement speaker systems. Knightscope also offers an extended warranty on this series of stationary public safety solutions that towers. Industry background In the USA, there are designed more than 11,000 private security firms and approximately 18,000 law enforcement agencies—a fragmented marketplace relying primarily on humans to safeguard people and assets primarily through monitoring and patrol activities. We believe that our products offer a better economic proposition for our clients relative to a solely human guard or a mobile vehicle patrol unit operating 24/7, enabling the estimated 2.5 million law enforcement Our ASRs, including the K3 indoor robot, K5 outdoor robot, and upcoming K7 ASR, serve as force multipliers, augmenting human security teams professionals to focus on strategic decision-making and providing enforcement. Products ASRs and ECDs K3 and K5 ASRs The K3 ASR and K5 ASR are designed to roam a geo-fenced area autonomously by utilizing numerous sensors and lasers, either on a random basis or based on a particular patrolling algorithm. They can successfully navigate around people, vehicles and objects in dynamic indoor or outdoor environments. To do this, the ASRs employ several autonomous motion and self-driving technologies, including lasers, ultrasonic sensors, inertial measurement unit (“IMU”), and wheel encoders integrated into a navigation software stack enabling autonomy. Each ASR can generate 1 to 2 terabytes of data per week and over 90 terabytes of data per year, which is accessible for review and analysis via the KSOC. Clients can recall, review, and save the data for analysis, forensic or archival purposes. Each ASR can autonomously charge and recharge on a 24-hour basis, 7 days per week without human intervention. Clients may also utilize the patrol scheduler feature on the KSOC to schedule periodic or regular patrols during certain times for alternative patrol routes. The approximate dimensions of the K5 are as follows: Height: 5 feet, Width: 3 feet, Weight: 398 pounds. The K5 is designed to be used primarily outdoors in such environments as open air malls, corporate campuses, hospitals, stadiums, retailers, warehouses, logistics facilities, college campuses, airports, train stations and multi-level parking structures. The K5's advanced anomaly detection features include: • 360-degree high-definition night and day video capture positioned at eye-level; • Live streaming and recorded high-definition video capabilities; • Automatic license plate recognition; • People detection, which can alert a user in-real-time of people detected on monitoring through the KSOC. We believe the ability to scale ASR installations across diverse environments—including corporate campuses, logistics hubs, hospitals, and public infrastructure—positions us for sustained growth. Expanding Market Presence in Emergency Communication We are committed to strengthening our leadership in ECDs by increasing market penetration across colleges, corporate campuses, parking facilities, public parks, and their other premises, together with 360-degree recorded-high-traffic environments where reliable emergency response solutions definition video. A user can use the timestamp of the recording to search through other data detected to assess and better understand other conditions in the area patrolled by the ASR; • Thermal imaging, which allows for triggered alerts based on temperature. For example, assisting with alerts regarding increased risks of fires; • Two-way communication feature may be utilized for both public announcements and avoidance of human physical confrontations with dangerous individuals; and • Signal detection can be utilized as a rogue router detector for sensitive locations. The approximate dimensions of the K3 are essential as follows: Height: 4 feet, Width: 2 feet, Weight: 340 pounds. Our The K3 is tailored for indoor usage, allowing it to autonomously navigate complex dynamic indoor environments such as an indoor mall, office building, manufacturing facility, hospital, stadium plaza, warehouse or school. It has the same suite of advanced anomaly detection capabilities as the K5, but the parking utilization, parking meter and license plate recognition features are turned off. The ASRs include several communications features. The units can transfer data over both 4G LTE networks and Private LTE. The company is also developing capabilities to operate over 5G networks for planned deployment in the future. Each one has an available intercom that may be used for two-way communication with a public safety team. In addition, one or multiple units may be used as a live broadcast public address system or to deliver pre-recorded messages based on time, location, detection or randomly. The ASRs run on rechargeable batteries. They are configured to patrol autonomously for approximately two to three hours, following which, without human intervention, the ASRs find and dock to a charging station, recharging for approximately 20 minutes or more before resuming patrol. The ASRs remain operational during the charging period, providing 24/7 uptime to clients. K1 Tower The K1 Tower carries all the relevant features from the K5 but in a large stationary format.

The K1 can be used indoors or outdoors and especially at ingress/egress points for both people and vehicles. The approximate dimensions of the K1 are: Height: 6 feet, Width: 3 feet, Weight: 150 pounds. K1 Hemisphere The new K1 Hemisphere, with its smaller profile, is a stationary unit designed for both indoor and outdoor use. The Hemisphere can easily be mounted to a variety of surfaces or objects and has 3 cameras that provide up to 210-degree level, high-definition video, a strobe light, automatic license plate recognition, facial recognition (optional), automated broadcast announcements, and intercom capability running on a wired or wireless network. The dimensions of the K1 Hemisphere are: Diameter: 24 inches, Depth: 10 inches, Weight: 30 pounds. K1 Blue Light Tower The K1 Blue Light Tower **Towers** emergency phone is for outdoor use and delivers completely wireless emergency phone operation, 24/7/365, even in harsh weather conditions with voice connectivity, broadcast warning capability, a flashing strobe, and night area illumination to assist responders in locating callers. The approximate dimensions of the K1 Blue Light Tower are: Height: 12 feet, Width: less than one foot, Weight: 208 pounds. K1 Blue Light Emergency Phone The **Phones, and K1 Blue Light Call Boxes provide mission-critical, always-available communication for individuals in distress, providing immediate connectivity to security personnel and Emergency emergency Phone responders. With nearly 10,000 machines in-network across the United States, we aim to build upon this foundation by integrating new features and expanding adoption in both public and private sectors. Innovating with New Public Safety Technologies** Product innovation remains a core pillar of our growth strategy. We are actively developing new solutions that enhance public safety, security, efficiency, and situational awareness for our clients. Two key anticipated product launches include: • K7 Autonomous Security Robot is designed to address the public safety needs of large, complex environments such as airports, industrial zones, and university campuses. With light duty off-road capabilities and AI-driven route optimization, the K7 ASR is designed to allow for broad security coverage in areas where traditional ASRs or stationary cameras are insufficient. This ASR is intended to significantly enhance automated perimeter patrolling, improving surveillance efficiency for expansive properties and is planned to commence production in 2026. • K1 Super Tower is a next compact, full-featured emergency calling-generation public safety technology integrating several capabilities into a comprehensive offering. It will introduce an all-new next-generation set of technologies to continue the overhaul of the U.S. public safety infrastructure with AI capabilities. This innovative solution for indoor and outdoor use. It is ideally suited for areas **designed to provide multiple features to enhance public safety with within limited space and offers one-touch connectivity and a single unit, making it a valuable addition to high-risk or remote areas** visibility blue strobe in places tower designs may not fit. The **E-K1 Super Tower is planned to commence production in 2026. By continuously working to evolve our technology portfolio and integrate advanced AI** Phone enhances **driven analytics, we aim to provide cutting-edge** public safety by providing robust, reliable, and **security clear voice-to-voice communication over a cellular network.** The dimensions of the K1 Blue Light Emergency Phone are: Height: 31.5 inches, Width: 10.5 inches, Weight: 52 pounds. K1 Call Box The K1 Call Box is our smallest emergency call box system, delivering one-touch connection with a simple housing and interface. Call Boxes are typically mounted to a pole for outdoor use and can be outfitted with solar charging capabilities. Like all Knightscope emergency communications devices, it can provide a completely wireless solution **solutions** for emergency phone calls, or it can be adapted to work with existing nearby wiring. Designed to work with hands-free ease, a handset, and TTY pad are additional options available on this device. The dimensions of the K1 Call Box are: Height: 19.6 inches, Width: 15.3 inches, Weight: 47.4 pounds. KSO The KSO is our intuitive, browser-based interface that **meet**, coupled with our ASRs, and other line of products, provides our clients and security professionals with “smart mobile eyes and ears and voice — on the ground”. Once alerted of an abnormal event, such as a person spotted during a specific time in a particular location, authorized users can view the live stream of data in the KSO from each of the ASRs in the user’s network, accessing it from a 911 dispatch center, security operations center or a remote laptop. KEM The KEM platform allows clients and technicians to better understand the real-time health and status of K1 Blue Light Towers, E-Phones and Call Boxes in network. The cloud-based application monitors the system-wide state-of-health, alerts users of operational issues, provides technicians with real-time error detection / diagnostics, and collects / reports system performance status. 8KNO The Company has built a custom set of tools that enables our employees to manage and monitor the network of ASRs and other Knightscope technologies operating in the field nationwide, which it refers to as the Knightscope Network Operations Center (“KNO”). These tools allow our team to monitor the health of the ASRs down to the millisecond, with dozens of alerts related to critical indicators and statistics, including charging, software, navigation and temperatures. We also use the KNO to execute over-the-air software upgrades, patches and other related items. The KNO is staffed 24/7 by the Company in the U.S. Knightscope Knightscope is a virtual monitoring and response solution providing an alternative for client sites that do not have the resources to receive and respond to alerts generated by Knightscope’s ASRs and other products. The service enables a full-service solution for ASR clients, including but not limited to, alerts, broadcast messaging, and two-way communications. Knightscope operators have extensive training and experience related to remote monitoring for greater situational awareness. Remote monitoring is an optional service that can be bundled into MaaS subscriptions. Products in Development The Company recently announced that its K7 multi-terrain ASR is under concept development. The K7 is expected to have the same features as the K5, but to employ four wheels for use on more rugged outdoor terrain such as dirt, sand, gravel and much larger environments. We expect that the K7 could be utilized at airfields, power utilities, borders, solar farms, wind farms or oil or gas fields as well as at numerous existing clients. While this technology builds on a great deal of our technology stack, we anticipate that its development will require significant additional time and resources before it can be launched into full-scale production. Clients Knightscope clients use the Company’s technology to protect people and assets. Our products are designed to enhance safety in public and private places by providing rapid communication and monitoring capabilities to small or large, remote, and inhospitable environments. The Company’s clients use Knightscope products to monitor or respond to medical emergencies, weather-related issues, and natural disasters, as well as to discourage, detect, and alert them **the evolving needs of businesses** potential criminal activity. Knightscope’s ASRs, **municipalities** and K1B ECDs

provide our clients with the ability to augment their existing security infrastructure, enabling human security resources to be more strategic in their approach to security. Our ASRs, and ECDs have been deployed across a broad range of clients, including but not limited to casinos, corporations, law enforcement, municipalities, universities, and property management companies. In addition, Knightscope continues to partner with strategic resellers for our K1B portfolio, such as value-added resellers offering safety equipment looking to augment the security solutions offered to their customers with advanced technology. Marketing and Sales The Company has been able to successfully sell new contracts through virtual private demonstrations and live demonstrations with decision makers utilizing its innovative “ Robot Roadshow ” which has been instrumental in securing stakeholder “ buy in ” to help close more contracts. The initiative entails a cross-country tour of a physical “ Pod ” housing numerous ASRs, the K1 Blue Light Emergency Phone, and Knightscope’s new Automated Gunshot Detection system, providing a one-on-one hybrid offline / online selling technique with in-person robots and telepresence and / or onsite sales staff. On January 3, 2024, the Company announced that it achieved an Authority-to-Operate (“ ATO ”) from the Federal Risk and Authorization Management Program (“ FedRAMP ”). The federal government adopted the Cloud First Policy, which requires all cloud service providers that hold federal data to be FedRAMP certified. FedRAMP compliance is one of the factors that enables Knightscope to do business with federal agencies. We regularly advertise in the media through various online and offline channels. **Research and Development** Our research and development efforts focus primarily on the development of **robust** our base technology, **exploring** new technology, as well as **our** scaling efforts. **We plan to** In addition, we will continue to enhance our ASR and **ECD K1B**, capabilities and features, **and as well as** the functionality of the KSOC and KEMS **KEMS** software platforms. In **January February 2024 2025**, we received our **full ATO which allows** from FedRAMP, sponsored by the U. S. Department of Veterans Affairs. FedRAMP is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. FedRAMP compliance is one of the factors that enables Knightscope to do business with federal agencies. This achievement means that Knightscope can be listed on the FedRAMP Marketplace as an approved provider for federal agencies, **and as a result we have already** next step and can also begin its deployment **deployed** processes to perform on the **a pilot program under a** contract **with** awarded by the U. S. Department of Veteran Affairs (the “ VA ”) for its first K5 GOV. The K5 GOV is an ASR exclusively developed for the U. S. Federal Government. **Additionally, the Company has been awarded a Phase 1 contract from the U. S. Air Force in 2025.** **Intellectual Property** The Company holds twelve patents collectively covering **related to** its ASRs, the security data analysis and display features of the KSOC and its parking monitor feature **that will begin**. The Company also has pending patent applications relating to its ASRs **expire starting January 16, 2035** KSOC, parking monitor feature, behavioral autonomous technology and the ASRs’ behavioral autonomous technology relating to **visible weapon detection**. The Company owns a trademark registration for its name “ Knightscope ” in the U. S. On August 10, 2021, the Company filed two trademark applications (Serial Numbers: 90875695 for LONG KNIGHTSCOPE. SHORT THE CRIMINALS and 90875697 for \$ KSCP). The Company relies and expects to continue to rely on a combination of confidentiality agreements with its employees, consultants, and third parties with whom it has relationships, as well as trademark, copyright, patent, trade secret, and domain name protection laws, to protect its proprietary rights. Manufacturing and Suppliers Knightscope **assembles manufactures all** its ASRs **products** at its Mountain View, California headquarters **and ECDs in Downey and Irvine, California** from components **manufactured produced** by more than 100 suppliers. The Company’s top three suppliers, measured by spending, are Alco Metal Fab, based in Santa Ana, California, **Advanced Interconnection Technologies Sybridge Digital Solutions LLC**, based in Anaheim **Chicago**, California **Illinois**, and E and M Electric and Machinery Inc., based in Healdsburg, California. The Company is not highly dependent on any one supplier and believes it can source components from other suppliers and has done so when necessary. **Given the global nature of our supply chain, we may face risks relating to the imposition by the United States of tariffs on foreign imports. See Item 1A. Risk Factors — Risks Related to the Business and the Global Economy — Our business could be adversely affected by trade tariffs or other trade barriers.** In order to optimize our ability to serve our clients, we have partnered with **field services companies** one of our strategic investors, **Konica Minolta, Inc.,** among others, to train their technicians to service, maintain and support our machines- in- network and assist us with our nationwide scaling efforts. As our fleet of deployed ASRs and **K1B-ECD** devices grows, the Company has engaged **additional these** third-party service providers with broad geographic footprints to support our clients. We believe that by opting to outsource field services, Knightscope is able to laser-focus on what we do best: innovation and **product technology** development. This strategic move not only streamlines our operations but also grants us access to specialized expertise and reach without the overhead of developing these capabilities in-house. We believe that this is a cost-effective approach that transforms fixed expenses into variable ones, offering the flexibility to scale operations in response to ever-changing market demands. Moreover, it reduces the burden of compliance and regulatory risks, allowing us to penetrate new markets with the aid of partners who have established local networks and expertise. Ultimately, outsourcing empowers us to dedicate more resources to strategic planning and innovation, allowing us to focus on staying ahead in the competitive technology landscape. **Competition Knightscope competes in multiple industries by offering autonomous security robotics, emergency communication devices, and AI-driven public safety solutions. Its key competitors fall into three primary categories: traditional public safety and security services, autonomous security robotics, and emergency communication systems. • Competition At the moment with Traditional Public Safety and Security Services- Knightscope directly competes with human-based guarding companies such as Allied Universal, Securitas, and G4S. These companies rely on human guards to provide safety and security, whereas Knightscope’s robots offer a cost-effective, 24 / 7 alternative that address the risks of fatigue, human error, or turnover. By automating surveillance and security patrols, Knightscope aims to reduce dependency on human guards while enhancing security coverage with AI-powered monitoring and data analytics. • Competition in Autonomous Security Robotics – Knightscope is one of the pioneers in ASRs, but it faces competition from companies such as Asylon Robotics and SMP Robotics. Asylon Robotics specializes**

in drone-based security rather than ground-based ASRs. SMP Robotics builds outdoor patrol robots similar to Knightscope's K5 model but focuses more on rugged environments. Knightscope differentiates itself through a broader product lineup that includes not only robots but also

aware of any direct competitors for our ASR products in the advanced physical security technology space that have viable commercial products in the USA, addressing both outdoor and indoor applications, at the same scale as Knightscope. It is a common misconception outside of the security industry that we compete complete against closed public and asset safety ecosystem with emergency communication devices and AI - circuit television-based threat detection. • Competition in Emergency Communication Systems – Through its acquisition of Case Emergency Systems (" CCTV CASE "), Knightscope now competes with Code Blue Corporation, Aiphone, and Talkaphone in the blue light emergency communication market. These companies manufacture emergency call boxes and blue light towers for college campuses, parking lots, and public spaces. Knightscope sets itself apart by integrating advanced AI analytics, gunshot detection, and monitoring software like KEMS into its K1 Blue Light Towers, E- Phones, and Call Boxes. 10 While Knightscope competes against traditional public safety and security firms, robotic security companies, and emergency communication providers - We do not believe that they are competitive products because cameras do not provide a physical presence, are typically used for forensics after an event, and do not offer a client the plethora of capabilities available with our technologies. We believe that having these two types of systems working together provide a more holistic approach to promoting safety and reducing crime. While traditional human guards provide a closer competitor in some cases, we believe that no other company offers utilizing our " Software, Hardware, Humans " approach is much more effective. 10 We are aware of a start-up, SMP Robotics Services Corp. (" SMP "), which produces an outdoor integrated public safety platform that combines autonomous security platform that it markets through third-party distributors which has primarily been focused on international markets but appears to be attempting re driven monitoring under a single ecosystem. Knightscope's KSOC provides a centralized dashboard for real-time monitoring entry to the U. S. market. We had previously listed Gamma 2 Robotics and SHARP Electronics as potential competitors in this space. However, while RTX offers human according to industry sources, we understand that both Gamma 2 Robotics and SHARP Electronics have ceased operations in the security robot space after failed attempts to enter the market. Cobalt Robotics, a company exclusively focused on indoor applications, may be considered a partial competitor. Additionally, Turing AI has recently begun offering an indoor - in only robot and Robotic Assistance Devices, a subsidiary of Artificial Intelligence Technology Solutions has continued to grow its stationary fixed device offerings, similar to other fixed solutions, such as those offered by Verkada. Flock Safety provides advanced security and surveillance solutions primarily focused on license plate reading and vehicle recognition technology, though they do not offer the mobility or range of a robot. Similarly, there are numerous startups focused on fixed camera crime analytics. We do not actively compete against security companies, although sometimes clients will choose our ASRs instead of a security personnel. We augment clients' security apparatus by providing technology to better monitor and safeguard assets and people. Our ASRs offer clients a significant cost reduction relative to the cost of human security guards. In addition, ASRs offer significantly more capabilities, such as license plate detection, data gathering, thermal imaging and people detection that are delivered consistently, on a 24- the-loop services for remote hour, 7 day per week basis, without regular human intervention - In certain cases, our technology complements and improves the operations of traditional security firms. Competitors for our K1B portfolio include Code Blue Corporation, Talk-a-Phone, GaiTronics (" Hubbell "), and Rath. To differentiate its towers and call boxes from the competition, Knightscope has focused on providing its clients with self-sufficient solutions that include the use of solar power and wireless communications, requiring that no power infrastructure be in place in order for the products to work or landlines, making for easier installation and maintenance. Government Regulation Our operations are subject to numerous governmental laws and regulations, including those governing antitrust and competition, the environment, collection, recycling, treatment and disposal of covered electronic products and components. In addition, a number of data protection laws impact, or may impact, the manner in which we collect, process and transfer personal data. U. S. laws that have been applied to protect user privacy (including laws regarding unfair and deceptive practices) may be subject to evolving interpretations or applications in light of privacy developments. Compliance with enhanced data protection laws requires additional resources and efforts, and noncompliance with personal data protection regulations could result in increased regulatory enforcement and significant monetary fines and costs. Backlog and Seasonality As of December 31, 2023-2024, we the Company had orders representing a total backlog of approximately \$ 3-1.7 million, comprised of \$ 0.4 million related in new contracts outstanding that we expect to ASR orders and be able to deliver within the year based on production capacity. Of the total sales outstanding as of December 31, 2023, \$ 2-1.3 million represent MaaS agreements for ASR deployments and \$ 1.1 million relates to orders for K1B-ECD. We have not experienced any significant effects relating to seasonality for our products and services. Human Capital As of December 31, 2023-2024, the Company had 95-71 full-time employees and one part-time employee working primarily out of our combined headquarters and production facility in Mountain View, California as well as remotely and production facilities in Downey and Irvine, California. We are not a party to any collective bargaining agreements. The Company believes that our future growth and success will depend in part on our ability to attract and retain highly skilled employees. The executive management team is responsible for developing and executing the Company's human capital strategy. The human capital strategy includes the attraction, acquisition, engagement, and development of the Company's employees as resources allow. 11 Available -- Available Information We file reports and other information with the SEC, which are accessible on the SEC's website at www. sec. gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Exchange Act are available, free of charge, on our website at ir. knightscope. com. We make these reports available through our website as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the SEC. We regularly post important information and updates on our investor relations website at ir. knightscope. com. The information provided on, or accessible through, our

website is not a part of, or incorporated into, this Annual Report on Form 10-K. You may also access this information, free of charge, at the SEC's website at <http://www.sec.gov>.

~~Item 1A. Risk Factors~~ **Item 1A. Risk Factors** Risks Related to the Business and the Global Economy We have not yet generated any profits or significant revenues, anticipate that we will incur continued losses for the foreseeable future, and may never achieve profitability. The Company was formed in 2013 and made its first pilot sales in 2015. The Company listed on the Nasdaq Stock Market in January 2022. Accordingly, the Company has a limited history upon which to evaluate its performance and future prospects. The Company has incurred net losses since inception. Our net loss was \$ ~~22.31~~ **17** million for the year ended December 31, ~~2023~~ **2024** and \$ ~~25.22~~ **6.1** million for the year ended December 31, ~~2022~~ **2023**. As of December 31, ~~2023~~ **2024**, we had an accumulated deficit of \$ ~~161.193~~ **5.2** million. Cash and cash equivalents on hand were \$ ~~11.1 million as of December 31, 2024, compared to \$~~ **2.3** million as of December 31, 2023, ~~compared to \$4.8 million as of December 31, 2022~~. These factors raise substantial doubt about our ability to continue as a going concern. See Item 7: Management's Discussion and Analysis of Financial Condition, Liquidity and Capital Resources. Our current and proposed operations are subject to all the business risks associated with new enterprises, including, but not limited to, likely fluctuations in operating results as the Company makes significant investments in research, development and product opportunities, integrates new products under development or acquired in acquisitions, and reacts to developments in its market, such as purchasing patterns of clients and any new competitors into the market. There can be no assurance that the Company will be successful in acquiring additional funding at levels sufficient to fund its future operations. If the Company is unable to raise additional capital in sufficient amounts or on terms acceptable to it, the Company may have to significantly reduce its operations, delay, scale back or discontinue the development of one or more of its platforms or discontinue operations completely. Any evaluation of our business and our prospects must be considered in light of our limited operating history and the risks and uncertainties encountered by companies in our stage of development. Further, our industry is characterized by rapid technological change, changing client needs, evolving industry standards and frequent introduction of new products and services. We have encountered and will continue to encounter risks and difficulties frequently experienced by developing companies in rapidly changing industries. If we do not address these risks successfully, our operating results will be harmed. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. We cannot assure you that we will be profitable in the next several years or at all, or that we will generate any revenues in the future or sufficient revenues to meet our debt servicing and payment obligations. The report of our independent registered public accounting firm expresses substantial doubt about our ability to continue as a going concern, and we may not be able to continue to operate the business if we are not successful in securing additional funding. The report of our independent registered public accounting firm on our financial statements as of and for the years ended December 31, ~~2024 and 2023 and 2022~~, which is included in this Annual Report, includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern due to our recurring losses from operations, available cash and cash used in operations. The inclusion of a going concern explanatory paragraph by our independent registered public accounting firm may materially adversely affect our share price, our ability to secure additional financing, and otherwise execute our strategy. As noted above, the Company has a history of losses and has projected operating losses and negative cash flows for the foreseeable future, and we are currently dependent on additional fundraising in order to sustain our ongoing operations. Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U. S. GAAP"), contemplating that we will continue to operate as a going concern. However, we cannot assure you that the Company will be successful in acquiring additional funding at levels sufficient to fund future operations. If the Company is unable to raise additional capital in sufficient amounts or on terms acceptable to it, the Company may have to significantly reduce its operations or delay, scale back or discontinue the development of additional products and services, seek alternative financing arrangements, declare bankruptcy or otherwise terminate its operations entirely. ~~The~~ **The** Company expects to experience future losses as it implements its business strategy and will need to generate significant revenues to achieve profitability, which may not occur. We have incurred net losses since our inception, and we expect to continue to incur net losses for the foreseeable future. To date, we have funded our operations from the sale of equity and debt securities in private transactions and in the capital markets, and by means of credit facilities and other financing arrangements. We expect to continue to incur significant operating expenses as we implement our business strategy, which include development, sales and marketing, and general and administrative expenses and, as a result, we expect to incur additional losses and continued negative cash flow from operations for the foreseeable future. We will need to generate significant revenues to achieve profitability. We cannot assure you that we will ever generate sufficient revenues to achieve profitability. If we do achieve profitability in some future period, we cannot assure you that we will be able to sustain profitability on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate or if our operating expenses exceed our expectations or cannot be adjusted accordingly, our business, operating results and financial condition will be materially and adversely affected. **Investment in new business strategies could disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition. We have invested, and in the future may invest, in new business strategies. We intend for these initiatives to drive efficiencies and improve margins. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses, new claims or litigation, economic, political, legal and regulatory challenges, inadequate return on capital, unrealized benefits or unanticipated delays in realized benefits, potential impairment of tangible and intangible assets, and significant write-offs. In addition, any new business strategies or new investments may require us to raise additional capital, including debt or equity securities. These transactions may impose additional restrictions on our ability to operate and / or may be dilutive to you. In the event that additional liquidity is required from outside sources, we may not be able to raise the capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition, and results of operations could be adversely affected.** The Company is subject to

potential fluctuations in operating results due to its sales cycle. Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales are difficult to predict and may vary substantially from quarter to quarter, which may cause our operating results to fluctuate significantly. We spend a substantial amount of time, effort and money in our sales efforts without any assurance that our efforts will produce any revenue and the timing of our revenue is difficult to predict. Our sales efforts involve educating our clients about the use and benefit of our products and technology, including their technical capabilities and potential cost savings to the clients. Clients typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle. In addition, product purchases are frequently subject to budget constraints, regulatory and administrative approvals, and other delays. If sales expected from a specific client for a particular quarter are not realized in that quarter or at all, our business, operating results and financial condition could be materially and adversely affected. If we are unable to acquire new customers, our future revenues and operating results will be harmed. Likewise, potential customer turnover in the future, or costs we incur to retain our existing customers, could materially and adversely affect our financial performance. Our success depends on our ability to acquire new customers in new and existing markets, and in new and existing geographic markets. If we are unable to attract a sufficient number of new customers, we may be unable to generate revenue growth at desired rates. Our industry is competitive and our competitors may have substantial financial, personnel and other resources that they can utilize to develop solutions and attract customers. As a result, it may be difficult for us to add new customers to our customer base. Competition in the marketplace may also lead us to win fewer new customers or result in us providing discounts and other commercial incentives. While our immediate focus is on the U. S. market, our long- term success will in part depend on our ability to acquire new customers outside the USA. If customers in other countries do not perceive the threat of security, or of firearms and weapons to be significant enough to justify the purchase of our products, we will be unable to establish a meaningful business outside the USA. If we are unable to attract a sufficient number of new customers outside the USA, we may be unable to generate future revenue growth at desired rates in the long term. **We** **13** **We** are subject to the loss of contracts, due to terminations, non- renewals or competitive re- bids, which could adversely affect our results of operations and liquidity, including our ability to secure new contracts from other customers. We are exposed to the risk that we may lose our contracts primarily due to the termination by a customer with or without cause at any time, the failure by a customer to exercise its option to renew a contract with us upon the expiration of the then current term, or our failure to win the right to continue to operate. The loss by us of contracts due to terminations, non- renewals or competitive re- bids could materially adversely affect our financial condition, results of operations and / or liquidity, including our ability to secure new contracts from other customers. **14** **The** **The** Company' s future operating results are difficult to predict and may be affected by a number of factors, many of which are outside of the Company' s control. The market for advanced physical security technology is relatively new and unproven and is subject to a number of risks and uncertainties. The industry is characterized by rapid change, new and complex technology and intense competition. Our ability to gain market share depends upon our ability to **{** create demand, **including by which includes** increasing awareness about our products, **}** satisfy client demands, enhance existing products and services and develop and introduce new products and services. Our ability to gain market share also depends on a number of factors beyond our control, including the perceived value associated with our products and services, the public' s perception of the use of robots to perform tasks traditionally reserved for humans, and our clients' acceptance of our view that security services can be performed more efficiently and cost- effectively through the use of our products and ancillary services. If any of these factors turns against us, our future operating results could be materially and adversely affected. Our financial results will fluctuate in the future, which makes them difficult to predict. Our financial results have fluctuated in the past and will fluctuate in the future. Additionally, we have a limited operating history with the current scale of our business, which makes it difficult to forecast future results. As a result, you should not rely upon the Company' s past financial results as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by rapidly growing companies in evolving markets. Our financial results in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including: • Fluctuations in and the unpredictability of our sales cycle; • Our ability to maintain and grow our client base; • Downturns or financial instability in the business of our customers and partners; • Development and introduction of new products by us or our competitors; • Adverse changes affecting our suppliers and other third- party service providers, and any disruption in the supply of materials necessary for our business; • Increases in marketing, sales, service and other operating expenses that we may incur to grow and expand our operations and to remain competitive; • Our ability to achieve profitable gross margins and operating margins; • Periodic litigation and related legal proceedings, which could result in unexpected expenditures of time and resources; and • Changes in global **geopolitical**, business or macroeconomic conditions including regulatory changes. Additionally, we expect to have U. S. government customers in the future. If the U. S. government does not complete its budget process before its fiscal year- end, government operations may be funded by means of a continuing resolution. Under a continuing resolution, the government essentially authorizes agencies of the U. S. government to continue to operate and fund programs at the prior year end but does not authorize new spending initiatives. When the U. S. government operates under a continuing resolution, or should appropriations legislation not be enacted prior to the expiration of such continuing resolution resulting in a partial shut- down of federal government operations, government agencies may delay the procurement of services, which could reduce our future revenue. For other **risks** **14** **risks** associated with our U. S. government customers, see “ We have a government customer and are seeking additional government customers, which subject us to risks including early termination, audits, investigations, sanctions, or penalties. ” The occurrence of any of the above and any unanticipated obstacles may hinder the execution of our business plan and adversely affect or materially adversely affect our operating results. **15** **Changes** **Changes** in global economic conditions, including, but not limited to, those driven by inflation, **international trade restrictions** and interest rates, may adversely affect customer spending and the financial health of our customers and others with whom we do business, which may adversely affect our financial condition, results of operations, and cash resources. Uncertainty about current and future global

economic conditions may cause our customers and partners to cancel agreements with us, or potential customers and partners to hesitate to enter into agreements with us. Our financial success is sensitive to changes in general economic and financial conditions, including **tariffs or other trade restrictions**, interest rates, energy costs, labor costs, inflation, commodity prices, unemployment levels, consumer debt levels, tax rates and other changes in tax laws, public health issues like the COVID- 19 pandemic, or other economic factors, certain of which effects, including cost inflation, we experienced in 2022 **and**, 2023 and **2024 and** expect to continue to experience in **2024-2025**. Global inflation, elevated interest rates, and global industry- wide logistics challenges have impacted, and we expect will continue to impact, our business. Unfavorable economic conditions, including rising interest rates, also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us on terms we deem acceptable. These events could prevent us from increasing investments and materially harm our operating results and financial condition. Additionally, if our suppliers or other parties in our supply chain experience diminished liquidity, and as a result are unable to fulfill their obligations to us in a timely manner or at all, we may in turn be unable to provide our customers with our products in a timely manner or at all, resulting in lost sales opportunities or a deterioration in our customer relationships. If we are unable to mitigate the impact of supply chain constraints and inflationary pressure through price increases or other measures, our results of operations and financial condition could be negatively impacted. Similarly, global conflicts including the ongoing wars between Russia and Ukraine and Israel and Hamas have created volatility in the global capital markets and are expected to continue to have further global economic consequences, such as disruptions of the global supply chain and energy markets. Any such continued volatility and disruptions may adversely affect our business or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Increased inflation rates have already, and may continue to, adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, higher inflation and macro turmoil and uncertainty could also adversely affect our customers, which could reduce demand for our products. **Our business could be adversely affected by trade tariffs or other trade barriers. Our business is subject to the imposition of tariffs and other trade barriers, which may make it more costly for us to import raw materials and product components for our products. For example, the United States government has renegotiated or terminated certain existing bilateral or multi- lateral trade agreements. It has also imposed tariffs on certain foreign goods which resulted in increased costs for goods imported into the United States. In response to these tariffs, a number of United States trading partners have imposed retaliatory tariffs on a wide range of United States products, making it more costly for companies to export products to those countries. The new presidential administration recently imposed new tariffs on imports to the United States. If we experience cost increases as a result of existing or future tariffs, and are unable to pass on such additional costs to our customers, or otherwise mitigate the costs, or if demand for our products decreases due to the higher cost, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected. In addition, some countries has imposed or threatened to impose retaliatory tariffs on the United States. The resulting environment of retaliatory trade or other practices or additional trade restrictions or barriers, if implemented on a broader range of products or raw materials, could harm our ability to obtain necessary raw materials and product components or sell our products and services at prices customers are willing to pay, which could have a material adverse effect on our business, prospects, results of operations, and cash flows. Relatedly, trade policies could lead to an increasing number of competitors entering the United States, thereby creating more competition.** Adverse 15 Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions, could adversely affect our business, financial condition or results of operations. Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future adversely affect our liquidity. We continue to evaluate our banking relationships as our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by events such as liquidity constraints or failures, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors may also adversely affect our ability to access our cash and cash equivalents at affected financial institutions. Investor concerns regarding the U. S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us or our customers to acquire financing on terms favorable to us, or at all. Any decline in available funding or access to our cash and liquidity resources could, among other things, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our business, financial condition or results of operations. Any further deterioration in the macroeconomic economy or financial services industry could lead to losses or defaults by our customers or suppliers, which in turn, could have a material adverse effect on our current and / or projected business operations and results of operations and financial condition. Any customer or supplier bankruptcy or insolvency, or the failure of any customer to make payments when due, or any breach or default by a customer or supplier, or the loss of any significant supplier relationships, could result in material losses to the Company and may have a material adverse impact on our business. 16 We have a limited number of deployments, and limited market acceptance of our products could harm our business. The market for advanced physical security technology is relatively new and unproven and is subject to a number of risks and uncertainties. The numbers, types and locations of ASRs in service vary depending on the duration of each client contract, client demand and

similar factors. As a result, the numbers, types and locations of ASRs in service that are currently deployed may not be representative of client contracts and client demand in the future. In order to grow our business and extend our market position, we will need to place into service more ASRs, expand our service offerings, including by developing new products and services, and expand our presence nationwide. Our ability to expand the market for our products depends on a number of factors, including the cost, performance and perceived value associated with our products and services. Furthermore, the public's perception of the use of robots to perform certain tasks traditionally reserved for humans may negatively affect demand for our products and services. Ultimately, our success will depend largely on our clients' acceptance that security services can be performed more efficiently and cost effectively through the use of our ASRs and ancillary services. Additionally, our customers consider many factors when deciding whether to purchase ASRs. Although we have in the past, entered into, and intend in the future to enter into, pilot programs to deploy ASRs with the goal of ultimately selling them to new customers, there can be no assurance that these pilot programs or any other of our sales efforts will result in successful sales, higher volume orders, or will attract new customers. We cannot assure you that we will effectively manage our growth. Our employee headcount and the scope and complexity of our business have increased significantly since we were first formed, and we expect it will continue as we grow over the long term. The growth and expansion of our business and products create significant challenges for our management, operational, and financial resources, including managing multiple relationships and interactions with users, distributors, vendors, and other third parties. As the Company grows, our information technology systems, internal management processes, internal controls and procedures and production processes may not be adequate to support our operations. To ensure success, we must continue to improve our operational, financial, and management processes and systems and to effectively expand, train, and manage our employee base. As we grow, and implement more complex organizational and management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our current team's efficiency and expertise, which could negatively affect our business performance. Our costs may grow more quickly than our revenues, harming our business and profitability. Providing our products is costly because of our research and development expenses, production costs, operating costs and need for employees with specialized skills. We expect our expenses to continue to increase in the future as we expand our product offerings, expand production capabilities and hire additional employees. Historically, our costs have increased each year due to these factors and the Company expects to continue to incur increasing costs, in particular for working capital to purchase inventory, marketing and product deployments as well as costs of client support in the field. Our expenses may be greater than we anticipate, which would have a negative impact on our financial position, assets and ability to invest further in the growth and expansion of the business. In addition, expansion across the country will require increased marketing, sales, promotion and other operating expenses. Further, as additional competitors enter our market, we expect an increased pressure on production costs and margins. Any debt arrangements that we enter into may impose significant operating and financial restrictions on us, which may prevent us from capitalizing on business opportunities. A breach of any of the restrictive covenants under such debt arrangements may cause us to be in default under our debt arrangements, and our lenders could foreclose on our assets. We issued unsecured Public Safety Infrastructure Bonds (the "Bonds") bearing interest at 10 % per annum, payable annually on December 31 each year, starting on December 31, 2024, throughout in the fourth quarter of 2023 with a principal amount totaling approximately \$ 1. 4 million. We issued additional Bonds from January of 2024 through March 14, 2024, with a principal amount of approximately \$ 2. 8 million. In total, we issued Bonds with a principal amount of approximately \$ 4. 23 million through the life of the Bond offering. We issued convertible notes in October 2022 (the "Convertible Notes"), and the Convertible Notes required us to maintain certain financial covenants, including maintaining available cash of at least \$ 1. 5 million. In conjunction with the purchase of the convertible notes, noteholders received a right of participation which requires a 5-day notification period before we can enter into other financing. This notice period may delay future financings. Warrants to purchase Class A Common Stock issued in conjunction with the convertible notes outstanding prohibit us from obtaining funding with a variable rate component. This includes any equity lines of credit ("ELOCs") and convertible notes for as long as the warrants are outstanding. As of December 31, 2023, the entire outstanding principal balance of the 2022 Convertible Notes was fully retired. The Bonds and the Convertible Notes imposed, and any future debt arrangements we enter into may impose, operating and financial restrictions on us, including requiring that we maintain our listing on Nasdaq, in addition to other restrictive covenants that may limit our ability to engage in specified types of transactions. Such restrictions could, for example, limit our ability to, among other things:

- Incur certain additional indebtedness;
- Pay dividends on, repurchase or make distributions in respect our capital stock;
- Make certain investments;
- Sell or dispose of certain assets;
- Grant liens on our assets; and
- Consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

Restrictions posed by any future debt arrangements could impede our ability to operate and negatively affect our ability to respond to business and market conditions, which could have an adverse effect on our business and operating results. The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business. We currently depend on the continued services and performance of key executives members of its management team, in particular, our founders, William Santana Li and Stacy Dean Stephens. If we cannot call upon them or other key management personnel for any reason, our operations and development could be harmed. The Company has not yet developed a succession plan, nor does it carry any key man life insurance on any members of its management team. Furthermore, as the Company grows, it will be required to hire and attract additional and retain qualified professionals in critical areas such as accounting, finance, legal, finance engineering, and production, service, engineering experts. Inflationary pressures may increase our costs, including employee compensation costs or result in employee attrition to the extent our compensation does not keep up with inflation, particularly if our competitors' compensation does. We issue equity awards to certain of our employees as part of our hiring and retention efforts, and job candidates and existing employees often consider the value of the equity awards they receive in connection with their

employment. Our employees' inability to sell their shares in the public market at times and/or at prices desired may lead to a larger than normal turnover rate. If the actual or perceived value of our **equity compensation Class A common stock** declines, it may adversely **further** affect our ability to hire or retain employees - **employee retention**. **Additionally** The Company may not be able to locate or attract qualified individuals for such positions, which will affect the Company's ability to grow and expand its business. We have recently - **recent and future changes in** undergone significant transitions on our board of directors - On February 19, 2024, our board of directors appointed each of William G. Billings, Robert A. Moeny, and Melvin W. Torrie to serve as a director of the Company, effective immediately, and each of Patricia Howell, Linda Keene Solomon, and Patricia L. Watkins resigned from the Board. Changes on our board of directors and changes in our senior management may be disruptive - **disrupt** to our business, **create** and there may be uncertainty among investors, employees, and our customers, **concerning** our future direction and performance. Any such disruption or uncertainty could have a material adverse **adversely** impact on our results of operations and financial condition and **stock** the market price of our Class A Common Stock. **18** If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished and our business may be adversely affected. The Company relies and expects to continue to rely on a combination of confidentiality agreements with its employees, consultants, and third parties with whom it has relationships, as well as trademark, copyright, patent, trade secret, and domain name protection laws, to protect its proprietary rights. The Company has filed in the USA various applications for protection of certain aspects of its intellectual property, and currently holds twelve patents. However, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge proprietary rights held by us, and pending and future trademark and patent applications may not be approved. In addition, effective intellectual property protection may not be available in every country in which we intend to operate in the future. In any or all of these cases, we may be required to expend significant time and expense in order to prevent infringement or to enforce our rights. Although we have taken measures to protect our proprietary rights, we cannot assure you that others will not offer products or concepts that are substantially similar to our products and compete with our business. In addition, we may not have the financial or human resources to devote to adequately defending our intellectual property rights. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our service and methods of operations. Any of these events could have an adverse effect on our business and financial results. We may be subject to claims, disputes or legal proceedings in the ordinary course of our business. If the outcome of these proceedings is unfavorable to us, then our business, results of operations and financial condition could be adversely affected. We may be subject to claims, disputes, or legal proceedings in the ordinary course of our business from time to time, which could adversely affect our business, results of operations and financial condition. We may receive formal and informal inquiries from governmental authorities and regulators regarding our compliance with applicable laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of laws could be asserted against us by our employees, customers, competitors, governmental entities in civil or criminal investigations and proceedings or other third parties. These claims could be asserted under a variety of laws, including but not limited to advertising laws, Internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, securities laws, real estate laws, tort laws, contract laws, property laws and employee benefit laws. There can be no guarantee that we will be successful in defending ourselves in legal and arbitration actions or in asserting our rights under various laws. If the outcome of these proceedings is unfavorable to us, then our business, results of operations and financial conditions could be adversely affected. Even if we are successful in our attempt to defend ourselves in legal and arbitration actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions may expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil fines and penalties. We may face additional competition. We are aware of a number of other companies that are developing physical security technology in the USA and abroad that may potentially compete with our technology and services. These or new competitors may have more resources than us or may be better capitalized, which may give them a significant advantage, for example, in offering better pricing than the Company, surviving an economic downturn or in reaching profitability. We cannot assure you that we will be able to compete successfully against existing or emerging competitors. Additionally, existing private security firms may also compete on price by lowering their operating costs, developing new business models or providing other incentives. **19** Our **18** Our ability to operate and collect digital information on behalf of our clients is dependent on the privacy laws of jurisdictions in which our ASRs operate, as well as the corporate policies of our clients, which may limit our ability to fully deploy our technologies in various markets. Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition. Our products, especially the ASRs, collect, store and may analyze certain types of personal or identifying information regarding individuals that interact with the ASRs. The regulatory framework for privacy and security issues is rapidly evolving worldwide and is likely to remain uncertain for the foreseeable future. Federal and state government bodies and agencies have in the past adopted, and may in the future adopt, laws and regulations affecting data privacy, which in turn affect the breadth and type of features that we can offer to our clients. In addition, our clients have separate internal policies, procedures and controls regarding privacy and data security with which we may be required to comply. Because the interpretation and application of many privacy and data protection laws are uncertain, it is possible that these laws may be interpreted or applied in a manner that is inconsistent with our current data management practices or the features of our products. If so, in addition to the possibility of fines, lawsuits and other claims and penalties, we could be required to fundamentally change our business activities and practices or modify our products, which could have an adverse effect on our business. Additionally, we may become a target of information- focused or data collection attacks and any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations, and

policies, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our clients may limit the use and adoption of, and reduce the overall demand for, our products. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our products, particularly in certain industries and foreign countries. If we are not able to adjust to changing laws, regulations, our business may be harmed. As our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. In the USA, certain states have also adopted privacy and security laws and regulations, which govern the privacy, processing and protection of health-related and other personal information. For example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the “CCPA”), requires covered businesses that process the personal information of California residents to, among other things: provide certain disclosures to California residents regarding the business’s collection, use, and disclosure of their personal information; receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt out of certain disclosures of their personal information, and enter into specific contractual provisions with service providers that process California resident personal information on the business’s behalf. Similar laws have been passed in other states and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the USA. **Additional compliance investment and potential business process changes may also be required.** The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. **In the event that we are subject to or affected by the CCPA or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.** Furthermore, the Federal Trade Commission (“FTC”) also has authority to initiate enforcement actions against entities that make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal information, fail to implement policies to protect personal information or engage in other unfair practices that harm customers or that may violate Section 5 (a) of the FTC Act. Failing to take appropriate steps to keep consumers’ personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5 (a) of the Federal Trade Commission Act. The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states’ attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content. ~~20We~~ ~~19We~~ are also or may become subject to rapidly evolving data protection laws, rules and regulations in foreign jurisdictions. For example, in Europe, the European Union General Data Protection Regulation (the “GDPR”) went into effect in May 2018 and imposes strict requirements for processing the personal data of individuals within the European Economic Area (“EEA”) or in the context of our activities within the EEA. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to € 20 million or 4 % of the annual global revenues of the noncompliant company, whichever is greater. **In addition to fines, a breach of the GDPR may result in regulatory investigations, reputational damage, orders to cease / change our data processing activities, enforcement notices, assessment notices (for a compulsory audit) and / or civil claims (including class actions).** Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EEA, and the United States remains uncertain. Case law from the Court of Justice of the European Union (“CJEU”) states that reliance on the standard contractual clauses- a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism- alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On July 10, 2023, the European Commission adopted its Adequacy Decision in relation to the new EU- US Data Privacy Framework (“DPF”), rendering the DPF effective as a GDPR transfer mechanism to U. S. entities self-certified under the DPF. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. Since the beginning of 2021, after the end of the transition period following the UK’s departure from the European Union, we are also subject to the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, the “UK GDPR”), which imposes separate but similar obligations to those under the GDPR and comparable penalties, including fines of up to £ 17. 5 million or 4 % of a noncompliant company’s global annual revenue for the preceding financial year, whichever is greater. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a data transfer mechanism from the UK to U. S. entities self-certified under the DPF. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business. The regulatory framework for AI is rapidly evolving as many federal, state and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of our AI technologies, **or could be rescinded or amended as new administrations take differing approaches to evolving AI Technologies.** As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. Already, certain existing legal regimes (e. g., relating to data privacy) regulate certain aspects of AI, and new laws regulating AI **either entered or** are expected to enter into force in the United States and the EU in ~~2024~~ ~~2025~~. In the United States, the **Trump administration has rescinded an executive order**

relating to AI Technologies that was previously implemented by the Biden administration issued a broad Executive Order on . The Trump administration may continue to rescind the other existing federal orders Safe, Secure, and / or administrative policies relating to Trustworthy Development and Use of Artificial Intelligence (the “ 2023 AI Technologies Order ”), that sets out principles intended or may implement new executive orders and / or other rule making relating to guide AI Technologies design and deployment for the public and private sector and signals the increase in governmental involvement and regulation over AI. The 2023 AI Order established certain new requirements for the training, testing and cybersecurity of sophisticated AI models and large-scale compute centers used to train AI models. The 2023 AI Order also instructed several other -- the future. Any such changes at the federal level could require agencies to promulgate additional regulations within specific timeframes from the date of the 2023 AI Order regarding the use- us and development of AI to expend significant resources to modify our products, services, or operations to ensure compliance or remain competitive.

Already, agencies such as the Department of Commerce and the FTC have issued proposed rules governing the use and development of AI. U. S. Legislation legislation related to AI has also been introduced at the federal level and is advancing at the state level. For example, the California Privacy Protection Agency is currently in the process of finalizing regulations under the CCPA regarding the use of automated decision- making. California also enacted seventeen new laws in 2024 that further regulate use of AI Technologies and provide consumers with additional protections around companies’ use of AI Technologies, such as requiring companies to disclose certain uses of generative AI. Other states have also passed AI-focused legislation, such as Colorado’s Artificial Intelligence Act, which will require developers and deployers of “ high-risk ” AI systems to implement certain safeguards against algorithmic discrimination, and Utah’s Artificial Intelligence Policy Act, which establishes disclosure requirements and accountability measures for the use of generative AI in certain consumer interactions.

Such additional regulations may impact our ability to develop, use and commercialize AI technologies in the future. 21In 20In Europe, on March 13-August 1, 2024, the European Parliament passed the EU Artificial Intelligence Act (the “ EU AI Act ”) which entered into force, and establishes a comprehensive, risk- based governance framework for AI artificial intelligence in the EU market. The majority of the substantive requirements will apply from August 2, 2026. The EU AI Act applies will enter into force twenty days after its publication in the Official Journal of the EU and will be fully effective two years later. The EU AI Act will apply to companies that develop, use and / or provide AI in the EU and -- depending on the AI use case -- includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security, accuracy, general purpose AI and foundation models, and proposes fines for breach of up to 7 % of worldwide annual turnover. In addition, on September 28, 2022, the revised European Commission proposed two Directives seeking to establish a harmonized civil liability regime for AI in the EU. Product Liability Directive came into force in order December 2024, to facilitate civil claims in respect of harm caused be implemented into EU member state national law by December 2026. This Directive extends AI and to include AI-enabled products within the scope of the EU’s existing strict product liability regime to AI Technologies and AI-enabled products, and facilitates civil claims in respect of harm caused by AI.

Once fully applicable, the EU AI Act and the EU Product Liability Directives- Directive will have a material impact on the way AI is regulated in the EU. Further, in Europe we are subject to the GDPR, which regulates our use of personal data for automated decision making including individual profiling that results in a legal or similarly significant effect on an individual, and provides rights to individuals in respect of that automated decision making. Recent case law from the CJEU has taken an expansive view of the scope of the GDPR’s requirements around automated decision making and introduced uncertainty in the interpretation of these rules. Specifically, the CJEU has expanded the scope for automated decision making under the GDPR by finding that automated decision- making activities can fall within the GDPR’s restrictions on those activities even if the required legal or similarly significant effect for the individual is carried out by a third party. The EU AI Act, and developing interpretation and application of the GDPR in respect of automated decision making, together with developing guidance and / or decisions in this area, may affect our use of AI and our ability to provide, improve or commercialize our services, require additional compliance measures and changes to our operations and processes, result in increased compliance costs and potential increases in civil claims against us, and could adversely affect our business, operations and financial condition. It is possible that further new laws and regulations will be adopted in the United States and in other non- U. S. jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI for our business, or require us to change the way we use AI in a manner that negatively affects the performance of our products, services, and business and the way in which we use AI. We may need to expend resources to adjust our products or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply with such laws, regulations, or decisions and / or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition and results of operations. Although we work to comply with applicable laws, regulations and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another or other legal obligations with which we must comply. Any failure or perceived failure by us or our employees, representatives, contractors, consultants, collaborators, or other third parties to comply with such requirements or adequately address privacy and security concerns, even if unfounded, could result in additional cost and liability to us, damage our reputation, and adversely affect our business and results of operations. Our business and operations may suffer in the event of information technology system failures, cyberattacks or deficiencies in our cybersecurity. We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information, and

personal information (collectively, “ Confidential Information ”). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such Confidential Information. Our information technology systems and those of our third- party service providers, strategic partners and other contractors or consultants are vulnerable to attack, damage and interruption from computer viruses and malware (e. g. ransomware), misconfigurations, “ bugs ” or other vulnerabilities, malicious code, natural disasters, terrorism, war, telecommunication and electrical failures, hacking, cyberattacks, phishing attacks and other social engineering schemes, employee theft or misuse, human error, fraud, denial or degradation of service attacks and sophisticated nation- state and nation- state- supported actors. We have also outsourced elements of our information technology infrastructure, and as a result a number of third- party vendors may or could have access to our confidential information. ~~22The~~ **The** risk of a security breach or disruption, particularly through cyberattacks or cyber intrusion, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Furthermore, because the techniques ~~21techniques~~ **used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.** There can be no assurance that our and our third- party service providers’, strategic partners’, contractors’ and consultants’ cybersecurity risk management program and processes, including policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems, networks and Confidential Information. We and certain of our service providers are from time to time subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations **, whether due to a loss, corruption or unauthorized disclosure of our trade secrets, personal information or other proprietary or sensitive information or other similar disruptions.** It could also expose us to risks, including an inability to provide our services and fulfill contractual demands, and could cause management distraction and the obligation to devote significant financial and other resources to mitigate such problems, which would increase our future information security costs, including through organizational changes, deploying additional personnel, reinforcing administrative, physical and technical safeguards, further training of employees, changing third- party vendor control practices and engaging third- party subject matter experts and consultants and reduce the demand for our technology and services. Any security compromise affecting us, our service providers, strategic partners, other contractors, consultants, or our industry, whether real or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures and lead to regulatory scrutiny. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate disclosure of Confidential Information, we could incur liability, including litigation exposure, penalties and fines, we could become the subject of regulatory action or investigation, our competitive position could be harmed and the further development and commercialization of our products and services could be delayed. Any adverse impact to the availability, integrity or confidentiality of our or third- party systems or Confidential Information can result in legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, fines and penalties, negative reputational impacts that cause us to lose existing or future customers, and / or significant incident response, system restoration or remediation and future compliance costs. **We may also be exposed to a risk of loss or litigation and potential liability, which could materially and adversely affect our business, results of operations or financial condition. Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.** Further, our insurance coverage may not be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems. We have limited experience in operating our ASRs in a variety of environments and increased interactions may lead to collisions, possible liability and negative publicity. Our ASRs operate autonomously in environments, such as shopping malls, parking lots and stadiums, that are surrounded by various moving and stationary physical obstacles and by humans and vehicles. Such environments are prone to collisions, unintended interactions and various other incidents, regardless of our technology. Therefore, our ASRs have been in the past and may in the future be involved in a collision with any number of such obstacles. Our ASRs contain a number of advanced sensors that are designed to prevent any such incidents and are intended to stop any motion at the detection of intervening objects. Nonetheless, real- life environments, especially those in crowded areas, are unpredictable and situations have in the past arisen and may in the future arise in which the ASRs may not perform as intended. Infrequent, but highly publicized incidents of autonomous vehicle and human interactions, including involving our ASRs, have focused consumer attention on the safety of our and other systems. We cannot assure you that a collision, including with property or with humans, will not occur. Any such collision or other incident could damage the ASR, lead to personal injury or property damage, and may subject us to lawsuits. Moreover, any actual or perceived incident, even without any resulting damage, may lead to adverse publicity for us. Such lawsuits or adverse publicity would negatively affect our brand and harm our business, prospects, financial condition and operating results. ~~23Our~~ **22Our** brand, reputation and ability to attract, retain, and serve our customers are dependent in part upon the reliable performance of our products, infrastructure, and employees. Our brand, reputation and ability to attract, retain, and serve our

customers are dependent in part upon the reliable performance of, and the ability of our existing customers and new customers to access and use, our products solutions, including pursuant to our pilot programs. We have experienced, and may in the future experience, delays, incidents, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, equipment failure, human or software errors, capacity constraints, and fraud or cybersecurity attacks. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Interruptions in our systems or the third- party systems on which we rely, whether due to system failures, computer viruses, physical or electronic break- ins, or other factors, could affect the security or availability of our products, network infrastructure, cloud infrastructure and website. Problems with the reliability or security of our products or systems could harm our reputation. Damage to our reputation and the cost of remedying these problems could negatively affect our business, financial condition and operating results. Any disruptions or other performance problems with our products could harm our reputation and business and may damage our customers' businesses, reduce our revenue, cause us to issue credits to customers, subject us to potential liability and cause customers not to purchase our products after pilot programs or renew their subscription purchases of our products. Our failure to implement and maintain effective internal control over financial reporting may result in material misstatements in our financial statements, which could in the future require us to restate financial statements, cause investors to lose confidence in our reported financial information and could have an adverse effect on our ability to fundraise. We have in the past and may in the future identify material weaknesses in our internal control over financial reporting. Any failure to maintain existing or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements. If a material weakness were to exist, it could result in errors in our financial statements that could result in a restatement of financial statements and cause us to fail to meet our reporting obligations. If our internal control over financial reporting is ineffective or if we are unable to effectively identify or remediate any material weaknesses in a timely manner, or if our disclosure controls and procedures are ineffective, investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our ability to sell our securities and to conduct future fundraising. The private security industry is undergoing structural changes in technology and services. The private security industry is undergoing structural changes, consolidation, changing client needs, evolving industry standards and introduction of new products and services. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in such industries. If we do not address these risks successfully, our business will be harmed. Our ability to gain market share depends upon our ability to satisfy client requirements, enhance existing products and develop and introduce new products. Further, we expect the intensity of competition to increase in the future. Increased competitiveness may result in reductions in the prices of our products and services, lower- than- expected gross margins or loss of market share, any of which would harm our business. We have a government customer and are seeking additional government customers, which would subject us to risks including early termination, audits, investigations, sanctions, or penalties. The Company is actively seeking to secure a material amount of business from the U. S. federal government. The Company has entered into its first government contract with the VA **as well as a Phase 1 contract from the U. S. Air Force**. These types of agreements may subject the Company to statutes, regulations and contract obligations applicable to companies doing business with the government. Government contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors, including provisions that allow the government to unilaterally terminate or modify federal government contracts, in whole or in part, at the government' s convenience or in the government' s best interest, including if funds become unavailable to the applicable government agency. Under general principles of government contracting law, if the government terminates a contract for convenience, the terminated company may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting company may be liable for any extra costs incurred by the government in procuring undelivered items from another source. **24In** **23In** addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example: • compliance with complex regulations for procurement, formation, administration, and performance of government contracts under the Federal Acquisition Regulation, and agency- specific regulations supplemental to the Federal Acquisition Regulation; • cybersecurity obligations that require implementation of specific standards and protections mandated by the federal government and mandatory disclosure of cybersecurity incidents to government agencies; • specialized disclosure and accounting requirements unique to government contracts; • mandatory financial and compliance audits that may result in potential liability for price or cost adjustments, recoupment of government funds after such funds have been spent, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U. S. government; • public disclosures of certain contract and company information; and • mandatory socioeconomic compliance requirements, including labor requirements, non- discrimination **requirements** and affirmative action programs, and environmental compliance requirements. Government contracts are also generally subject to greater scrutiny by the government, which can unilaterally initiate reviews, audits and investigations regarding our compliance with government contract requirements. In addition, if we fail to comply with government contract laws, regulations and contract requirements, our contracts may be subject to termination or suspension, and we may be subject to financial and / or other liability under our contracts or under the Federal Civil False Claims Act. The False Claims Act' s " whistleblower " provisions allow private individuals, including present and former employees, to sue on behalf of the U. S. government. The False Claims Act statute provides for treble damages and other penalties and, if our operations are found to be in violation of the False Claims Act, we could face other adverse action, including suspension or prohibition from doing business with the United States government. Any penalties, damages, fines, suspension, or damages could adversely affect our ability to operate our business and our financial results.

Additionally, although the Company has received its Authority to Operate from the **Federal Risk and Authorization Management Program (“FedRAMP”)**, any change to our moderate cloud solution FedRAMP status could impede our ability to enter into contracts with government entities. If we do not successfully manage our FedRAMP status, our sales to government entities could be delayed or limited, and as a result, our business, financial condition, and results of operations would be adversely affected. **Certain Changes of administration in the Company-U. S. federal government may affect our business in a manner that currently cannot be reliably predicted. For example, an advisory commission, the “ Department of Government Efficiency ” was announced to reform federal government processes and reduce expenditures. Pressures on and uncertainty surrounding the U. S. federal government ’ s budget** officers and early-stage investors (who hold super voting securities), control a significant percentage of the voting rights of the Company, and they may make **potential change in budgetary priorities could adversely affect individual programs and delay purchasing or payment decisions by certain** that may not reflect the interests of **our existing** other stockholders. The holders of our- **or targeted customers. All Class B Common Stock and Super Voting Preferred Stock currently control a significant portion of the these uncertainties may individually** voting rights of the Company. Holders of our- **or Class B Common Stock (including Mr. Li in the aggregate materially and adversely affect our business, results of operations our- or financial condition. 24**We Chairman and Chief Executive Officer, and Stacy Dean Stephens, our EVP and Chief Client Officer) and the holders of the Super Voting Preferred Stock (collectively, the “ Super Voting Stock ”), are entitled to ten votes for each such share held at meetings of stockholders, subject to the provisions of Delaware law and relevant provisions of the Company’s certificate of incorporation. Holders of Class A Common Stock are entitled to one vote for each share held. Holders of Class B Common Stock may convert their shares of Class B Common Stock into shares of Class A Common Stock on a 1:1 basis. As of March 29, 2024, the holders of the Super Voting Stock beneficially held approximately 27.8% of the Company’s total voting rights, with Mr. Li and Mr. Stephens beneficially holding (including by irrevocable voting proxy) approximately 19.8% and 8.3%, respectively, of the Company’s voting rights (approximately 28.1% collectively). As a result, holders of the Super Voting Stock (including certain officers of the Company) will be able to exert a significant degree of influence over our management and affairs and control over matters requiring stockholder approval, including the election of our directors and approval of significant corporate transactions. This concentration of voting power may also delay or prevent a change in control of us and might affect the market price of our securities. The interests of these stockholders may not always coincide with the interests of other securityholders of the Company. 25The Company is dependent on the global supply chain and **has have** experienced supply chain constraints, as well as increased costs on components and shipping resulting from the COVID-19 pandemic and the continuing conflict in Ukraine. The Company experienced **We are dependent on a complex global supply chain and continue to face challenges such as raw material** constraints resulting from the COVID-19 pandemic, which slowed down production and negatively impacted the timing of deploying ASRs to our clients. In addition, we experienced supply chain delays as a result of the impact of the conflict in the Ukraine. These supply constraints include, but are not limited to, semiconductor shortages as well as shortages of certain commodities. Extended **extended** lead times on **key components** certain parts as well as a lack of immediate availability may delay our ability to deploy ASRs, and consequently, may delay our ability to recognize revenue. In addition **Geopolitical conflicts, tariffs and the other** Company has also faced **trade restrictions, and inflationary pressures have led to** increased costs **of for materials, components,** and freight resulting from COVID-19. Further, current or future governmental policies may increase the risk of inflation, which **may negatively impact** could further increase the costs of raw materials and components for our business. Similarly, **prospects** if costs of goods continue to increase, **results of operations and cash flows** our suppliers may seek price increases from us. If we **cannot offset** are unable to mitigate the **these** impact of **cost increases through pricing strategies or operational efficiencies, our financial performance may suffer. Additionally,** supply chain **disruptions** constraints and inflationary pressure through price increases or other measures, our results of operations and financial condition could **delay** be negatively impacted. Even if we are able to raise the prices of our products- **product deployment, affecting** consumers might react negatively to such price increases, which could have a material adverse effect on, among other things, our brand, reputation, and sales. If our competitors substantially lower their prices, we may lose customers and mark down prices. Our profitability may be impacted by lower prices, which may negatively impact gross margins. Even though we are working to alleviate supply chain constraints through various measures, we are unable to predict the impact of these constraints on the timing of revenue **recognition** and operating costs of our business in the near future. Raw material supply shortages and supply chain constraints, including cost inflation, have impacted and could continue to negatively impact our ability to meet increased demand, which in turn could impact our net sales revenues and market share. The increased cost of components and freight as well as ongoing delays in receiving raw materials and components for production are likely to have an **and customer satisfaction** impact on sales and profitability in 2024 and beyond. Risks Related to Ownership of our Class A Common Stock We may not be able to comply with all applicable listing requirements or standards of The Nasdaq Capital Market, and Nasdaq could delist our Class A Common Stock. Our Class A Common Stock is listed on The Nasdaq Capital Market under the symbol “ KSCP. ” In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements, including maintaining a minimum bid price and a minimum market value. The inability to comply with applicable listing requirements or standards of The Nasdaq Stock Market LLC (“ Nasdaq ”) could result in the delisting of our Class A Common Stock, which could have a material adverse effect on our financial condition and could cause the value of our Class A Common Stock to decline. **In** On October 26, 2023, the Company was listed on The Nasdaq Global Market and received written notice (the “ Notice ”) from Nasdaq indicating that the Company is no longer in compliance with Nasdaq Listing Rule 5450 (a) (1) (the “ Minimum Bid Price Requirement ”), as the minimum bid price of the Company’s Class A Common Stock had been below \$ 1.00 per share for the last 31 consecutive business days. The notification of noncompliance had no immediate effect on the listing or trading of the Company’s Class A Common Stock on The Nasdaq Global Market at that time. The Company has 180 calendar days, or until April 23, 2024 to regain compliance with the Minimum Bid Price

Requirement. The Company transferred to The Nasdaq Capital Market effective as of March 4, 2024. As a result, provided that the Company meets continued listing requirements for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and provides written notice of its intention to cure the bid price deficiency during the second compliance period by April 23, 2024 the Company may be eligible for an additional 180-calendar day compliance period to regain compliance with the Minimum Bid Price Requirement. If we fail to regain compliance with the Minimum Bid Price Requirement by April 23, 2024 and it is determined that we are not eligible for the 180-calendar day extension, we expect to receive a determination letter from the Nasdaq staff that our Class A Common Stock is subject to delisting. If we receive such a determination letter, we expect to have a period of seven days to submit a written request for a review of the delisting determination by the Nasdaq Hearings Panel (the "Hearings Panel"). There can be no assurance that the Company will be able to regain compliance with the Minimum Bid Price Requirement or that a Hearings Panel would grant an exception to the Minimum Bid Price Requirement to give us additional time to comply with the rule. ~~26~~In the event that our Class A Common Stock is delisted and not eligible for quotation on another market or exchange, trading of our Class A Common Stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our Class A Common Stock, and the price of our Class A Common Stock could decline further. In addition, it may be difficult for us to raise additional capital if we are not listed on a major exchange. The Company will need to seek additional funds in the future. The Company projects operating losses and negative cash flows for the foreseeable future. These factors raise substantial doubt about our ability to continue as a going concern. See Liquidity and Capital Resources. We will require additional funds to maintain our operations and respond to business challenges and opportunities, including the need to develop new products or enhance our existing products, enhance our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we will need to engage in equity or debt financings to secure additional funds, such as our current at-the-market offering program. ~~We are currently authorized to issue 114,000,000 shares of Class A common stock. On February 23, 2024, we filed a definitive proxy statement with the SEC in connection with a special meeting of stockholders to be held on April 5, 2024 to approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our Class A Common Stock from 114,000,000 to 228,000,000 (the "Share Increase Amendment"). Our ability to conduct financing activities, including our at-the-market offering program, will be limited unless the Share Increase Amendment is approved. If we raise additional funds through further issuances of equity or debt securities, including through our at-the-market offering program, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our existing capital stock.~~ Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. See "Any debt arrangements that we enter into may impose significant operating and financial restrictions on us, which may prevent us from capitalizing on business opportunities. A breach of any of the restrictive covenants under such debt arrangements may cause us to be in default under our debt arrangements, and our lenders could foreclose on our assets." Such financing could also require us to pledge assets as security for borrowings. If we were to leverage our business by incurring significant debt, we may be required to devote a substantial portion of our cash flow to service that indebtedness. This could require us to modify our business plan, for example, by delaying the expansion of our business. If we are unable to obtain adequate financing or financing on terms satisfactory to us, the Company may have to significantly reduce its operations or delay, scale back or discontinue the development of one or more of its platforms, seek alternative financing arrangements, declare bankruptcy or terminate its operations entirely. Our stock price may be volatile. The market price of our Class A Common Stock may be thinly traded, highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following: • Fluctuations in and unpredictability of our sales cycle; • Changes to the physical security and technology industries; • Current and future competition; ~~25~~ • Additions or departures of key personnel; • Additional sales of our Class A Common Stock and other securities; • Our ability to execute our business plan; • Operating results that fall below expectations; • Loss of any strategic relationship; • Continued access to working capital funds; ~~27~~ • Economic and other external factors; and • The threat of terrorism, geopolitical tensions, and general disruptions in the global economy, including the impacts of military action, financial and economic sanctions, and increasing geopolitical tensions related to the ongoing conflicts between Russia and Ukraine and Israel and its surrounding areas. In addition, the securities ~~public safety~~ markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Class A Common Stock. As a result, you may be unable to resell your shares at a desired price. We have not paid cash dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our Class A Common Stock. We have never paid cash dividends on our equity securities and do not anticipate doing so in the foreseeable future. The payment of any dividends on our Class A Common Stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our Class A Common Stock may be less valuable because a return on your investment will only occur if our stock price appreciates. If financial securities industry analysts ~~cease~~ ~~continue~~ not to publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our Class A Common Stock could be negatively affected. ~~The~~ Any trading market for our Class A Common Stock will be influenced in part by any research reports that financial securities industry analysts publish about us or our business. We do not currently have and may not obtain any future research coverage by securities industry analysts. In the event we are covered by analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage on us, the market price and market trading volume of our Class A

Common Stock could be ~~negatively~~ **adversely** affected **if securities analysts cease to publish reports or publish unfavorable research reports about us, our financial performance, or our industry. Negative analyst coverage, a downgrade of our stock, or speculation about our business prospects could reduce investor confidence, increase stock price volatility, and limit our access to capital. Additionally, if analysts discontinue coverage or fail to provide regular updates, investor interest and liquidity in our stock may decline, further impacting our valuation**. Future issuances of debt securities, which would rank senior to our common equity in bankruptcy or liquidation, or future issuances of preferred stock, which would rank senior to our common equity for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our Class A Common Stock. In the future, we may attempt to increase our capital resources by offering debt securities. Upon bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common equity. Moreover, if we issue additional preferred stock, the holders of such preferred stock, together with current holders of Preferred Stock who choose not to convert their shares to common equity, could be entitled to preferences over holders of Class A Common Stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred securities in any future offering, or to borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. ~~We~~ **26We** are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A Common Stock less attractive to investors. We are an “emerging growth company” as defined in the Jumpstart Our Business Startups (“JOBS”) Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised financial accounting standards until such time as those standards apply to private companies. We intend to take advantage of the extended transition period for adopting new or revised financial statements under the JOBS Act as an emerging growth company. We will remain an emerging growth company until the earliest of (i) the end of the fiscal year in which the market value of our Class A Common Stock that is held by non-affiliates is at least \$ 700 million as of the last business day of our most recently completed second fiscal quarter, (ii) the end of the fiscal year in which we have total annual gross revenues of \$ 1.235 billion or more during such fiscal year, (iii) the date on which we issue more than \$ 1 billion in non-convertible debt in a three-year period, or (iv) the last day of the fiscal year in which the fifth anniversary of the completion of our listing on Nasdaq occurs. ~~28For~~ **For** as long as we continue to be an emerging growth company, we may also take advantage of other exemptions from certain reporting requirements that are applicable to other public companies, including not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes-Oxley Act, exemption from any rules that may be adopted by the Public Company Accounting Oversight Board (“PCAOB”) requiring mandatory audit firm rotations or a supplement to the auditor’s report on financial statements, extended transition periods for complying with new accounting standards, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute arrangements, and reduced financial reporting requirements. Investors may find our Class A Common Stock less attractive because we will rely on these exemptions, which could result in a less active trading market for our Class A Common Stock, increased price fluctuation, and a decrease in the trading price of our Class A Common Stock. ~~We have incurred and~~ will continue to incur ~~increased~~ **significant** costs as a result of operating as a listed public company and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices. As a listed public company, and particularly in the future when we are no longer an “emerging growth company,” we will incur significant legal, accounting and other expenses that we have not incurred in the past. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel will need to devote a substantial amount of time to comply with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain directors’ and officers’ liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We cannot predict or estimate the amount of additional costs we will incur as a listed public company or the timing of such costs. **We are subject to complex and changing laws and regulations, which exposes us to potential liabilities, increased costs and other adverse effects on our business. We are subject to complex and changing laws, regulations, and executive orders, and compliance with these laws and regulations and executive orders, as well as changing interpretations, policies, and enforcement priorities related to such laws, regulations, and executive orders, is onerous and expensive. Compliance with such laws, regulations, and executive orders can adversely affect our business by increasing our costs, limiting our ability to pursue or offer a product, and requiring changes to our business. New and changing laws, regulations, and executive orders can also create uncertainty about how such laws and regulations will be interpreted, prioritized, or applied. Regulatory changes and other actions that materially adversely affect our business may be announced with little or no advance notice and we may not be able to effectively mitigate all adverse impacts from such measures. Differing interpretations of such legal obligations and policy changes or changes in enforcement priorities can expose us to significant fines, government investigations, litigation and reputational harm. If we are found to have violated laws, regulations, or executive orders, it could materially adversely affect our business, reputation, results of operations and financial condition.** ~~Substantial~~ **27Substantial** future sales or issuances of our securities, or the perception in the public markets that these sales may occur, may depress our stock price. Sales of substantial amounts of our Class A Common Stock in the public market, the conversion of the securities convertible into Class A Common Stock and subsequent sale of the underlying securities, or the perception that these sales or conversion could occur, could adversely affect the price of our Class A Common Stock and could impair our ability to raise capital through the sale of additional shares. Such

shares of Class A Common Stock are generally freely tradable without restriction under the Securities Act. Furthermore, holders of our preferred stock have the option to convert their shares of preferred stock into shares of our common equity, which may be subsequently sold in the market. In addition, the applicable conversion rates for certain of our preferred stock and / or warrants, may be adjusted based on future issuances of our Class A Common Stock, which may lead to the issuance of additional shares of Class A Common Stock. The issuance and sale of substantial amounts of shares of our Class A Common Stock, or announcement that such issuances and sales may occur, could adversely affect the market price of our Class A Common Stock. If there are more shares of Class A Common Stock offered for sale than buyers are willing to purchase, then the market price of our Class A Common Stock may decline to a market price at which buyers are willing to purchase the offered shares of Class A Common Stock and sellers remain willing to sell the shares. In the future, we may also issue additional securities given our need to raise capital, which could constitute a material portion of our then- outstanding shares of common stock. We may be unable to successfully integrate the businesses and personnel of acquired companies and businesses, and may not realize the anticipated synergies and benefits of such acquisitions. From time to time, we may complete acquisitions of companies and certain businesses of companies, and we may not realize the expected benefits from such acquisitions because of integration difficulties or other challenges. ~~For example, in October 2022, we completed the CASE Acquisition.~~ ~~29~~ ~~The~~ success of any acquisition will depend, in part, on our ability to realize all or some of the anticipated synergies and other benefits from integrating the acquired businesses with our existing business. The integration process may be complex, costly and time-consuming. The potential difficulties we may face in integrating the operations of our acquisitions include, among others: • Failure to implement our business plan for the combined businesses; • Unexpected losses of key employees, customers or suppliers of acquired companies and businesses; • Unanticipated issues in conforming our acquired companies' and businesses' standards, processes, procedures and internal controls with our operations; • Coordinating new product and process development; • Increasing the scope, geographic diversity and complexity of our operations; • Diversion of management' s attention from other business concerns; • Adverse effects on our or acquired companies' and businesses' existing business relationships; • Unanticipated changes in applicable laws and regulations; • Unanticipated expenses and liabilities; and • Other difficulties in the assimilation of acquired companies and businesses operations, technologies, products and systems. We may not be able to maintain or increase the levels of revenue, earnings or operating efficiency that any acquired company and business and us had historically achieved or might achieve separately. In addition, we may not accomplish the integration of any acquired company and business smoothly, successfully or within the anticipated costs or timeframe. If we experience difficulties with the integration process or if the business of any acquired company or business deteriorates, the anticipated cost savings, growth opportunities and other synergies of any acquired company and business may not be realized fully or at all, or may take longer to realize than expected. ~~If~~ ~~28~~ ~~If~~ any of the above risks occur, our business, financial condition, results of operations and cash flows may be materially and adversely impacted, we may fail to meet the expectations of investors or analysts, and our stock price may decline as a result. Increasing attention to, and evolving expectations for, environmental, social, and governance (“ ESG ”) initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business. Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG practices. Expectations regarding ~~voluntary~~ ESG initiatives and disclosures may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for certain offerings, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition, or results of operations. While we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or goals, among others) to ~~improve~~ ~~address~~ the ESG profile of our company and / or offerings or to respond to stakeholder demands, such initiatives may be costly and may not have the desired effect. Expectations around companies' management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. We may experience pressure to make commitments relating to ESG matters that affect us; however, we may not agree that particular initiatives will be appropriate for our business, and we may not be able to implement such initiatives because of potential costs or technical or operational obstacles, which may adversely impact our reputation or stakeholder relations. **Further, stakeholder expectations regarding ESG matters continue to evolve and are not uniform, and our pursuit of our goals and initiatives could adversely impact our reputation due to such differing expectations.** If we do not, or are perceived by stakeholders to not, take sufficient ~~or appropriate~~ action to respond to ESG matters, we may be subject to investor or regulator engagement on our ESG initiatives and disclosures, even if such initiatives are currently voluntary. ~~30~~ **Certain market participants, including major institutional investors and capital providers, use third- party benchmarks and scores to assess companies' ESG profiles in making investment or voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment towards us, which could negatively impact our share price as well as our access to and cost of capital. To the extent ESG matters negatively impact our reputation, it may also impede our ability to compete as effectively to attract and retain employees or customers, which may adversely impact our operations. In addition, laws, regulations, policies, executive orders, and enforcement priorities, disclosure- related and otherwise, have been changing rapidly with respect to ESG matters. These changes will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. See section “ We are subject to complex and changing laws and regulations, which exposes us to potential liabilities, increased costs and other adverse effects on our business ” above. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us. Short sellers of our stock may be manipulative and may drive down the market price of our Class A Common Stock. Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it**

received in the sale. It is therefore in the short seller's interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer's business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. As a public entity, we may be the subject of additional concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. There are no assurances that we will not face short sellers' efforts or similar tactics in the future, and the market price of our Class A Common Stock may decline as a result of their actions. 29