

SIDDHESH GORE

16-NOV-23



# AGENDA

- Company Overview
- Economy
- Industry
- Company Analysis



# ABOUT

## Executive Summary:

Axon Enterprise is a leading public safety technology company that delivers a comprehensive suite of interconnected devices, software, and data analytics solutions to law enforcement agencies, militaries, and civilians worldwide. The company is dedicated to safeguarding life by providing cutting-edge solutions that enhance safety, transparency, and accountability.

## Headquarters:

Scottsdale, AZ

US



**TASER**



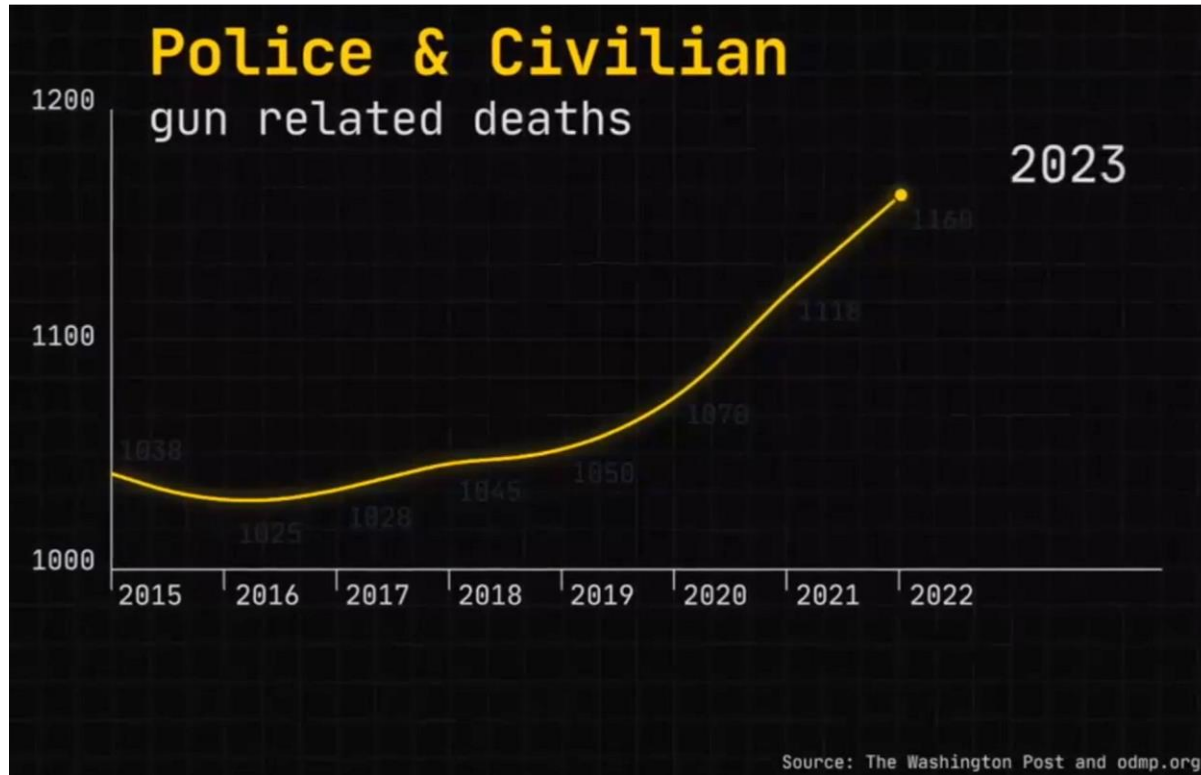
**AXON CLOUD**



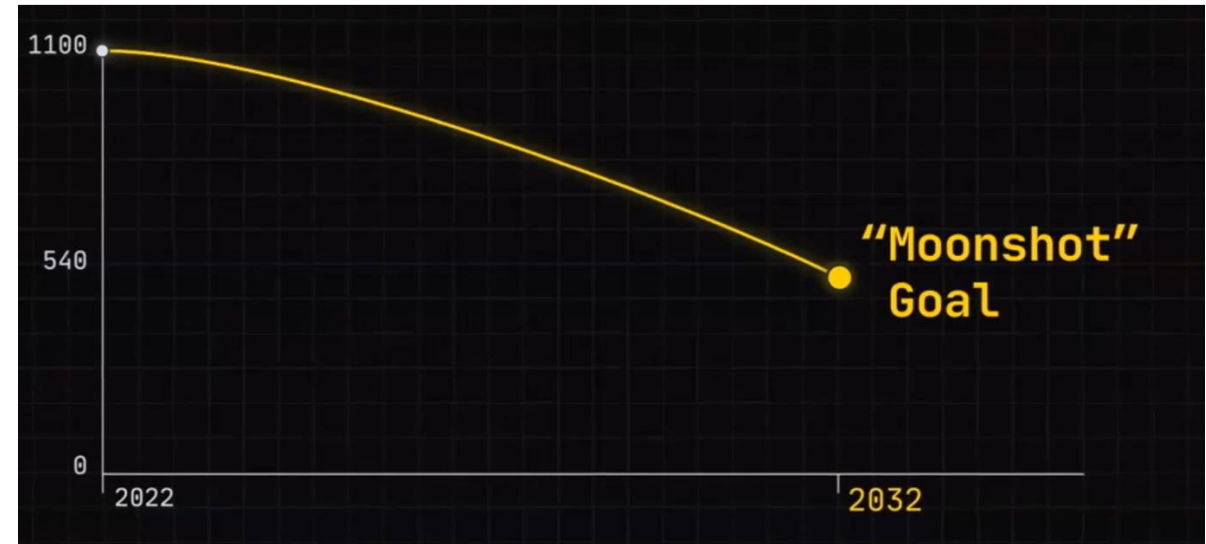
**SENSORS + OTHER**



# MISSION: MOONSHOT GOAL



Aim Reduce gun related death by 50% in 10 years



# AXONS PERFORMANCE AT A GLANCE

## **Axon reports Q3 2023 revenue up 33% to \$414 million, raises outlook**

- Annual Recurring Revenue grows 54% year over year to \$619 million
- International revenue grows 52%, supported by growing pipeline
- Net income of \$59 million supports Adjusted EBITDA of \$92 million
- Raises full year revenue outlook to approximately \$1.55 billion, or 30% annual growth; expects full year Adjusted EBITDA margin just above 20%
- TASER 10 demand exceeding expectations
- U.S. federal government momentum builds and U.S. Department of Veterans Affairs is live on Axon Records

# RECOMMENDATION

CURRENT  
PRICE

\$222.00

MARKET  
CAP

16.692B

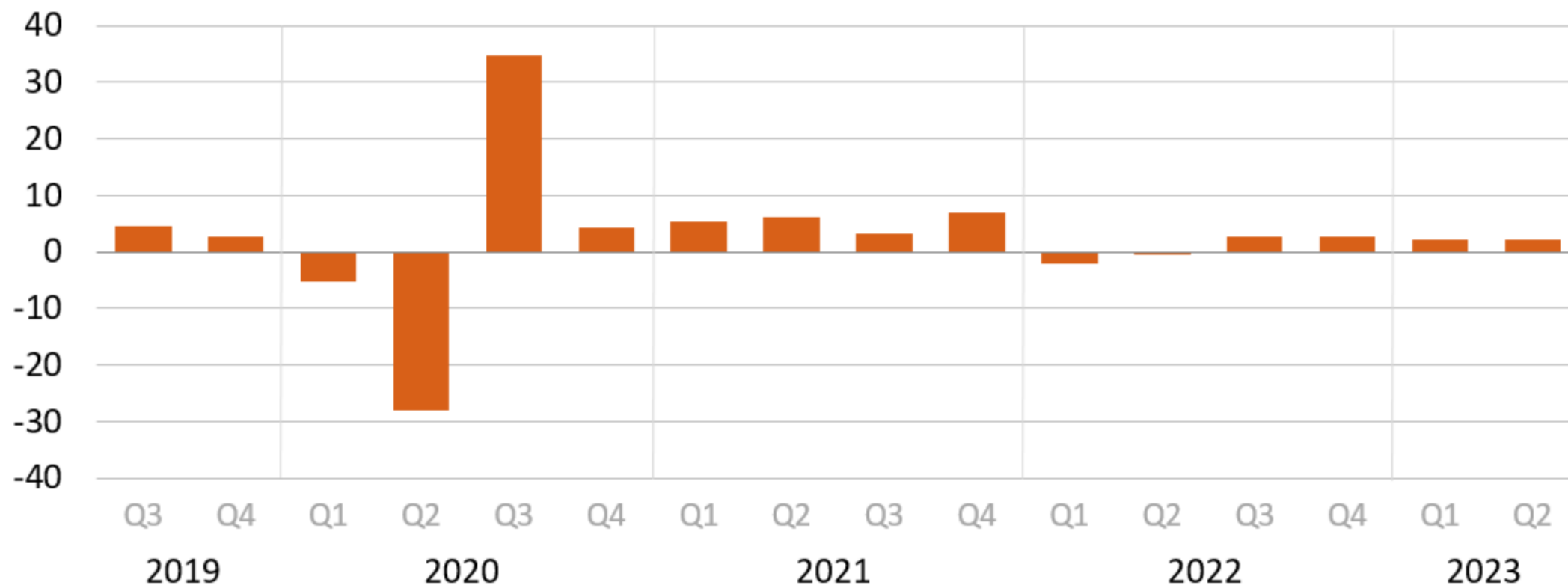
MODEL  
PRICE

\$216.00      BASE

\$245.19      BEST

# US ECONOMY OVERVIEW

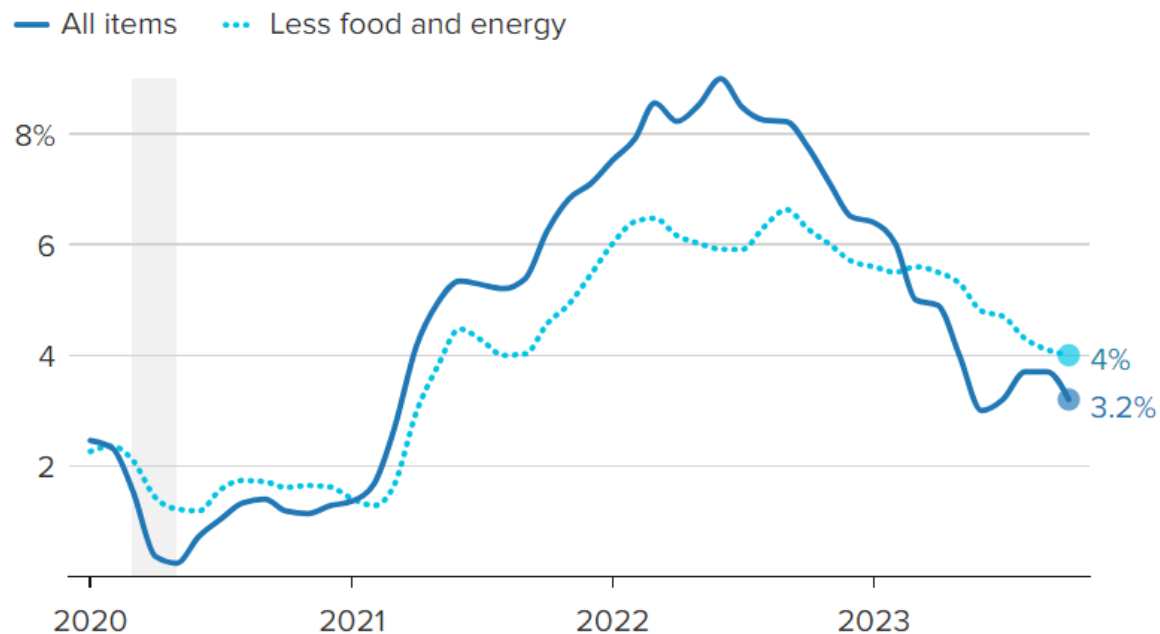
Real GDP: Percent change from preceding quarter



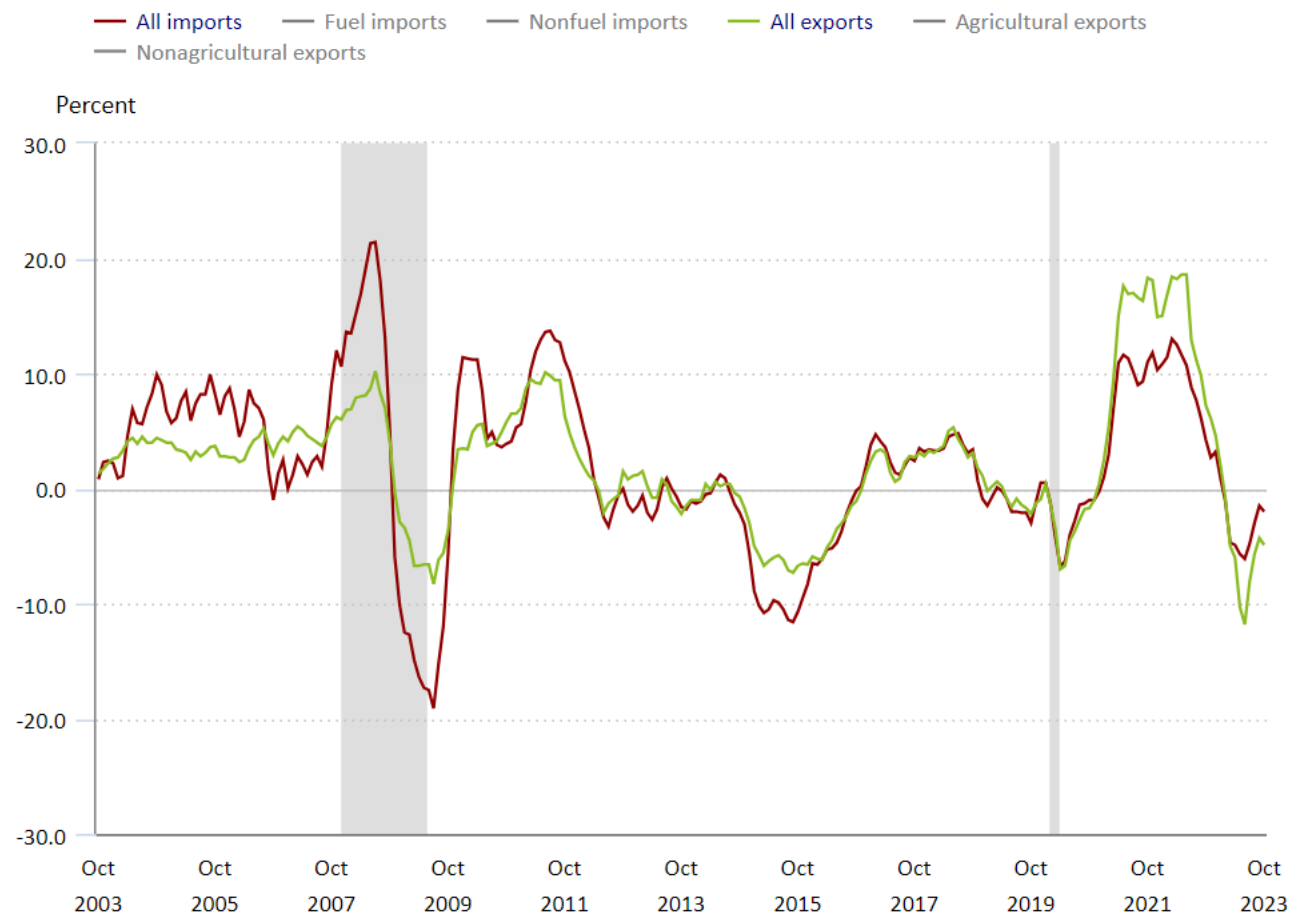
# US ECONOMY OVERVIEW

## U.S. consumer price index

Year-over-year percent change as of October 2023



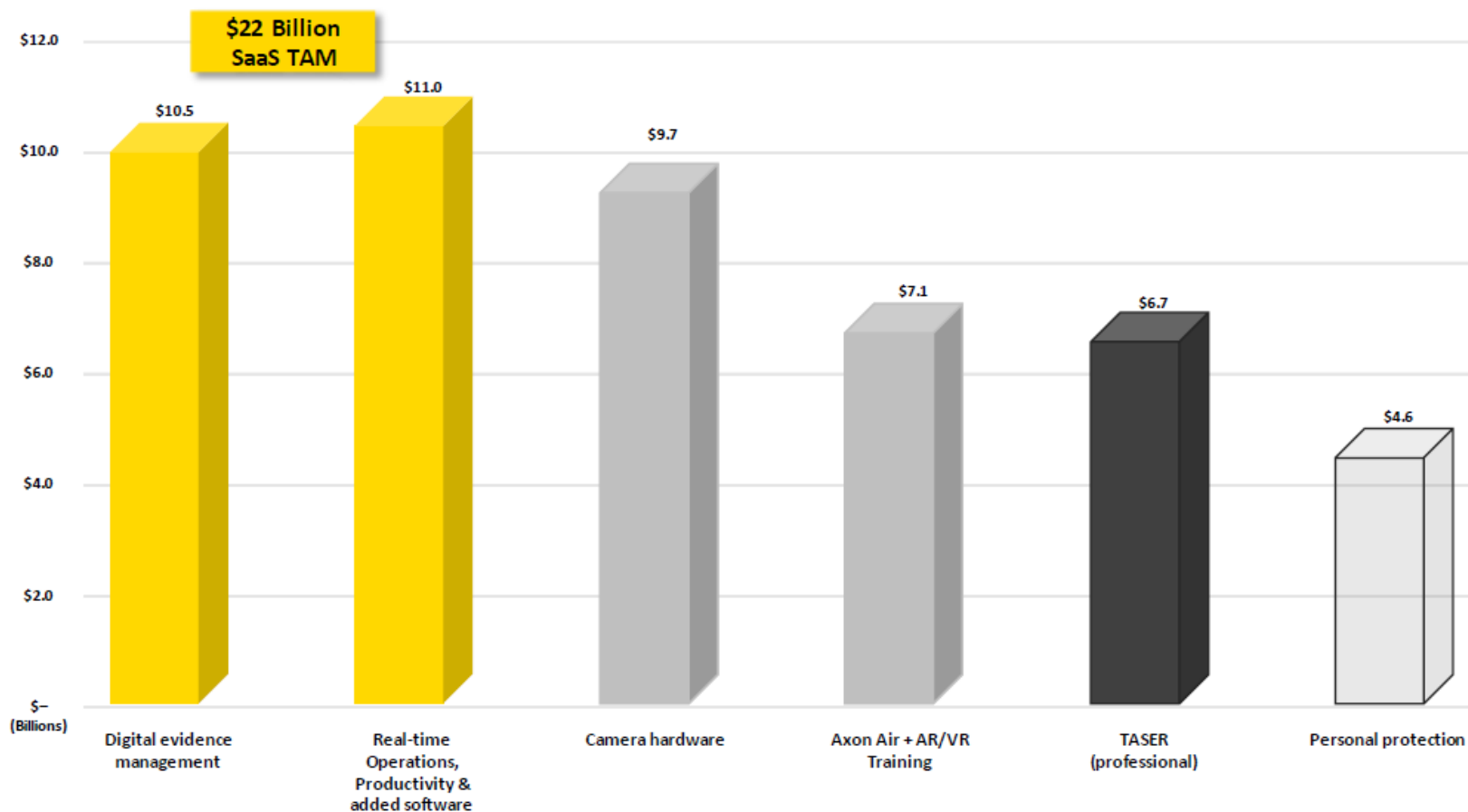
## U.S. import and export price indexes, 12-month percent change





# INDUSTRY ANALYSIS

## Massive market opportunity

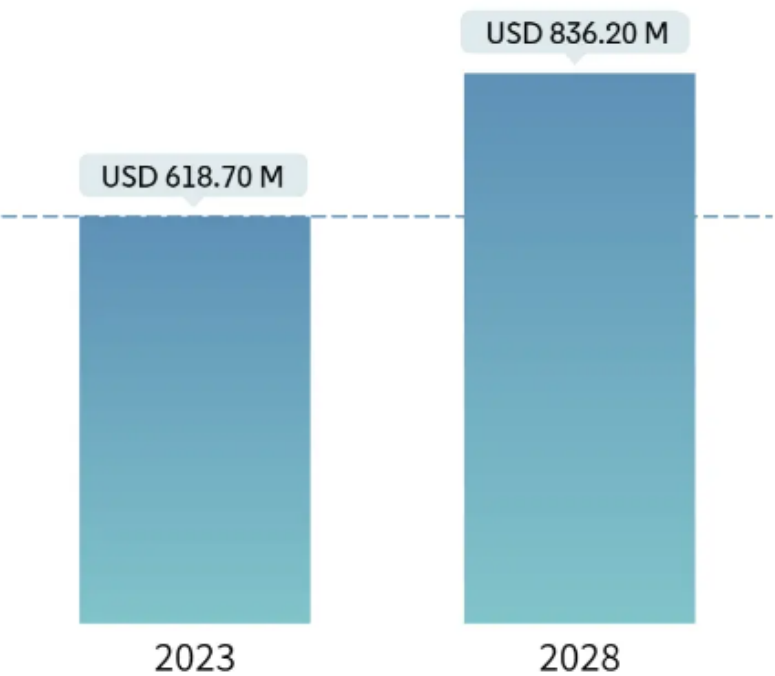


**\$50  
BILLION  
TAM**

# INDUSTRY ANALYSIS

## US Conducted Energy Weapons Market

Market Size in USD Million  
CAGR 6.21%



Source : Mordor Intelligence



Study Period	2018-2028
Base Year For Estimation	2022
Market Size (2023)	USD 618.70 Million
Market Size (2028)	USD 836.20 Million
CAGR (2023 - 2028)	6.21 %
Market Concentration	High

### Major Players



\*Disclaimer: Major Players sorted in no particular order

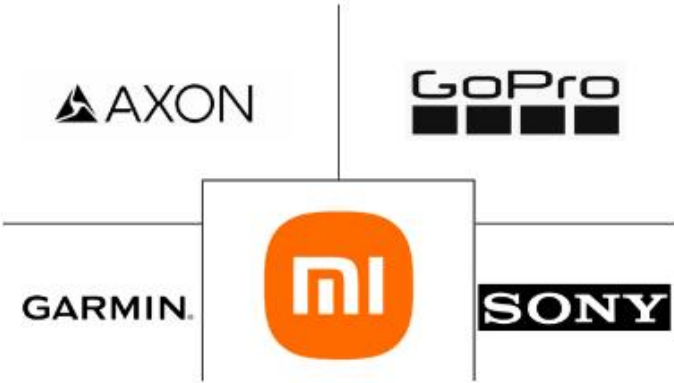
# INDUSTRY ANALYSIS

## Body Worn Camera Market Size



Study Period	2018 - 2028
Base Year For Estimation	2022
CAGR	15.96 %
Fastest Growing Market	Asia Pacific
Largest Market	North America
Market Concentration	Low

### Major Players



\*Disclaimer: Major Players sorted in no particular order

# INDUSTRY ANALYSIS

## Evidence Management Market Market Size

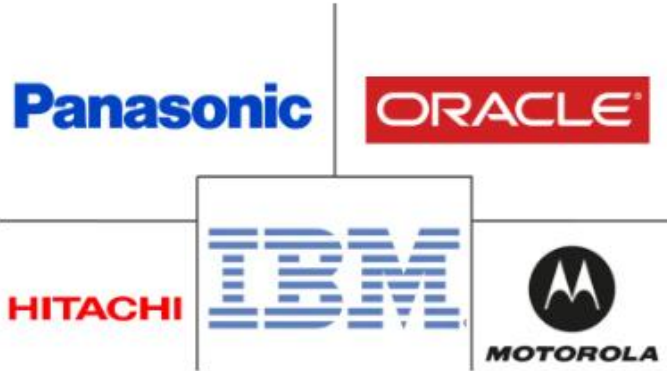


Source : Mordor Intelligence



Study Period	2018 - 2028
Base Year For Estimation	2022
CAGR	18.00 %
Fastest Growing Market	Asia Pacific
Largest Market	North America
Market Concentration	Low

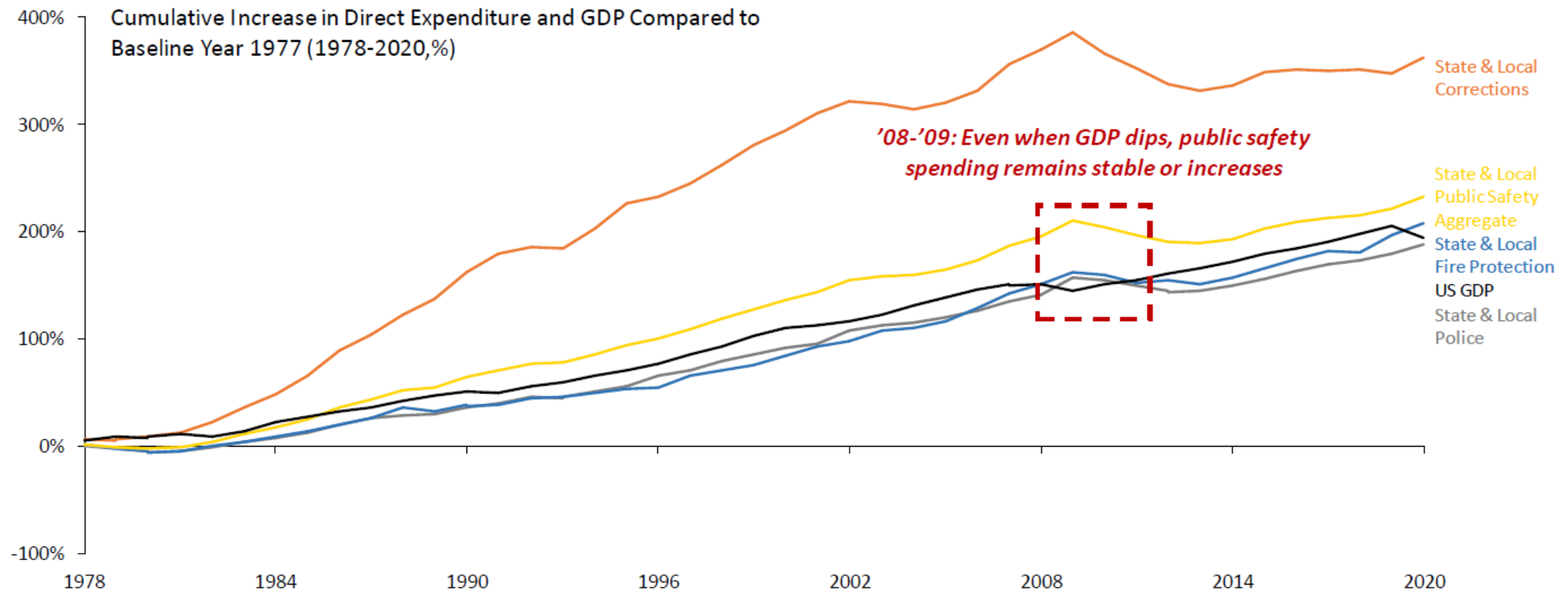
### Major Players



\*Disclaimer: Major Players sorted in no particular order

# INDUSTRY ANALYSIS

## U.S. public safety spending is resilient & growing





# BOARD OF DIRECTORS

## Axon's Board of Directors



**Michael  
Garnreiter**

Chairman of the Board



**Julie Anne  
Cullivan**

Director



**Graham  
Smith**

Director



**Caitlin  
Kalinowski**

Director



**Dr. Matthew R.  
McBrady**

Director\*



**Adriane  
Brown**

Director



**Hadi  
Partovi**

Director



**Chief Jeri  
Williams**

Director



**Mark W.  
Kroll, PH.D**

Director



**Erika  
Ayers Badan**

Director



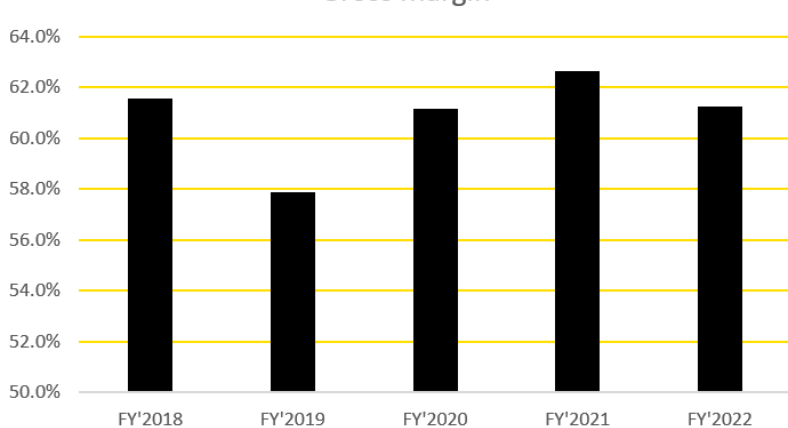
**Rick  
Smith**

Director\*, CEO &  
Founder

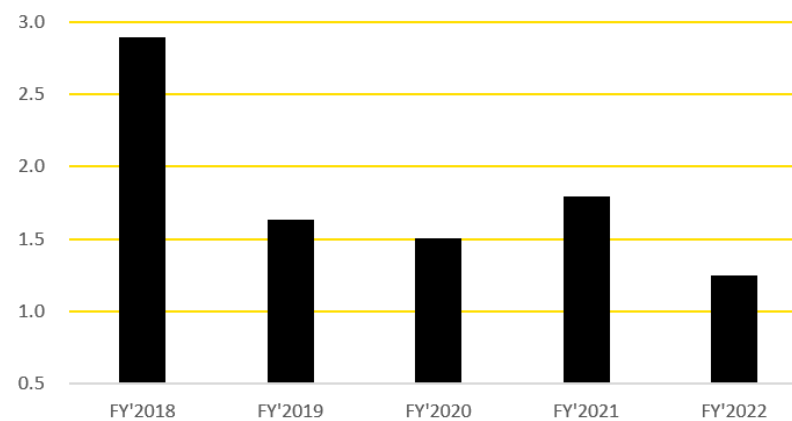


# AXON KEY RATIOS (HISTORIC)

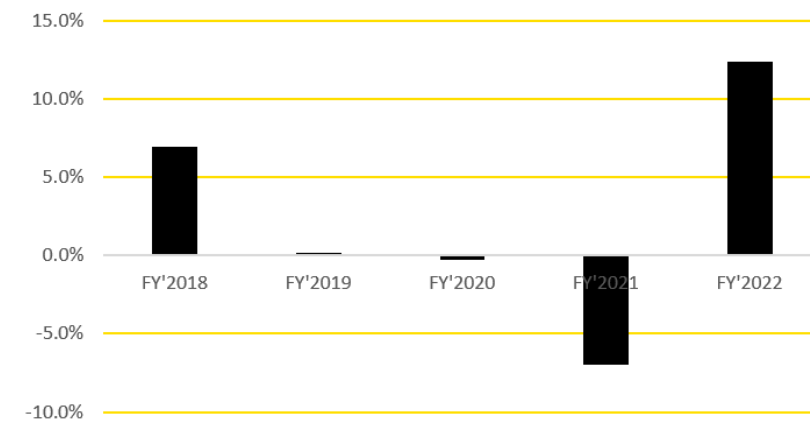
Gross margin



Quick Ratio



Net profit margin



# AXON PRODUCTS

## CROSS-SELL & UP-SELL



TASER



Software



Devices + Sensors

## NEW PRODUCTS



Axon Air



Axon  
Respond



VR Training

## NEW MARKETS & USER PROFILES



Enterprise



Federal



Justice



Fire & EMS

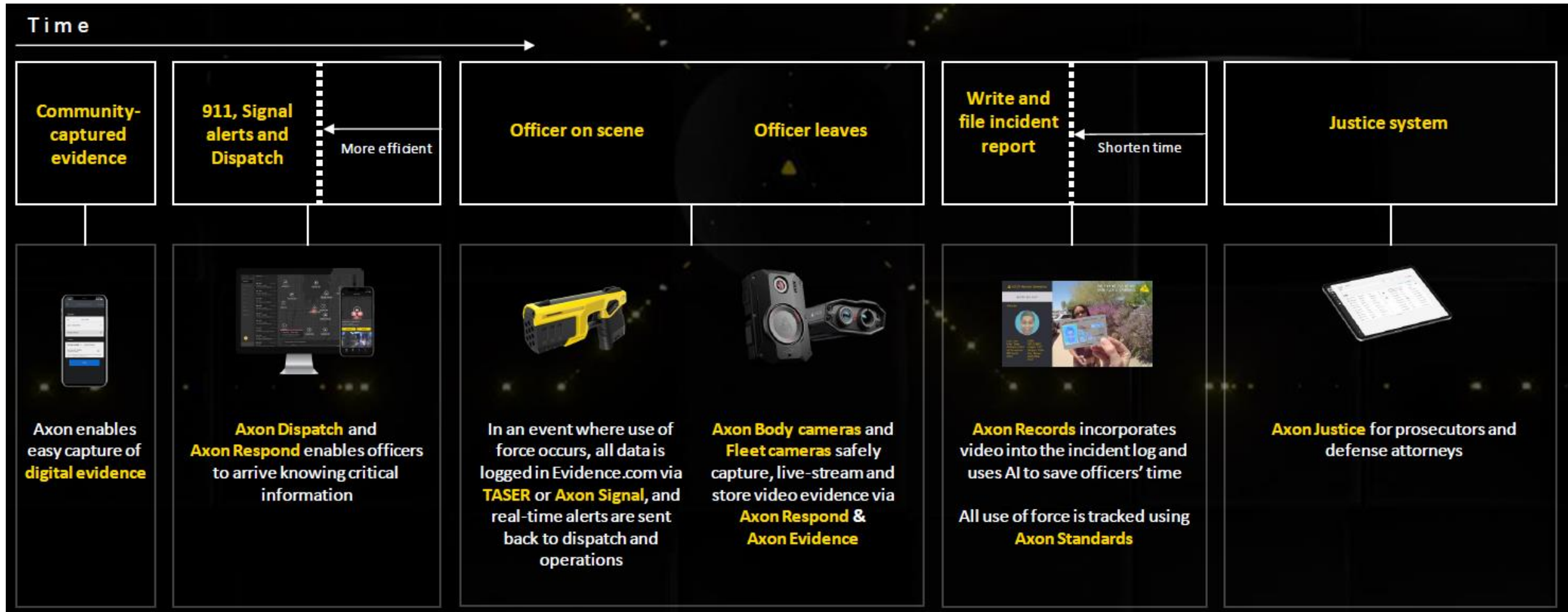


Corrections

## GLOBAL EXPANSION



# AXONS VISION (THE BIG PICTURE)



# FLYWHEEL EFFECT





# MARKET PENETRATION DRIVERS (TO WHOM THEY SELL)

## U.S. STATE & LOCAL

NYPD



LAPD



MIAMI PD



## U.S. FEDERAL

DHS



DOD



DOJ



## INTERNATIONAL

LONDON MET.



ITALY STATE POLICE



TORONTO PD



## COMMERCIAL ENTERPRISE



**17k+ public safety**  
agencies globally

**121% net**  
revenue retention

**5+ year**  
customer contracts

 = Growth Markets

# GROWTH OPPORTUNITIES

## Axon enjoys early TAM penetration & global expansion opportunity



# GROWTH OPPORTUNITIES

## TASER

User adoption of TASER devices is still early outside of US state, local law enforcement, and US federal penetration remains early.

## BODY CAMERA

Body camera user adoption has been steadily growing since 2015 and is still several years away from market saturation.

## FLEET:

Fleet in-car cameras enjoy wide growth runway. TAM assumes ~800K vehicles in scope for the US and ~650K internationally.

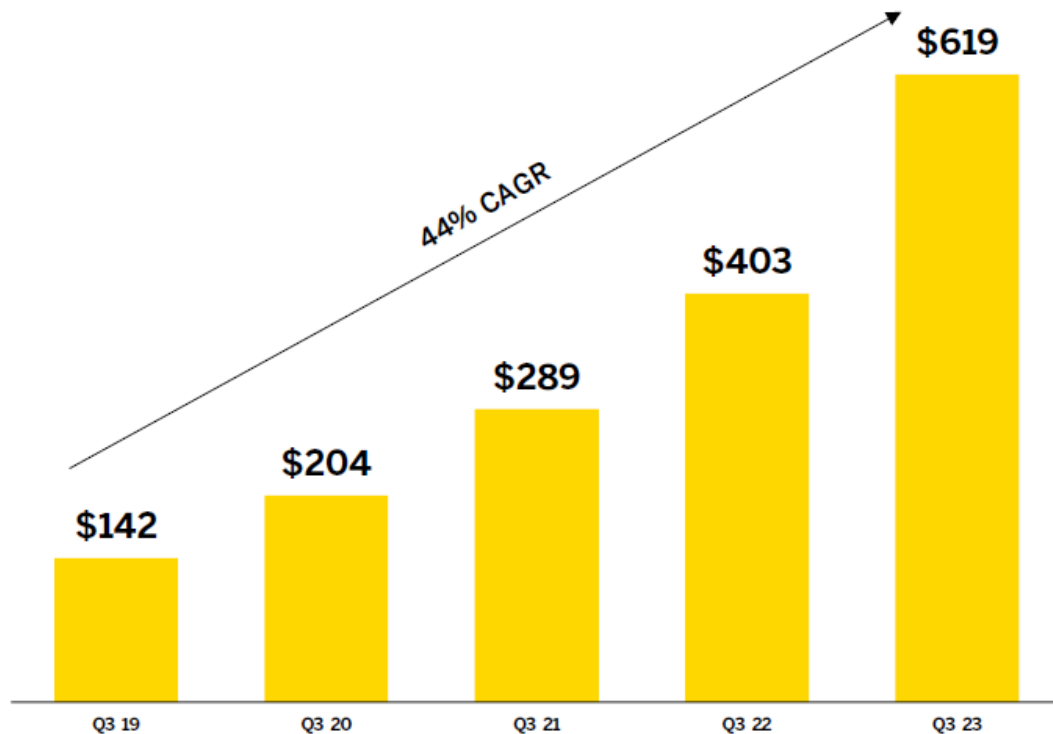
## AXON CLOUD SaaS:

Axon Cloud SaaS software dollar penetration still in its early stages. Axon's licensed users exhibit healthy revenue retention.

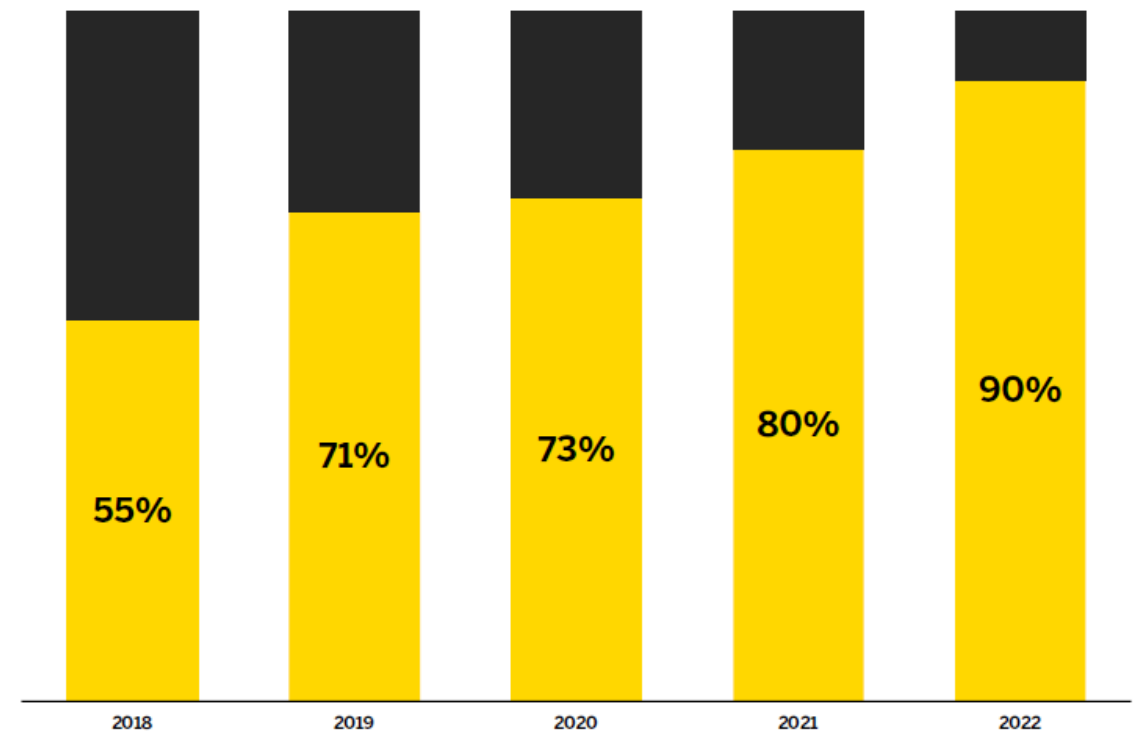
# FINANCIAL PERFORMANCE

## High financial visibility driven by recurring subscription bundles

SAAS ANNUAL RECURRING REVENUE  
(\$ MILLIONS)



% TOTAL REVENUE TIED TO  
SUBSCRIPTION BUNDLES  
*(Non-subscription revenue tied to consumer, new & emerging markets)*



# SaaS Growth Is Significant

Revenue (\$ millions)





# DCF ANALYSIS



# DCF ANALYSIS (BASE CASE)

Current

Next Year

Model Current Valuation with Sensitivity of Ke							
	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	
Time period (years)	0.12	1.13	2.13	3.13	4.13	5.13	
Nominal FCFE:	448,508	257,252	450,318	554,237	1,050,543	1,405,076	
PV FCFE:	54,707	233,320	374,500	422,637	734,557	900,632	
Terminal Growth Rate	2.0%						
Terminal Value in 2027	20,303,503						
PV of Terminal Value	13,014,232						
Total PV:	15,734,586						
Valuation per Share (\$):	216.00						
Cost Of Equity Ke	Terminal Growth Rate						
	216.00	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
	7.56%	\$252.35	\$261.68	\$271.83	\$282.88	\$294.98	\$308.27
	8.06%	\$231.39	\$239.23	\$247.70	\$256.86	\$266.81	\$277.65
	8.56%	\$213.35	\$220.01	\$227.16	\$234.85	\$243.15	\$252.14
	9.06%	\$197.66	\$203.37	\$209.47	\$216.00	\$223.02	\$230.57
	9.56%	\$183.89	\$188.83	\$194.09	\$199.69	\$205.68	\$212.09
	10.06%	\$171.73	\$176.03	\$180.60	\$185.44	\$190.60	\$196.10
	10.56%	\$160.90	\$164.68	\$168.67	\$172.89	\$177.37	\$182.13

Model 12 Month Price Target with Sensitivity of Ke							
	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	
Time period	0.00	0.13	1.13	2.13	3.13	4.13	
Nominal FCFE:	448,508	257,252	450,318	554,237	1,050,543	1,405,076	
PV FCFE:	0	32,068	408,425	460,923	801,099	982,218	
Terminal Value in 2027	20,303,503						
PV of Terminal Value	14,193,162						
Total PV:	16,877,895						
Valuation per Share (\$):	231.76						
Cost Of Equity Ke	Terminal Growth Rate						
	231.76	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
	7.56%	\$267.62	\$277.67	\$288.58	\$300.47	\$313.49	\$327.78
	8.06%	\$246.23	\$254.71	\$263.85	\$273.76	\$284.51	\$296.23
	8.56%	\$227.80	\$235.03	\$242.79	\$251.14	\$260.16	\$269.92
	9.06%	\$211.74	\$217.97	\$224.63	\$231.76	\$239.41	\$247.64
	9.56%	\$197.65	\$203.06	\$208.82	\$214.96	\$221.53	\$228.55
	10.06%	\$185.17	\$189.91	\$194.94	\$200.27	\$205.95	\$212.01
	10.56%	\$174.05	\$178.23	\$182.65	\$187.32	\$192.28	\$197.54

# DCF ANALYSIS (BEST CASE)

Current

Next Year

Model Current Valuation with Sensitivity of Ke							
	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	
Time period (years)	0.12	1.13	2.13	3.13	4.13	5.13	
Nominal FCFE:	481,745	301,675	515,137	642,617	1,184,435	1,593,539	
PV FCFE:	58,762	273,610	428,406	490,032	828,176	1,021,434	
Terminal Growth Rate	2.0%						
Terminal Value in 2027	23,026,816						
PV of Terminal Value	14,759,835						
Total PV:	17,860,253						
Valuation per Share (\$):	245.19						
Cost Of Equity Ke	Terminal Growth Rate						
	245.19	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
	7.56%	\$286.41	\$297.00	\$308.50	\$321.04	\$334.76	\$349.83
	8.06%	\$262.64	\$271.53	\$281.13	\$291.52	\$302.81	\$315.10
	8.56%	\$242.18	\$249.73	\$257.84	\$266.56	\$275.98	\$286.17
	9.06%	\$224.38	\$230.86	\$237.78	\$245.19	\$253.14	\$261.70
	9.56%	\$208.76	\$214.37	\$220.33	\$226.69	\$233.48	\$240.75
	10.06%	\$194.96	\$199.85	\$205.02	\$210.52	\$216.37	\$222.61
	10.56%	\$182.68	\$186.97	\$191.49	\$196.29	\$201.37	\$206.76

Model 12 Month Price Target with Sensitivity of Ke							
	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	
Time period	0.00	0.13	1.13	2.13	3.13	4.13	
Nominal FCFE:	481,745	301,675	515,137	642,617	1,184,435	1,593,539	
PV FCFE:	0	37,606	467,214	534,422	903,198	1,113,963	
Terminal Value in 2027	23,026,816						
PV of Terminal Value	16,096,894						
Total PV:	19,153,298						
Valuation per Share (\$):	263.00						
Cost Of Equity Ke	Terminal Growth Rate						
	263.00	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
	7.56%	\$303.68	\$315.07	\$327.45	\$340.94	\$355.69	\$371.91
	8.06%	\$279.42	\$289.03	\$299.41	\$310.64	\$322.83	\$336.13
	8.56%	\$258.51	\$266.71	\$275.51	\$284.99	\$295.21	\$306.28
	9.06%	\$240.31	\$247.37	\$254.92	\$263.00	\$271.68	\$281.02
	9.56%	\$224.32	\$230.46	\$236.99	\$243.95	\$251.40	\$259.37
	10.06%	\$210.16	\$215.54	\$221.24	\$227.29	\$233.73	\$240.60
	10.56%	\$197.56	\$202.29	\$207.30	\$212.60	\$218.22	\$224.19

# COMPANY RISKS

## SEASONALITY:

Axon has historically experienced higher net sales in our fourth quarter compared to other quarters in the fiscal year due primarily to municipal budget cycles.

## OPERATIONAL:

Because of the unique requirements of the TASER 10, Axon cannot change suppliers easily. Also, certain TASER 10 components are regulated for import into the U.S. by ATF and are subject to ATF import permits.

## STRATEGIC:

substantially depend on sales of our TASER CEDs, and if these products do not continue to be widely accepted, our growth prospects will be diminished.

## FINANCIAL:

Due to municipal government funding rules, certain of the contracts are subject to appropriation, termination for convenience, or similar cancellation clauses, which could allow customers to cancel or not exercise options to renew contracts in the future.

# QUESTIONS & COMMENTS

