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Axon Enterprise, Inc. (AXON)
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MANAGEMENT DISCUSSION SEGMENT

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Hello, everyone. Welcome to our Q2 2021 Earnings Conference Webinar. I'm Andrea James, SVP of Corporate Strategy and Investor Relations.

Today we have with us Rick Smith, our CEO. He will be joining us, while doing customer visits, actually, so he's in a fleet car, one of our fleet demo cars. We have our CFO, Jawad Ahsan and Chief Revenue Office Josh Isner, and our President, Luke Larson.

I hope you all had a chance to read our shareholder letter. We posted it to investor.axon.com earlier and our remarks today are meant to build upon the information in that really robust letter.

If for some reason we lose connectivity, we'll make every effort to post our remarks to investor.axon.com.

During this call we will discuss our business outlook and make forward looking statements. Any forward-looking statements made today are pursuant to and within the meaning of the safe Harbor provision of the private securities litigation reform act of 1995. These comments are based on our predictions and expectations as of today and are not guarantees of future performance. All forward looking statements are subject to risks and uncertainties that could cause actual results to differ materially. These risks are discussed in our SEC filings.

Before we turn the call over to Rick, we're going to play for you our quarterly earnings video.

Patrick W. Smith *Chief Executive Officer & Founder*

All right. Great job on the video, Andrea. And folks, I'm giving poor Andrea a heart attack today. I was supposed to be safely in my home office connected to the internet, but I've been out all day, as with much of the summer, doing customer demos. I'm in the Fleet 3 demo vehicle, and we had a bunch of great meetings today. In fact, we're going to do this live without a net. I am going to do a quick screen share and show you what we're seeing live from this Fleet vehicle here. Hold on a second. Alright. So as you can see there, hey, Garrett wave. In the backseat we have our prisoner transport area. That's Garrett Langley, the CEO of Flock Safety, an incredible partner of ours. [Unintelligible 8:50] Another one of our customers was telling us today about a number of crimes they've already solved thanks to the Flock cameras. And then we do the mobile. So it's a great example. It's been a great investment for us and really brings a powerful capability through partnership. You'll see, on the upper left is our wide-angle camera. And then on the right is our high resolution 4k camera that we used for the license plate reading. It gives us great resolution at closing speeds of what Blake? Up to 140 miles an hour? We've got our product manager here as well. I'll show you, here's an example of a plate read. This is just a sample list we use not for criminal data. So this was just a sample we did earlier today and you'll see, this will pop an alert. The officer can then check and make sure that it's got it correct. They can go in and they can do things like categorize their existing videos, whether it's the in-car, body cameras, et cetera, it's a really intuitive, simple user interface and we're getting fantastic customer reviews. Alright, so with that, you know, I have been traveling a lot, seeing our customers scale has just been great.

We've also been encouraged to see this summer that the national conversation around policing is evolving to reflect what we've known all along. That is that police reform and progress requires investment and focused attention from our best and brightest minds.

We're obviously pumped about our quarterly performance and I couldn't be prouder of how our team is executing and it's translating into growth that we've sustained now over the last few years and we intend to keep doing it.

I'm also proud of our product development teams. They have been working really hard as we've invested to build these transformative capabilities. In the Fleet 3, which I have just demoed right here, we're able to bring artificial intelligence to bring ALPR to every car. Within 90 days of launch, we've already begun deploying 550 vehicles in Pinellas County and to my awareness, as far as I know, that's the largest mobile ALPR in the country, and it's happening literally within weeks of our product launch.

And we're already late stage negotiations with another major city to deploy over 1500 license plate readers, more than doubling what we're doing right now with Pinellas.

So you all know you shouldn't text and drive, but patrol officers are doing this all the time. They're typing in license plates while they're driving, or they've got to read it in over the radio. Fleet 3 does that for them at a dramatically lower price point, allowing them to deploy this to every car, making driving safer and reducing crime. We've already had customers just in the first few weeks, catching serious offenders and finding missing children.

On another front our Axon Evidence software continues to grow well beyond simply being the back-end for our cameras. We won a highly competitive Digital Evidence Management program in EMEA with an EMEA government, encompassing the management of all digital evidence independent of body camera programs. And this builds on similar success we've had in Canada and paves the way for us to continue to lead with our software solutions.

We feel really well-positioned for the back half of the year and beyond is we see traction beyond core US municipal law enforcement, moving into counties and state patrols, the federal government, and private enterprises. International revenue grew 60% in Q2 and international bookings, which are forward looking indicator, nearly tripled. So for my part at Axon, we're excited.

We're leading the way and creating a work environment where employees can maximize their happiness and productivity. We offer remote hybrid options. You can work from the office. You can work from your home. You can work from your car as I'm showing you today, even on the earnings call. So we're focused on doing whatever it takes to get the best top tier talent, keep them focused, keep them rested, keep them happy, keep them energized, keep them creative. And that's how you get great products and breakout capabilities. So our leadership is now supported by an exceptional workforce that is almost 2000 people, and that's what is going to help drive us to long-term profitable growth is continuing to build and maintain and groom a fantastic team. And with that, let me turn over to the President of the company, Luke Larson.

Luke Larson *President*

Thanks Rick.

The business is firing on all cylinders and we are focused on sustaining momentum. Operationally, we're doing really well, even in the face of global supply chain risk. The reality of the current macro situation is

well documented from geopolitical factors to semiconductor and resin shortages, to logistics and port stoppages, to the continued impact of covid, there's never been a more complex time to make electronics. We have risen to the challenge and we monitor conditions daily and have put risk mitigation strategies in place that are supporting a rapid growth.

While these headwinds persist, our teams are definitely navigating and effectively positioning the business to continue to meet our increasing demand pipeline. In fact, our teams are delivering Olympic level execution on behalf of all of our stakeholders. Most notably our customers and our shareholders.

Another area where you will see this is our TASER segment gross margins, which are up 500 basis points over last year. As we sell into strong demand, we have engineered costs out of our bill of materials and the effects of that continued into this quarter. As you saw on our video and read in our letter, we are ecstatic about the Fleet 3 launch and that it's shipping and we're getting ecstatic reviews from our early customers, as Rick mentioned earlier. And we believe we're just getting started with virtual reality training with bookings nearing \$8 million in the first six months, up less than \$1 million in the first six months of last year. You've heard me talk about virtual reality on the last several earnings calls and we're pleased of the demand that we're seeing and that validates our excitement.

We're looking forward to a strong back half of the year and continued momentum into 2022.

And with that, let me turn it over to our Chief Financial Officer, Jawad Ahsan.

Jawad A. Ahsan *Chief Financial Officer*

Thanks, Luke.

The results we're sharing with you today reflect the straightforward and consistent nature of our strategy, which is three-fold: execute in the near term in a focused and disciplined way, identify and invest in future areas of growth, and then finally reinvest the upside from our strong top-line performance back into the business to accelerate that growth.

We believe that the goals we're working toward are profound, and that our success will be measured by metrics such as the number of lives saved, and the level of transparency in the justice system.

This is why, last quarter, we invited you to look at our business the same way that we look at it - with a long-term view.

It's why we moved to giving two year annual guidance- because we're thinking about -and building- the business for the long-term.

As you saw in our shareholder letter today, we are raising our outlook for both fiscal years, 2021 and 2022, which reflects our confidence in our growing global demand. We now expect to deliver between \$825 million to \$850 million in revenues in 2021, and \$960 million in revenues in 2022.

We're also pleased with how our investments are seeing traction on three fronts - in international sales channels, with new products, and in new non-municipal law enforcement markets.

Rick highlighted the international strength. Now I'd like to touch upon the traction we're seeing in these latter two categories- new products and new markets.

New product bookings are up more than 100% year over year. We like looking at bookings as it's a forward-looking indicator, as Rick mentioned, and we typically sign contracts with an average five-year life. These products are largely SaaS-centric and are helping drive our net dollar retention of 119%. They're the result of more recent R&D, and include software products such as Records and Standards, Respond, VR, Citizen, Performance, Transcription, Axon Air, and others.

We're also expanding outside of law enforcement into new markets, including federal, enterprise security, consumer and fire and EMS. Bookings in these new markets doubled year over year and we see substantial runway for expansion. We focus a lot on financial discipline, which means balancing investing for growth while also demonstrating leverage. This is an area where we feel a strong sense of accountability. I'm pleased to point out that Q2 Adjusted EBITDA grew 83% year over year and we were able to do that while investing to scale into a broader global profile.

Finally, I wanted to highlight that I'm not only proud of how the business is executing, but also the corporate strategy capability that we've built, where we're partnering with and investing in other innovators and thought leaders in our space.

Our recent partnerships in investments are reflective of our vision for the Axon brand to become synonymous with public safety - and equally important, allow us to leverage and expand our platform in a transformative way. To build the public safety ecosystem of the future, we're aligning with other innovators and technology disruptors.

For example, our expanding ecosystem relationships with Cellebrite and RapidSOS were driven by our focus on customers and their growing needs for digital evidence management and real-time operations. Our strategic investments in companies such as Flock Safety have done well, and even more importantly, supported our Fleet 3, go-to-market by allowing us to bundle and co-sell our solutions, which you can literally see on display today. Our partnership with Skydio makes their drones and autonomy software solutions available to agencies through Axon. It also paves the way for the integration of Skydio's offerings with Axon's product suite, giving customers ground-breaking, evidence management, real-time situational awareness and scene reconstruction capabilities.

We take our role as Capitol Stewards very seriously, and I'm thrilled to share these exciting updates that demonstrate how our investments are creating real value for the company, our customers and our shareholders.

And with that, Andrea, let's move to questions.

QUESTION AND ANSWER SEGMENT

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Thank you, Jawad and team. Moderators, can we pull everybody into gallery view please? Okay. We're all in the gallery view. Great. So everyone is on camera, just remember that. Okay. We'll take our first question from Jonathan Ho at William Blair. Go ahead, Jonathan, you're up.

Jonathan Ho *Analyst, William Blair & Co. LLC*

Good afternoon and congratulations on the strong results. I just want to just start out with some other comments around supply chain and whether you're seeing any specific impacts on product lines and what some of the mitigations you mentioned are that you've put into place around the supply chain.

Luke Larson *President*

Great question. Supply chain constraints are a reality for every manufacturer, as we all know. We're managing through it. It's a lot of intention internally, specifically for me and my teams as we work to mitigate that risk. Some of the things that we've done to mitigate risks is, you know, we, we bought out and that's been, you know, we bought in advance and kind of beefed up our supply chain, and our guidance factors this into reality. And even with the supply chain constraints, we still feel really strong about the guidance that we put out earlier.

Jonathan Ho *Analyst, William Blair & Co. LLC*

Got it and just in terms of the follow up, can you give us a little bit more color on how you are reaching some of the newer markets like federal, enterprise and non-traditional customer types? And if you give us a sense of what can drive faster adoption in these markets, that will be great as well. Thank you.

Joshua Isner *Chief Revenue Officer*

Yeah, thanks for the question, Jonathan. Nice to see you again. For us it's really about focusing on building the right teams to enter these markets and, you know, the folks, uh, Richard, who we've talked about in the past, on our Federal team, as well as Mike Shore on our Enterprise security team, and a lot of folks around the business that are opening up new segments for us, it's really just putting in the work. There's no, you know, there's no shortcut to that. And we're building stronger relationships, we're identifying stakeholders early in the federal, you know, um, uh, space, we're identifying opportunities within the budget cycles within congress to fund some future projects, and I think the team is just executing really well across all of those fronts. So, uh, very, very excited for what the future holds for our newer markets.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

That's great. And all of our analysts, we have you in our queue already, so you're good. We were just going to assume you're going to ask a question and if you're not, that's fine. Scott Berg from Needham. We'll have you up next. Go ahead, Scott.

Scott Berg *Analyst, Needham & Co., LLC*

Great. Thanks for taking my questions and congrats on a fantastic quarter. I guess lots of questions. Um, we'll settle on one here, international. You all highlighted international extensively in your pre-scripted remarks. Uh, how should we think about that opportunity unfolding, maybe from a product perspective, over the next one to two years? TASER sales look good. Camera sales generally look good. Are all of the markets facing big, massive opportunities or is it really going to be led maybe by one or the other over the maybe near or intermediate term? Thank you.

Joshua Isner *Chief Revenue Officer*

No, I think there's opportunity across the globe, Scott. I think there's, you know, like three or four years ago when we started really explaining how we're thinking of going to market, we focused on three individual markets. So UK, Australia and Canada and all of those continue to perform really well, and what we're seeing in those markets is there's wider adoption of our product line. So body cams, TASERS, a new developments in DEMS without body cams, meaning managing other types of digital evidence, uh, that are not generated by body cameras. Um, of course, uh, longer term we're excited about things like Fleet and Interview Room and, Records and so forth. Um, so in those tier one markets that continue to lead the way as we expand our product portfolio. And then there's a growing opportunity in tier two and tier three markets just on TASERS and body cameras. The cloud is not a great fit everywhere, uh, you know, across the world right now. So in markets like that, we're really focusing more on the TASER side and building an installed base that we can go back to later and sell, you know, body cameras in the cloud, and it's working out, we're seeing TASER orders in, in very large volumes. Uh, and we expect that to continue. It's not necessarily something that will happen every quarter, but every year, for sure. Um, and we're really encouraged by, uh, just the growth in, in both in all APAC, EMEA and in the Americas. So very excited to see international, continuing to grow. A lot of people put a lot of hard work into it and we've got plenty of runway left in front of us.

Scott Berg *Analyst, Needham & Co., LLC*

Awesome. If I might, as a quick follow-up to that, Josh is, you talked body cameras. What's the reception been like for the LTE connectivity on the AB3s internationally? Obviously the reception, I think, has been generally positive here, quite positive. We have the same opportunity to see, you know, sales there just didn't know if their infrastructure is set up the same way as our, you know SafeNet, et cetera is here.

Joshua Isner *Chief Revenue Officer*

So yeah, absolutely Scott better than expected as is the short answer to that one. We're seeing markets that we did not necessarily think about up front as kind of our first candidates to deploy streaming technology. And they're expressing a lot of desire to do so. So our product team is just doing a fantastic job, trying to support as many vendor relationships as we can right now to make sure that we have a viable kind of LTE partner in each market, whether it's in Asia, Europe or South America. And so we're seeing demand across all of those markets, and we're very excited. I'd like to call out, you know, one customer in the UK just signed up, uh, our largest international, uh, Respond Plus deal to date, which is our live streaming package. That happened in Q2 and we're very excited that, you know, there's a few more of those in the pipeline here.

Scott Berg *Analyst, Needham & Co., LLC*

Great. I'll jump into the queue and congrats on a wonderful quarter again.

Joshua Isner *Chief Revenue Officer*

Thanks a lot.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations,*

Next we'll take Meta Marshall from Morgan Stanley. Go ahead, Meta, you're up.

Meta Marshall *Analyst, Morgan Stanley*

Great, thanks. And then let me echo my congratulations. Um, you noted that you were kind of doing your investments on the federal sales teams. I just wanted to get a sense of, you know, have you started to see the opportunities out of the DOJ as kind of a mandating of the camera policy or are those still things that will build in the pipeline as we go along? And then, you know, as you focus on the federal market, are there any unique kind of software capabilities that are, you know, that you could develop for that market?

Joshua Isner *Chief Revenue Officer*

Yeah, absolutely. I appreciate the question. Um, I think if, if this were a baseball game, we still feel like we're in the first inning here in Federal. So we have a lot of opportunity in front of us. We've completed some large framework contracts, and we expect customers to now order against those frameworks. We're seeing the business grow across DOJ and, DHS and other segments of Federal. We keep building the team to more specifically approach the different opportunities within the federal government. Just in the federal civilian market, a lot of opportunity for both body cameras and TASERS and then longer term, certainly building products specifically, uh, for federal customers, including the military is on our radar. So a lot of growth ahead in federal and really believe in the team, uh, to keep delivering in that regard.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Okay. We'll take a question from Will Power at Baird. Go ahead, Will.

William Power *Analyst, Robert W. Baird & Co., Inc.*

Great. Thanks for taking the question. So I guess I've got to ask Rick since he's live in the car, you know, we'd love to hear more about the early learnings on Fleet 3 and ALPR and what are you thinking about as you're in the vehicles? What are the early indications and comments you're getting from agencies and how do we think about the ramp of that product this year? Next couple of years?

Patrick W. Smith *Chief Executive Officer & Founder*

Yeah. So, um, first thing I would say is, uh, this is the first product that we've launched that was developed substantially through our new engineering leadership. You know, Hans Moritz, our head of engineering came on right before we launched AB3, so that was, he kind of picked that up right at the end. And he's really brought in some very talented people on his team and they pushed pretty hard with me to get an additional six months before we took the product to market to really wring out any of the bugs so we could go to market at quality and at scale, and you never want to jinx it by, patting yourself on the back of this early, but much more to hear from customers is that they're really happy with not only the design, but that the system does seem to be, you know, pretty wrung out in terms of a, you know, pretty reliable. And they're not seeing the types of bugs that we've seen in some of our prior launches as we've, uh, you know, we, we, it's finding that right balance between innovation and speed and quality and testing pre-launch we've as we've gotten bigger, especially in each new market, you know, when we're launching a new product in a new market, you may decide to move a bit faster, but as you start to hit scale, like in the TASER and now in the body camera and Fleet business, you've got to be ready to launch at higher volumes and, and really a higher quality. So one of things about customers, they really -like that Fleet was designed clearly to be an in-car camera, whereas the previous two versions were really spinoffs of our body camera hardware. The ALPR is working much better than

people expected. I mean, I think we've had customers telling us, they've put some of these side by side with their more traditional and much more expensive license plate reader systems, and we're kicking their butts right now, part of it's just the technology of having a color camera. It makes it, we can do state recognition much easier. A lot of the infrared systems struggle with that. And so you'll get a lot of misreads cause you get the plate number, right, but the state wrong, or to be able to read things like temporary plates, which are the paper ones that are printed out on a laser printer. A traditional inference system won't even see them. So they don't exist because they don't have infrared reflective, coatings on it. So, we've also been able to learn through our partnership with Flock and they've got probably 18 months, head start of doing these color AI based ALPR cameras. We've invested in them, we've got a board observer seat, we've done integrations on the back end and we're sharing learnings across so we can both help each other. I would just say that we're seeing a higher attach rate than we even thought we would see. Initially, agencies didn't think of ALPR as something you put in every car. Because of the price point historically, it's been well, we have our dedicated ALPR vehicles and we have a couple of them, but I think we're seeing pretty widespread, like with Pinellas and now with some of these other big customers, flipping the switch and it's just a software upgrade to put a ALPR in every car.

William Power *Analyst, Robert W. Baird & Co., Inc.*

That's great color. Thank you. One more question for whomever wants to take it. I'd love to just kind of hear an update on what kind of benefits you're seeing from some of the federal funding initiatives that are designed to help state and local. Is that something that's having a meaningful impact today? Is that still to come? What are you seeing on kind of the funding environment side?

Joshua Isner *Chief Revenue Officer*

Yeah. It's, it's interesting. It's a great question, Will. Well like, you know, this time last year, we were wondering, and, and, you know, we're getting a lot of questions about, Hey, what is, what is, what are the shutdowns kind of mean for municipal budgets moving forward? And, and we're very thankful that, they didn't seem to have a very large impact. And then you tack on some of the federal funding through the different acts, including the CARES Act, and it's given major cities the opportunity to potentially spend more on technology. I wouldn't say that it's so much of an outlier that it's, it's worth noting though. We're really of the belief that we're able to prove that our products generate a real ROI for our customers and that they're costing themselves money by not deploying our products. And so we're really confident that what we're building has real value and that'll continue with or without federal support and we're really focused on just continuing to build out those business cases.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Okay. Next, we'll go to Keith Housum at Northcoast. Go ahead, Keith.

Keith Housum *Analyst, Northcoast Research Partners, LLC*

Speaking of the quarter a little bit, the quarter was just an absolute blowout quarter, was there anything unusual or large in the quarter that would not be repeated for the rest of the year that we should take into consideration?

Joshua Isner *Chief Revenue Officer*

You know, we had some large CW activity internationally, Keith, but I'd stopped short of saying that it was so heavy in Q2 that it wouldn't repeat itself in future quarters, we're very optimistic that the growth

is going to continue and that we've got a very strong pipeline across both products in domestic and international. And so we're really excited to get started and in the second half year and continuing to grow.

Keith Housum *Analyst, Northcoast Research Partners, LLC*

Okay, great. When you talk about a paragraph in the letter about City of Maricopa and perhaps moving on to a different partner, should we consider that a setback in the look on dispatch or just kind of planning and the evolution of the work that you guys are doing right now? Can you provide some more context there?

Patrick W. Smith *Chief Executive Officer & Founder*

Yeah. So I'll take that one. I would say organizationally, it's a setback. We never let our customers fail. And in this case, I think what we just learned together was we had both underestimated how much strain it was going to put on a, such a small agency. We needed hours per week from their dispatchers to be spending with our software developers and then just having IT support to be able to deploy and train people on software updates, because it has been a moving a moving target. And so this is one of those where I think we still have great respect and great gratitude for Maricopa. They helped us learn a ton about dispatch and they're going to continue to be a customer along with much of our product line. We'll see where it shakes out. They have told us at this point, they just need something that's more mature and stable. They just don't have the bandwidth to keep iterating with us. In some ways that is a little bit of an accelerator for us. We have a major city partner and a major county lined up behind them and we're also learning the needs of some of these big, very high-volume CAD installations are just different than they are in the smaller agencies. And we think that's where the volume of the market is, and so on the bright side, this is allowing us to really focus in on refining and getting the product for scale at these bigger customers.

Keith Housum *Analyst, Northcoast Research Partners, LLC*

Was Maricopa your only city or did you have several development partners?

Patrick W. Smith *Chief Executive Officer & Founder*

No, they were, they were our first and our only partner. They're still running on it. They've just, like I said, let us know they are fatigued and they've asked us to support them through the transition and, and we have, and then we're preparing, we're moving towards a deployment we expect next year of a major city and a major county.

Keith Housum *Analyst, Northcoast Research Partners, LLC*

Great, thanks. Good luck.

Joshua Isner *Chief Revenue Officer*

So just to, just to clarify there, Keith, we do have several cities under contract for dispatch. We're just working with them one at a time here as we build the product. And so while Maricopa was the only one live, there were certainly many behind that that are already signed up and contracted.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Okay, next Mike Latimore from Northland. Go ahead, Mike.

Mike Latimore *Analyst, Northland Capital Markets*

Great. Well, one North to the next North, I guess here. Um, the, uh, you've talked in the past about growing cloud ARR \$15 million a quarter, I guess. Is that still the goal? And if so over the next couple of quarters, what would be the main driver of that growth?

Jawad A. Ahsan *Chief Financial Officer*

Yeah, Mike, great question. That's very much the plan. We're still anticipating about \$15 million of growth per quarter this year. And when you look out at the investments that we've been making and all the new products that are launching the majority of them or SaaS-centric, software centric, and they're getting traction, that's what we tried to highlight in our prepared remarks in our shareholder letter. We're getting traction across the board. It's not any one product per se. And it's the strength across the, the depth of products, the breadth and depth of products. That's going to keep driving that ARR in the near term, it's going to be about \$15 million per quarter, and we're hoping that's going to accelerate.

Mike Latimore *Analyst, Northland Capital Markets*

Right, and then just on the supply chain shortages that are out there, you know, sort of absent those constraints, you know, how much higher might the revenues be in that, in terms of the guidance this here?

Jawad A. Ahsan *Chief Financial Officer*

So we've already factored in the supply chain constraints as Luke talked about. We spent a lot of time internally trying to mitigate those risks and making sure that it's not going to disrupt operations and the guidance that we've given reflects any potential disruption we might see from supply chain.

Mike Latimore *Analyst, Northland Capital Markets*

But I guess I was wondering if without the supply chain and how much higher might that have been?

Jawad A. Ahsan *Chief Financial Officer*

What we've guided to is what we've guided to.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Yeah, Mike, I would just say, the guidance reflects a number of factors, supply chain is one, our demand pipeline is another. There's a number of factors that we take into account in the guidance.

That's all. Oh, Ryan Kimbrell, Ryan we've got you! Let's take our next question from Brian Kimbrell from Craig- Hallum. I'm sorry, Ryan, this is our first time talking to you. Hi, welcome!

Ryan Kimbrel *Analyst, Craig-Hallum Capital Group, LLC*

Okay, great. Just one from me. I just wanted to touch on conversion rates. You know, I'm not sure in what detail you track conversion, but I'm wondering how, you know, how that's trended over the last year and a half, and you know, if you want to be more general, have you started to convert more of those quality leads as your customer's budget situation has become a little bit healthier?

Joshua Isner *Chief Revenue Officer*

So thanks for the question, Ryan. I think we're not going to disclose too much on conversion rates other than to say whenever there's an opportunity for body cams, cloud, TASERS, DEMs, RMS, or CAD, we expect to be competitive. It's a very, very competitive market. There's a lot of vendors in it, but we do our best to position our products in a way that the customer will value the most and certainly we expect to win. We want to win. We've got a competitive team and that's the tone we want to set.

Ryan Kimbrel *Analyst, Craig-Hallum Capital Group, LLC*

Alright. Fair enough. Thanks guys. And congrats again.

Andrea James *Senior Vice President, Corporate Strategy & Investor Relations*

Okay. Wondering if any of you guys have hopped back into the queue. If so, go ahead and use the hand raise feature. Give me a second here. No? Are we good to go? Okay, great. We'll have Rick close us out.

Patrick W. Smith *Chief Executive Officer & Founder*

All right. Hey, thanks everybody. It was pretty fun doing this from the fleet vehicle. It was not planned, but we were at a customer site and the customer wanted to keep going. And, uh, I think it was the right call. So this was an unexpected benefit. We, uh, appreciate, you know, the new faces. We appreciate those of you who have been with us for a while. Obviously the business is really doing well and we're excited to see what happens in the back half of the year as Josh and his team continue to go out and bring in the revenue and our development teams keep launching products and the new product are scaling. Just a lot of great stuff going on a lot of positive energy. And we'll look forward to seeing you all on our next quarterly Zoom. So everybody stay safe and let's get this Delta variant behind us and get back to normal when we can. Thanks everybody.

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