Forward-looking statements in this letter include, without limitation, statements regarding: proposed products and services and related development efforts and activities; expectations about the market for our current and future products and services; strategies and trends relating to subscription plan programs and revenues; strategies and trends, including the benefits of, research and development investments; the timing and realization of future contracted revenue; expectations about customer behavior; statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance, including our outlook for 2022 full year revenue, adjusted EBITDA, stock-based compensation expense, adjusted free cash flow, and capital expenditures; statements of management’s strategies, goals and objectives and other similar expressions; as well as the ultimate resolution of financial statement items requiring critical accounting estimates, including those set forth in our Form 10-K for the year ended December 31, 2021. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Words such as “may,” “will,” “should,” “could,” “would,” “predict,” “potential,” “continue,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” and similar expressions, as well as statements in future tense, identify forward-looking statements. However, not all forward-looking statements contain these identifying words.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. The following important factors could cause actual results to differ materially from those in the forward-looking statements: the potential global impacts of the COVID-19 pandemic or other catastrophic events; our ability to manage our supply chain and avoid production delays, shortages and impacts to expected gross margins; changes in the costs of product components and labor; our ability to attract and retain key personnel; the impact of product mix on projected gross margins; our ability to defend against litigation and protect our intellectual property, and the resulting costs of this activity; the impact of stock compensation expense, impairment expense, and income tax expense on our financial results; changes in government regulations in the U.S. and in foreign markets, especially related to the classification of our products by the United States Bureau of Alcohol, Tobacco, Firearms and Explosives; our ability to design, introduce, sell and deploy new products or features; customer purchase behavior, including adoption of our software as a service delivery model; delayed cash collections and possible credit losses due to our subscription model; exposure to international operational risks; our exposure to cancellations of government contracts due to appropriation clauses, exercise of a cancellation clause, or non-exercise of contractually optional periods; defects in our products; loss of customer data, a breach of security, or an extended outage, including by our third party cloud-based storage providers; our ability to integrate acquired businesses; negative media publicity regarding our products; and counter-party risks relating to cash balances held in excess of FDIC insurance limits. Many events beyond our control may determine whether results we anticipate will be achieved. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements. Our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q list various important factors that could cause actual results to differ materially from expected and historical results. These factors are intended as cautionary statements for investors within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Readers can find them under the heading “Risk Factors” in the Annual Report on Form 10-K and in the Quarterly Reports on Form 10-Q, and investors should refer to them. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports to the SEC.
Set TASERs to stun.

Axon is building the future envisioned by Star Trek creator Gene Roddenberry, where technology helps elevate humanity. TASER devices were directly inspired by Captain Kirk’s Phaser.
Axon’s mission is to protect life

1. OBSOLETE THE BULLET

2. REDUCE SOCIAL CONFLICT

3. ENABLE A FAIR & EFFECTIVE JUSTICE SYSTEM


~262,000 LIVES SAVED FROM DEATH OR SERIOUS INJURY

COMPLAINTS DOWN 88% USE OF FORCE DOWN 58%

GUILTY PLEAS UP 20%
OFFICER COURT TIME REDUCED BY 70%
ESG is a core competency
Axon leadership has generated a powerful financial profile

<table>
<thead>
<tr>
<th>840K+</th>
<th>80%</th>
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<tbody>
<tr>
<td>TASER devices in place today globally</td>
<td>2021 revenue from recurring bundles</td>
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<table>
<thead>
<tr>
<th>~119%</th>
<th>$327mm</th>
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<tbody>
<tr>
<td>Net dollar retention</td>
<td>Annual recurring software revenue</td>
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<table>
<thead>
<tr>
<th>75%</th>
<th>21%</th>
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<tbody>
<tr>
<td>2021 cloud gross margin</td>
<td>2021 Adjusted EBITDA margin</td>
</tr>
</tbody>
</table>

Revenue ($ million) 2017–21 CAGR

- $344
- $420
- $531
- $681
- $863

- $58
- $92
- $130
- $177
- $245

- $51
- $75
- $119
- $137
- $181

- $235
- $253
- $282
- $367
- $437

- $251
- $253
- $282
- $367
- $437

- $251
- $253
- $282
- $367
- $437

- $251
- $253
- $282
- $367
- $437

2017 Adjusted EBITDA margin: 21%

Note: TASER devices in place today globally represents total number of units sold in the last 5 years. Annual recurring revenue is as of Axon’s latest quarterly report. Refer to quarterly shareholder letters, filed on form 8-K, for Non-GAAP reconciliations.
Evolving public safety ecosystem

AXON 1.0
Pre-2010

Devices

TASER

AXON 2.0
2010-2019

Smart Devices + Workflow

TASER
BODY-WORN CAMERAS
AXON FLEET
EVIDENCE.COM

AXON 3.0
2020 & beyond

Smart Devices + Workflow + Intelligence

TASER
BODY-WORN CAMERAS
AXON CLOUD
AXON FLEET
EVIDENCE.COM
AXON RECORDS
AXON DISPATCH

ACCELERATE JUSTICE

CAPTURE TRUTH

PROTECT LIFE

Evolving public safety ecosystem

CAPTURE TRUTH

PROTECT LIFE
Our TAM methodology estimates annual potential spending on Axon products by considering total possible users in regions and markets we are selling into, based on publicly available user data by job category from U.S. Bureau of Labor Statistics and other public sources, or Axon intends to sell into in the near term, as well as current annual subscription pricing for existing products and estimated annual pricing for future products, based on an analysis of market-supported pricing. Note that with Axon’s integrated bundles, under ASC 606, product (hardware) revenue is recognized upon shipment to the customer and service (software) revenue is recognized over time as a time-based obligation to the customer. The TAM, as presented, shows potential annual subscription spending, which will equal revenue recognized over the life of a multi-year contract, but spending and revenue do not always match up in the same year due to the timing difference between subscription-based payments and revenue recognition.
Growth drivers: Cloud-connected products and services

Axon products are generally cloud-connected and sold via mutually reinforcing integrated bundles. Our key revenue drivers belong to three broad categories:

- **TASER**
  - TASER devices
  - Virtual reality & training
  - De-escalation tools

- **Sensors**
  - Body cameras
  - Fleet in-car cameras
  - Axon Air drones

- **Software**
  - Digital evidence management
  - Productivity
  - Real-time operations
Axon flywheel: Build products and bundles that give our customers superpowers to ensure everyone gets home safe. This creates more users (aka people) and nodes (aka devices) on the Axon network that then creates more data that we can unlock more value from with machine learning and AI. We use that to create even more great products and bundles.
Growth driver: TASER & de-escalation has become eminent

TASER product leadership
Numerous agencies adopted cloud-connected TASER 7

Expansion beyond public safety
Recent wins include U.S. DoJ, DHS and Corrections

Expansion into new geographies
EU, EMEA, South America, etc.

AR / VR
AR / VR empathy training delivered via Axon Cloud
Growth driver: VR training helps with unbiased and empathetic public safety

As part of our latest investment in smart, technology-driven policing, CPD announces a partnership with @axon_us to provide virtual reality training for police officers on how to better deal with mental health and special need populations.
Body camera programs address a transparency and accountability problem. They create a giant data management and storage problem. Axon’s camera + software solution solves all.
Growth driver: Helping agencies manage digital evidence

The prevalence of social media information & the amount of tips we have received is unlike any other previous investigation in years and will take time to sort through and piece together 3/4

Suspect photos & arrest information will be shared when it is available. We have not yet made any arrests, but plan to release suspect photos later today. We encourage community members to continue sharing tips at tinyurl.com/UniversityHill...

#Boulder
Growth driver: Productivity solutions to unlock efficiencies in public safety

Legacy

- Fragmented point solutions
- Bloated and expensive
- Complex and stale UI
- Slow, manual and reactive

Cloud-based integrated software platform

- Efficient and cost effective
- Simple and consumer-grade UI
- AI-driven proactive public safety

Note: Image on right is illustrative and represents Axon’s vision
Growth driver: Real-time operations transforms communications beyond radios

- Synchronized video recording for all officers on-site
- GPS enabled heatmaps
- Integrated public safety suite for optimal visibility and control
- Real-time view of officer presence and devices
- LTE live streaming for real-time situational awareness
The role of Axon’s strategic growth areas during a public safety incident

Axon software makes it easy to capture digital evidence, including CCTV video and citizen mobile evidence.

Axon’s dispatch solution enables officers to arrive knowing critical information.

A TASER device may or may not be deployed when responding to an incident. If deployed, all use of force data is logged in Evidence.com, and real-time alerts are sent back to dispatch and command.

Axon body cameras and Fleet cameras capture video evidence, which is safely stored in Evidence.com. Live-streaming provides real-time situational awareness back to dispatch and command.

Axon Records incorporates video into the incident log and uses AI to save officers’ time. All use of force is tracked using Axon Standards software.

Incident data and post-arrest interview video are used and viewed by prosecutors, defense attorneys, media, the community and the public.
Video: How Axon products work together to empower public safety

https://vimeo.com/333871354

Note: Some technology shown is illustrative, representing Axon’s vision
FINANCIAL OVERVIEW
Powerful long-term growth engine

1. Strong growth and profitability at scale, early innings of global expansion
2. High visibility with significant revenue from recurring bundles
3. Strategic R&D driving to 70%+ target gross margins and robust operating leverage
4. Strong cash generation and abundant operating flexibility
Strong growth with scaling profitability

Revenue ($ millions)

- 2017: $344
- 2018: $420
- 2019: $531
- 2020: $681
- 2021: $863

% growth y/y: 28%, 22%, 26%, 28%, 27%

Adjusted EBITDA ($ millions)

- 2017: $40
- 2018: $61
- 2019: $88
- 2020: $156
- 2021: $178

% margin: 12%, 15%, 17%, 23%, 21%

Rule of 40: 40, 37, 43, 51, 48

Note: Refer to shareholder letters, filed on SEC form 8-k, for non-GAAP reconciliations

1 Rule of 40 defined as revenue growth plus adjusted EBITDA margin
High visibility with significant revenue from recurring bundles

SaaS Annual Recurring Revenue ($ millions)

Q4 17 $70
Q4 18 $108
Q4 19 $161
Q4 20 $221
Q4 21 $327

47% CAGR

% Total Revenue Tied to Subscription Bundles

2017 46%
2018 55%
2019 71%
2020 73%
2021 80%

(Non-subscription revenue tied to consumer, new & emerging markets)

Note: Annual recurring revenue includes recurring license, integration, warranty and storage revenue.
Strategic R&D driving to 70%+ target gross margins and robust operating leverage

<table>
<thead>
<tr>
<th>Growth R&amp;D</th>
<th>Sustaining R&amp;D</th>
<th>Sales investment</th>
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<tr>
<td>Real Time Operations</td>
<td>Records</td>
<td>Air</td>
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<tr>
<td>New products</td>
<td>Existing R&amp;D</td>
<td>TASER Devices</td>
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<tr>
<td>Existing products</td>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>TASER</th>
<th>Software &amp; Sensors</th>
<th>Axon consolidated</th>
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<tbody>
<tr>
<td>2021 Gross margin</td>
<td>66%</td>
<td>60%</td>
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<tr>
<td>Long-term target model</td>
<td>70%</td>
<td>70%</td>
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</table>

Note: Long-term targets exclude share-based compensation.
Refer to appendix for Non-GAAP reconciliations.
AR / VR – augmented reality / virtual reality
BWC – body worn cameras
DEMS – digital evidence management system
Axon’s path

BY 2030, WE BELIEVE

- TASER will obsolete the bullet
- AI will eliminate paperwork
- Cloud & IoT will transform communications
- Axon will reimagine public safety
Key Considerations

// Powerful platform revolutionizing public safety and creating societal value

// High-growth subscription revenue model with track record of significant operating leverage

// Addressing a $52 billion market opportunity and millions of users globally

// Holistic software / AI-based solution for public safety, from incident to judicial process

// Management team with a proven track record of executing, unlocking new markets
APPENDIX
Strong, Engaged Independent Board of Directors

MICHAEL GARNREITER
Chairman of the Board

JULIE ANNE CULLIVAN
Director

HADI PARTOVI
Director

CAITLIN KALINOWSKI
Director

DR. RICHARD CARMONA
Director

ADRIANE BROWN
Director

DR. MATTHEW R. MCBRADY
Director

MARK W. KROLL, PH.D
Director

Note: Independent directors
Axon’s Independent AI and Policing Technology Ethics Board

DANIELLE CITRON
Cyber Civil Rights Initiative Professor at UVA Law

MECOLE JORDAN
Police Reform Racial Equity Community Leader

WAEL ABD-ALMAGEED
USC, Researches debasing, deep fakes and digital forensics

JEREMY GILLULA
EFF Google

CHRIS HARRIS
Texas Appleseed Social Justice Non-Profit

GILES HERDALE
Co-Chair UK Digital Ethics Panel, Independent Digital Investigation

JENNIFER LYNCH
EFF Surveillance Litigation Director

DR. REBEKAH DELSOL
Cyber Civil Rights Initiative Professor at Boston University

MILES BRUNDAGE
AO Ethicist: Oxford’s Future of Humanity Institute & OpenAI

WARREN STANLEY
Retired California Highway Patrol Commissioner

CHARLIE BECK
Former Chief of Police for LAPD, Former Interim Superintendent of Chicago Police

CARMEN BEST
Former Chief of Police for Seattle Police

BARRY FRIEDMAN
NYU The Policing Project

RYAN CALO
Founding Co-Director of UW Tech Policy Lab & Center for an Informed Public Professor at UW School of Law
Axon’s Independent Community Advisory Coalition

Rev. KELVIN SAULS
New Ministries in the California-Pacific Conference of the United Methodist Church Columnist

WILNEIDA NEGRON
Ford Foundation Mozilla Professor John Jay College of Criminal Justice

MICHELLE VILCHEZ
Peninsula Conflict Resolution Center

JEFF TAYLOR
Lobbyist & Legislation Writer

JEFF EADIE
The Indigenous Institute

BERTHA PURNELL

DEVON SIMMONS
Incarceration Nations Network

BRODERICK TURNER
The Flea-Market Lab Professor at Virginia Tech

TONYA STROZIER
Tucson Alliance of Black School Educators Mayor’s Racial Equity & Justice Advisory Council

LOUIS FRYE
Movement Thru Hoops Team First

DESMOND PATTON
SAFE Lab Social Intervention Group Professor & Associate Dean at Columbia University

SUELYN KNIGHT
Law Enforcement Advisor
2020 to 2021 TAM Walk-up from $27bn to $52bn

**Market ($bn)**
- Law Enforcement: $15.0 (2020) to $16.2 (2021)
- Enterprise: $4.8 (2020) to $6.4 (2021)
- Fire, EMS & Corrections: $4.2 (2020) to $1.3 (2021)
- Consumer: $1.9 (2020) to $17.8 (2021)
- Federal: $1.8 (2020) to $8.9 (2021)
- Justice: $1.0 (2020)

**Region ($bn)**
- US: $16.3 (2020) to $37.0 (2021)
- Europe: $3.8 (2020) to $6.3 (2021)
- Middle East & Africa: $2.5 (2020) to $1.1 (2021)
- Commonwealth: $2.0 (2020) to $2.4 (2021)
- Asia: $1.9 (2020) to $1.9 (2021)
- Latin America: $1.0 (2020) to $2.9 (2021)

**Product ($bn)**
- Digital Evidence Mgmt.: $7.6 (2020) to $13.4 (2021)
- TASER: $4.9 (2020) to $4.7 (2021)
- AR/VR: $2.0 (2020) to $2.3 (2021)
- Consumer Safety: $1.9 (2020) to $17.8 (2021)
- Productivity: $1.8 (2020) to $2.0 (2021)
- Axon Air: $1.1 (2020) to $1.4 (2021)

Our TAM penetration methodology factors in Axon’s internal estimates for unit sales to date and software revenue to date, as well as potential users based on publicly available data. Commonwealth includes UK, Canada, Australia and New Zealand. Europe excludes UK. Asia excludes China and Russia. TASER, body camera and Axon Fleet percentages represent user penetration, while Axon Cloud SaaS represents dollar penetration. Consumer TASER not included within TASER TAM penetration. Consumer TASER penetration is less than 1% in the US. Axon Cloud SaaS includes Digital Evidence Management, Productivity and Real-Time Operations. Axon Air & AR/VR are not shown given estimated TAM penetrations of about 0%. Note: TAM figures may not foot due to rounding.

Note: TAM figures may not foot due to rounding.
Our TAM penetration methodology factors in Axon’s internal estimates for unit sales to date and software revenue to date, as well as potential users based on publicly available data. Commonwealth includes UK, Canada, Australia and New Zealand. Europe excludes UK. Asia excludes China and Russia. TASER, body camera and Axon Fleet percentages represent user penetration, while Axon Cloud SaaS represents dollar penetration. Consumer TASER not included within TASER TAM penetration. Consumer TASER penetration is less than 1% in the US. Axon Cloud SaaS includes Digital Evidence Management, Productivity and Real-Time Operations. Axon Air & AR/VR are not shown given estimated TAM penetrations of about 0%.

<table>
<thead>
<tr>
<th>User markets included in scope:</th>
<th>State &amp; Local LE</th>
<th>Federal</th>
<th>Corrections</th>
<th>Fire &amp; EMS</th>
<th>Justice</th>
<th>Enterprise</th>
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<td>US</td>
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<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
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<tr>
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<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
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<tr>
<td>Europe</td>
<td></td>
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<td>Latin America</td>
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<td>Asia</td>
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<td>Middle East &amp; Africa</td>
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<td>TASER</td>
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<td>&lt;5%</td>
<td>&lt;1%</td>
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<tr>
<td>Axon Cloud SaaS</td>
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<td>&lt;2%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
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</table>
Officer Safety Plan 7+ Premium Integrated Bundle

Customer payment & cash flow = $249 / officer / month over 5 years + program startup fee

Illustrative GAAP revenue allocation per officer

TASER hardware revenue recurs every 5 years. Camera hardware revenue occurs every 2.5 years. >90% of cash flows are recurring. Chart assumes no upsell upon contract renewal for illustrative purposes.
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<th>$39</th>
<th>$49</th>
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Right-sized & custom bundles for any agency
## Non-GAAP reconciliation

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<th>Three months ended</th>
<th>Twelve months ended</th>
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<tbody>
<tr>
<td></td>
<td>31-Dec-2021</td>
<td>31-Dec-2020</td>
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<tr>
<td><strong>EBITDA and Adjusted EBITDA</strong></td>
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<tr>
<td>Net income (loss)</td>
<td>($13,508)</td>
<td>$25,834</td>
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<tr>
<td>Depreciation and amortization</td>
<td>5,274</td>
<td>3,531</td>
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<tr>
<td>Interest expense</td>
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<tr>
<td>Investment interest income</td>
<td>(353)</td>
<td>(929)</td>
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<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(23,706)</td>
<td>(16,794)</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>($32,292)</td>
<td>$11,653</td>
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<td><strong>Adjustments</strong></td>
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<tr>
<td>Stock-based compensation expense</td>
<td>$41,110</td>
<td>$53,448</td>
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<tr>
<td>Realized and Unrealized (gains) losses on strategic investments and marketable securities $1</td>
<td>11,160</td>
<td>(2,055)</td>
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<td>Transaction costs related to strategic investments and acquisitions</td>
<td>1,180</td>
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<td>Loss on disposal and abandonment of intangible assets</td>
<td>16</td>
<td>68</td>
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<tr>
<td>Loss (gain) on disposal and impairment of property and equipment, net</td>
<td>18</td>
<td>293</td>
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<tr>
<td>Costs related to FTC litigation</td>
<td>119</td>
<td>522</td>
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<tr>
<td>Payroll taxes related to XSPP vesting and CEO Award option exercises</td>
<td>9,195</td>
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<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$30,506</td>
<td>$64,038</td>
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<tr>
<td><strong>Adjusted EBITDA margin</strong></td>
<td>14.0%</td>
<td>28.3%</td>
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</table>

$1 Includes net unrealized gains of $10.7 million and realized gain of $12.3 million for the twelve months ended December 31, 2021.