



To our shareholders:

Watching the bloodshed in Ukraine, I had a troubling thought: Have we backslid into a world that accepts warfare as a way of achieving political ends? Simultaneously, the Internet, which we all believed would enlighten the world with shared knowledge, is being perverted to undermine the very concept of truth.

In light of these times, our mission to Protect Life and Protect Truth are as important and relevant as ever.

Vladimir Putin's capricious use of war doesn't fit our modern world and a sense of global revulsion is palpable. Even amid this, we have cause for hope. The history of civilization is that when evil rises, we all must rise to defeat it. As Ghanaian journalist Anas Aremeyaw Anas said, "When evil men destroy, good men must build and bind."

The world is responding—not through a call to arms or an escalation of combat, but to ostracize the aggressor, freezing Russian assets and excluding its leaders from the modern world and the benefits of our shared economy.

It's too early to say if this will be enough. But if the world's economic force combined with the heroic Ukrainian self-defense proves effective, this conflict might be remembered as the moment when the world rejected "wars of choice" as acceptable.

Let me be clear: I am not a doe-eyed pacifist. Democracies must maintain advanced military force to deter bad actors. But I also see an opportunity to develop ways to project force without lethality. Imagine if Western militaries had at their disposal swarms of non-lethal drones designed to destroy and disable tanks, artillery, and other military armaments. Imagine if those same devices would be programmed to leave human beings unharmed. How useful would such a technology be? How quickly might it defang the Russian war machine — but without sending tens of thousands of young conscripts, who did not choose this war, home in body bags or abandoning them lifeless on the tundra. Theoretically, such technology might end the war—but without wholesale slaughter.

It's why I have called on the US military to explore technologies that take us beyond increasing lethality. We have ample lethal capacity at our disposal—and yet, we're limiting our support in this war to defensive systems. We have the means to kill endlessly, but no way to stop the aggressor without an unacceptable loss of life on all sides. The truly powerful don't need to annihilate their opponents.

I explored these ethical and geopolitical conundrums in my book, "The End of Killing." My thesis is that we do not have to accept killing as a de facto part of human existence—not in war, not in policing, and not in our homes.

No, I don't think we can just lay down arms and hope threats disappear. But I do think we need to open our minds to new tools and techniques—to technology that can incapacitate but not kill. I have long argued that killing is a technological problem, and that we can do better.

During this tough time, my thoughts have especially been with the Ukraine National Police, as well as our Axon teammates in Ukraine. We will not be commenting publicly on any steps we are taking specific to this conflict, but I believe our technologies play a role in geopolitical building and binding. We seek to foster trust in democracy over autocracy. We seek to promote transparency over propaganda, truth over lies, and protecting over killing.

At their core, our products are designed to strengthen trust in the rule of law. We directly support the United Nations' 16th sustainable development goal: To foster peace, justice, and strong institutions.

Public and personal safety is foundational for a modern society. Our product ecosystem ties together body cameras and fleet cameras, TASER devices, drones and third party sensors with a growing suite of software capabilities. We are not only serving customers, but saving lives while promoting truth and transparency. We are accelerating the end of killing by investing in advanced non-lethal technology. By 2030, I am confident that we are going to outperform the 9mm pistol, which is the standard in policing. In parallel, our work helps to improve fairness and efficiency in the criminal justice system, especially through our new justice software category, which will save attorneys time and also shorten the time people are jailed awaiting trial.

The private sector can play a powerful role here in concert with the public sector—and being held accountable by shareholders and the market increases our drive to build better products and services. The results speak for themselves: In 2021, we achieved revenue growth of 27% to \$863 million. Over the past three years, we have delivered a 27% compound annual revenue growth rate. And our financial results showcase our ability to deliver profitability while investing heavily in new technology. Our focus on building best-in-class subscription software has driven our annual recurring software revenue to \$327 million, tripling over three years. And record annual bookings of \$1.7 billion in 2021, up 54% over 2020, point to continued strong growth ahead.

I believe in the power of conscious capitalism to change the world—that there are few better paths to fixing big problems than building organizations that can grow and self-sustain. Enterprises like ours can be mission driven. Axon has thousands of employees, and hundreds of millions of dollars, devoted to ending or reducing violence. And we have done that while creating value for shareholders, providing jobs, and creating wealth for our employees. This is exactly how stakeholder capitalism is supposed to work.

I've never been secretive about our secret sauce: it's a powerful combination of a world-changing mission, building unparalleled user experiences, and attracting passionate people.

While our tech is the best in the industry, our irreplaceable advantage is our people. Our employees are passionate about helping customers succeed. Imagine engineers running across parking lots with their laptops in hand to debug a new feature. Or whole teams rising before dawn to support a customer's new technology deployment, working tirelessly to answer hundreds of questions, and support testing and training. In the past weeks, I have had chiefs of major police departments excitedly sharing just such stories.

Let me share one story. The first customer who went live with our new Dispatch product hit some challenges during launch. The system went down for a few hours on the first day. Our team worked around the clock, hand in hand with our customer, to solve the problem. By the end of the week, the captain and project leader said to me: "Had everything gone smoothly, that would have been really impressive. It's 10 times more impressive that you stayed with us when things got tough."

The next day he spoke to Axon's software engineers, saying, "When we [officers] go to calls, we understand that the people that are with us may save our lives and may give theirs doing that. When dispatchers are on the air checking for us, they are checking to make sure we go home at night. Your company talks a lot about saving lives, and I know you as engineers, go, 'Well, it doesn't really feel like I'm a part of that because I'm doing computer things.' You are a part of that with our agency. You need to understand that we see you that way. ...You stayed in the fight with us. That is why we call ourselves a family. That is the trust and faith that we have in each other."

There are lots of companies with smart people that can build good technology. But the passion and dedication of the team I am so blessed to work with is so much harder to replicate.

Through the past two years, through the pandemic and social unrest and now new geopolitical challenges, I am fortunate to work with awesome people who get out of bed regardless of what's happening in the world. Our people just get after our mission. They want the world to be safer, fairer, and more just.

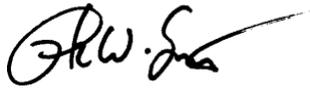
As you read this—wherever you are in the world—please take heart. We don't get to choose the times that we live in. But we can choose our principles and how we respond.

We stand for transparency, truth, and protecting life.

Because you've invested in Axon, I know you do, too. Thank you for being a part of our mission.

Sincerely,

Rick Smith

A handwritten signature in black ink, appearing to read "R.W. Smith", with a long, sweeping horizontal stroke extending to the right.