

INVESTOR PRESENTATION

AXON ENTERPRISE | November 2023

Safe-harbor statement

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, including statements related to our user base and customer profiles; the impact of pending litigation; strategies and trends relating to subscription plan programs and revenues; statements related to recently completed acquisitions; our anticipation that contracts with governmental customers will be fulfilled; the timing and realization of future contracted revenue; the fulfillment of bookings; strategies and trends, including the amounts and benefits of, research and development investments; the sufficiency of our liquidity and financial resources; 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 2023 full year revenue, stock-based compensation expense, adjusted EBITDA, adjusted EBITDA margin, 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 Annual Report on Form 10-K for the year ended December 31, 2022. 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: our exposure to cancellations of government contracts due to appropriation clauses, exercise of a cancellation clause, or non-exercise of contractually optional periods; the ability of law enforcement agencies to obtain funding, including based on tax revenues; our ability to design, introduce and sell new products or features; our ability to defend against litigation and protect our intellectual property, and the resulting costs of this activity; our ability to win bids through the open bidding process for governmental agencies; our ability to manage our supply chain and avoid production delays, shortages, and impacts to expected gross margins; the impacts of inflation, macroeconomic conditions and global events; the impact of stock-based compensation expense, impairment expense, and income tax expense on our financial results; customer purchase behavior, including adoption of our software as a service delivery model; negative media publicity or sentiment regarding our products; the impact of product mix on projected gross margins; defects in, or misuse of, our products; changes in the costs of product components and labor; loss of customer data, a breach of security, or an extended outage, including by our third party cloud-based storage providers; exposure to international operational risks; delayed cash collections and possible credit losses due to our subscription model; 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 integrate acquired businesses; the impact of declines in the fair value or impairment of our investments, including our strategic investments; our ability to attract and retain key personnel; litigation or inquiries and related time and costs; 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. The Quarterly Report on Form 10-Q for the quarter ended September, 30, 2023, which we expect to be available on November 7, 2023, lists 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 in Part II, Item 1A under the heading "Risk Factors" in our 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. Our filings with the SEC may be accessed at the SEC's web site at www.sec.gov.

Founder-led management team with track record of scaling new product categories



Rick Smith

*Chief Executive Officer
& Founder*



Josh Isner

President



Brittany Bagley

*Chief Operating Officer
& Chief Financial Officer*



Jeff Kunins

*Chief Product Officer
& Chief Technology Officer*



OUR MOONSHOT

Cut gun-related deaths between police and public by 50% in 10 years

What is Axon's role? We are investing in:

Technology

Training

Trust

Today

Advancing Axon's R&D pipeline
Driving technology adoption

De-escalating with confidence
Virtual reality utilization

Never miss a moment, body cameras
Response reporting data

Tomorrow

"All in" sector innovation
Advancing less-lethal and robotic security

Learning from experience and data
Greater efficiency and safety

Use of force data collection
Evidence-based policies and practices

Differentiated value proposition

Technology platform revolutionizing public safety

Mission driven to protect life, capture truth, and accelerate justice

Market leader in cloud-powered integrated hardware and software for public safety

Strong market tailwinds — public safety spending is resilient and growing

Early penetration into a **\$50 billion TAM** and millions of global users

Subscription model with **90% subscription revenue** and a **17k+ strong customer base**

Attractive financial profile with high revenue growth, attractive gross margins, and significant profitability

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A dark, semi-transparent collage of various Axon equipment including a smartphone, a tablet displaying a video player, a body-worn camera, a drone, and a yellow tactical vest, all arranged around the central text.

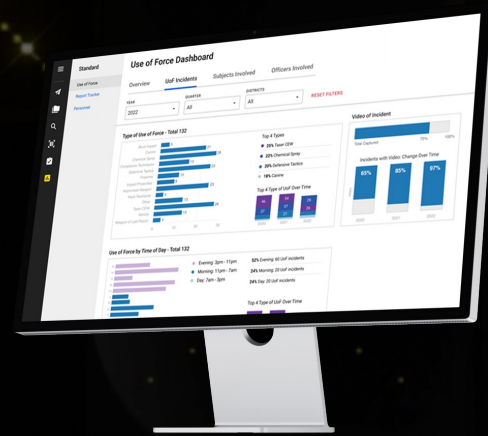
**PROTECT LIFE
CAPTURE TRUTH
ACCELERATE JUSTICE**

Axon at a glance



TASER

TASER devices are the leading less-lethal option, at the forefront of de-escalation, and on the cusp of global adoption



AXON CLOUD

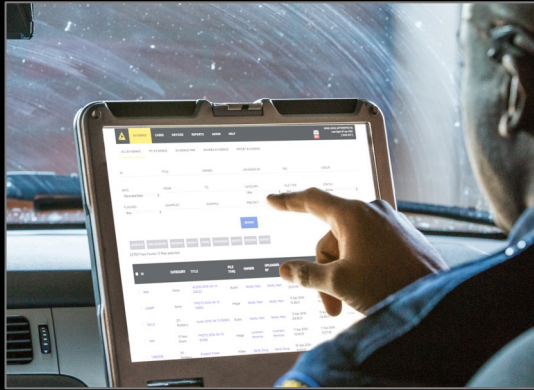
Best-in-class, cloud-powered software suite for digital evidence management, productivity and real-time operations



SENSORS + OTHER

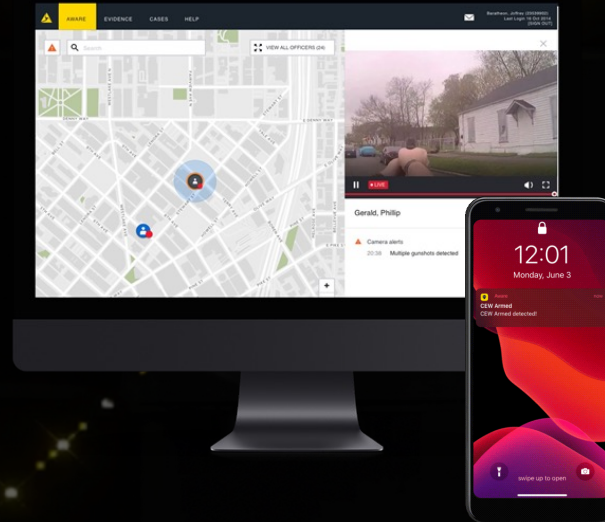
Market leadership in body cameras, in-car cameras, and sensors, that are mission critical for transparency and real-time operations

#1 cloud software suite for public safety



DIGITAL EVIDENCE MANAGEMENT

Software hub for **digital evidence workflows** – review, analyze, share, redact, and more



REAL-TIME OPERATIONS

Real-time situational awareness leads to **faster responses** and **safer officers**

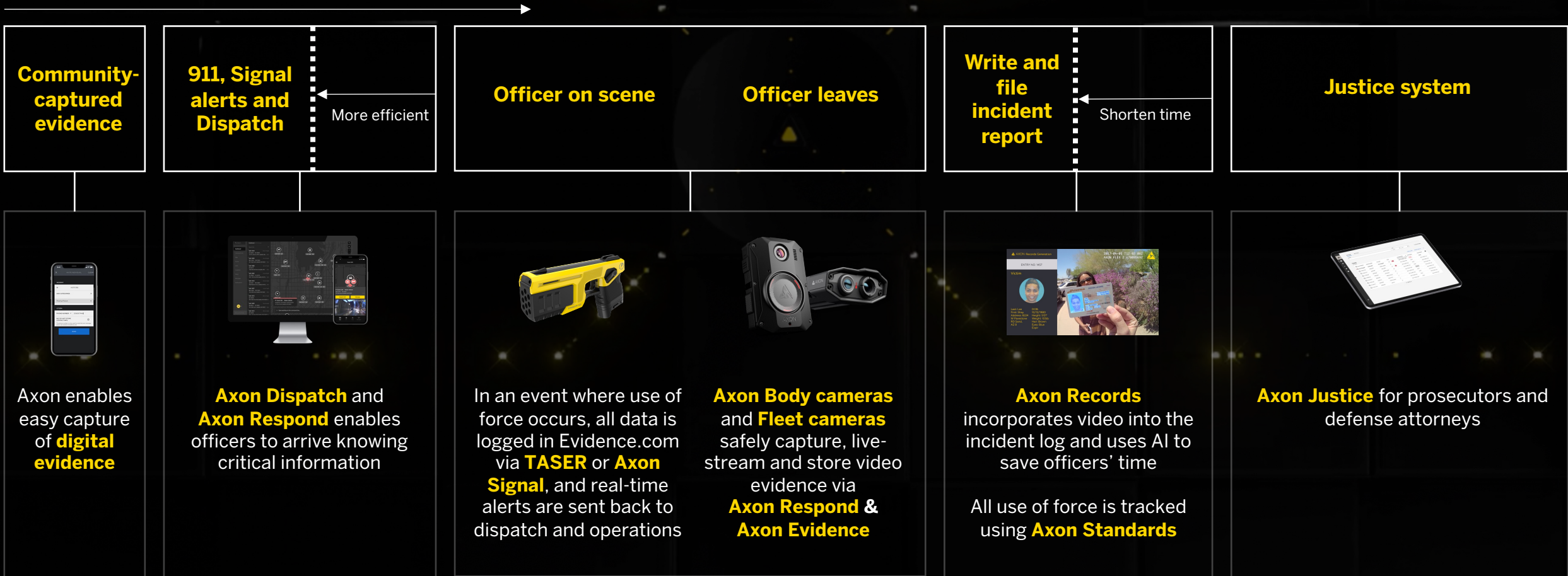


PRODUCTIVITY

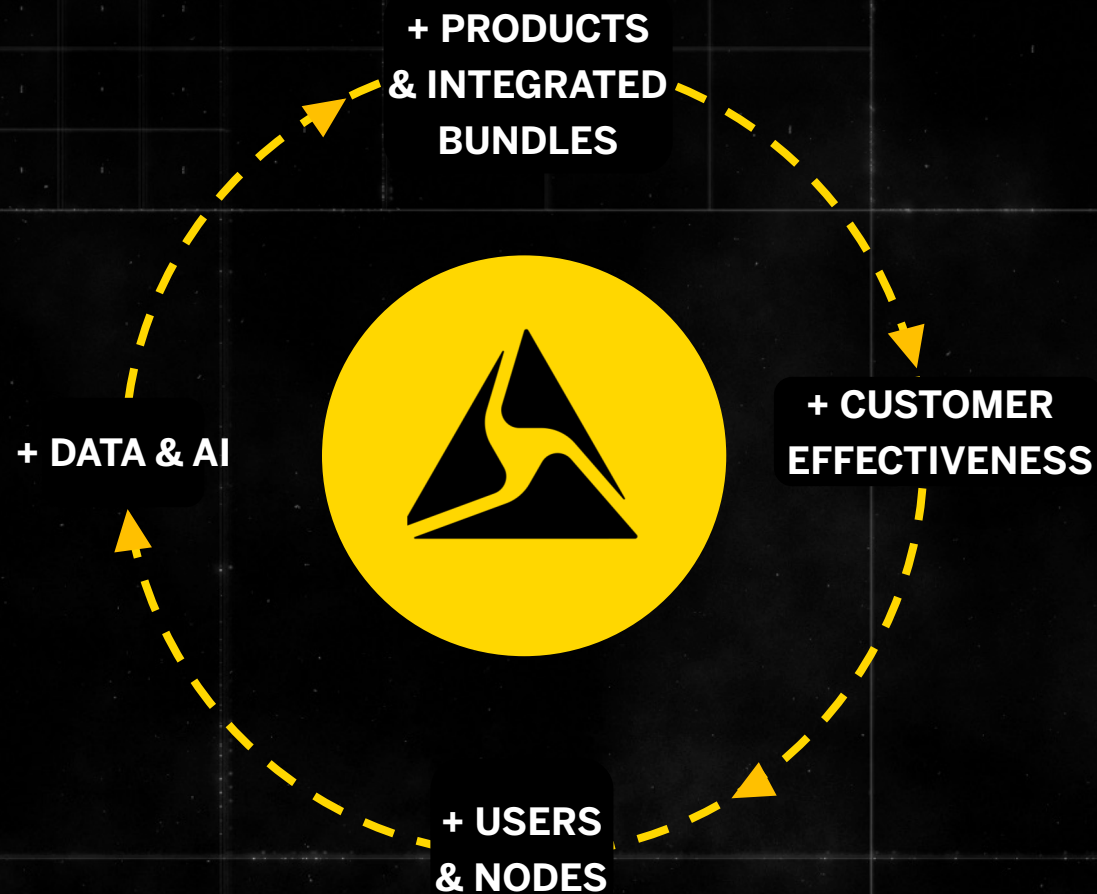
Streamlining administration and report-writing to save time and costs

Mission critical solutions from capture to courtroom

Time



Powerful flywheel effects



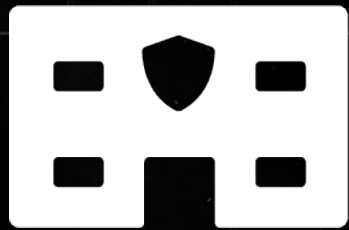
Build **products and integrated bundles** that improve our customers' **effectiveness** to ensure everyone gets home safely.

This creates more **users** (aka people) and **nodes** (aka devices) on the Axon network that then creates more data that we can use to unlock more value from with **machine learning and AI**.

We use that to create even more great **products and integrated bundles**.

Strong customer franchise with compelling net revenue retention

U.S. STATE & LOCAL



17k+ public safety agencies globally

U.S. FEDERAL



122% net revenue retention

INTERNATIONAL



5+ year customer contracts

COMMERCIAL ENTERPRISE



■ = Growth Markets

Net revenue retention is as of most recent update and is defined as the software and camera warranty subscription and support revenue from a base set of agency customers from which we generated Axon Cloud subscription revenue in the last month of a quarter divided by the software and camera warranty subscription and support revenue from the year-ago month of that same customer base. This calculation includes high-margin warranty but purposely excludes the lower-margin hardware subscription contingent of the customer contracts, as it is meant to be a software-as-a-service ("SaaS") metric that we use to monitor the health of the recurring revenue business we are building. This calculation also excludes the implied monthly revenue contribution of customers that were added since the year-ago quarter, and therefore excludes the benefit of new customer acquisition. The metric includes customers, if any, that terminated during the annual period, and therefore, this metric is inclusive of customer churn. This metric is downwardly adjusted to account for the effect of phased deployments -- meaning that for the year-ago period, we consider the total contractually obligated implied monthly revenue amount, rather than monthly revenue amounts that might have been in actuality smaller on a GAAP basis due to the customer not having yet fully deployed their Axon solution. For more information relative to our revenue recognition policies, please reference the documents incorporated by reference herein.

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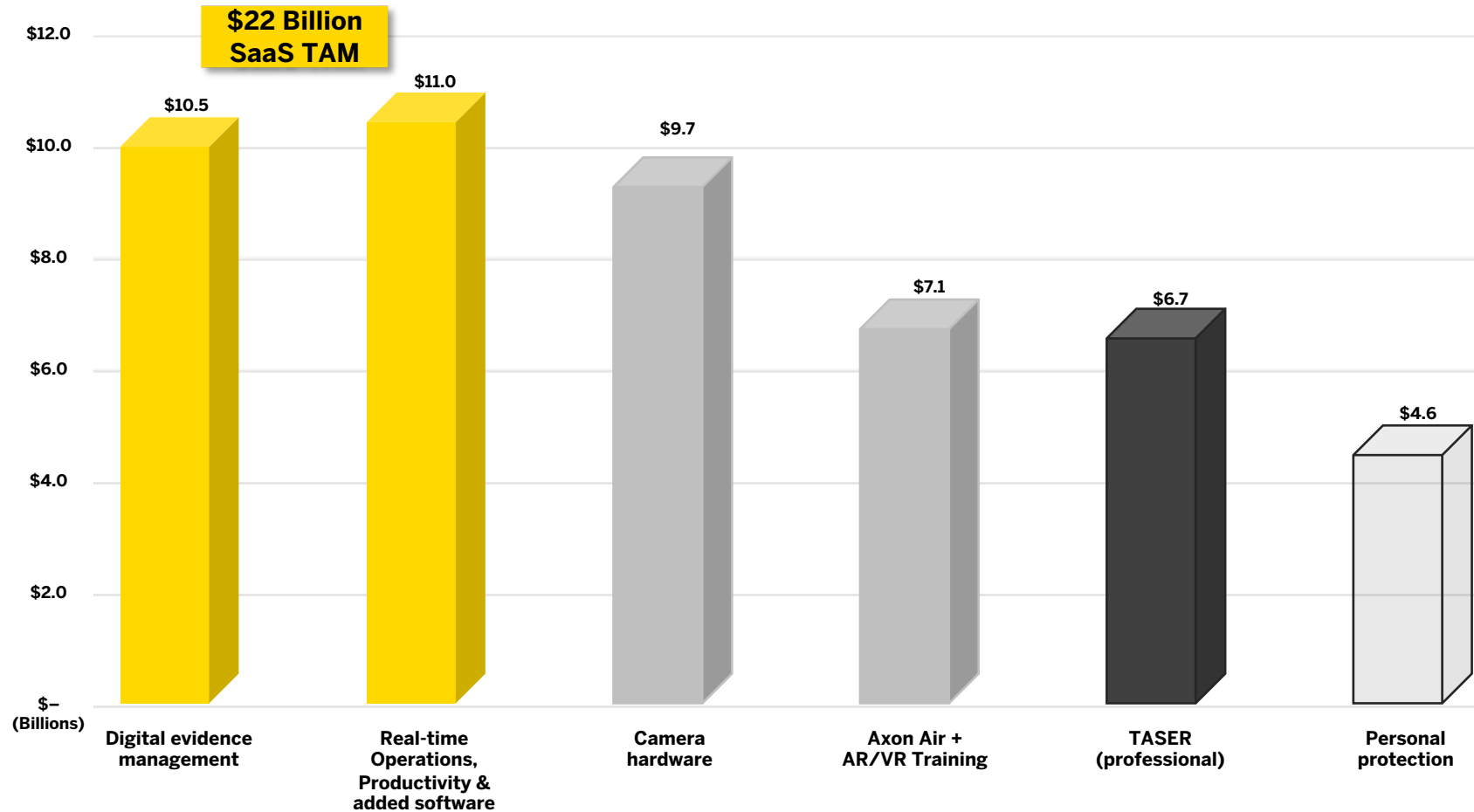
MARKET
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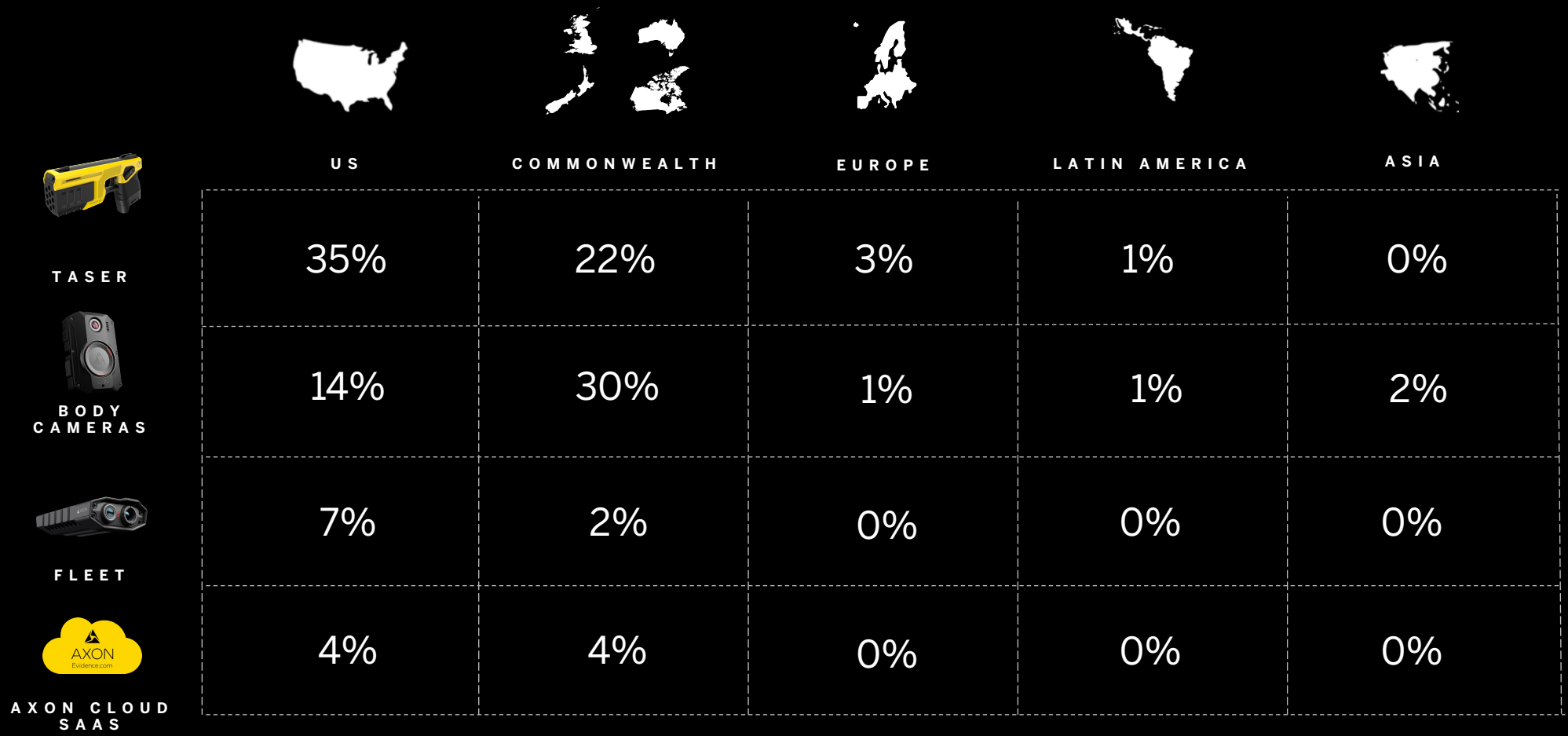
Massive market opportunity



**\$50
BILLION
TAM**

Our Total Addressable Market (TAM) methodology estimates annual potential spending on Axon products by considering total possible users in regions and markets we are selling into or that we intend to sell into in the near future (in each case), based on publicly available user data by job category from U.S. Bureau of Labor Statistics and other public sources, 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. Subscription spending equals 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. The Digital Evidence Management TAM products include Axon Evidence licenses and storage for both 1P and 3P devices. "Added software" includes Auto-Tagging, Redaction, Third-Party Video Playback, Performance, Community Request, My90 and Axon Fleet software, including ALPR.

Axon enjoys early TAM penetration & global expansion opportunity



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

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

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

Here, we present Axon Cloud SaaS software *dollar* penetration (not user penetration). Axon's licensed users exhibit healthy revenue retention.

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. Personal protection, commercial enterprise, fire and EMS, Axon Air & AR/VR, and the Middle East and Africa are not reflected given estimated TAM penetrations of about 0%. Axon Cloud SaaS includes Digital Evidence Management, Productivity and Real-Time Operations. The US Vehicle count in scope includes ~420K State and Local Law Enforcement vehicles, and the rest is composed by State and Local Corrections in addition to Federal Law Enforcement, Corrections and DoD.
 Note: Percentages as of December 31, 2022.

Diversified growth opportunities along several vectors

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







M&A






PARTNERSHIPS/INVESTMENTS

U.S. public safety spending is resilient & growing

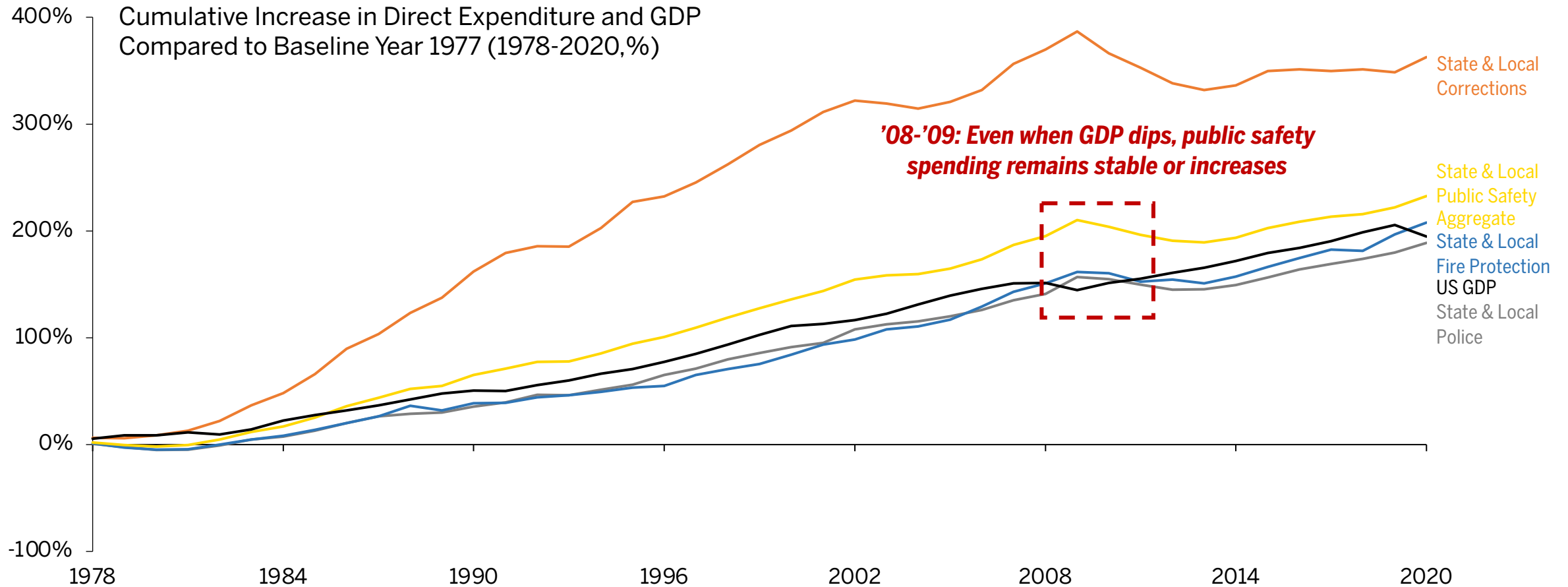


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Q4 and FY 2023 Guidance

New

As reported Nov. 7, 2023

Revenue (Q4 2023)

\$417 million to \$420 million
(24% to 25% annual growth)

Adjusted EBITDA (Q4 2023)

Margin of approx. 20%

New

As reported Nov. 7, 2023

Full year revenue (2023)

Approx. \$1.55 billion
(~30% annual growth)

Full year Adjusted EBITDA

Margin of 20.8%
(Implies approx. \$322 million)

Capital Expenditures

\$50 million to \$65 million

Previous

As reported Aug. 8, 2023

Full year revenue (2023)

\$1.51 billion to \$1.53 billion
(~28% growth at the midpoint)

Full year Adjusted EBITDA

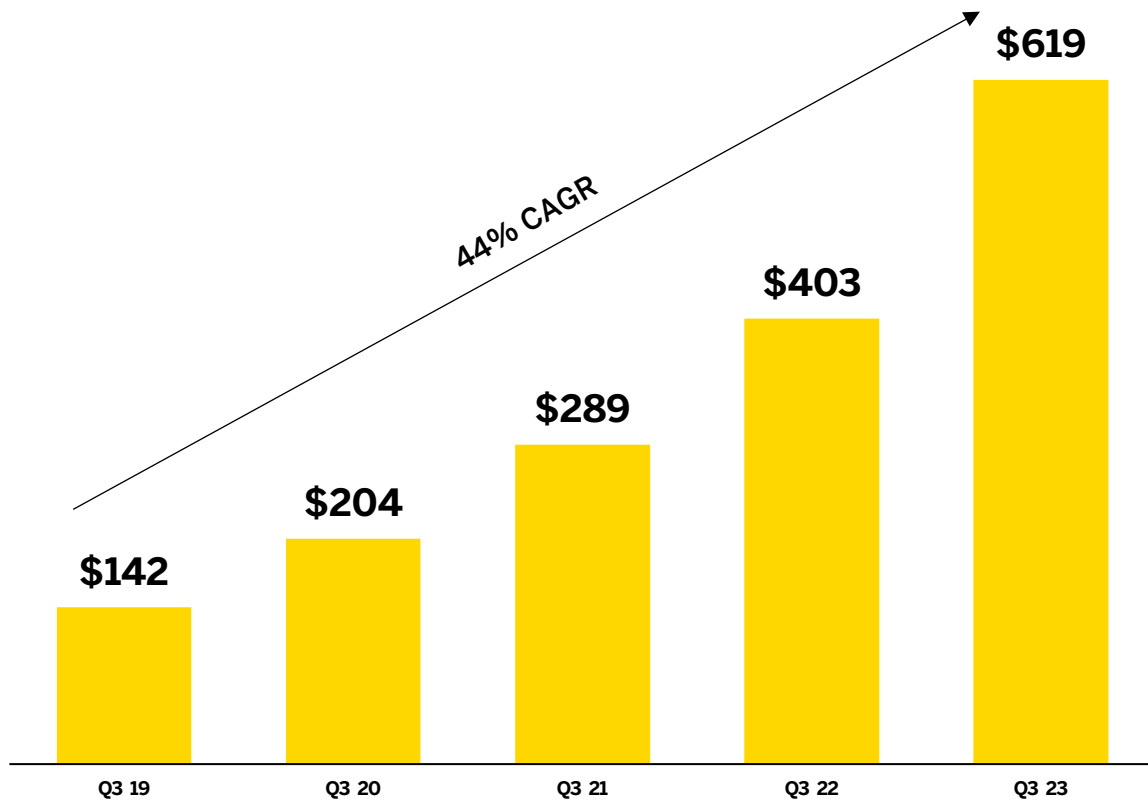
Margin of 20%
(Implies \$302 million to \$306 million)

Capital Expenditures

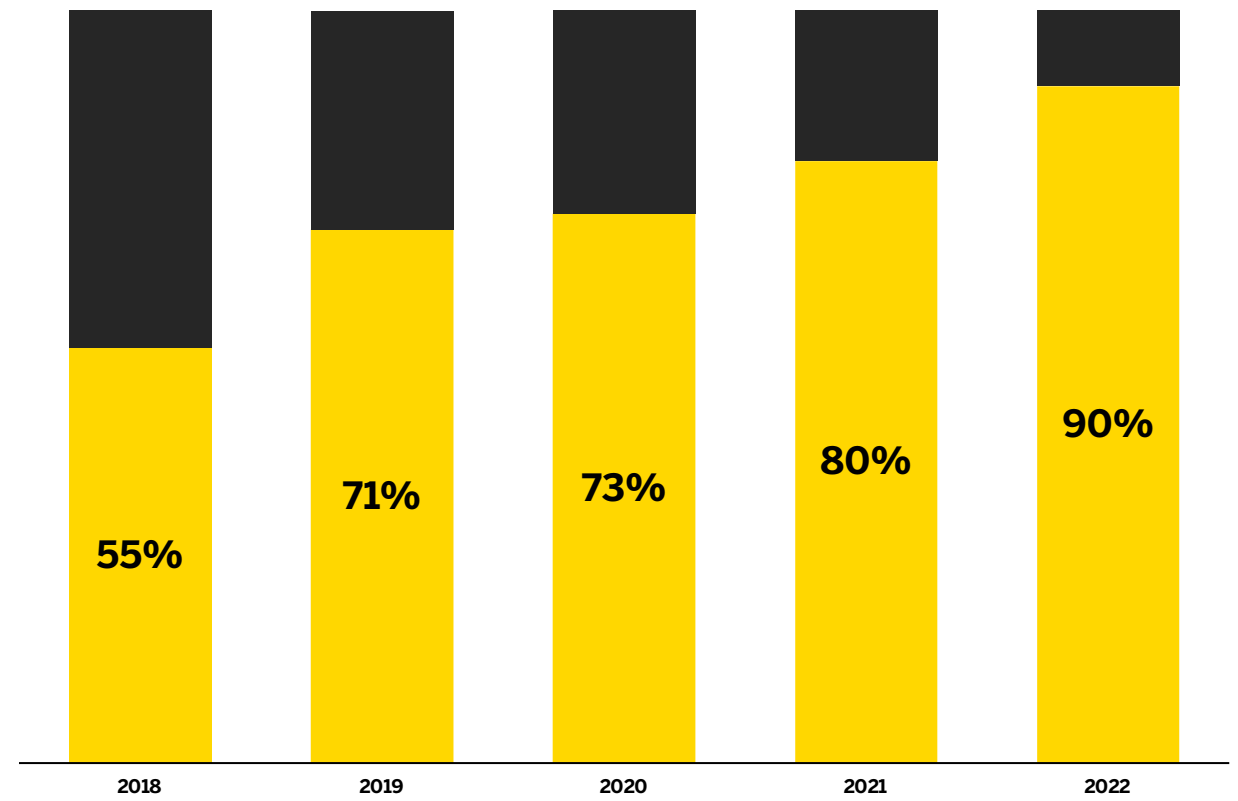
\$50 million to \$65 million

High financial visibility driven by recurring subscription bundles

SAAS ANNUAL RECURRING REVENUE
(\$ MILLIONS)



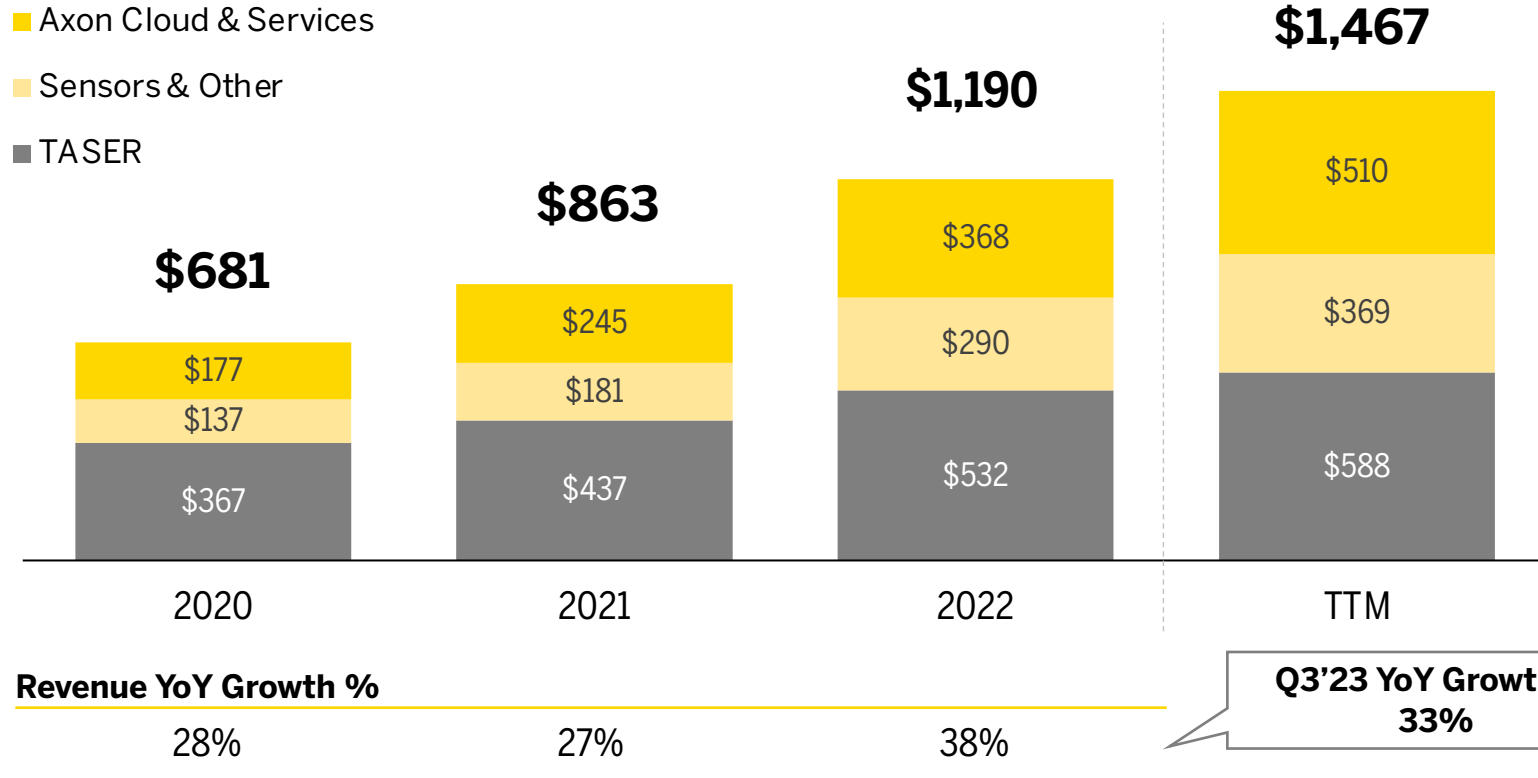
% TOTAL REVENUE TIED TO
SUBSCRIPTION BUNDLES
(Non-subscription revenue tied to consumer, new & emerging markets)



Strong, consistent growth with attractive gross margin profile

Revenue (\$ millions)

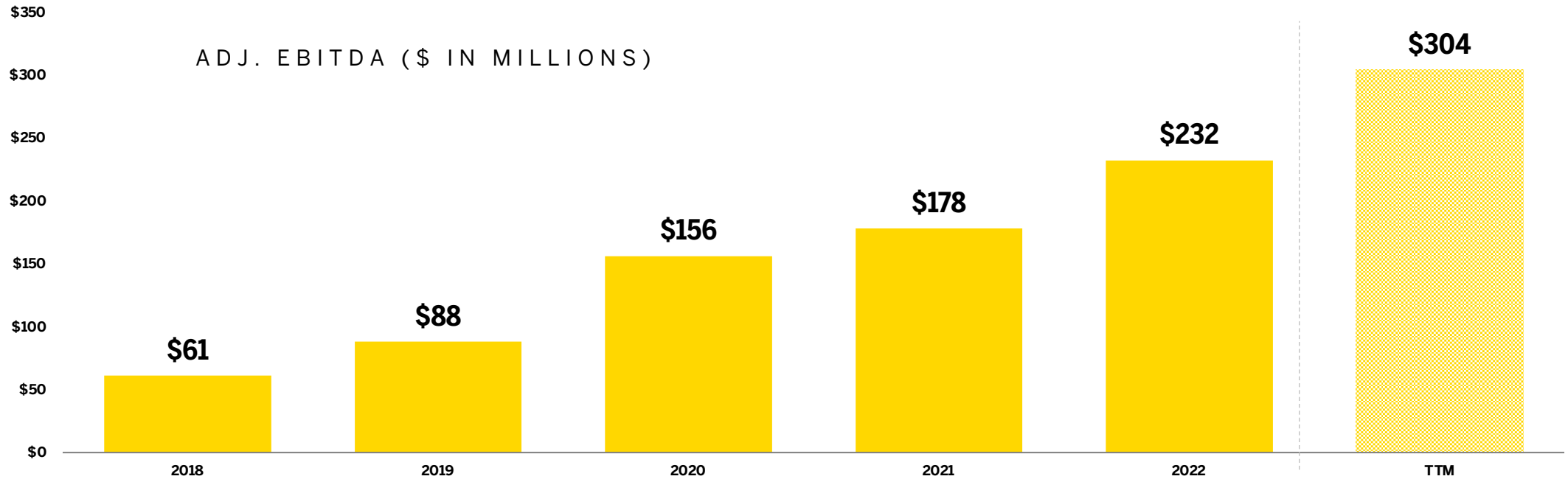
- Axon Cloud & Services
- Sensors & Other
- TASER



'20-'22 Revenue CAGR	'22 Gross Margin
32%	61%
44%	73%
45%	42%
20%	63%

Note: TTM (trailing twelve-month) defined as Q3 and Q4 of 2022 plus Q1 and Q2 2023

Healthy margins and increasing free cash flow



Adj. EBITDA Margin %	15%	17%	23%	21%	20%
'Rule of 40' ¹	37	43	51	48	58
Adj. FCF ²	\$52	\$48	\$16	\$79	\$197

1. Rule of 40 is defined as revenue growth plus Adjusted EBITDA margin. Refer to the Appendix for the necessary non-GAAP reconciliation.
 2. Adj. Free Cash Flow is a non-GAAP financial measure. Refer to the Appendix for the necessary non-GAAP reconciliation.

APPENDIX



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*



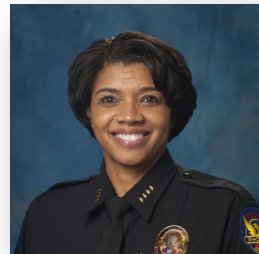
**Adriane
Brown**

Director



**Hadi
Partovi**

Director



**Chief Jeri
Williams**

Director



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

Director



**Erika
Ayers Badan**

Director



**Rick
Smith**

Director*, CEO &
Founder



*Non-independent directors

Axon's Ethics & Equity Advisory Council

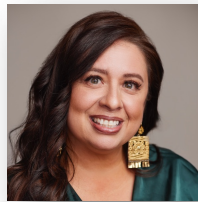
When we build for the future, we engage with our valued EEAC, who routinely provides feedback throughout the product design process, helping us ensure that we are investing to build a future that we all want to live in ...

... we also work with governments, city councils, public safety, industry partners, legislators and policy makers, and community advocates to garner insight as we innovate.

U.S. Council



Rev. Kelvin Sauls



Michelle Vilchez



Jeff Taylor



Dr. Desmond Patton



Bertha Purnell



Giles Herdale



Prof. Vassilios Paplois



Dr. Karen Graham



Desmond Brown

U.K. Council



Devon Simmons



Dr. Broderick Turner



Tonya Strozier



Louis Frye



Dr. Wilneida Negrón



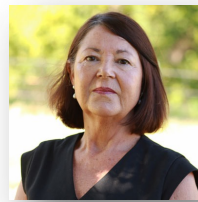
Maya Mate-Kole



Delano Gournet-Moore

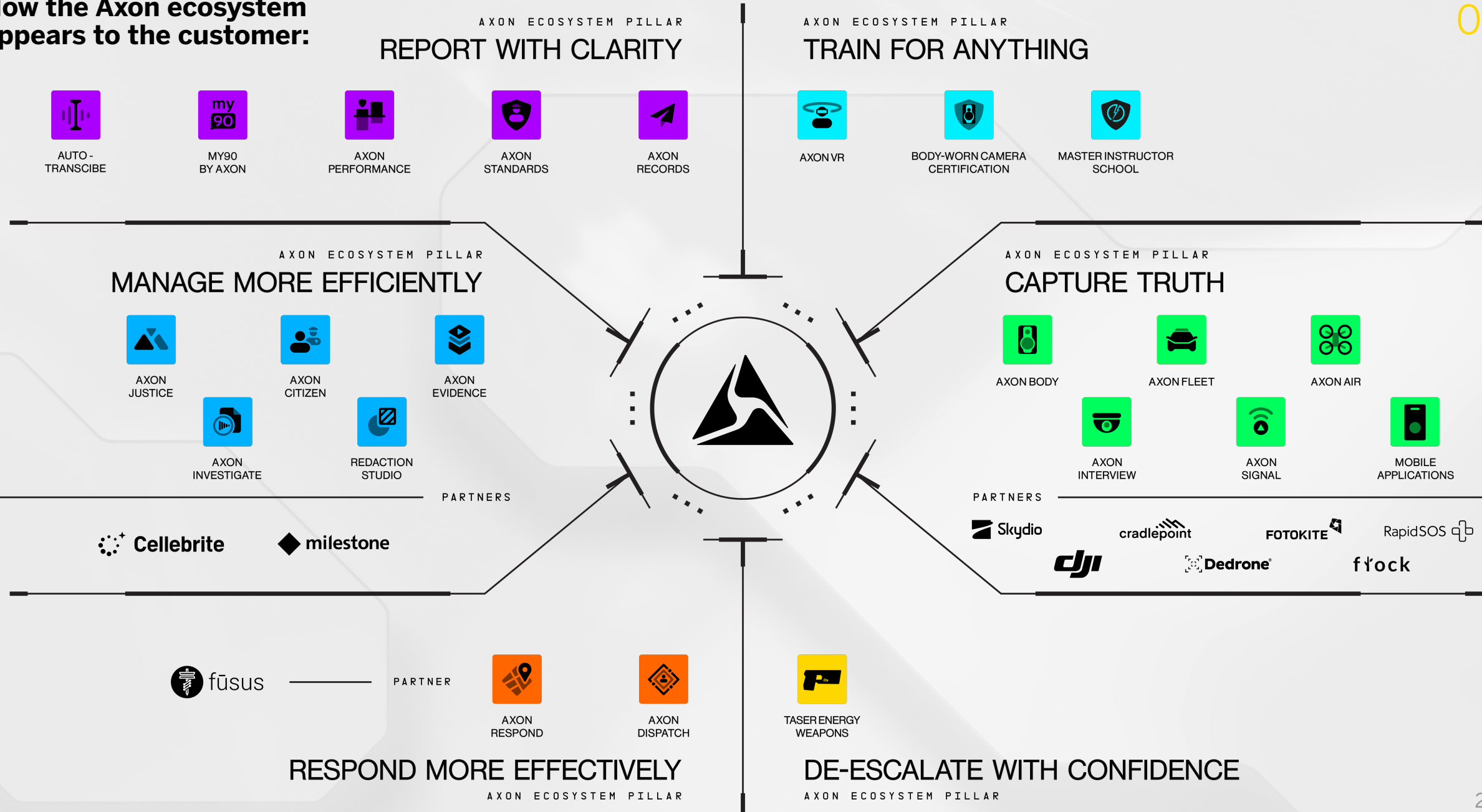


Alex Holmes



Prof. Allyson Macvean

How the Axon ecosystem appears to the customer:



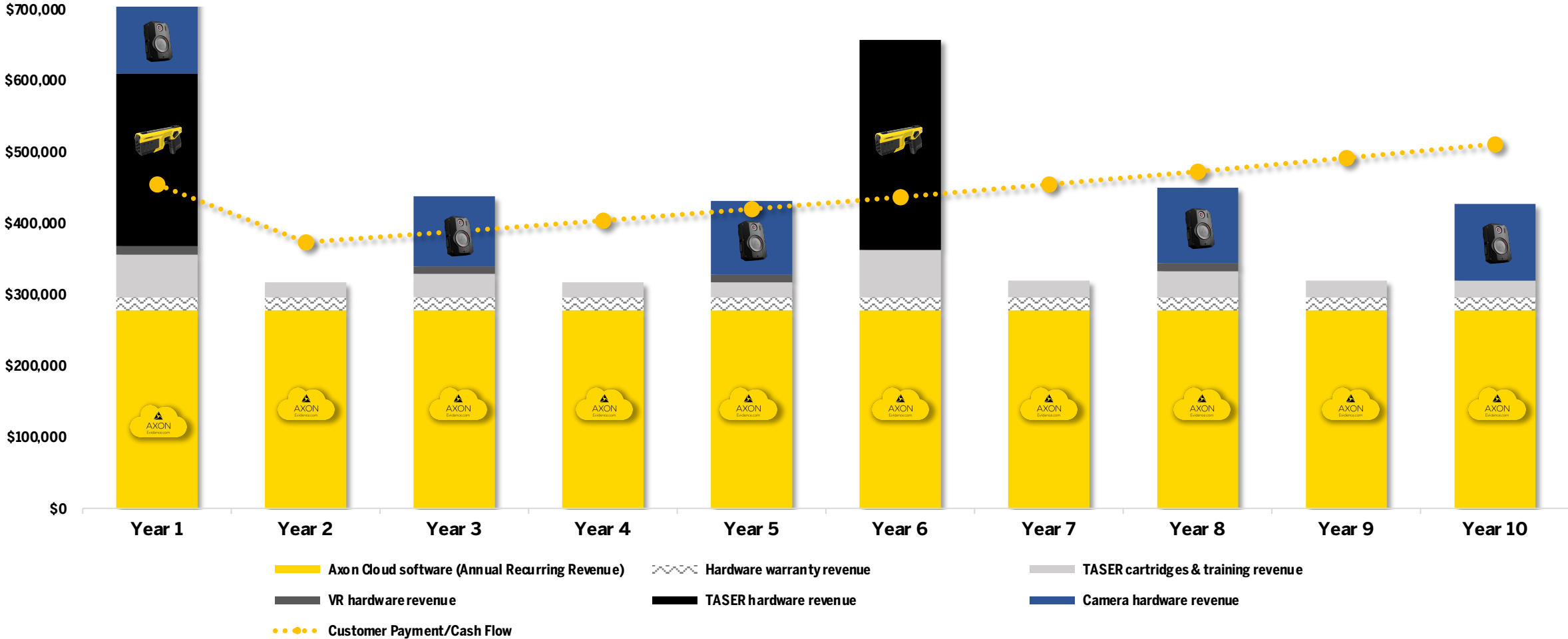
	TASER WEAPON Bundles				CAMERA Bundles				SOFTWARE-ONLY Bundles				WEAPON + CAMERA + SOFTWARE Bundles					
	TASER 7 Basic	TASER 7 Cert + VR	TASER 10 Basic	TASER 10 Cert + VR	Unlimited Body Camera	Unlimited 7+ Premium	Fleet 3 Basic	Fleet 3 Advanced	Basic Licensing	Pro Licensing	Pro+ Licensing	Justice Premier	OSP 7	OSP 7+	OSP 7+ Premium	OSP 10	OSP 10+	OSP 10+ Premium
Starting Monthly Price	\$46	\$85	\$50	\$90	\$91	\$240	\$149	\$235	\$15	\$39	\$79	\$99	\$169	\$229	\$289	\$179	\$239	\$299
Additional Required Purchase	Cartridges	n/a	Cartridges	n/a	Upfront Camera HW	Upfront Camera HW	n/a	n/a	n/a	n/a	n/a	n/a	Upfront Camera HW	Upfront Camera HW	Upfront Camera HW	Upfront Camera HW	Upfront Camera HW	Upfront Camera HW
TASER 7	✓	✓											✓	✓	✓			
TASER 10			✓	✓												✓	✓	✓
Unlimited Duty Cartridges		✓		✓									✓	✓	✓	✓	✓	✓
Limited Duty Cartridges			✓															
Training Cartridges		✓		✓									✓	✓	✓	✓	✓	✓
Rechargeable Batteries + Dock	✓	✓	✓	✓									✓	✓	✓	✓	✓	✓
Weapon E.com License	✓	✓	✓	✓									✓	✓	✓	✓	✓	✓
VR Training + Oculus Headset		✓		✓		✓									✓			✓
Basic E.Com License									✓									
Professional E.com License					✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Unlimited Storage					✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓
Year 2.5 Camera Upgrade					✓	✓		✓					✓	✓	✓	✓	✓	✓
Year 5 Camera Upgrade					✓	✓		✓					✓	✓	✓	✓	✓	✓
3rd Party Storage (Unlimited)						✓						✓			✓			✓
3rd Party Storage (Limited)											✓		✓				✓	
Respond for Devices													✓			✓		
Respond for Devices+						✓		✓						✓	✓		✓	✓
Axon Signal Sidearm						✓							✓	✓	✓	✓	✓	✓
Axon Signal Vehicle							✓	✓										
Axon Performance						✓					✓			✓	✓		✓	✓
Channel Services						✓								✓	✓		✓	✓
Auto-Tagging						✓					✓			✓	✓		✓	✓
Axon Redaction Assistant						✓					✓	✓		✓	✓		✓	✓
Third Party Video Support						✓					✓	✓		✓	✓		✓	✓
ALPR								✓										
Axon Citizen for Communities						✓					✓	✓		✓	✓		✓	✓
Axon Records						✓								✓	✓		✓	✓
Records Lite											✓		✓		✓			
Axon Auto-Transcribe						✓					✓			✓	✓			✓
My 90						✓								✓				✓
Investigate Pro											✓							
Discovery											✓							

Right-sized & custom bundles for any agency

Based on 5-year pricing. Price increase over 5 years includes a 4% annual inflation adjustment. TASER hardware revenue recurs every 5 years. Camera and VR hardware revenue occurs approximately every 2.5 years. >90% of cash flows are reoccurring.

Officer Safety Plan 10+ Premium Integrated Bundle

Illustrative revenue recognition and cash flow schedule on a public safety contract for 100 officers



Years 1-5: Customer payment & cash flow = averages \$324 / officer / month + program start up fee and includes 4% annual increase. TASER hardware revenue recurs every 5 years. Camera and VR hardware revenue recurs approximately every 2.5 years. >90% of cash flows are recurring. Chart assumes a 10-year integrated bundled contract with built-in price uplift.

Non-GAAP Reconciliation: Adj. EBITDA

NINE MONTHS ENDED

TWELVE MONTHS ENDED

\$ IN THOUSANDS	30-SEP-2023	30-SEP-2022	31-DEC-2022	31-DEC-2021	31-DEC-2020	31-DEC-2019	31-DEC-2018
EBITDA and Adjusted EBITDA							
Net income	\$ 116,956	\$ 117,964	\$ 147,139	\$ (60,018)	\$ (1,724)	\$ 882	\$ 29,205
Depreciation and amortization	22,587	18,171	24,381	18,694	12,475	11,361	10,615
Interest expense	5,223	14	488	28	55	46	86
Investment interest income	(35,010)	(168)	(4,782)	(1,511)	(4,086)	(7,040)	(3,002)
Provision for (benefit from) income taxes	(17,758)	43,824	49,379	(81,357)	(4,567)	1,188	(1,101)
EBITDA	\$ 91,998	\$ 179,805	\$ 216,605	\$ (124,164)	\$ 2,153	\$ 6,437	\$ 35,803
Adjustments							
Stock-based compensation expense	\$ 96,228	\$ 74,454	\$ 106,176	\$ 303,331	\$ 133,572	\$ 78,495	\$ 21,879
Unrealized loss (gain) on strategic investments and marketable securities, net	42,306	(92,498)	(98,943)	(23,035)	(2,055)	–	–
Transaction costs related to strategic investments and acquisitions	1,793	2,304	2,368	2,068	1,032	–	1,382
Loss on disposal, abandonment, and impairment of property, equipment and intangible assets, net	317	2,032	110	146	320	67	2,117
Insurance recoveries ⁽¹⁾	(3,404)	–	–	–	–	–	–
Costs related to FTC litigation	72	295	545	741	19,064	240	–
Payroll taxes related to XSPV vesting and CEO Award option exercises	8,961	–	–	18,933	–	–	–
Adjusted EBITDA	\$ 238,271	\$ 166,392	\$ 232,313	\$ 178,112	\$ 155,808	\$ 87,781	\$ 61,484
Adjusted EBITDA margin	21.1%	19.5%	19.5%	20.6%	22.9%	16.5%	14.6%

(1) Presentation of Adjusted EBITDA for the three months ended June 30, 2023 has been recast to conform to the current presentation, and reflects insurance recoveries that were immaterial to the period. Adjusted EBITDA for the nine months ended September 30, 2023 reflects total year-to-date insurance recoveries.

Non-GAAP Reconciliation: Revenue & ARR CAGR

\$ IN THOUSANDS	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3'19 – Q3'23 REVENUE CAGR
Revenue	\$130,837	\$166,442	\$231,989	\$311,754	\$413,601	33%
Axon Cloud & Services	34,021	45,462	63,264	95,740	147,963	44%
Sensors & Other	25,073	36,574	47,234	71,131	103,068	42%
TASER	71,743	84,406	121,491	144,883	162,570	23%

\$ IN MILLIONS	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3'19 – Q3'23 ARR CAGR
ARR	\$142	\$204	\$289	\$403	\$619	44%

Non-GAAP Reconciliation: Adj. Free Cash Flow

THREE MONTHS ENDED

\$ IN THOUSANDS	30-SEP-2020	30-SEP-2021	30-SEP-2022	30-SEP-2023
Free cash flow				
Net cash provided by (used in) operating activities	\$11,140	\$16,449	\$40,901	\$62,892
Purchases of property and equipment	(58,472)	(12,470)	(14,371)	(13,974)
Purchases of intangible assets	(66)	(14)	(89)	(392)
Free cash flow, a non-GAAP measure ⁽¹⁾	(47,398)	3,965	26,441	48,526
Bond premium amortization	(1,160)	(1,496)	362	4,035
Net campus investment	54,215	3,128	4,415	761
Adjusted free cash flow, a non-GAAP measure ⁽²⁾	\$5,657	\$5,597	\$31,218	\$53,322

(1) Free Cash Flow (Most comparable GAAP Measure: Cash flow from operating activities) - cash flows provided by operating activities minus purchases of property and equipment and intangible assets. (2) Adjusted Free Cash Flow (Most comparable GAAP Measure: Cash flow from operating activities) - cash flows provided by operating activities minus purchases of property and equipment and intangible assets, excluding bond amortization and the net impact of investments in our new Scottsdale, Ariz. campus. Note: Q3'20 includes \$54M land purchase.