

NASDAQ:KSCP Q3 2025 Earnings Call Transcript

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Allison Schwanke | VP of Marketing:

Welcome, everybody, to the third quarter 2025 Nightscope earnings call. My name is Allison Schwanke. I'm the VP of Marketing here at Nightscope, and I'm joined by our Chairman and CEO and CFO. We're excited to go through the results and some exciting news for us here at Nightscope. I'll hand it over to you, Bill.

Bill | Chairman and CEO:

Thanks, Allie. Welcome, everybody. We're live streaming from our brand spanking new Nightscope headquarters here in Silicon Valley. If you see some noise or stuff going on in the background, we're getting ready for KHQ nights. We're going to have... friends and family here this evening, and we're excited to get everyone to come visit the new facility. So the other important thing to note, we will not be covering any MNPI during the call, so no material non-public information. If you ask a question after the discussion on the earnings, if we can't answer the question, we'll try to rephrase it so we can. But Ali's here to moderate and make sure we stay out of trouble.

Allison Schwanke | VP of Marketing:

Yeah, if you do have any questions, please use the Q&A feature inside of the webinar, and we'll make sure and line those up so we can answer after we address some of the initial findings.

Bill | Chairman and CEO:

So with that, we're going to turn it over to Apoorv, who's going to walk us through the third quarter.

Apoorv | CFO:

Thanks, Bill. So as we look into our third quarter financials, there's three primary themes that are emerging. On one side of revenue, we saw modest revenue growth. Companies still largely early stage in an industry where there's a lot of excitement around robots. However, the adoption is still uneven. We believe that we will be able to better penetrate existing markets and enter new markets with innovative technologies that the company is bringing forth in the near future. On the margin side, has been challenged as we continue to build scale economics in manufacturing. Wait one second. In manufacturing, in the field servicing, and in our material manufacturing. Historically, our team has been exceptionally scrappy, doing whatever it takes to meet growing demand. This scrappiness has been our superpower, but it doesn't scale. So as we prepare for our next phase of growth, we're completely overhauling how we build and deliver our products. In Q3, we saw a temporary dip in our margins as a direct result of the deep dive we took in our manufacturing operations. Lastly, our investment in product development and innovation. We are investing in innovation and product development, and we believe that innovation will be a critical engine of our growth in the near future. With that, let's jump into the financials. Total revenue of \$3.1 million grew by 23.5% versus prior year. This was driven by increase in both sides of the business. Services revenue grew modestly by 2%, while product revenue grew by 82%, largely as the company delivered higher production to catch up from prior quarter's component shortages. Gross loss of \$1.6 million is largely driven by \$600,000 write-off of slow-moving and obsolete inventory that were identified as part of the move from Mountain View to Sunnyvale, in addition to

recognizing higher material costs incurred to meet production demands of the third quarter. OPEX increased by almost 13% and ended at \$7.9 million, largely due to intensified investment in R&D, primarily in the next-generation four-wheeled K7 robot. As such, our R&D investment increased by \$2 million as compared to prior year, However, this was offset by cost savings of about 1.1 million across SG&A, primarily in lower third-party professional fees and in lower IR expense. As a result of these dynamics, our loss from operations came in at 9.5 million as compared to 7.7 million prior year. Additionally, Our net loss of \$10 million came in \$1 million better than prior year, primarily due to the \$3 million expense hit that we took last year as part of the change in fair values of the warrant liabilities, which are no longer on our books. EPS came in at negative \$0.98 as compared to a loss of \$3.58 prior year. And finally, on a great note, our cash balance continues to increase as the company relies on its ATM as well as cost management. So we ended our cash balance at about \$20.4 million this quarter versus \$5.3 million last year at the same time. With that, I will pass it on to Bill for Q&A.

Bill | Chairman and CEO:

Now, before we get to the Q&A, I really think we might have a video of this show.

Apoorv | CFO:

Oh, interesting.

Bill | Chairman and CEO:

All right.

Apoorv | CFO:

Let's do it.

Bill | Chairman and CEO:

Let's roll it. All right. Well, hopefully everybody enjoyed that. We've been working on the Nightscope K7 for a very long time. We're excited to announce that we're going to start limited series production, second half of 26. And we're in very good spirits here as building on what Apoorv said, kind of resetting the stage and foundation for growth. I've never been this excited about the company's future, even since inception. So things are looking up here. Allie, you want to hit us with the easy questions first?

Allison Schwanke | VP of Marketing:

Yeah, absolutely. Well, the first one I already answered, but I'm going to go ahead and read it again. Robin was excited for us to speak about what was coming. I think maybe that was the video that we referred to, but the earnings were released this morning. So what other news is behind that?

Bill | Chairman and CEO:

Literally behind us is an all-new K7 autonomous security robot. We're really excited about building a new foundation to be able to handle much larger environments at much higher speeds with a ton more capabilities. And I think you and I are going to be sharing a little bit more over the next coming months and feeding some exciting news ahead of the launch in the second half.

Allison Schwanke | VP of Marketing:

Yeah, absolutely. Well, there's a couple questions here regarding some of the financials, so let's go into those. Sure. So Greg says, is the company building first, then selling the inventory or building inventory and then selling products?

Apoorv | CFO:

Oh, that's a great question. It's traditionally we've sold the products first, then built them. However, as we kind of move forward towards scaling, I think one of the things we want to do is figure out how do we build the stock and then sell the inventory as demand comes in. It's important for us to be able to, you know, as we scale, to do that because that allows us to then turn the bookings into revenue much faster.

Bill | Chairman and CEO:

I think historically, if you look at the numbers, we at the peak had maybe \$6 million worth of backlog. We brought it down to about like \$1 or \$2 million now. We want to get that down as much as possible and start building finished goods inventory so that we can actually ship quicker and actually the whole operation, the financial area, then get improved. So that was one of the other reasons to move here to a much, much larger facility. In Mountain View, we had about 13,000 square feet. Here in Sunnyvale, we're at 33,000 square feet and a lot more capacity for us to continue to grow.

Allison Schwanke | VP of Marketing:

There's a question here about the stock. The stock's down over 99% from the IPO price. How can you justify C-level salaries with such dismal performance?

Apoorv | CFO:

Man, look, the stock price is rarely an indication, especially for a company like our size. It's really an indication or a performance of the company itself. It's really more driven by market dynamics and what people think the stock and the company will do and what they're seeing. The salary expectations and the compensation is really driven by board. The board determines what they think we've done and how we've performed and how we've done, and they determine that. I think overall the company's been in a really great point so far. It took us a lot to get here. We're looking forward to the growth, and I think what we're seeing is the compensation reflects where the board feels that the company's going to be.

Allison Schwanke | VP of Marketing:

Fantastic. Let's talk a little bit about the K7 capability. Is there some questions here about what all can it do? What are the capabilities of the new K7?

Bill | Chairman and CEO:

We're not going to unveil everything today, but... It will go up to 10 miles an hour, so much faster than the K5. They handle much more difficult terrain, so light duty off-road as well as kind of street-level type of environments. We're going to – we're still working on this. It's not ready for prime time just yet. but we're going to work on off-grid capabilities for us to deploy these in much larger environments that don't have power infrastructure. That's another big R&D investment for the next year plus for us to be able to deliver on that capability. Still at the, you know, R&D stage. We have a few things up our sleeves, but remember what I've often said. We want to put a million machines in the network that can see, feel, hear, smell, speak, and autonomously cooperate. And the K7, this next generation of technology, is a massive step towards that vision.

Allison Schwanke | VP of Marketing:

Yeah, one more quick thing to add is the amount of hours that we've now acquired in experience in the field of controlling.

Bill | Chairman and CEO:

I think if we would have tried to build this much earlier in our development cycle, it would have been that much more difficult. We've now operated well over 4 million hours fully autonomously across every time zone in the U.S. in multiple winters and summers, and it's important to have that field experience, and that literally gives us a competitive advantage because we can see designs from science fair projects to startups and the like that might have an interesting thing to look at, one quick review, we know this is going to fail, that's going to fail, and this is going to fail, and they're going to find out real quick why you're not going to want to go down that path. So having that intelligence and understanding from being out in the field is really, really important. You cannot develop this stuff in a laboratory. Absolutely.

Allison Schwanke | VP of Marketing:

Well, let's pivot a little bit back to some shareholder questions. So we have a couple here about what we're doing to drive or specifically address shareholder value.

Apoorv | CFO:

Sure. So shareholder value, again, comes from execution, right? We as a team are going to have to figure out how do we execute and deliver on the promises of growth that we're giving to the shareholders. And that's just a process. It doesn't happen in a quarter. It doesn't happen in two quarters. It takes a while. The company, as we've talked about in a prior few calls, is going through a true transition period. We grew for the last 10 years through being scrappy. Scrappy is great for innovation. However, in order for us to move forward to the next phase of growth, it requires us to set in processes, structure, and basically set up for scale. And to do that, we need shareholder support to continue to believe in us. What we'll deliver in the future is higher revenues. We're focusing on that. We're focusing on penetrating new markets. We're focusing on driving our margins lower. Again, right now is kind of an interesting time because we have to clean up

some backlog and some other just things that have happened in the past. But as we kind of go through that cleanup phase, as we set up for scale, that's how we add shareholder value by showing growth and through innovating.

Bill | Chairman and CEO:

I think maybe it might be worthwhile recapping what we've done over the last two years and why we're excited. We've literally turned Nightscope inside out and upside down, going through every single functional area, every single department. We brought in a new stellar board. We've got rid of about 40% of the management team. We took about 30% of the payroll out and brought in new talent. We shut down a few facilities. We moved into a brand new one. We set up a new remote monitoring department, new sales team, new accounting team, new CFO, new VP of marketing. And now we've got a huge product launch that we're working on with the K7. There's the K1 stuff that we'll talk about next year. So it's focused on growth, but you need to kind of have a stable foundation for the report we're trying to get at. We literally change everything in the building, including the address of the building, and if you haven't noticed, the actual logo of the company. Nothing is – no stone unturned to make sure that we're set up for success. And our three growth strategies – to be abundantly clear. Organic growth is to grow the base business, the current business that we have and all the blocking and tackling that needs to get done for that. Second is new product development-led growth. So new products, new technologies, new capabilities that give us a sustainable competitive advantage in the marketplace. And then the last one, inorganic growth. A lot of focus on mergers and acquisitions that can build on that top-line revenue or give us additional technical capabilities.

Allison Schwanke | VP of Marketing:

So that actually is a good parallel to what's being asked here, which is are you working on any M&A opportunities?

Bill | Chairman and CEO:

Never crossed my mind.

Apoorv | CFO:

You want to cover that one? Sure. So we are absolutely looking at M&A opportunities. There are two primary areas that we're focused on. One is do we – how do we – so the way we think about growth, Injun, is really hardware, software, humans, right? Right. Those are three critical components of our growth in the future. On the hardware side, we have development here. On the software side, we're looking for partners and or companies to acquire that allow us things like, you know, perception AI or audio AI or sense AI. So those are the things that are going to help us become better at the analytics and being able to give our machines the capabilities to perceive the environment around them in a better way. Third part of it is the human side. We, as you guys know, as Bill just mentioned, this year or last year we invested in something called the RTX Group, which put humans in the loop. We do believe that really this idea that, you know, robots will somehow replace humans You know, is the answer. It really isn't. The answer is you've got to pair humans with robots. You've got to augment them so humans can become better, right? Humans can become faster at what they do. So we're looking at industries or at least companies where we can find some great humans to work with us. I think –

Bill | Chairman and CEO:

Defining the next generation augmented security guard is certainly a path that we're considering, the remote monitoring. And at the end of the day, we had a large VIP client here yesterday. At the end of the day, clients don't care. Please fix my problem in a way that I can afford it. And all the solutions today really aren't delivering what clients actually need. So what we're off building is that solution that will be comprehensive to actually permanently fix the problem for the clients as opposed to pushing a certain technology or certain strategies.

Allison Schwanke | VP of Marketing:

So this question plays into that a little bit, and it's about autonomous driving. So the fact that it's already being adopted by much larger companies, was there consideration in teaming up with them in terms of incorporating Nightscope Tech into one of theirs, or are we totally set on developing our vehicles or this vehicle from the ground up in-house? I guess totally in-house was the clarifier there.

Bill | Chairman and CEO:

Totally in-house. I think, as I often said, there's going to need to be a very large portfolio of technologies. This is what's behind us is just the beginning, as was the K5 and the K1. The easy way to think about it is it's very different to secure and protect a school as it might be to secure an underpass of a bridge or a federal courthouse. You can't have one single technology and voila, that's just going to fix everything. If that were the case, then, you know, oh, the camera's going to fix something. Well, there's 85 million cameras in the U.S. I don't think it's fixing much. So I think you need a large portfolio, and either we're going to do it ourselves or We may partner with folks or we may buy it. But one way or another, we need to achieve the mission. And it ends up being a make-buy decision. In some cases, we know a little bit more than what's out in the marketplace. And we're in a little bit of an odd space, right? So you've got the delivery robots making some good progress on sidewalks, less than five miles an hour on sidewalks. Then you've got the autonomous vehicle folks and the trucking folks. They're primarily focused at 35, 50, 75 miles an hour on city streets and highways. That's a very different profile than... 10 miles an hour around the perimeter of a security location that needs security. So we're still specializing. We're certainly open to partnerships. We've been evaluating them as part of our M&A strategy or as part of our technology development.

Allison Schwanke | VP of Marketing:

Fantastic. There's several questions here around government and government contracts. So I'll group these together and people asking, do we have any government contracts that we're pursuing or what has been the latest of some of the work you did on Capitol Hill?

Bill | Chairman and CEO:

So, yes, we have local, state, and federal contracts in the stationary side, a good portion of them. The federal side, to be frank, as we always are, rather frustrating. We're in the middle of a whole conversation, and then to have the government shut down is really not productive. So we'll restart those conversations, but that certainly was a little bit of a setback. At the same time, the problem still persists, right? All these military bases need to be hardened. The 10,000 federal security – sorry, the 10,000 federal buildings still need improved security. And so I think the solutions that we're building, inclusive of us partnering with our friends over at Palantir to get our technology on their FedStart platform, is also a huge enabler for us to grow the federal side of things. But as I've said – You know, this is a medium, long-term type of thing. You're not going to all of a sudden have a significant growth on a client that moves very slowly.

Allison Schwanke | VP of Marketing:

Yeah, well, speaking of this may be related to that. So, you know, how do we think about the K-7 having an applicability for border security? Is it rugged enough?

Bill | Chairman and CEO:

Well, light duty off-road is really important. The other reason we're looking at the off-grid charging, autonomous charging is also important because you don't necessarily have power out in the middle of nowhere. And I think the Department of Homeland Security is looking out to put a request for a proposal on certain autonomous technologies to do that capability to support our friends over at CBP. So it's certainly on the roadmap for us.

Allison Schwanke | VP of Marketing:

Great. What about the ability for us to share K7 pre-order numbers as part of future quarterly reports?

Apoorv | CFO:

I mean, look, I think we traditionally just haven't been forward-looking. Again, the key is we want to execute first and then talk about what we've done, and I think that's going to stay our course for now. I think over the years we've had a

Bill | Chairman and CEO:

We have a lot of existing clients and former clients that have expressed a great deal of interest. So reengaging those folks is certainly at top of mind, inviting them here, doing some beta testing in some of these locations, et cetera. We wouldn't build this if we didn't think there was strong demand for it, but I'll – Agree with the report. We'll probably make sure these get deployed, and then we'll talk about the actual numbers.

Allison Schwanke | VP of Marketing:

Yeah, there is a wait list open right now. So if there is interest, people can go, and it's on the website. Head under the Autonomous Security tab on the website. It's also on the homepage.

Bill | Chairman and CEO:

Knightscope.com.

Allison Schwanke | VP of Marketing:

Forward slash K7. Oregon, if you don't have any extra clicks than you today, just go to the homepage, and there's a button right on there. You can go see it. Thanks. Cool. Let's talk about how the K7, maybe the robots, K lines, are made in terms of components. So are K components sourced in relation to tariffs versus U.S. made?

Bill | Chairman and CEO:

So to be clear, we design everything, we engineer it, we manufacture it, we deploy it, and we support it. For a majority of our products, if not all of them, we're BAA or Buy American Act compliant, and that is the strategy for these machines. And you need to be careful with other companies that love to import stuff from China. and then have that surveilling your own property without the proper cyber controls or point of origination type of discussion. And so we're being very careful with that. This is technology built and designed in America to protect Americans.

Allison Schwanke | VP of Marketing:

Let's talk about the facility that we have here. We have a couple questions on if it's available to come in for a tour, if people aren't able to make it to the event. Yes.

Bill | Chairman and CEO:

I think we're going to have to set that up because we get that request a lot. I haven't talked to you about this, but so April 4th or the April 4th. The first week in April. The first week in April is probably the next time we'll do an event. So that will be our 13th year anniversary event. So we'll work to have a poor do some karaoke that night and get you all here to visit us here at Nightscope. What we want to do for our prospective clients and existing clients is actually have the facility amenable to and set up properly for you to understand and view the technology and You can only PowerPoint and Zoom people to death and email them so much. Sometimes they need to come and see and touch and feel and experience. So we're spending the next probably three to six months finishing up the setup of what's planned here for Nightscope headquarters, and we'll certainly have an invitation out for you.

Allison Schwanke | VP of Marketing:

Robert has a question about our sales force. Have we reassigned your sales force to specialize in different industries, federal, state, et cetera, or local governments and education, kind of in the vertical strategy, I guess?

Bill | Chairman and CEO:

Mixed bag. So we've tried vertical only, sometimes has been successful. We've done more regional. We just brought on a new director who specializes on local and state. So kind of a mixed bag, and I think we'll continue to do that. Again, this is new technology. No one in the history of mankind has done this before, so there's a lot of experimentation. Something that works in one region may not work in a different region or one vertical in another vertical, so kind of working our way through that.

Allison Schwanke | VP of Marketing:

Do you feel the new K7 will put our competitors, such as, I won't name the competitors specifically in this call, but will we put the competitors in the review mirror, and if so, how?

Bill | Chairman and CEO:

What competitors?

Allison Schwanke | VP of Marketing:

Do you want to name them? No.

Bill | Chairman and CEO:

I don't acknowledge any viable products out in the field with millions of hours of operation. Okay, I'm kidding. I'm kidding. So I think first and foremost, most people don't like the next assertion, but we're serious about making the U.S. the safest country in the world. Anyone and everyone who's trying... with a new public safety technology, a new law enforcement capability or physical security, we want to support them. We're not that company that's like, oh, well, everything's cutthroat, it's a zero-sum game, and if we win, you lose, and you win, we lose. That's not the game here. I want to make it miserable for anyone who wants to cause harm to an American citizen to understand that they can't do that here anymore. And so we want to be supportive. We're always going to have, you know, some fun conversations with competitors and so-called competitors. But I think we're very confident in the K7 and its capabilities. And we're also excited to get it out on the road.

Allison Schwanke | VP of Marketing:

Competitive-wise, one of the things that is important for us to remember that substitute competitors and our people's perceived behavior and the way that they've always done things is one of our biggest competitors.

Bill | Chairman and CEO:

That's a great point. I think the actual real problem, kind of what I told Congress when I was on Capitol Hill, is the biggest fear I have of AI is not the technology. The technology is moving very quickly. in an exciting fashion. The actual problem is humans. Humans don't want to change. Large organizations don't want to change. I don't think it's new news. Like, we've been arguing with the Department of Veterans Affairs for five years now. I literally went to go see the secretary of the VA to continue to plead our case, to spend half a decade to try to convince a client that you have a problem, you have a budget problem, you have a staffing problem, you have a security problem, and the organization continues to want to do business the old way is problematic. And so that's why I've been pushing for a national robotics strategy to basically be that catalyst for the federal government to unstuck this. Because this continues to happen. And it's not just us. It's everyone that's working on robots or automation or AI or any kind of technology. You have an industry that doesn't want to change. And, you know, new news coming for you, it's going to change one way or another.

Apoorv | CFO:

Yeah, I think that's what I mentioned earlier when I opened up the financial themes. The adoption is uneven, especially in the safety and security world, right? And as you mentioned earlier, the more people, the more industries that are out there adapting and adopting to what robots and machines and technology can help them with, the easier, actually, it becomes for us to go out there and propose a value proposition. Otherwise, we are competing, again – against status quo, and sometimes it's a harder sell.

Bill | Chairman and CEO:

Actually, I'll go down a path. I think we shared this with the analysts. I think it would be fair to share it with the audience here. If I can have you visualize a bar chart, and if I put a very large bar here of three companies, three guarding companies in the U.S., a third, a third, a third, plus or minus, these three companies alone generate \$30 billion worth of revenue and employ a half a million humans in the U.S. alone. Now, if you go over here and you make a little chart here, if you add up all the competitors, folks that have new technologies, anyone working in public safety, law enforcement kind of technology, physical security, you're like almost about 1% of this. And that's pretty much stayed steady for a decade. And that proves my point. Folks don't want to change. The country's addicted to video management systems running Windows, humans, and cameras. And then we're wondering why everything costs so much and a violent crime occurs every 26 seconds and a property crime every four seconds. The system's broken. You've got a million and a half guards, a million law enforcement professionals, 85 million cameras, 300,000 cop cars. Not working. We need to change.

Allison Schwanke | VP of Marketing:

This is a question that most likely a lot of companies like us receive, but it goes to you, Bill. Some of these goals Bill has been saying for years, we've struggled to deliver on them. Why will this time be different?

Bill | Chairman and CEO:

So I live here in Silicon Valley. There are 22,000 startups here. Literally 95% fail. So the statistical probability of someone starting a company, getting it funded, growing it, taking it public and still be alive and kicking 12, 13 years later is almost near zero. So first and foremost, I want to thank our investors that have stayed with us all this time, our vendors, our suppliers, the relentless Nightscope team, and all our supporters, because what we're doing is technically very difficult. Operationally, it's extremely taxing, and there's an industry that doesn't want to change. That said, now that we've built that foundation that Apoor was speaking of earlier, now we have that foundation to actually grow to the next level. I think another thing to put in context, people take for granted that the autonomy side is kind of really easy to do. Okay. Well, about half a dozen folks have tried to literally do what we're doing and no longer exist and given up. And half of them were large corporations and half of them startups. I think on the self-driving type of thing, started 2007, 13 started getting some traction. Everybody will be in a self-driving vehicle by 2020. Hey, folks, it's almost 2026. It's not scaling across the nation. There's some great progress being done by the team over at Waymo, at Neuro, et cetera, but And by the way, the team at Tesla is doing awesome work, but it's extremely difficult problems. So if you think this is just going to over one decade just miraculously appear and it's going to work and Bill just keeps saying the same thing over and over again, well, you can take it two different ways. Like Bill's delusional. This will never work. You can try to bet against this. You will fail. Or maybe he's on to something and this is just going to take some time, but if we can stick with it, Crime's not going away. Like, there's not a market risk here, right? Technology? Yeah. Can it be improved? Sure. And the last part of the risk is execution. And that's what we really need to focus on. So, yes, I've been saying it for a long time. We're focused. We're relentless, and because we're focused and relentless, we're going to get where we told everyone we're going to go. Is it taking longer than we want? Sure. The team at Tesla has promised all kinds of things. Eventually, they get there, and, you know, we applaud them for that effort, and we hope to follow in their footsteps.

Allison Schwanke | VP of Marketing:

So this question follows that up. It might be more in my territory, but Francis says, what are some of the new marketing strategies?

Bill | Chairman and CEO:

First marketing, new marketing strategy?

Allison Schwanke | VP of Marketing:

go hire marketing that's a genius so go for it ali sure well thanks for that question there is a lot of foundational work that we are building right now we have a lot of focus on data and integration of systems to see the whole entire customer journey across the uh knowing about the product to even creating demand and then uh eventually through the customer experience so i've got a lot of things planned out for next year right now we're seeing the k7 launch as you've seen it's hopefully in your email and on social today. But we have a lot of vertical work that we're doing, pairing that with a lot of content. And then the new focus on how people are actually finding information online. So we've got search engines are changing. We're now looking at how that feeds into ChatGPT and AI discovery. But ultimately, you're going to see a lot more of us at the industry-specific presence next year. So we've got a big focus on trade shows and events and field sales, as a lot of people are getting a little bit tired of that digital environment. So we're going to see a lot more faces in person. And just like we had yesterday here on site with the group that came and toured, lots of excitement, and I think we're seeing the public wake up to the idea that robots are here, and we need to see them in person.

Bill | Chairman and CEO:

Yeah. Robots will be everywhere. Taking a little longer than we want. We'll get there.

Allison Schwanke | VP of Marketing:

Yeah. We're also working on some content production, so we're working on a podcast studio. This is a makeshift setup today to show you the K7, but we do have some details that we're working on so we can create content and actually use some of that AI.

Bill | Chairman and CEO:

I don't know, form on TikTok? TikTok.

Allison Schwanke | VP of Marketing:

We already know how to do karaoke, but I'm really excited as a strategic marketer to build out a team that's really data-focused. So Apoorva and I speak the same language of if it's not a number and it didn't actually end up on a report, it didn't happen. So that's a big difference that I'm bringing to the team here. Absolutely. All right, well, we have a couple questions about drones. So this person has been following for about eight years. Now are we thinking in surveillance drones, are they possible?

Bill | Chairman and CEO:

There's a lot of companies that have been working on it. There's a few technical issues that folks are overcoming. I think you still have the end user desire not to change. There's some law enforcement agencies that have been using it, you know, drone as a first responder. I'm excited to see that work being done. to kind of enable a different approach. I think eventually, you know, there'll be drones flying out of these machines. But for persistent 24-7, it's not really yet a thing in the physical security side of things, which is different than

law enforcement. I think on the law enforcement side, there's certainly a lot more traction. I think the opposite on the federal side it's not the drones or drone capability. It's the never-ending drones showing up on military bases that aren't supposed to be there. And so there's actually a more poignant approach on anti-drone technology. And it's getting to be a real serious problem for all the military bases. I don't think this is kind of new news, but, you know, there's – I won't give you the number, but there's thousands of foreign nationals that try to get on U.S. military bases every year. And those bases need to get hardened, not just from the human element, but from the drones as well.

Allison Schwanke | VP of Marketing:

There's a question here about our goal of achieving 100-plus K-5s in the field, and this was a goal several years ago, but it doesn't seem like we're there. What are the greatest obstacles?

Apoorv | CFO:

I mean, I think we have more than 112 ASR devices out in the field. Really, the biggest challenge comes out to adoption, right? It's the same theme that we go across when you have new technologies. We have certain early adopters that continue to, you know, renew and continue to expand. And then there are certain places where we still struggle because, again, it's such a new technology. territory for potential clients that they just need to get more comfortable. Again, it's just time, as you mentioned earlier, Bill. We just need time to be in the open. We need time to be in front of customers and clients. We need them to see our devices in front of them.

Bill | Chairman and CEO:

So I shared that with Allie when she first joined. And, you know, woe is me. We're having struggles with these type of clients. We're having struggles with these type of clients. And, you know, but I don't understand. We've had clients renew for three, four, five, six, seven, eight. I think we're coming on a ninth-year renewal with the same client. She's like, I don't want to hear about the struggles. Who are the people that keep renewing for half a decade or almost a decade? Like, we need to go understand that better. And that's the kind of right attitude and question to ask and kind of where we're going to be very much focused.

Allison Schwanke | VP of Marketing:

Yeah, and some of the anecdotal feedback from the field is we're seeing a lot more adoption of the technology of what it can do versus it being sort of a shiny object. So I'm really excited for we're seeing a lot of that happen.

Bill | Chairman and CEO:

And because there are a lot of investors on the call. I think one other analysis that Portman and I did when he first arrived is for those clients that did renew for three, four, five, six, seven, eight, nine years, you know, what do the financials look like for those units? And actually it's lucrative and kind of what we planned. So we're just going to need to do a rinse and repeat on that type of approach.

Allison Schwanke | VP of Marketing:

We have one question about maybe what can be done to overcome the fear of a robot's

Bill | Chairman and CEO:

I think it's maybe a general question. I think there's one soft thing to do and then one harder thing to do. The soft thing to do is just communicate. Spend the time, do the webinars, invite people over, do the lunch and learn, educate, put out the content, get people to share the content. You know, for places that we've been deployed for a long time, people are bored with it because it's, you know, yeah, it's a robot. It's supposed to be here. Fine. Move on to the next subject. For a lot of places where we go, it's still a novelty. It's, you know, something from science fiction that's off the movie screen and now in front of me. You know, I think educating... is probably one of the most important things to do. I think the harder thing, which is my ask of the administration and the folks on Capitol Hill, is we need to pass the National Robotics Strategy. to basically have a mini mandate to require every department and agency to take 1% of their operating, maintenance, and service kind of budgets, and thou shalt use it for robotics, automation, and autonomy. And this is not an ask to increase expenditures for the federal government. It's actually to reduce it. Can you please stop being inefficient with our own tax dollars and use commercially reasonable and commercially available technology that's already proven in the marketplace so we can save taxpayer dollars and you guys can still spend that money elsewhere? And if we can get Congress to actually put that mandate in, we can actually get some footing in this industry, which then has a bunch of positive repercussions.

Allison Schwanke | VP of Marketing:

So I'm going to put these two questions together. One is about who will be the customer of the K7, and then the other is a question about whether or not the red and blue lights are restricted to law enforcement, only seeing that on the video.

Bill | Chairman and CEO:

There's no restrictions. I mean, you can go look at a security vehicle sometimes has those. And in terms of who the clients are, we're not ready to disclose that yet, but probably the easiest sale you might ever get is from an existing client. So we'll probably start there and do some good amount of beta testing before we do a wider release.

Allison Schwanke | VP of Marketing:

Do you envision any entry into the K-12 education market?

Bill | Chairman and CEO:

I struggle with the K-12 situation, which is different than higher education. Our country unfortunately can't pay our teachers properly. The schools don't have enough budget to buy the appropriate computers and tools. And then someone's going to show up and say you need six or seven figures to come out of nowhere to pay to properly secure this facility. Like, this is more of a... almost now defunct, the Department of Education discussion because the schools don't have the budget to do this. That's kind of the first issue. Second issue is we operate primarily very well in 24-7 operations. So healthcare, casinos, airports, et cetera, work a lot better for us. K-12 don't necessarily run 24-7 and I think they should, but they don't actually run 24-7. So I think that's a challenge. We've spent a lot more time with universities and colleges, and sometimes there is

the actual budget. They run closer to 24-7 and is a better match. It's still, I think, a sore point that needs to get addressed.

Allison Schwanke | VP of Marketing:

Can you talk about the other side of the business? It is two-thirds of revenue. I think they're asking that. Is it? Please clarify.

Apoorv | CFO:

Yes. The ECD devices continue to be the primary driver of our revenue today. It's about 60% of overall revenue.

Bill | Chairman and CEO:

And I think there we talked about growth being organic. It's just basically blocking and tackling kind of the same approach. That said, I think we said earlier in the year that we're looking to revamp the K1 stationary lineup. Today is about the K7. Perhaps sometime in the future we'll have a night school briefing on a new product launch to discuss the K1 separately.

Apoorv | CFO:

And if I can expand on that, Bill, the other part of it is the dynamics of how the revenue is recognized across both products, right? So on the ECD devices, primarily we recognize revenue as we sell. It's a transactional sale. On the robots, it's really the revenue is, you know, over a course of time, whether it's, you know, every month is one-twelfth of the annual revenue or every year is, you know, the full subscription price. So if you think about that, obviously the one-time sales of the ECDs will be a higher percentage of our revenue. One of the things that companies also are doing as we continue to grow is how do we grow more of our revenues to be recurring? So even on the ECD side, We are growing the services side of that business slowly but surely. So we're focused on things like, you know, our chems that allows our customers and clients to see the health of their ECD devices in real time. we are expanding on the full services maintenance model that allows our clients to essentially be hands-off and pay a monthly subscription fee or an annual subscription fee for us to take care of their units for them. And we believe there's growth there. There's demand there. There's growth there. So that's going to continue to happen. But for now, because of the way we sell these devices, the revenue on the ECD devices continues to be higher.

Allison Schwanke | VP of Marketing:

So Kevin asks, given so many of our competitors have not been successful in this area, what should we be watching as an indicator that the market has matured enough for Nightscope to succeed?

Bill | Chairman and CEO:

So what we've been talking about is adoption. Once again, it's boring. It would be a good thing. At some point in time, there will be a tipping point. where if you don't have an autonomous security robot, you're like the outcast weirdo? Like... the insurance company is going to look at you and go, you didn't want to pay the \$5, \$10, \$15 an hour to properly secure your facility? Like, we're not going to underwrite this, you know, policy. At some point, it's going to have a tipping point no different than, like, you don't build a building today without fire

extinguishers and smoke detectors and fire detectors and that sort of stuff. But I think what you need to really kind of focus on is adoption and use cases, and that's kind of what we're working on.

Allison Schwanke | VP of Marketing:

Well, a quick administrative thing. It sounds like your microphone is a little bit lower than a part of myself, so if you can adjust that for us, that would be wonderful. There's a question here from Nathaniel about he references, like, the PC was offered to the public. Have we created anything for the home? Oof.

Bill | Chairman and CEO:

So we intentionally started business-to-business because if you start with a new product, business-to-government, you will fail or much higher risk of failing. So we started business-to-business. We've slowly been adding business-to-government, which is a different animal. Business-to-consumer, that's a wildly different process, wildly different marketing, sales, and service distribution. price points, et cetera. I think we are slowly getting in there, but not on purpose. So we've had clients that have very large estates that look more like a business than a home or an HOA or apartment complex and that sort of thing. I think once we're comfortable with how we're operating in all 50 states, we're Happy where we are with the federal side of things and the local and state government. We've got good penetration in all the rest of the business-to-business. I think we can start discussing business-to-consumer, but that's a very, very long time from now.

Allison Schwanke | VP of Marketing:

Corb, I think this one is for you, a financial question. Greg says, This might be a typo in here, but what was the company's last fourth income versus the development expense investments? If expense is greater than income, how is that sustainable?

Apoorv | CFO:

So I didn't quite catch the first part, but the second part of the question is, long-term, it's not sustainable, right? That's what we have to figure out is how do we continue to drive business growth, to drive business margins, and then obviously drive growth. EBITDA or net income for the B positive cash flow. The challenge is we're a hardware company. Software companies can develop a product and then put it out and get 70, 60, 90% margins. As a hard tech company, we have to scale. That's really what it comes down to. We've got to scale. Once we scale large enough, we can use economics on the manufacturing side, on the vendor management side, on humans, and use that to then drive gross margin and EBITDA. And that's really the, you know, it's an execution challenge and an execution, you know, strategy for us. That's really what we have to do.

Bill | Chairman and CEO:

I take a slightly, maybe a different nuanced approach for 12 years on every single call. You guys don't have enough money. You're going to run out of money. You're going to hit the wall. It's never going to work. And We've never missed a payroll, never run out of money. We literally have the most cash on hand that we ever had in the history of the company. We actually have the resources now to do what we had planned to do. We're working on improving the gross margins. We're improving the product, our fixed cost basis and everything else and that's why we're excited and that's why the board's excited is because we actually have a plan to move the company forward in a very exciting way. You don't get talent like this and the rest of the

entire management team and the whole team to go work on a very difficult problem if you don't have a way to get from A to B. We've got a way to get from A to B, and it's kind of exciting. So I'm in the – it's not a conversation point anymore of, oh, well, you don't have enough cash on hand to make whatever next quarter. We're not having that conversation. The conversation now is you have the resources, you have the management team, you need to focus on execution.

Allison Schwanke | VP of Marketing:

There's a couple questions around shareholder value from earlier investment. So I'll put them together. And how is Nightscope helping early investors recover losses?

Apoorv | CFO:

Continue to be investors. I mean, I think this is a long game, right? So over the long course, as we continue to, again, do the things that Bill talked about, new product innovation, growth in revenue, drive margins, drive EBITDA, drive execution, our share price will reflect that over time. Again, one of the first questions we ask is why is the share price where it is? The share price isn't reflecting today where the company is and what things we've accomplished. It's really more of a, you know, there's certain players in the market that are able to, you know, influence the stock price to where it is, which is outside of our control. That being said, the only way we can continue to combat that or to address it is to really execute. And that's all we're going to focus on.

Allison Schwanke | VP of Marketing:

There's also a couple questions here about pairing drones or additional technology with land-based units or pairing those with police. And so I think the questions revolve around how might we be thinking about that or what are your thoughts on those topics?

Apoorv | CFO:

I would say we've just got to focus on what we have today. That stuff is in the future. But, you know, I'll follow your lead, Bill. I'll leave it there.

Allison Schwanke | VP of Marketing:

Okay, fantastic. There's a personal question for you, Bill. How are you doing as a CEO? There's been some dark times in the company history. What makes you want to do this every day for so long?

Bill | Chairman and CEO:

Thank you for that. Yeah, it's been a long 12 plus years, I think. I think I've said this publicly. I'll say it again. I think the first nine years, I was primarily very focused externally to just get the capital to do what we wanted to get done. We didn't get the support here from all the VC establishments. So we turned to 35,000 retail investors to give us the capital and invest the capital where we needed to at least get to this point. And we're forever grateful. If you're upset with us, I'm upset too. We're not where we need to be, but I can't fix the past. I got to fix the future. And if you're still a long-term hold with the team, I hope you continue to do so. I think kind of as a first point, the two years right after taking the company public were probably the two most miserable of my professional career. I won't go into all the drama associated with it, but one of our largest investors called me, and he basically said, hey, Bill, this is not a democracy. Take control and go do what you need to go do.

And then a couple of our executives, Rashidi Zinnapur, also pulled me aside, like, you need to, like, go with your gut. And one of the things I hate about getting old is getting older. But one of the things I love is having all this experience. And I think we're going to get out of the mess that was created and be an extremely, extremely exciting force in public safety. And... What gets me up is I made a commitment that we're going to go try to make the U.S. the safest country in the world. It sounds absolutely freaking ludicrous. But what I told Congress and what I'll tell you is now that we've worked the problem for like 12 years, we actually have a plan on how to get there. There's a line of sight on how to actually physically do it. So that gets me motivated and excited. I think the second thing that gets me motivated and excited is the people that I get to work with every day. I get to work with. and the technology that I get a chance to participate in. I love what we're doing. I know down to my bone that we're going to be extremely successful. It's been painful, but that's what will make the victory that much sooner.

Allison Schwanke | VP of Marketing:

We have a couple questions about the K7 and this market.

Bill | Chairman and CEO:

A couple questions about the K7.

Allison Schwanke | VP of Marketing:

Yes.

Bill | Chairman and CEO:

Do you think there's maybe something there? I don't know.

Allison Schwanke | VP of Marketing:

We have a couple questions about could we use it in neighborhoods? How do you keep it from, let's say, people trying to do bad things to it or harm the device?

Bill | Chairman and CEO:

Similar to what we've done with the K-5, you end up behind bars, and we have all the evidence to prosecute to the fullest extent of the law. We have, and we will continue to do so. You are not to graffiti a police car. You are not to knock over a law enforcement motorcycle. You are not to break a camera or break a fence or a gate. And if you mess with a security robot, like, you're going to end up a night in jail. Don't do it.

Allison Schwanke | VP of Marketing:

Has the IP been valued?

Bill | Chairman and CEO:

Oof. Most people don't like this answer, but, you know, we have, like, maybe close to a dozen patents. I'm not a big fan. I might get in trouble with the next statement, but typically investors on the East Coast have a lot more either actual or sentimental value with patents. Folks on the West Coast are like, the technology moves so fast, like it's not worth it doing. We did some of the basics. If we would have just sat here and literally patented everything we could, There's probably 100, 120 patents we could have done, and we would have spent an arm and a leg, and a massive amount of staff time is not worth the trip. I'm kind of with the Tesla team in some cases. Like, the technology is moving so fast. We actually want the country to be successful. Like, you know, here's our patent. Go do what you need to do. It's not kind of very much where we're focused. We're not like a pharmaceutical where we have, like, the secret ingredients. And the ingredients change. Like, six, 12, 24 months, everything is completely redone. Like, why do I want to use the recipe from last year?

Apoorv | CFO:

And I think the other part is, to your point, Bill, is, you know, in a world where resources are constrained, where do you allocate the resources for the most result on your investment? Is patent protection the thing that's going to drive this company and give us returns we need? I think our view is that it probably won't. We would rather invest that money in innovation, in people, in talent, in process, and that's where we get the biggest bang. Yeah.

Allison Schwanke | VP of Marketing:

So this question is about the way the company is evolving. And it seems, so Michael says, it seems like the company is still engineering-led. At every shareholder meeting, we talk about R&D, new product development, new tech. Have we ever, I'll paraphrase this question, have you really achieved product market fit or repeatable business model? Are we fundamentally too early or better off embedded in Google X or similar?

Bill | Chairman and CEO:

I think it's a good question. We've talked about adoption problems. But I still go back to client, you know, it's not a 99-cent download of an app. You can get a client to pay you for 3, 5, 7, 10 years in a row full price and continue to renew. Like, I think we got product market fit. You just got to make sure that the sales team is aligned with the marketing team, is aligned with the client experience team, et cetera, to go after the market that has the best fit as opposed to trying to sell to everyone and every Tom, Dick, and Harry that would like a robot. Like, I made fun of this, but to make the point, one of our worst clients we could ever have is the chief innovation officer that has budget. and needs a shiny object to show that he or she did a great job of bringing in new technology and then a year later, like I don't want to renew. Well, why not? Well, you didn't fix any problems. Well, you didn't have any problems in the first place, so we shouldn't have sold you the technology. I think bringing Ali in to be like super laser focused on getting that accelerating where we do have product market fit will alleviate that situation. I think one of our first employee, Mercedes Soria, for the first, I want to say, 10 years, she literally was like, we're too early, we're too early, we're too early, we're too early, we're too early. The last couple of years... We're right on time, but we better pick up the pace. She's a lot more conservative in kind of business approach than I am. So to me, that's an important gauge as she focuses on our AI strategies and the like. So it's been a long haul. Like, it's been very difficult. But I'm telling you, this next five, ten years is going to be absolutely freaking epic.

Apoorv | CFO:

And to be honest, you know, what company grows that doesn't invest in innovation? Like how do you drive growth? How do you drive revenue? How do you drive market adoption if you're not constantly investing in R&D? I would say, if anything, we should be doing more because that's exactly where, you know, we're going to get things like the K7 and all the things we want to do with the new sets of technologies we're looking for. That's right.

Allison Schwanke | VP of Marketing:

Well, one of the biggest pieces of the data work that we're doing is having that feedback loop actually then feed back into a lot of the engineering. So I think that that's going to help us position product market fit even more effectively going forward. We have one question about if we have reached out. So I'm going to read this verbatim. Have you considered reaching out directly to President Trump? Perhaps Congress was a waste of time, but our efforts might be received better elsewhere.

Bill | Chairman and CEO:

Yeah. try not to give play-by-play on a lot of the government relations type of things. I think there's a need for an executive order, and I know this administration has used it to great effect and in some cases maybe overused. But in this particular case, it probably needs to be both by legislation and by executive order. Remember, an executive order doesn't last. It's not a sustainable type of thing. So we probably want to do both. But it's very difficult to have those conversations when the government is shut down.

Allison Schwanke | VP of Marketing:

Sure. We have time for a couple more questions. There's a couple questions here about expanding to the European market or perhaps Chile. What are your thoughts on expansion?

Bill | Chairman and CEO:

Absolutely not. And this gets some people on the team and our investors frustrated. But listen, when we've achieved our mission, which is to secure the U.S., we're operating in all 50 states. We've got \$500 million cash on hand. We're bored out of our minds and we have nothing else to do. Like we'll go work on Chile and Argentina and Japan and everything else. Having worked on four continents, I can tell you forcing to go do that now You're near 100% chance of a business terminating event. This is not just software that you just go plop over in South Africa or Japan and it's just going to work. Like, tell me, who's going to do all the translation? Have you done all the ITAR stuff? Have you done all the import-export things? Oh, great, now you've got to set up a subsidiary in Tokyo. You understand the insurance requirements there? Have you done the market research? We shouldn't be the arrogant Americans to think our technology, just stick it in Tokyo and it's going to work perfectly. We have the right font. We have the right... radii on the on the on the products and everything else uh you know then he's going to be arguing about you know transfer pricing and oh great now we're going to tell the auditors like hey go audit the subsidiary in tokyo like not doing that and it looks great on the powerpoint some bankers will push us to go do it absolutely freaking not i work for the shareholders and the board And I'm telling you, that's a good way to cause a massive distraction and a massive level of difficulty. So that is not in the cards in the short, medium, or possibly long term.

Allison Schwanke | VP of Marketing:

So we have several questions here that are more specific to maybe your individual situation, so I'll encourage you to reach out to us if that can be answered offline. But the last question we have, since we'll keep you at time here, is there's this concept you've talked about, the autonomous security force. Is that the same thing as the K7 situation?

Bill | Chairman and CEO:

does that what does that mean uh i guess since i told congress i can tell all of you uh that tuned in uh and we've been hinting at it for the past year uh poor beds mentioned it on some remarks with uh the analysts uh we've mentioned in some of our communications And I think in order for us to really bring a software plus hardware plus humans approach, we really need to build the nation's first autonomous security force that can bring the entire portfolio of technologies to bear with almost every element of the human possibly involved that may or may not influence our M&A strategies. But if you're able to bring in a solutions provider that actually has a solution to fix the problem and you need to uniquely combine hardware, software, robotics, AI, technologies, perhaps with a future augmented security guard, I think that probably is the right mix and one of the reasons we're very excited about our future. And now I'm going to put up Torb on the spot and see if he'll elaborate.

Apoorv | CFO:

I mean, this kind of goes back to the question we were answering earlier about how do we look at M&A, how do we become a force multiplier, The reality is when you were talking about that graph with the \$30 billion and the \$1 billion, you know, it's one of the reasons why the technology firms continue to, you know, have a challenge. Our challenge in growing is really each one of us are providing one part of a really complex solution, right? Somebody's got cameras. Someone's got a robot. Someone's got a LIDAR detector. And if you then – Go to the head of security. We talked about this. They're like, well, now I have, I don't know which dashboard to look at. I don't know which one's giving me the right information at the right time. And sometimes I miss things. we've come to the conclusion that really for us to be effective in the future, especially in the long run, we need to really create a fully perimeter secure solution that combines not just one or two things, but multiple things and multiple parts of the process of what it takes to secure a perimeter. And that includes, again, hardware, software, and humans. So that's what the force is going to be, is going to be all three of those things combined. and under a platform of technology, data, insights that, you know, perhaps today may exist, but they're definitely fragmented.

Bill | Chairman and CEO:

And that is what we plan to do to unstuck the adoption problem. If the clients are unwilling to adopt the technology outright, maybe we can, not maybe, we will put it in a formats that they're more accustomed to doing and will be that much more effective in us delivering what we're promising that we want to do from a long-term mission standpoint. So we're well on our way. There's, as you often say, more to come during 2026 and 2027 about that. But just think about those three words, and we literally mean it, an autonomous security force.

Allison Schwanke | VP of Marketing:

Right. Well, I think we've got some folks on the call that wanted to see more about this K7. Would it be possible for you to give us a little bit of a walk around?

Bill | Chairman and CEO:

We've got to move the chairs? Sure.

Allison Schwanke | VP of Marketing:

I mean, I think that our producer, Eric, if he'd be able to give us – You got promoted, man. If you have to log off, we'll continue to do this, but we'll also have additional videos online. So, Bill, give us a tour of what's behind us.

Eric | Producer:

This is all new.

Bill | Chairman and CEO:

So the K7 autonomous robot, standing right in front of it, obviously is not too small. And a lot of capabilities. I'm going to cut this in half maybe. First, let's talk about the autonomy side of things. It's very important for us internally and operationally. The clients don't care. The clients just want the technology to work and fix their problems. We care because we need these things to run 24-7 and autonomously recharge and be completely hands-off. So there's a unique combination of sonar technology, LiDAR technology, actually multiple LiDAR. There's a GNSS RTK with a monocular camera that will help us with some visual adoption. All the camera, all the wheel encoder stuff, and combine that so that we can patrol analogously to what a self-driving car might do. And this is a next generation, all new, complete do-over of the Napa Gates, which we're really excited about. One thing that I can mention is that we've learned a lot over operating 4 million hours. And in some cases, it's making mistakes is how you learn. So what we ended up doing is putting a kind of test procedure in place. There was one or two or more challenging client locations where with the K5 and the older technology navigation stack, we were having some difficulties. So we literally came up with a test procedure to see if we can get the right sensor stat for the K7 to be able to successfully operate that. And on top of that, do that both in the real world and in simulation. So really excited about the autonomous stat on here. It's got four-wheel steering.

Allison Schwanke | VP of Marketing:

So just want to make sure. I know folks are staying a little bit late. So would you just want to hold this in your mouth when you're speaking? Would that be okay?

Eric | Producer:

There you go.

Allison Schwanke | VP of Marketing:

Yes, so folks that gave us questions or notes in the chat, let us know if that's a little bit better.

Bill | Chairman and CEO:

Yes, Allie. All right. Saw on the video tons of lights. That's also a different way of doing the physical deterrence. 360-degree view. And what we'll do over the next few months is start sharing more about what the vehicle sees, how it operates, et cetera. I know some folks have already been asking, like, hey, I want to see what the detections look like. So we'll work on that. A really loud public address system, so we can do top-down through broadcast messages, pre-recorded or speech-to-text, or text-to-speech, rather. And I'll mention this four-wheel steering. This will go up to 10 miles an hour. We'll work on higher speeds a little bit later. And this is intended to handle terrains that we haven't been able to control prior. So gravel, dirt, sand. Think of like a Judy off-road. We're not off-roading like blah, craziness type of thing. Not a lot of crime going out in the middle of nowhere. But enough to be able to handle something like the the border, more solar farms, really large environments. And so there's also something I forgot to mention here. There's a Pantel Zoom camera on here. We're working on some capabilities for acoustic event detection. There's maybe some other sensors that we're going to add. We'll talk about that later in a future briefing in terms of new products. But This is going to be able to handle much, much larger environments at higher speeds, providing that physical... What we included as standard is RTS, the Risk and Drug Exclusion. So we will monitor... because most law enforcement agencies or security operations centers are wildly understaffed. And as one of my friends likes to say, you have a million cameras and you're literally blind. You can't see because you've got too much data. So if we're able to actually help with that, it's going to be very important. And we're excited to have a huge – I don't know if it's huge. We're going to see how big it's going to be this evening. We've got a good amount of friends and family coming over to Knight School headquarters to see the K-7 in person and check out our new facility. And you'll all get an invite for April for the unauthorized annual anniversary thing that our CFO hasn't signed off on. But I think we can do a wrap.

Allison Schwanke | VP of Marketing:

Yeah, that sounds good. So we've had a lot of interest, I think, in people having – Touring on the K7, so in the future we will actually do more of a video about the K7, so we've got some focus on that. And with that, any closing comments, Aborf?

Eric | Producer:

Well, thank you for joining us. We appreciate you asking. We'll be talking to you all as we're going. And we're excited for you to join us.

Bill | Chairman and CEO:

To wrap it up, you know, investors always ask, why should I be interested in Nightscope? There's usually three risks. Is there a market? No. Executional risk. Well, Ellis, as you've often said, there's not a market risk here. Crime's not going away. Technology, we're at the bleeding edge of capabilities, and now we have a new strategy with that autonomous security force approach that we think is going to be a big unlock. And on the execution side, I will bet on the Knights Go team every single time. Thank you very much.

Allison Schwanke | VP of Marketing:

Thank you. Thanks.