

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **May 10, 2023**

Evolv Technologies Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-39417 (Commission File Number)	84-4473840 (IRS Employer Identification No.)
500 Totten Pond Road, 4th Floor Waltham, Massachusetts (Address of principal executive offices)		02451 (Zip Code)

(781) 374-8100

Registrant's telephone number, including area code

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	EVLV	The Nasdaq Stock Market
Warrants to purchase one share of Class A common stock	EVLVW	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 10, 2023, Evolv Technologies Holdings, Inc. (the “Company”) announced financial results for the three months ended March 31, 2023. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit No.	Description
99.1	Press Release, dated May 10, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Evolv Technologies Holdings, Inc.

Date: May 10, 2023

By: /s/ Peter George

Name: Peter George

Title: Chief Executive Officer

**Investor Relations:**

Brian Norris
 Senior Vice President of Finance and Investor Relations
 bnorris@evolvtechnology.com

Evolv Technology Reports Record First Quarter Financial Results

– Company Raises Outlook for 2023 –

- *Q1 Revenue of \$18.6 million, up 113% year-over-year*
- *Q1 Ending ARR¹ of \$42.0 million, up 153% year-over-year*
- *Q1 Ending RPO² of \$161.8 million, up 154% year-over-year*
- *Q1 Ending Evolv Express[®] subscriptions of 2,787, up 206% year-over-year*

Waltham, Massachusetts – May 10, 2023 – Evolv Technology (NASDAQ: EVLV), the leader in AI-based weapons detection security screening, today announced financial results for the quarter ended March 31, 2023 and raised its business outlook for 2023.

Results for the First Quarter of 2023

Total revenue for the first quarter of 2023 was \$18.6 million, an increase of 113% compared to \$8.7 million for the first quarter of 2022. Annual Recurring Revenue (“ARR”¹) was \$42.0 million at the end of first quarter of 2023, an increase of 153% compared to \$16.6 million at the end of the first quarter of 2022. Net loss for the first quarter of 2023 was \$(28.6) million, or \$(0.20) per basic and diluted share, compared to net loss of \$(13.8) million, or \$(0.10) per basic and diluted share, in the first quarter of 2022. Adjusted earnings (loss)³ for the first quarter of 2023 was \$(16.9) million, or \$(0.12) per diluted share, compared to adjusted earnings (loss)³ of \$(18.5) million, or \$(0.13) per diluted share, for the first quarter of 2022. Adjusted EBITDA³ for the first quarter of 2023 was \$(15.4) million compared to \$(17.3) million in the first quarter of 2022. Cash and cash equivalents as of March 31, 2023 was \$182 million which reflected the Company's decision to pay off its \$30 million debt facility during the first quarter of 2023. The Company had no debt as of March 31, 2023.

The following table summarizes the breakdown of recurring and non-recurring revenue⁴ during each quarter:

	Three Months Ended March 31,		
	2023	2022	% Change
Recurring revenue	\$ 9,075	\$ 3,159	187 %
Non-recurring revenue	9,506	5,551	71 %
Total revenue	\$ 18,581	\$ 8,710	113 %

The following table summarizes operating cash flows during each quarter:

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (28,609)	\$ (13,801)
Non-cash (income) expense	14,005	(5,126)
Changes in operating assets and liabilities	11,170	(10,503)
Net cash used in operating activities	\$ (3,434)	\$ (29,430)

Company Raises Outlook for 2023

The Company today commented on its business outlook for 2023. The Company's outlook is based on the current indications for its business, which may change at any time.

<i>Estimate (In millions)</i>	2023 Business Outlook	
	Issued March 1, 2023	Issued May 10, 2023
Total Revenue	\$55-\$60	\$60-\$65
Annual Recurring Revenue ¹ (ARR) at 12/31/23	\$65-\$70	\$67-\$71
Adjusted Gross Margin ³	30%-35%	35%-40%
Adjusted EBITDA ³	(\$55-\$60)	(\$53-\$58)

Company to Host Live Conference Call and Webcast

The Company's management team plans to host a live conference call and webcast at 4:30 p.m. Eastern Time today to discuss the financial results as well as management's outlook for the business and other matters. The conference call may be accessed in the United States by dialing +1.877.692.8955 and using access code 825879. The conference call may be accessed outside of the United States by dialing +1.234.720.6979 and using the same access code. The conference call will be simultaneously webcast on the Company's investor relations website, which can be accessed at <http://ir.evolvtechnology.com>. A replay of the conference call will be available for a period of 30 days by dialing +1.866.207.1041 or +1.402.970.0847 and using access code 9795540 or by accessing the webcast replay on the Company's investor relations website at <http://ir.evolvtechnology.com>.

About Evolv Technology

Evolv Technology (NASDAQ: EVLV) is transforming human security to make a safer, faster, and better experience for the world's most iconic venues and companies as well as schools, hospitals, and public spaces, using industry leading artificial intelligence (AI)-powered weapons detection and analytics. Its mission is to transform security to create a safer world to work, learn, and play. Evolv has digitally transformed the gateways in places where people gather by enabling seamless integration combined with powerful analytics and insights. Evolv's advanced systems have scanned more than 600 million people, second only to the Department of Homeland Security's Transportation Security Administration (TSA) in the United States. Evolv has been awarded the U.S. Department of Homeland Security (DHS) SAFETY Act Designation as a Qualified Anti-Terrorism Technology (QATT) as well as the Security Industry Association (SIA) New Products and Solutions (NPS) Award in the Law Enforcement/Public Safety/Guarding Systems category. Evolv Technology®, Evolv Express®, Evolv Insights®, and Evolv Cortex AI® are registered trademarks of Evolv Technologies, Inc. in the United States and other jurisdictions. For more information, visit <https://evolvtechnology.com>.

¹ We define Annual Recurring Revenue, or ARR, as subscription revenue and the recurring service revenue related to purchase subscriptions for the final month of the quarter normalized to a one-year period. Our calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, upgrades or downgrades, or price increases or decreases) that may cause any such contract not to be renewed on its existing terms. In addition, the amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to new bookings, cancellations, upgrades, downgrades or other changes in pending renewals, as well as the effects of professional services revenue and acquisitions or divestitures. As a result, ARR should be viewed independently of, and not as a substitute for or forecast of, revenue and deferred revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

² We define Remaining Performance Obligation, or RPO, as estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied as of the end of the quarter.

³ **Non-GAAP Financial Measures** In this press release, the Company's adjusted operating expenses, adjusted gross profit (loss), adjusted gross margin, adjusted operating income (loss), adjusted EBITDA, adjusted earnings (loss), and adjusted earnings per share-diluted are not presented in accordance with generally accepted accounting principles (GAAP) and are not intended to be used in lieu of GAAP presentations of results of operations. Adjusted gross profit and adjusted gross margin exclude one-time items including stock-based compensation expense which management believes provides a more meaningful representation of contribution margin. Adjusted operating expenses is defined as operating expenses less one-time items including stock-based compensation expense, restructuring expenses, and loss on impairment of lease equipment which management believes provides a more meaningful representation of on-going operating expense levels. Adjusted EBITDA is defined as net income (loss) plus depreciation and amortization, share-based compensation, and certain other one-time expenses. Adjusted earnings (loss) is defined as net income (loss) plus stock-based compensation, change in fair value of derivative liability, change in fair value of contingent earn-out liability, change in fair value of contingently issuable common stock liability, change in fair value of public warrant liability, change in fair value of common stock warrant liability, restructuring expenses, loss on impairment of lease equipment, and certain other one-time expenses. Management presents non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, non-GAAP financial measures have limitations as an analytical tool and are not intended to be an alternative to financial measures prepared in accordance with GAAP. We intend to provide non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of non-GAAP financial measures will provide consistency in our financial reporting. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures included in this press release. The Company is unable to provide a reconciliation of Adjusted Gross Margin to GAAP Gross Margin and non-GAAP Adjusted EBITDA to Net Income (Loss), each measure's most directly comparable GAAP financial measure, on a forward-looking basis without unreasonable effort, because items that impact these GAAP financial measures are not within the Company's control and/or cannot be reasonably predicted. These items may include, but are not limited to, predicting forward-looking share-based compensation, changes in the fair value of derivative liabilities, changes in the fair value of contingent earn out liabilities, changes in the fair value of contingently issuable common stock liabilities and changes in fair value of public warrant liabilities. Such information may have a significant, and potentially unpredictable, impact on the Company's future financial results.

⁴ **Recurring revenue** includes the recurring portion of revenue associated with pure subscription contracts and hardware purchase subscription contracts. **Non-recurring revenue** includes revenue that is one-time in nature, such as product revenue, shipping revenue, and revenue from installation, training, and professional services.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release other than statements of historical facts, including without limitation statements regarding our ability to meet our 2023 annual guidance for revenue, ARR, adjusted gross margin, adjusted EBITDA, as well as our estimates for cash and cash equivalents for fiscal year 2023. Words such as "believe" "may," "will," "expect," "should," "could," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "project," "plan," "target," "is/are likely to" or the negative of these terms or other similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: expectations regarding the Company's strategies and future financial performance, including its future business plans or objectives, prospective performance and opportunities and competitors, revenues, products and services, pricing, operating expenses, market trends, liquidity, cash flows and uses of cash, capital expenditures; the Company's history of losses and lack of profitability; the Company's reliance on third party contract manufacturing and a global supply chain; the rate of innovation required to maintain competitiveness in the markets in which the Company competes; the loss of designation of the Evolv Express system as a Qualified Anti-Terrorism Technology under the Homeland Security SAFETY Act; the ability for the Company to obtain, maintain, protect and enforce the Company's intellectual property rights and use of "open source" software; the concentration of the Company's revenues on a single solution; the Company's ability to timely design, produce and launch its solutions, the Company's ability to invest in growth initiatives and pursue acquisition opportunities; the limited liquidity and trading of the Company's securities; risks related to existing and changing tax laws; geopolitical risk and changes in applicable laws or regulations; the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; operational risk; the impact of fluctuating general economic and market conditions; the need for additional capital to support business growth, which might not be available on acceptable terms, if at all; risks related to our indebtedness; and litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on resources, the Company's ability to identify and implement digital advances in its technology. These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission ("SEC") on March 24, 2023 as may be updated from time to time in other filings we make with the SEC, could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press release. You should not put undue reliance on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

EVOLV TECHNOLOGY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue:		
Product revenue	\$ 8,754	\$ 5,194
Subscription revenue	6,466	3,004
Service revenue	3,361	512
Total revenue	<u>18,581</u>	<u>8,710</u>
Cost of revenue:		
Cost of product revenue	10,578	5,206
Cost of subscription revenue	2,351	1,542
Cost of service revenue	887	1,065
Total cost of revenue	<u>13,816</u>	<u>7,813</u>
Gross profit	4,765	897
Operating expenses:		
Research and development	5,389	4,175
Sales and marketing	12,804	9,672
General and administrative	8,926	10,817
Loss from impairment of property and equipment	137	96
Total operating expenses	<u>27,256</u>	<u>24,760</u>
Loss from operations	(22,491)	(23,863)
Other income (expense), net:		
Interest expense	(654)	(142)
Interest income	953	68
Other expense, net	19	—
Loss on extinguishment of debt	(626)	—
Change in fair value of contingent earn-out liability	(3,318)	3,078
Change in fair value of contingently issuable common stock liability	(742)	1,472
Change in fair value of public warrant liability	(1,750)	5,586
Total other income (expense), net	<u>(6,118)</u>	<u>10,062</u>
Net loss	<u>\$ (28,609)</u>	<u>\$ (13,801)</u>
Weighted average common shares outstanding – basic and diluted		
	146,433,378	142,878,406
Net loss per share - basic and diluted	\$ (0.20)	\$ (0.10)
Net loss		
	\$ (28,609)	\$ (13,801)
Other comprehensive income (loss)		
Cumulative translation adjustment	(16)	—
Total other comprehensive loss	<u>(16)</u>	<u>—</u>
Total comprehensive loss	<u>\$ (28,625)</u>	<u>\$ (13,801)</u>

EVOLV TECHNOLOGY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 180,996	\$ 229,783
Restricted cash	1,000	—
Accounts receivable, net	23,156	31,920
Inventory	8,816	10,257
Current portion of contract assets	3,265	2,852
Current portion of commission asset	3,293	3,384
Prepaid expenses and other current assets	14,413	14,388
Total current assets	234,939	292,584
Restricted cash, noncurrent	275	275
Contract assets, noncurrent	715	1,386
Commission asset, noncurrent	6,390	5,655
Property and equipment, net	59,789	44,707
Operating lease right-of-use assets	1,459	1,673
Other assets	1,965	1,835
Total assets	\$ 305,532	\$ 348,115
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 19,192	\$ 18,194
Accrued expenses and other current liabilities	6,477	11,545
Current portion of deferred revenue	23,977	18,273
Current portion of long-term debt	—	10,000
Current portion of operating lease liabilities	1,122	1,114
Total current liabilities	50,768	59,126
Deferred revenue, noncurrent	20,748	17,695
Long-term debt, noncurrent	—	19,683
Operating lease liabilities, noncurrent	630	892
Contingent earn-out liability	17,536	14,218
Contingently issuable common stock liability	4,134	3,392
Public warrant liability	7,874	6,124
Total liabilities	101,690	121,130
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 100,000,000 authorized at March 31, 2023 and December 31, 2022; no shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value; 1,100,000,000 shares authorized at March 31, 2023 and December 31, 2022; 147,977,034 and 145,204,974 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	15	15
Additional paid-in capital	424,672	419,190
Accumulated other comprehensive loss	(26)	(10)
Accumulated deficit	(220,819)	(192,210)
Stockholders' equity	203,842	226,985
Total liabilities and stockholders' equity	\$ 305,532	\$ 348,115

EVOLV TECHNOLOGY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (28,609)	\$ (13,801)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,815	1,086
Write-off of inventory and change in inventory reserve	214	324
Adjustment to property and equipment for sales type leases	—	(625)
Loss from impairment of property and equipment	137	96
Stock-based compensation	5,043	3,927
Non-cash interest expense	22	5
Non-cash lease expense	214	197
Change in allowance for expected credit losses	124	—
Loss on extinguishment of debt	626	—
Change in fair value of earn-out liability	3,318	(3,078)
Change in fair value of contingently issuable common stock	742	(1,472)
Change in fair value of public warrant liability	1,750	(5,586)
Changes in operating assets and liabilities		
Accounts receivable	8,640	(2,112)
Inventory	1,418	(1,310)
Commission assets	(644)	(351)
Contract assets	258	108
Other assets	(130)	141
Prepaid expenses and other current assets	(25)	(5,571)
Accounts payable	(2,213)	(855)
Deferred revenue	8,757	2,577
Accrued expenses and other current liabilities	(4,637)	(2,433)
Operating lease liability	(254)	(697)
Net cash used in operating activities	<u>(3,434)</u>	<u>(29,430)</u>
Cash flows from investing activities:		
Development of internal-use software	(733)	(728)
Purchases of property and equipment	(13,365)	(6,689)
Proceeds from sale of property and equipment	60	—
Net cash used in investing activities	<u>(14,038)</u>	<u>(7,417)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	33	227
Proceeds from long-term debt	1,876	—
Repayment of principal on long-term debt	(31,876)	—
Payment of debt issuance costs and prepayment penalty	(332)	—
Net cash provided by (used in) financing activities	<u>(30,299)</u>	<u>227</u>
Effect of exchange rate changes on cash and cash equivalents	(16)	—
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(47,787)</u>	<u>(36,620)</u>
Cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash at beginning of period	230,058	308,167
Cash, cash equivalents and restricted cash at end of period	<u>\$ 182,271</u>	<u>\$ 271,547</u>

EVOLV TECHNOLOGY
REVISION OF PRIOR PERIOD FINANCIAL STATEMENTS
(In thousands)
(Unaudited)

In preparing the condensed consolidated financial statements as of and for the three and six months ended June 30, 2022, the Company identified various errors in its previously issued financial statements. The identified errors impacted the Company's previously issued quarterly financial statements for the three months ended March 31, 2022, and accordingly the Company has made adjustments to the prior period amounts presented herein. Additionally, the Company has made adjustments to correct for other previously identified immaterial errors. The Company evaluated the errors and determined that the related impacts were not material to any previously issued annual or interim financial statements. The impact of the revisions to the quarterly period ending March 31, 2022 is presented as follows (in thousands):

	Three Months Ended March 31, 2022		
	As Previously Reported	Adjustment	As Revised
Revenue:			
Product revenue	\$ 5,194	\$ —	\$ 5,194
Subscription revenue	3,020	(16)	3,004
Service revenue	501	11	512
Total revenue	8,715	(5)	8,710
Cost of revenue:			
Cost of product revenue	5,576	(370)	5,206
Cost of subscription revenue	1,065	477	1,542
Cost of service revenue	448	617	1,065
Total cost of revenue	7,089	724	7,813
Gross profit	1,626	(729)	897
Operating expenses:			
Research and development	4,286	(111)	4,175
Sales and marketing expense	12,053	(2,381)	9,672
General and administrative	11,093	(276)	10,817
Loss from impairment of property and equipment	96	—	96
Total operating expenses	27,528	(2,768)	24,760
Loss from operations	(25,902)	2,039	(23,863)
Other income (expense), net:			
Interest expense	(142)	—	(142)
Interest income	209	(141)	68
Change in fair value of contingent earn-out liability	4,226	(1,148)	3,078
Change in fair value of contingently issuable common stock liability	1,472	—	1,472
Change in fair value of public warrant liability	5,586	—	5,586
Total other income (expense), net	11,351	(1,289)	10,062
Net loss	\$ (14,551)	\$ 750	\$ (13,801)
Weighted average common shares outstanding - basic and diluted			
	142,878,406	—	142,878,406
Net loss per share - basic and diluted	\$ (0.10)	\$ —	\$ (0.10)

**Three Months Ended
March 31, 2022**

	As Previously Reported	Adjustment	As Revised
Cash flows from operating activities:			
Net loss	\$ (14,551)	\$ 750	\$ (13,801)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	948	138	1,086
Write-off of inventory	324	—	324
Adjustment to property and equipment for sales type leases	(321)	(304)	(625)
Loss from impairment of property and equipment	96	—	96
Stock-based compensation	5,190	(1,263)	3,927
Non-cash interest expense	5	—	5
Non-cash lease expense	197	—	197
Change in fair value of earn-out liability	(4,226)	1,148	(3,078)
Change in fair value of contingently issuable common stock	(1,472)	—	(1,472)
Change in fair value of public warrant liability	(5,586)	—	(5,586)
Changes in operating assets and liabilities			
Accounts receivable	(2,112)	—	(2,112)
Inventory	(6,985)	5,675	(1,310)
Commission assets	(351)	—	(351)
Contract assets	108	—	108
Other assets	—	141	141
Prepaid expenses and other current assets	(5,280)	(291)	(5,571)
Accounts payable	(1,867)	1,012	(855)
Deferred revenue	2,778	(201)	2,577
Deferred rent	(468)	468	—
Accrued expenses and other current liabilities	(2,065)	(368)	(2,433)
Operating lease liability	(229)	(468)	(697)
Net cash used in operating activities	(35,867)	6,437	(29,430)
Cash flows from investing activities:			
Development of internal-use software	(646)	(82)	(728)
Purchases of property and equipment	(323)	(6,366)	(6,689)
Net cash used in investing activities	(969)	(6,448)	(7,417)
Cash flows from financing activities:			
Proceeds from exercise of stock options	216	11	227
Net cash provided by financing activities	216	11	227
Net increase (decrease) in cash, cash equivalents and restricted cash	(36,620)	—	(36,620)
Cash, cash equivalents and restricted cash			
Cash, cash equivalents and restricted cash at beginning of period	308,167	—	308,167
Cash, cash equivalents and restricted cash at end of period	\$ 271,547	\$ —	\$ 271,547
Supplemental disclosure of non-cash activities			
Transfer of inventory to property and equipment	\$ 4,620	\$ (4,620)	\$ —
Capital expenditures incurred but not yet paid	1,693	698	2,391

EVOLV TECHNOLOGY
SUMMARY OF KEY OPERATING STATISTICS
(Unaudited)

<i>(\$ in thousands)</i>	Three Months Ended or as of,				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
New customers	44	53	92	106	61
Annual recurring revenue	\$ 16,641	\$ 20,865	\$ 28,741	\$ 34,120	\$ 42,021
Recurring revenue	\$ 3,159	\$ 4,604	\$ 6,221	\$ 7,388	\$ 9,075
Remaining performance obligation	\$ 63,750	\$ 80,978	\$ 109,407	\$ 144,561	\$ 161,813
Net additions	207	237	545	575	520
Ending deployed units	910	1,147	1,692	2,267	2,787

EVOLV TECHNOLOGY
RECONCILIATION OF GAAP OPERATING EXPENSES TO ADJUSTED OPERATING EXPENSES
(In thousands)
(Unaudited)

	Three Months Ended,				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Operating expenses, GAAP	\$ 24,760	\$ 25,835	\$ 26,827	\$ 26,868	\$ 27,256
Stock-based compensation	(3,819)	(4,781)	(6,298)	(6,771)	(4,898)
Restructuring expenses	(324)	13	—	—	—
Loss on impairment of lease equipment	(96)	(316)	(626)	(123)	(137)
Other one-time expenses	(1,107)	(2,298)	(69)	(41)	(53)
Adjusted Operating Expenses	\$ 19,414	\$ 18,453	\$ 19,834	\$ 19,933	\$ 22,168

EVOLV TECHNOLOGY

RECONCILIATION OF GAAP GROSS PROFIT TO ADJUSTED GROSS PROFIT, GAAP GROSS MARGIN TO ADJUSTED GROSS MARGIN AND GAAP OPERATING INCOME (LOSS) TO ADJUSTED OPERATING INCOME (LOSS)

(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 18,581	\$ 8,710
Cost of revenue	13,816	7,813
Gross Profit, GAAP	4,765	897
Stock-based compensation	145	108
Amortization of capitalized stock-based compensation	10	3
Adjusted Gross Profit	\$ 4,920	\$ 1,008
Gross Margin %	25.6 %	10.3 %
Adjusted Gross Margin %	26.5 %	11.6 %

	Three Months Ended March 31,	
	2023	2022
Operating income (loss), GAAP	\$ (22,491)	\$ (23,863)
Stock-based compensation	5,043	3,927
Amortization of capitalized stock-based compensation	10	3
Restructuring expenses	—	324
Loss on impairment of lease equipment	137	96
Other one-time expenses	53	1,107
Adjusted Operating Income (Loss)	\$ (17,248)	\$ (18,406)

EVOLV TECHNOLOGY
RECONCILIATION OF GAAP NET INCOME (LOSS) TO ADJUSTED EBITDA
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (28,609)	\$ (13,801)
Depreciation & amortization	1,815	1,086
Stock-based compensation	5,043	3,927
Interest expense (income)	(299)	74
Loss on disposal of property & equipment	—	—
Loss on extinguishment of debt	626	—
Change in fair value of contingent earn-out liability	3,318	(3,078)
Change in fair value of contingently issuable common stock liability	742	(1,472)
Change in fair value of public warrant liability	1,750	(5,586)
Restructuring expenses	—	324
Loss on impairment of lease equipment	137	96
Other one-time expenses	53	1,107
Adjusted EBITDA	\$ (15,424)	\$ (17,323)

EVOLV TECHNOLOGY
RECONCILIATION OF GAAP NET INCOME (LOSS) TO ADJUSTED EARNINGS (LOSS)
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (28,609)	\$ (13,801)
Stock-based compensation	5,043	3,927
Amortization of capitalized stock-based compensation	10	3
Loss on extinguishment of debt	626	—
Change in fair value of contingent earn-out liability	3,318	(3,078)
Change in fair value of contingently issuable common stock liability	742	(1,472)
Change in fair value of public warrant liability	1,750	(5,586)
Restructuring expenses	—	324
Loss on impairment of lease equipment	137	96
Other one-time expenses	53	1,107
Adjusted Earnings (Loss)	\$ (16,930)	\$ (18,480)
Weighted average common shares outstanding – diluted	146,433,378	142,878,406
Adjusted Earnings (Loss) Per Share – diluted	\$ (0.12)	\$ (0.13)