Second Quarter 2026 Earnings

August 10, 2026

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You should not rely on forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. These forward-looking statements speak only as of the date of this presentation and the Company undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

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This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. The reader is cautioned not to place undue reliance on non-GAAP financial measures and to evaluate them only in conjunction with their nearest GAAP equivalents. Please see the appendix for reconciliations of these non-GAAP financial measures to their nearest GAAP equivalents and for the calculation of certain other financial measures.

FINANCIAL PERFORMANCE SUMMARY

DELIVERED $47.7M OF REVENUE, 35.0% GAAP GROSS MARGIN, 40.6% CASH GM[1], AND $8.8M OF CASH FLOW FROM OPERATIONS

2Q 2026 Summary

- Delivered $47.7M of Revenue vs. guidance of $44.0M to $46.0M; YoY Revenue growth of 32.7%
  - Security Solutions ("SS") up 44% YoY; Results exceeded guidance assumptions due to better than forecasted performance within Telos ID
  - Secure Networks ("SN") down 69% YoY; Results in line with guidance assumptions
- Delivered 35.0% GAAP Gross Margin ("GM") vs. the guidance assumption of 32.5%
  - Cash Gross Margin[1] was 40.6% and exceeded the guidance assumption primarily due to better than forecasted performance in Telos ID
- Adjusted Operating Expenses[1] approximately $0.5M higher than guidance assumptions
- Adjusted EBITDA[1] above top end of guidance range due to higher than forecasted Cash Gross Profit[1]
- Cash Flow from Operations was $8.8M or an 18.5% margin and Free Cash Flow[1] was $6.6M or a 13.9% margin[1]
- Deployed $4.7M to repurchase over 1.0M shares at an average price of $4.50 per share

	2Q 2026 Actual	2Q 2026 Guidance / Assumptions
Revenue	$47.7M	$44.0M to $46.0M
Revenue Growth	+32.7% YoY	+22% to +28% YoY
GAAP Gross Profit	$16.7M *35.0% GAAP GM* *40.6% Cash GM[1]*	*~32.5% GAAP GM* *~39.0% Cash GM[1]*
Adjusted EBITDA[1]	$6.9M *14.4% Margin[1]*	$5.0M to $6.0M *~11.4% to 13.0% Margin[1]*
Adjusted EPS[1]	$0.04	
Cash Flow	$8.8M Cash Flow From Ops *18.5% Margin* $6.6M Free Cash Flow[1] *13.9% Margin[1]*	

32.7% Revenue Growth, 14.4% Adjusted EBITDA Margin[1], and 13.9% FCF Margin[1] in 2Q 2026

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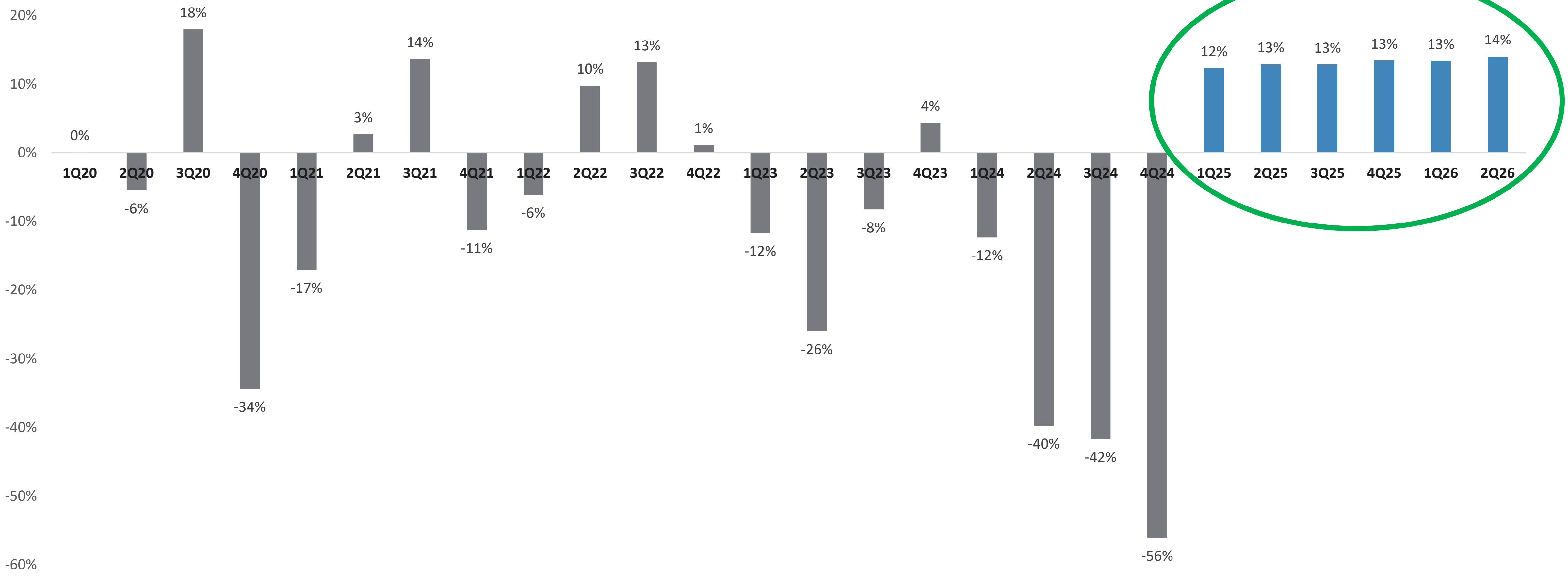
Notes:
1. Cash Gross Profit, Cash Gross Margin, Adjusted Operating Expenses, Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, and Free Cash Flow Margin are non-GAAP financial measures. Reconciliations to GAAP financial measures are provided in the appendix.

TRANSFORMATION INTO A CONSISTENT FREE CASH FLOW GENERATOR

Telos Quarterly Free Cash Flow Margin [1] Since 2020



Revenue Growth, Operating Expense Discipline, and Working Capital Rigor Have Transformed Telos

Notes:

1. Free Cash Flow Margin is a non-GAAP financial measure. Reconciliations to GAAP financial measures are provided in the appendix.

2026 OUTLOOK
3Q GUIDANCE

	Guidance	
	3Q 2026 Low End	**3Q 2026 High End**
Revenue	$49.2M *-4% YoY*	$50.6M *-2% YoY*
Adjusted EBITDA[1]	$6.0M *12.2% Margin[1]*	$6.8M *13.4% Margin[1]*

Guidance Assumptions

3Q Assumptions

- Revenue forecasted to be up 3% to 6% sequentially (down 3% YoY at the midpoint; up 6% YoY excluding the impact of unusually high non-recurring revenue in 3Q25)
- Cash Gross Margin[1] approximately 37.5% to 38.5%, down sequentially and YoY due to normal fluctuations in revenue mix and contingency reserves on fixed price contracts
- Adjusted Operating Expenses[1] approximately flat sequentially (and $0.4M lower YoY) due to ongoing expense management

Forecasting Sequential Revenue Growth in 3Q

Notes:
1. Cash Gross Margin, Adjusted Operating Expenses, Adjusted EBITDA, and Adjusted EBITDA Margin are non-GAAP financial measures. The Company has not provided a reconciliation to the most directly comparable GAAP measure to these forward-looking non-GAAP financial measures because certain items are out of the Company's control or cannot be reasonably predicted. Accordingly, reconciliations of forward-looking Cash Gross Margin, Adjusted Operating Expenses, Adjusted EBITDA, and Adjusted EBITDA Margin are not available without unreasonable effort.

2026 OUTLOOK

UPDATED VS. PRIOR FY GUIDANCE

Updated Guidance

	FY 2026 Low End	FY 2026 High End
Revenue	$187M *+14% YoY*	$195M *+18% YoY*
Adjusted EBITDA[1]	$23.6M *12.6% Margin[1]*	$28.6M *14.7% Margin[1]*

Prior Guidance

	FY 2026 Low End	FY 2026 High End
Revenue	$187M *+14% YoY*	$200M *+21% YoY*
Adjusted EBITDA[1]	$20.6M *11.0% Margin[1]*	$28.0M *14.0% Margin[1]*

Guidance Assumptions

Updates to Full-Year Guidance Assumptions

- Starting in the fourth quarter, we expect the resale of single-digit gross margin third-party software to begin phasing-out
- Revenue reduced by $2.5M at the midpoint of guidance vs. prior guidance
- Cash Gross Margin[1] raised to 39.0% to 40.0%, up from 38.2% to 39.5% assumed in prior guidance
- Adjusted Operating Expenses[1] improved by $1.7M compared to prior guidance assumptions
- Adjusted EBITDA[1] raised to a range of $23.6M to $28.6M, up $1.8M at the midpoint compared to prior guidance
- Adjusted EBITDA Margin[1] raised to a range of 12.6% to 14.7%, up 115 basis points at the midpoint compared to prior guidance

Raising Full Year Adjusted EBITDA Guidance

Notes:
1. Cash Gross Margin, Adjusted Operating Expenses, Adjusted EBITDA, and Adjusted EBITDA Margin are non-GAAP financial measures. The Company has not provided a reconciliation to the most directly comparable GAAP measure to these forward-looking non-GAAP financial measures because certain items are out of the Company's control or cannot be reasonably predicted. Accordingly, reconciliations of forward-looking Cash Gross Margin, Adjusted Operating Expenses, Adjusted EBITDA, and Adjusted EBITDA Margin are not available without unreasonable effort.

SUMMARY

Exceeded 2Q Revenue, Margin, and Adjusted EBITDA Forecasts

Generated FCF Margin[1] of 13.9% in 2Q and 13.6% in 1H, Accelerated Share Repurchases in 2Q

Revenue Growth, Operating Expense Discipline and Working Capital Rigor Have Enabled Consistent Quarterly Cash Generation

Robust Pipeline of Submitted and Pending Proposals Awaiting Final Award Decisions

Raising Full Year Adjusted EBITDA Guidance

Notes:
1. Free Cash Flow Margin is a non-GAAP financial measure. Reconciliations to GAAP financial measures are provided in the appendix.

Appendix

NON-GAAP FINANCIAL MEASURES

In addition to Telos' results determined in accordance with U.S. GAAP, Telos believes the non-GAAP financial measures of EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Incremental Adjusted EBITDA, Incremental Adjusted EBITDA Margin, Adjusted Net Income (Loss), Adjusted Earnings Per Share ("EPS"), Adjusted Gross Profit, Adjusted Gross Margin, Cash Gross Profit, Cash Gross Margin, Cash Operating Expenses, Adjusted Operating Expenses, Free Cash Flow and Free Cash Flow Margin are useful in evaluating operating and cash flow performance. Telos believes that this non-GAAP financial information, when taken collectively with GAAP results, may be helpful to readers of the financial statements because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. A reconciliation is provided below for each of these non-GAAP financial measures to the most directly comparable financial measure stated in accordance with GAAP.

Telos believes that EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Incremental Adjusted EBITDA, Incremental Adjusted EBITDA Margin, Adjusted Net Income (Loss), Adjusted EPS, Cash Operating Expenses, and Adjusted Operating Expenses provide the Board, management and investors with a clear representation of the Company's core operating performance and trends, provide greater visibility into the long-term financial performance of the Company, and eliminate the impact of items that do not relate to the ongoing operating performance of the business. Further, Adjusted EBITDA is used by the Board and management to prepare and approve the Company's annual budget and to evaluate the performance of certain management personnel when determining incentive compensation. Adjusted Gross Profit, Cash Gross Profit, Adjusted Gross Margin and Cash Gross Margin provide management and investors a clear representation of the core economics of gross profit and gross margin without the impact of non-cash expenses and sunk costs expended. Telos uses Free Cash Flow and Free Cash Flow Margin to understand the cash flows that directly correspond with our operations and the investments the Company must make in those operations, using a methodology that combines operating cash flows and capital expenditures. Further, Free Cash Flow may be useful to management and investors in evaluating the Company's operating performance and liquidity, and to the Board to evaluate the performance of certain management personnel when determining incentive compensation. Telos believes these non-GAAP financial measures facilitate the comparison of the Company's operating performance on a consistent basis between periods by excluding certain items that may, or could, have a disproportionately positive or negative impact on the Company's results of operations in any particular period. When viewed in combination with the Company's results prepared in accordance with GAAP, these non-GAAP financial measures help provide a broader picture of factors and trends affecting the Company's results of operations.

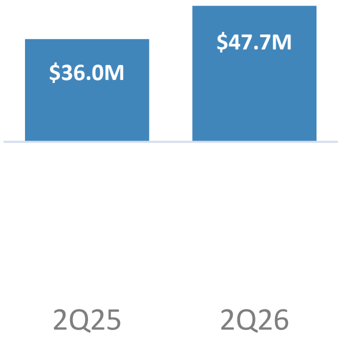
FINANCIAL PERFORMANCE SUMMARY

2Q AND 1H YEAR-OVER-YEAR COMPARISON

2Q YoY

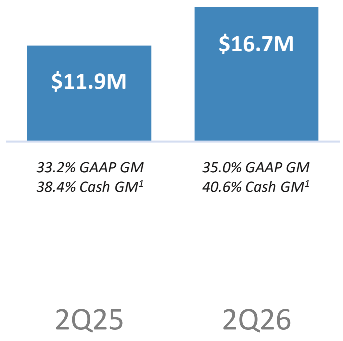
Revenue

UP 33%



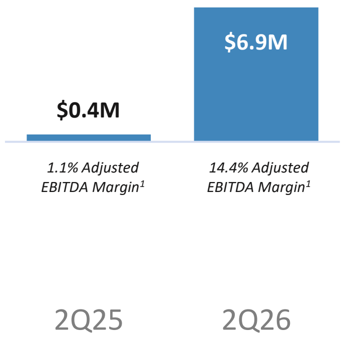
GAAP Gross Profit

UP 40%



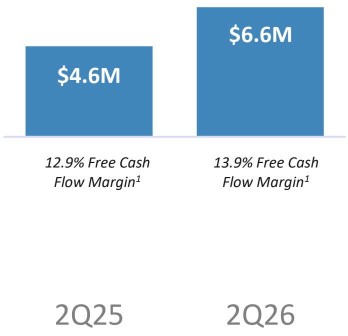
Adjusted EBITDA[1]

UP $6.5M



Free Cash Flow[1]

UP $2.0M



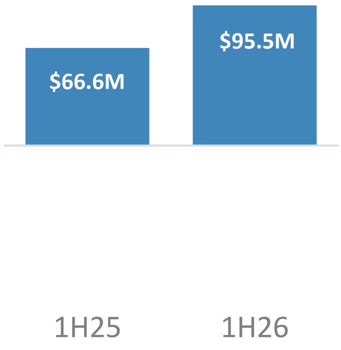
YoY Commentary

- **Revenue:** Security Solutions up 44% to $46.7M due to expansion within the Telos ID portfolio. Secure Networks down 69% to $1.1M due to the successful completion of certain programs as expected.
- **Gross Profit:** GAAP Gross Profit up $4.8M primarily due to higher Revenue. GAAP GM up 178 bps and Cash GM[1] up 229 bps, both primarily due to more favorable mix. SS revenue increased from 90% of total company revenue in 2Q25 to 98% in 2Q26.
- **Adjusted EBITDA[1]:** Up $6.5M to $6.9M; Higher Cash Gross Profit[1] (primarily due to higher Revenue) and lower Adjusted Operating Expenses[1] excluding depreciation and amortization due to ongoing cost discipline and restructuring.
- **Free Cash Flow[1]:** Total company up $2.0M due to improved revenue and profitability. FCF margin[1] was 13.9%.
- **Capital Deployment:** Deployed $4.7M to repurchase over 1.0M shares at an average price of $4.50 per share.

1H YoY

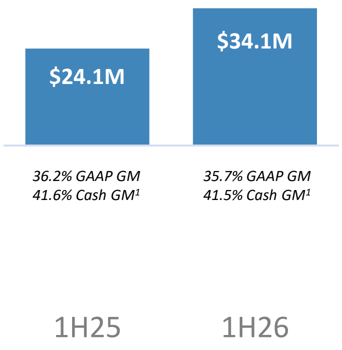
Revenue

UP 43%



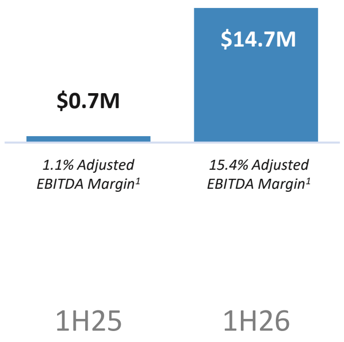
GAAP Gross Profit

UP 41%



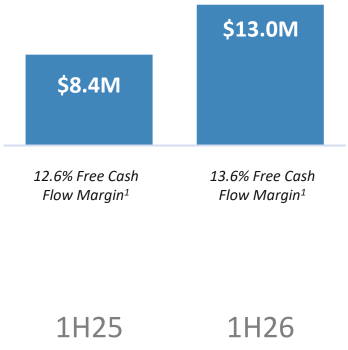
Adjusted EBITDA[1]

UP $14.0M



Free Cash Flow[1]

UP $4.6M



YoY Commentary

- **Revenue:** Security Solutions up 59% to $92.6M due to expansion within the Telos ID portfolio. Secure Networks down 66% to $2.9M due to the successful completion of certain programs as expected.
- **Gross Profit:** GAAP Gross Profit up $10.0M due to higher Revenue. GAAP GM down 54 bps and Cash GM[1] down 9 bps primarily due to higher non-cash infrastructure costs. SS revenue increased from 88% of total company revenue in 1H25 to 97% in 1H26.
- **Adjusted EBITDA[1]:** Up $14.0M to $14.7M; Higher Cash Gross Profit[1] (due to higher Revenue) and lower Adjusted Operating Expenses[1] excluding depreciation and amortization due to ongoing cost discipline and restructuring.
- **Free Cash Flow[1]:** Total company up $4.6M due to improved revenue and profitability. FCF margin[1] was 13.6%.
- **Capital Deployment:** Deployed $6.9M to repurchase 1.6M shares at an average price of $4.42 per share.

Continued Year-Over-Year Improvement in Key Financial Metrics

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Notes:

1. Cash Gross Margin, Cash Gross Profit, Adjusted Operating Expenses, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, and Free Cash Flow Margin are non-GAAP financial measures. Reconciliations to GAAP financial measures are provided in the appendix.

2026 OUTLOOK

2026 3Q ADDITIONAL MODELING ASSUMPTIONS

	2025 3Q	2026E 3Q	2026E 3Q Commentary
GAAP Gross Margin	39.9%	~32.0% - 33.0%	• See Cash GM[1] commentary below
Cash Gross Margin[1]	44.8%	~37.5% - 38.5%	• SS and SN down YoY • More favorable revenue mix between SS and SN (SS 98% vs. 90% in 3Q25)
Stock Based Compensation (SBC)	$9.4M	~$3.7M	• ~$0.2M in COS in 3Q26
Depreciation & Amortization	$3.2M	~$3.4M	• ~24% is included in Adjusted Operating Expenses[1] in 3Q26
Weighted Average Share Count for EPS	72.6M (Basic) / 75.6M (Diluted)	~74.8M (Basic) / ~77.1M (Diluted)	• Basic shares are used when the profitability metric is in a net loss position and diluted shares are used when in a net profit position; 2026 excludes any benefit due to future share repurchases
Tax Rate	(1.0%)	-	• Not meaningful
CAPEX & Capitalized Software	$2.5M	~$2.1M	• 3Q26 CAPEX ~$0.3M
Cash Operating Expenses[1]	$15.0M	~$14.4M	• Down YoY due to ongoing expense management
Adjusted Operating Expenses[1]	$13.8M	~$13.4M	• Primarily down YoY due to lower spend as indicated above; Partially offset by lower capitalization of software development costs

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Notes:

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2026 FY ADDITIONAL MODELING ASSUMPTIONS

	2025 Full Year	2026E Full Year	2026E FY Commentary
GAAP Gross Margin	37.0%	~33.0% - 34.0%	• See Cash GM[1] commentary below
Cash Gross Margin[1]	42.7%	~39.0% - 40.0%	• SS down YoY; SN slightly down to up YoY • More favorable revenue mix between SS and SN (SS 98% vs. 91% for FY25)
Stock Based Compensation (SBC)	$30.2M	~$13.6M	• ~$0.9M in COS in FY26
Depreciation & Amortization	$11.5M	~$13.8M	• ~24% is included in Adjusted Operating Expenses[1] in FY26
Weighted Average Share Count for EPS	72.9M (Basic) / 77.1M (Diluted)	~74.6M (Basic) / ~77.4M (Diluted)	• Basic shares are used when the profitability metric is in a net loss position and diluted shares are used when in a net profit position; 2026 excludes any benefit due to future share repurchases
Tax Rate	1.8%	-	• Not meaningful
CAPEX & Capitalized Software	$8.9M	~$8.6M	• FY26 CAPEX ~$1.0M
Cash Operating Expenses[1]	$60.3M	~$56.7M	• Down YoY due to ongoing expense management
Adjusted Operating Expenses[1]	$55.5M	~$52.4M	• Primarily down YoY due to lower spend as indicated above; Partially offset by lower capitalization of software development costs

Notes:
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2026 RESULTS

GAAP AND ADJUSTED 1H RESULTS

(Amounts in thousands, unaudited)

2026

	Three Months Ended March 31, 2026				Three Months Ended June 30, 2026				Six Months Ended June 30, 2026			
	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted
Revenue												
Security Solutions	$ 45,970	$ -	$ -	$ 45,970	$ 46,662	$ -	$ -	$ 46,662	$ 92,632	$ -	$ -	$ 92,632
Secure Networks	1,772	-	-	1,772	1,083	-	-	1,083	2,855	-	-	2,855
Total	**47,742**	**-**	**-**	**47,742**	**47,745**	**-**	**-**	**47,745**	**95,487**	**-**	**-**	**95,487**
Gross Profit												
Security Solutions	16,863	194	-	17,057	16,500	184	-	16,684	33,363	378	-	33,741
Secure Networks	512	22	-	534	192	18	-	210	704	40	-	744
Total	**17,375**	**216**	**-**	**17,591**	**16,692**	**202**	**-**	**16,894**	**34,067**	**418**	**-**	**34,485**
Gross Margin												
Security Solutions	36.7%	0.4%	0.0%	37.1%	35.4%	0.4%	0.0%	35.8%	36.0%	0.4%	0.0%	36.4%
Secure Networks	28.9%	1.3%	0.0%	30.2%	17.7%	1.7%	0.0%	19.4%	24.7%	1.4%	0.0%	26.1%
Total	**36.4%**	**0.5%**	**0.0%**	**36.8%**	**35.0%**	**0.4%**	**0.0%**	**35.4%**	**35.7%**	**0.4%**	**0.0%**	**36.1%**
Operating Expenses												
Research and Development	1,357	219	-	1,138	1,345	232	-	1,113	2,702	451	-	2,251
Selling, General and Administrative	14,563	2,536	-	12,027	15,037	2,779	-	12,258	29,600	5,315	-	24,285
Total	**15,920**	**2,755**	**-**	**13,165**	**16,382**	**3,011**	**-**	**13,371**	**32,302**	**5,766**	**-**	**26,536**
EBIT / Operating (Loss)/Income	**1,455**	**2,971**	**-**	**4,426**	**310**	**3,213**	**-**	**3,523**	**1,765**	**6,184**	**-**	**7,949**
Interest Expense	(111)	-	-	(111)	(107)	-	-	(107)	(218)	-	-	(218)
Other Income	697	-	(697)	-	501	-	(501)	-	1,198	-	(1,198)	-
Earnings Before Taxes (EBT)	**2,041**	**2,971**	**(697)**	**4,315**	**704**	**3,213**	**(501)**	**3,416**	**2,745**	**6,184**	**(1,198)**	**7,731**
Benefit from (Provision for) Income Taxes	(18)	-	-	(18)	(44)	-	-	(44)	(62)	-	-	(62)
Net (Loss)/Income	**$ 2,023**	**$ 2,971**	**$ (697)**	**$ 4,297**	**$ 660**	**$ 3,213**	**$ (501)**	**$ 3,372**	**$ 2,683**	**$ 6,184**	**$ (1,198)**	**$ 7,669**
Share Count - Basic	73,822	73,822	73,822	73,822	74,895	74,895	74,895	74,895	74,361	74,361	74,361	74,361
Share Count - Diluted	77,615	77,615	77,615	77,615	77,547	77,547	77,547	77,547	77,576	77,576	77,576	77,576
EPS - Basic	**$ 0.03**	**$ 0.04**	**$ (0.01)**	**$ 0.06**	**$ 0.01**	**$ 0.04**	**$ (0.01)**	**$ 0.05**	**$ 0.04**	**$ 0.08**	**$ (0.02)**	**$ 0.10**
EPS - Diluted	**$ 0.03**	**$ 0.04**	**$ (0.01)**	**$ 0.06**	**$ 0.01**	**$ 0.04**	**$ (0.01)**	**$ 0.04**	**$ 0.03**	**$ 0.08**	**$ (0.02)**	**$ 0.10**
Net (Loss)/Income	**$ 2,023**	**$ 2,971**	**$ (697)**	**$ 4,297**	**$ 660**	**$ 3,213**	**$ (501)**	**$ 3,372**	**$ 2,683**	**$ 6,184**	**$ (1,198)**	**$ 7,669**
Other Income	(697)	-	697	-	(501)	-	501	-	(1,198)	-	1,198	-
Interest Expense	111	-	-	111	107	-	-	107	218	-	-	218
(Benefit from) Provision for Income Taxes	18	-	-	18	44	-	-	44	62	-	-	62
Depreciation & Amortization	3,429	-	-	3,429	3,347	-	-	3,347	6,776	-	-	6,776
EBITDA	**$ 4,884**	**$ 2,971**	**$ -**	**$ 7,855**	**$ 3,657**	**$ 3,213**	**$ -**	**$ 6,870**	**$ 8,541**	**$ 6,184**	**$ -**	**$ 14,725**
Net cash provided by (used) in operating activities	**$ 8,656**				**$ 8,833**				**$ 17,489**			
Capitalized Software Development Costs	(2,132)				(1,970)				(4,102)			
Purchase of Property and Equipment	(145)				(246)				(391)			
Free Cash Flow	**$ 6,379**				**$ 6,617**				**$ 12,996**			

2025

	Three Months Ended March 31, 2025				Three Months Ended June 30, 2025				Six Months Ended June 30, 2025			
	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted
Revenue												
Security Solutions	$ 25,818	$ -	$ -	$ 25,818	$ 32,474	$ -	$ -	$ 32,474	$ 58,292	$ -	$ -	$ 58,292
Secure Networks	4,798	-	-	4,798	3,494	-	-	3,494	8,292	-	-	8,292
Total	**30,616**	**-**	**-**	**30,616**	**35,968**	**-**	**-**	**35,968**	**66,584**	**-**	**-**	**66,584**
Gross Profit												
Security Solutions	11,060	169	-	11,229	11,298	139	-	11,437	22,358	308	-	22,666
Secure Networks	1,122	21	-	1,143	634	10	-	644	1,756	31	-	1,787
Total	**12,182**	**190**	**-**	**12,372**	**11,932**	**149**	**-**	**12,081**	**24,114**	**339**	**-**	**24,453**
Gross Margin												
Security Solutions	42.8%	0.7%	0.0%	43.5%	34.8%	0.4%	0.0%	35.2%	38.4%	0.5%	0.0%	38.9%
Secure Networks	23.4%	0.4%	0.0%	23.8%	18.1%	0.3%	0.0%	18.4%	21.2%	0.4%	0.0%	21.6%
Total	**39.8%**	**0.6%**	**0.0%**	**40.4%**	**33.2%**	**0.4%**	**0.0%**	**33.6%**	**36.2%**	**0.5%**	**0.0%**	**36.7%**
Operating Expenses												
Research and Development	1,571	40	-	1,531	1,512	244	-	1,268	3,083	284	-	2,799
Selling, General and Administrative	19,633	6,818	-	12,815	20,303	7,364	-	12,939	39,936	14,182	-	25,754
Total	**21,204**	**6,858**	**-**	**14,346**	**21,815**	**7,608**	**-**	**14,207**	**43,019**	**14,466**	**-**	**28,553**
EBIT / Operating (Loss)/Income	**(9,022)**	**7,048**	**-**	**(1,974)**	**(9,883)**	**7,757**	**-**	**(2,126)**	**(18,905)**	**14,805**	**-**	**(4,100)**
Interest Expense	(147)	-	-	(147)	(141)	-	-	(141)	(288)	-	-	(288)
Other Income	561	-	(561)	-	553	-	(553)	-	1,114	-	(1,114)	-
Earnings Before Taxes (EBT)	**(8,608)**	**7,048**	**(561)**	**(2,121)**	**(9,471)**	**7,757**	**(553)**	**(2,267)**	**(18,079)**	**14,805**	**(1,114)**	**(4,388)**
Benefit from (Provision for) Income Taxes	4	-	-	4	(46)	-	-	(46)	(42)	-	-	(42)
Net (Loss)/Income	**$ (8,604)**	**$ 7,048**	**$ (561)**	**$ (2,117)**	**$ (9,517)**	**$ 7,757**	**$ (553)**	**$ (2,313)**	**$ (18,121)**	**$ 14,805**	**$ (1,114)**	**$ (4,430)**
Share Count - Basic	72,715	72,715	72,715	72,715	73,163	73,163	73,163	73,163	72,940	72,940	72,940	72,940
Share Count - Diluted	72,715	72,715	72,715	72,715	73,163	73,163	73,163	73,163	72,940	72,940	72,940	72,940
EPS - Basic	**$ (0.12)**	**$ 0.10**	**$ (0.01)**	**$ (0.03)**	**$ (0.13)**	**$ 0.11**	**$ (0.01)**	**$ (0.03)**	**$ (0.25)**	**$ 0.20**	**$ (0.02)**	**$ (0.06)**
EPS - Diluted	**$ (0.12)**	**$ 0.10**	**$ (0.01)**	**$ (0.03)**	**$ (0.13)**	**$ 0.11**	**$ (0.01)**	**$ (0.03)**	**$ (0.25)**	**$ 0.20**	**$ (0.02)**	**$ (0.06)**
Net (Loss)/Income	**$ (8,604)**	**$ 7,048**	**$ (561)**	**$ (2,117)**	**$ (9,517)**	**$ 7,757**	**$ (553)**	**$ (2,313)**	**$ (18,121)**	**$ 14,805**	**$ (1,114)**	**$ (4,430)**
Other Income	(561)	-	561	-	(553)	-	553	-	(1,114)	-	1,114	-
Interest Expense	147	-	-	147	141	-	-	141	288	-	-	288
(Benefit from) Provision for Income Taxes	(4)	-	-	(4)	46	-	-	46	42	-	-	42
Depreciation & Amortization	2,336	-	-	2,336	2,509	-	-	2,509	4,845	-	-	4,845
EBITDA	**$ (6,686)**	**$ 7,048**	**$ -**	**$ 362**	**$ (7,374)**	**$ 7,757**	**$ -**	**$ 383**	**$ (14,060)**	**$ 14,805**	**$ -**	**$ 745**
Net cash provided by (used) in operating activities	**$ 6,106**				**$ 6,950**				**$ 13,056**			
Capitalized Software Development Costs	(2,214)				(2,187)				(4,401)			
Purchase of Property and Equipment	(123)				(134)				(257)			
Free Cash Flow	**$ 3,769**				**$ 4,629**				**$ 8,398**			

2025 RESULTS

GAAP AND ADJUSTED FULL YEAR RESULTS

(Amounts in thousands, unaudited)

2025

Three Months Ended March 31, 2025

	GAAP	SBC	Other Inc	Adjusted
Revenue				
Security Solutions	$ 25,818	$ -	$ -	$ 25,818
Secure Networks	4,798	-	-	4,798
Total	**30,616**	**-**	**-**	**30,616**
Gross Profit				
Security Solutions	11,060	169	-	11,229
Secure Networks	1,122	21	-	1,143
Total	**12,182**	**190**	**-**	**12,372**
Gross Margin				
Security Solutions	42.8%	0.7%	0.0%	43.5%
Secure Networks	23.4%	0.4%	0.0%	23.8%
Total	**39.8%**	**0.6%**	**0.0%**	**40.4%**
Operating Expenses				
Research and Development	1,571	40	-	1,531
Selling, General and Administrative	19,633	6,818	-	12,815
Goodwill Impairment	-	-	-	-
Total	**21,204**	**6,858**	**-**	**14,346**
EBIT / Operating (Loss)/Income	**(9,022)**	**7,048**	**-**	**(1,974)**
Interest Expense	(147)	-	-	(147)
Other Income	561	-	(561)	-
Earnings Before Taxes (EBT)	**(8,608)**	**7,048**	**(561)**	**(2,121)**
Benefit from (Provision for) Income Taxes	4	-	-	4
Net (Loss)/Income	**$ (8,604)**	**$ 7,048**	**$ (561)**	**$ (2,117)**
Share Count - Basic	72,715	72,715	72,715	72,715
Share Count - Diluted	72,715	72,715	72,715	72,715
EPS - Basic	**$ (0.12)**	**$ 0.10**	**$ (0.01)**	**$ (0.03)**
EPS - Diluted	**$ (0.12)**	**$ 0.10**	**$ (0.01)**	**$ (0.03)**
Net (Loss)/Income	**$ (8,604)**	**$ 7,048**	**$ (561)**	**$ (2,117)**
Other Income	(561)	-	561	-
Interest Expense	147	-	-	147
(Benefit from) Provision for Income Taxes	(4)	-	-	(4)
Depreciation & Amortization	2,336	-	-	2,336
EBITDA	**$ (6,686)**	**$ 7,048**	**$ -**	**$ 362**
Net cash provided by (used) in operating activities	**$ 6,106**			
Capitalized Software Development Costs	(2,214)			
Purchase of Property and Equipment	(123)			
Free Cash Flow	**$ 3,769**			

Three Months Ended June 30, 2025

	GAAP	SBC	Other Inc	Adjusted
Revenue				
Security Solutions	$ 32,474	$ -	$ -	$ 32,474
Secure Networks	3,494	-	-	3,494
Total	**35,968**	**-**	**-**	**35,968**
Gross Profit				
Security Solutions	11,298	139	-	11,437
Secure Networks	634	10	-	644
Total	**11,932**	**149**	**-**	**12,081**
Gross Margin				
Security Solutions	34.8%	0.4%	0.0%	35.2%
Secure Networks	18.1%	0.3%	0.0%	18.4%
Total	**33.2%**	**0.4%**	**0.0%**	**33.6%**
Operating Expenses				
Research and Development	1,512	244	-	1,268
Selling, General and Administrative	20,303	7,364	-	12,939
Goodwill Impairment	-	-	-	-
Total	**21,815**	**7,608**	**-**	**14,207**
EBIT / Operating (Loss)/Income	**(9,883)**	**7,757**	**-**	**(2,126)**
Interest Expense	(141)	-	-	(141)
Other Income	553	-	(553)	-
Earnings Before Taxes (EBT)	**(9,471)**	**7,757**	**(553)**	**(2,267)**
Benefit from (Provision for) Income Taxes	(46)	-	-	(46)
Net (Loss)/Income	**$ (9,517)**	**$ 7,757**	**$ (553)**	**$ (2,313)**
Share Count - Basic	73,163	73,163	73,163	73,163
Share Count - Diluted	73,163	73,163	73,163	73,163
EPS - Basic	**$ (0.13)**	**$ 0.11**	**$ (0.01)**	**$ (0.03)**
EPS - Diluted	**$ (0.13)**	**$ 0.11**	**$ (0.01)**	**$ (0.03)**
Net (Loss)/Income	**$ (9,517)**	**$ 7,757**	**$ (553)**	**$ (2,313)**
Other Income	(553)	-	553	-
Interest Expense	141	-	-	141
(Benefit from) Provision for Income Taxes	46	-	-	46
Depreciation & Amortization	2,509	-	-	2,509
EBITDA	**$ (7,374)**	**$ 7,757**	**$ -**	**$ 383**
Net cash provided by (used) in operating activities	**$ 6,950**			
Capitalized Software Development Costs	(2,187)			
Purchase of Property and Equipment	(134)			
Free Cash Flow	**$ 4,629**			

Three Months Ended September 30, 2025

	GAAP	SBC	Other Inc	Adj*	Adjusted
Revenue					
Security Solutions	$ 46,478	$ -	$ -	$ -	$ 46,478
Secure Networks	4,966	-	-	-	4,966
Total	**51,444**	**-**	**-**	**-**	**51,444**
Gross Profit					
Security Solutions	19,286	142	-	-	19,428
Secure Networks	1,260	12	-	-	1,272
Total	**20,546**	**154**	**-**	**-**	**20,700**
Gross Margin					
Security Solutions	41.5%	0.3%	0.0%	0.0%	41.8%
Secure Networks	25.4%	0.2%	0.0%	0.0%	25.6%
Total	**39.9%**	**0.3%**	**0.0%**	**0.0%**	**40.2%**
Operating Expenses					
Research and Development	1,899	421	-	-	1,478
Selling, General and Administrative	21,115	8,813	-	-	12,302
Goodwill Impairment	-	-	-	-	-
Total	**23,014**	**9,234**	**-**	**-**	**13,780**
EBIT / Operating (Loss)/Income	**(2,468)**	**9,388**	**-**	**-**	**6,920**
Interest Expense	(136)	-	-	-	(136)
Other Income	511	-	(511)	-	-
Earnings Before Taxes (EBT)	**(2,093)**	**9,388**	**(511)**	**-**	**6,784**
Benefit from (Provision for) Income Taxes	(21)	-	-	-	(21)
Net (Loss)/Income	**$ (2,114)**	**$ 9,388**	**$ (511)**	**$ -**	**$ 6,763**
Share Count - Basic	72,580	72,580	72,580	-	72,580
Share Count - Diluted	72,580	72,580	72,580	2,972	75,552
EPS - Basic	**$ (0.03)**	**$ 0.13**	**$ (0.01)**	**$ -**	**$ 0.09**
EPS - Diluted	**$ (0.03)**	**$ 0.13**	**$ (0.01)**	**$ -**	**$ 0.09**
Net (Loss)/Income	**$ (2,114)**	**$ 9,388**	**$ (511)**	**$ -**	**$ 6,763**
Other Income	(511)	-	511	-	-
Interest Expense	136	-	-	-	136
(Benefit from) Provision for Income Taxes	21	-	-	-	21
Depreciation & Amortization	3,177	-	-	-	3,177
EBITDA	**$ 709**	**$ 9,388**	**$ -**	**$ -**	**$ 10,097**
Net cash provided by (used) in operating activities	**$ 9,146**				
Capitalized Software Development Costs	(2,095)				
Purchase of Property and Equipment	(452)				
Free Cash Flow	**$ 6,599**				

Three Months Ended December 31, 2025

	GAAP	SBC	Other Inc	Impairment	Restructure	Adj*	Adjusted
Revenue							
Security Solutions	$ 44,830	$ -	$ -	$ -	$ -	$ -	$ 44,830
Secure Networks	1,947	-	-	-	-	-	1,947
Total	**46,777**	**-**	**-**	**-**	**-**	**-**	**46,777**
Gross Profit							
Security Solutions	15,915	144	-	-	401	-	16,460
Secure Networks	442	15	-	-	93	-	550
Total	**16,357**	**159**	**-**	**-**	**494**	**-**	**17,010**
Gross Margin							
Security Solutions	35.5%	0.3%	0.0%	0.0%	0.9%	0.0%	36.7%
Secure Networks	22.7%	0.8%	0.0%	0.0%	4.8%	0.0%	28.2%
Total	**35.0%**	0.3%	**0.0%**	**0.0%**	**1.1%**	**0.0%**	**36.4%**
Operating Expenses							
Research and Development	2,075	533	-	-	150	-	1,392
Selling, General and Administrative	17,874	5,265	-	-	857	-	11,752
Goodwill Impairment	14,916	-	-	14,916	-	-	-
Total	**34,865**	**5,798**	**-**	**14,916**	**1,007**	**-**	**13,144**
EBIT / Operating (Loss)/Income	**(18,508)**	**5,957**	**-**	**14,916**	**1,501**	**-**	**3,866**
Interest Expense	(129)	-	-	-	-	-	(129)
Other Income	1,600	-	(1,600)	-	-	-	-
Earnings Before Taxes (EBT)	**(17,037)**	**5,957**	**(1,600)**	**14,916**	**1,501**	**-**	**3,737**
Benefit from (Provision for) Income Taxes	726	-	-	-	-	-	726
Net (Loss)/Income	**$ (16,311)**	**$ 5,957**	**$ (1,600)**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 4,463**
Share Count - Basic	73,053	73,053	73,053	73,053	73,053	-	73,053
Share Count - Diluted	73,053	73,053	73,053	73,053	73,053	5,136	78,189
EPS - Basic	**$ (0.22)**	**$ 0.08**	**$ (0.02)**	**$ 0.20**	**$ 0.02**	**$ -**	**$ 0.06**
EPS - Diluted	**$ (0.22)**	**$ 0.08**	**$ (0.02)**	**$ 0.20**	**$ 0.02**	**$ -**	**$ 0.06**
Net (Loss)/Income	**$ (16,311)**	**$ 5,957**	**$ (1,600)**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 4,463**
Other Income	(1,600)	-	1,600	-	-	-	-
Interest Expense	129	-	-	-	-	-	129
(Benefit from) Provision for Income Taxes	(726)	-	-	-	-	-	(726)
Depreciation & Amortization	3,429	-	-	-	-	-	3,429
EBITDA	**$ (15,079)**	**$ 5,957**	**$ -**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 7,295**
Net cash provided by (used) in operating activities	**$ 7,980**						
Capitalized Software Development Costs	(1,680)						
Purchase of Property and Equipment	(30)						
Free Cash Flow	**$ 6,270**						

Twelve Months Ended December 31, 2025

	GAAP	SBC	Other Inc	Impairment	Restructure	Adj*	Adjusted
Revenue							
Security Solutions	$ 149,600	$ -	$ -	$ -	$ -	$ -	$ 149,600
Secure Networks	15,205	-	-	-	-	-	15,205
Total	**164,805**	**-**	**-**	**-**	**-**	**-**	**164,805**
Gross Profit							
Security Solutions	57,559	594	-	-	401	-	58,554
Secure Networks	3,458	58	-	-	93	-	3,609
Total	**61,017**	**652**	**-**	**-**	**494**	**-**	**62,163**
Gross Margin							
Security Solutions	38.5%	0.4%	0.0%	0.0%	0.3%	0.0%	39.1%
Secure Networks	22.7%	0.4%	0.0%	0.0%	0.6%	0.0%	23.7%
Total	**37.0%**	**0.4%**	**0.0%**	**0.0%**	**0.3%**	**0.0%**	**37.7%**
Operating Expenses							
Research and Development	7,057	1,238	-	-	150	-	5,669
Selling, General and Administrative	78,925	28,260	-	-	857	-	49,808
Goodwill Impairment	14,916	-	-	14,916	-	-	-
Total	**100,898**	**29,498**	**-**	**14,916**	**1,007**	**-**	**55,477**
EBIT / Operating (Loss)/Income	**(39,881)**	**30,150**	**-**	**14,916**	**1,501**	**-**	**6,686**
Interest Expense	(553)	-	-	-	-	-	(553)
Other Income	3,225	-	(3,225)	-	-	-	-
Earnings Before Taxes (EBT)	**(37,209)**	**30,150**	**(3,225)**	**14,916**	**1,501**	**-**	**6,133**
Benefit from (Provision for) Income Taxes	663	-	-	-	-	-	663
Net (Loss)/Income	**$ (36,546)**	**$ 30,150**	**$ (3,225)**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 6,796**
Share Count - Basic	72,878	72,878	72,878	72,878	72,878	-	72,878
Share Count - Diluted	72,878	72,878	72,878	72,878	72,878	4,253	77,131
EPS - Basic	**$ (0.50)**	**$ 0.41**	**$ (0.04)**	**$ 0.20**	**$ 0.02**	**$ -**	**$ 0.09**
EPS - Diluted	**$ (0.50)**	**$ 0.41**	**$ (0.04)**	**$ 0.20**	**$ 0.02**	**$ -**	**$ 0.09**
Net (Loss)/Income	**$ (36,546)**	**$ 30,150**	**$ (3,225)**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 6,796**
Other Income	(3,225)	-	3,225	-	-	-	-
Interest Expense	553	-	-	-	-	-	553
(Benefit from) Provision for Income Taxes	(663)	-	-	-	-	-	(663)
Depreciation & Amortization	11,451	-	-	-	-	-	11,451
EBITDA	**$ (28,430)**	**$ 30,150**	**$ -**	**$ 14,916**	**$ 1,501**	**$ -**	**$ 18,137**
Net cash provided by (used) in operating activities	**$ 30,182**						
Capitalized Software Development Costs	(8,176)						
Purchase of Property and Equipment	(739)						
Free Cash Flow	**$ 21,267**						

*Adjusted for potentially dilutive shares due to adjusted net income

2026 RESULTS

CASH GROSS PROFIT & CASH GROSS MARGIN 1H RESULTS

(Amounts in thousands, unaudited)

	2026			2025		
	Three Months Ended March 31, 2026	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026	Three Months Ended March 31, 2025	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
Revenue						
Security Solutions	$ 45,970	$ 46,662	$ 92,632	$ 25,818	$ 32,474	$ 58,292
Secure Networks	1,772	1,083	2,855	4,798	3,494	8,292
Total	**$ 47,742**	**$ 47,745**	**$ 95,487**	**$ 30,616**	**$ 35,968**	**$ 66,584**
GAAP Gross Profit						
Security Solutions	$ 16,863	$ 16,500	$ 33,363	$ 11,060	$ 11,298	$ 22,358
Secure Networks	512	192	704	1,122	634	1,756
Total	**$ 17,375**	**$ 16,692**	**$ 34,067**	**$ 12,182**	**$ 11,932**	**$ 24,114**
GAAP Gross Margin						
Security Solutions	36.7%	35.4%	36.0%	42.8%	34.8%	38.4%
Secure Networks	28.9%	17.7%	24.7%	23.4%	18.1%	21.2%
Total	**36.4%**	**35.0%**	**35.7%**	**39.8%**	**33.2%**	**36.2%**
Stock Based Compensation - Cost of Sales						
Security Solutions	$ 194	$ 184	$ 378	$ 169	$ 139	$ 308
Secure Networks	22	18	40	21	10	31
Total	**$ 216**	**$ 202**	**$ 418**	**$ 190**	**$ 149**	**$ 339**
Adjusted Gross Profit						
Security Solutions	$ 17,057	$ 16,684	$ 33,741	$ 11,229	$ 11,437	$ 22,666
Secure Networks	534	210	744	1,143	644	1,787
Total	**$ 17,591**	**$ 16,894**	**$ 34,485**	**$ 12,372**	**$ 12,081**	**$ 24,453**
Adjusted Gross Margin						
Security Solutions	37.1%	35.8%	36.4%	43.5%	35.2%	38.9%
Secure Networks	30.1%	19.4%	26.1%	23.8%	18.4%	21.6%
Total	**36.8%**	**35.4%**	**36.1%**	**40.4%**	**33.6%**	**36.7%**
Depreciation & Amortization - Cost of Sales						
Security Solutions	$ 2,593	$ 2,511	$ 5,104	$ 1,501	$ 1,714	$ 3,215
Secure Networks	3	3	6	2	1	3
Total	**$ 2,596**	**$ 2,514**	**$ 5,110**	**$ 1,503**	**$ 1,715**	**$ 3,218**
Cash Gross Profit						
Security Solutions	$ 19,650	$ 19,195	$ 38,845	$ 12,730	$ 13,151	$ 25,881
Secure Networks	537	213	750	1,145	645	1,790
Total	**$ 20,187**	**$ 19,408**	**$ 39,595**	**$ 13,875**	**$ 13,796**	**$ 27,671**
Cash Gross Margin						
Security Solutions	42.7%	41.1%	41.9%	49.3%	40.5%	44.4%
Secure Networks	30.3%	19.7%	26.3%	23.9%	18.5%	21.6%
Total	**42.3%**	**40.6%**	**41.5%**	**45.3%**	**38.4%**	**41.6%**

2025 RESULTS

CASH GROSS PROFIT & CASH GROSS MARGIN FULL YEAR RESULTS

(Amounts in thousands, unaudited)

	2025				
	Three Months Ended				Twelve Months Ended
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025
Revenue					
Security Solutions	$ 25,818	$ 32,474	$ 46,478	$ 44,830	$ 149,600
Secure Networks	4,798	3,494	4,966	1,947	15,205
Total	**$ 30,616**	**$ 35,968**	**$ 51,444**	**$ 46,777**	**$ 164,805**
GAAP Gross Profit					
Security Solutions	$ 11,060	$ 11,298	$ 19,286	$ 15,915	$ 57,559
Secure Networks	1,122	634	1,260	442	3,458
Total	**$ 12,182**	**$ 11,932**	**$ 20,546**	**$ 16,357**	**$ 61,017**
GAAP Gross Margin					
Security Solutions	42.8%	34.8%	41.5%	35.5%	38.5%
Secure Networks	23.4%	18.1%	25.4%	22.7%	22.7%
Total	**39.8%**	**33.2%**	**39.9%**	**35.0%**	**37.0%**
Stock Based Compensation - Cost of Sales					
Security Solutions	$ 169	$ 139	$ 142	$ 144	$ 594
Secure Networks	21	10	12	15	58
Total	**$ 190**	**$ 149**	**$ 154**	**$ 159**	**$ 652**
Restructuring Costs - Cost of Sales					
Security Solutions	$ -	$ -	$ -	$ 401	$ 401
Secure Networks	-	-	-	93	93
Total	**$ -**	**$ -**	**$ -**	**$ 494**	**$ 494**
Adjusted Gross Profit					
Security Solutions	$ 11,229	$ 11,437	$ 19,428	$ 16,460	$ 58,554
Secure Networks	1,143	644	1,272	550	3,609
Total	**$ 12,372**	**$ 12,081**	**$ 20,700**	**$ 17,010**	**$ 62,163**
Adjusted Gross Margin					
Security Solutions	43.5%	35.2%	41.8%	36.7%	39.1%
Secure Networks	23.8%	18.4%	25.6%	28.2%	23.7%
Total	**40.4%**	**33.6%**	**40.2%**	**36.4%**	**37.7%**
Depreciation & Amortization - Cost of Sales					
Security Solutions	$ 1,501	$ 1,714	$ 2,354	$ 2,605	$ 8,174
Secure Networks	2	1	2	2	7
Total	**$ 1,503**	**$ 1,715**	**$ 2,356**	**$ 2,607**	**$ 8,181**
Cash Gross Profit					
Security Solutions	$ 12,730	$ 13,151	$ 21,782	$ 19,065	$ 66,728
Secure Networks	1,145	645	1,274	552	3,616
Total	**$ 13,875**	**$ 13,796**	**$ 23,056**	**$ 19,617**	**$ 70,344**
Cash Gross Margin					
Security Solutions	49.3%	40.5%	46.9%	42.5%	44.6%
Secure Networks	23.9%	18.5%	25.7%	28.4%	23.8%
Total	**45.3%**	**38.4%**	**44.8%**	**41.9%**	**42.7%**

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GAAP, ADJUSTED, AND CASH OPERATING EXPENSES

(Amounts in thousands, unaudited)

	2025				
	Three Months Ended				Twelve Months Ended
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025
Operating Expenses	**21,204**	**21,815**	**23,014**	**34,865**	**100,898**
Adjustments					
[-] Stock-Based Compensation	(6,858)	(7,608)	(9,234)	(5,798)	(29,498)
[-] Restructuring	-	-	-	(1,007)	(1,007)
[-] Impairment Expenses	-	-	-	(14,916)	(14,916)
Adjusted Operating Expenses (Adjusted OPEX)	**14,346**	**14,207**	**13,780**	**13,144**	**55,477**
[-] Depreciation and Amortization	(833)	(794)	(821)	(823)	(3,271)
[+] Capitalized Software Development Costs	2,270	2,149	2,057	1,579	8,055
Cash Operating Expenses (Cash OPEX)	**15,783**	**15,562**	**15,016**	**13,900**	**60,261**

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2026	
	Three Months Ended	
	March 31, 2026	June 30, 2026
Net cash provided by operating activities	**$ 8,656**	**$ 8,833**
Adjustments		
[-] Capitalized software development costs	(2,132)	(1,970)
[-] Purchases of property and equipment, net	(145)	(246)
Free Cash Flow (Non-GAAP)	**6,379**	**6,617**
Revenue	47,742	47,745
Operating cash flow margin	18.1%	18.5%
Free cash flow margin (Non-GAAP)	13.4%	13.9%

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2025			
	Three Months Ended			
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
Net cash provided by operating activities	**$ 6,106**	**$ 6,950**	**$ 9,146**	**$ 7,980**
Adjustments				
[-] Capitalized software development costs	(2,214)	(2,187)	(2,095)	(1,680)
[-] Purchases of property and equipment, net	(123)	(134)	(452)	(30)
Free Cash Flow (Non-GAAP)	**3,769**	**4,629**	**6,599**	**6,270**
Revenue	30,616	35,968	51,444	46,777
Operating cash flow margin	19.9%	19.3%	17.8%	17.1%
Free cash flow margin (Non-GAAP)	12.3%	12.9%	12.8%	13.4%

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2024			
	Three Months Ended			
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Net cash used in operating activities	**$ (350)**	**$ (7,990)**	**$ (7,080)**	**$ (10,518)**
Adjustments				
[-] Capitalized software development costs	(3,202)	(3,113)	(2,789)	(2,401)
[-] Purchases of property and equipment, net	(97)	(235)	(49)	(1,871)
Free Cash Flow (Non-GAAP)	**(3,649)**	**(11,338)**	**(9,918)**	**(14,790)**
Revenue	29,619	28,498	23,783	26,372
Operating cash flow margin	-1.2%	-28.0%	-29.8%	-39.9%
Free cash flow margin (Non-GAAP)	-12.3%	-39.8%	-41.7%	-56.1%

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2023			
	Three Months Ended			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Net cash provided by (used in) operating activities	**$ (100)**	**$ (4,113)**	**$ 846**	**$ 4,954**
Adjustments				
[-] Capitalized software development costs	(3,800)	(4,398)	(3,762)	(2,592)
[-] Purchases of property and equipment, net	(223)	(47)	(80)	(576)
Free Cash Flow (Non-GAAP)	**(4,123)**	**(8,558)**	**(2,996)**	**1,786**
Revenue	35,222	32,911	36,186	41,059
Operating cash flow margin	-0.3%	-12.5%	2.3%	12.1%
Free cash flow margin (Non-GAAP)	-11.7%	-26.0%	-8.3%	4.3%

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2022			
	Three Months Ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Net cash provided by (used in) operating activities	**$ 249**	**$ 7,883**	**$ 11,986**	**$ (3,610)**
Adjustments				
[-] Capitalized software development costs	(2,795)	(2,339)	(3,446)	(4,128)
[-] Purchases of property and equipment, net	(546)	(95)	(174)	(194)
[+] Net cash proceeds from resale of software	-	-	-	8,457
Free Cash Flow (Non-GAAP)	**(3,092)**	**5,449**	**8,366**	**525**
Revenue	50,160	55,791	63,593	47,343
Operating cash flow margin	0.5%	14.1%	18.8%	-7.6%
Free cash flow margin (Non-GAAP)	-6.2%	9.8%	13.2%	1.1%

2021 RESULTS

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

Note: As previously revised

	2021			
	Three Months Ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Net cash provided by (used in) operating activities	**$ (6,882)**	**$ 3,528**	**$ 12,991**	**$ (2,375)**
Adjustments				
[-] Capitalized software development costs	(2,165)	(1,498)	(3,009)	(3,296)
[-] Purchases of property and equipment, net	(480)	(590)	(575)	(1,556)
Free Cash Flow (Non-GAAP)	**(9,527)**	**1,440**	**9,407**	**(7,227)**
Revenue	55,757	53,645	68,981	64,050
Operating cash flow margin	-12.3%	6.6%	18.8%	-3.7%
Free cash flow margin (Non-GAAP)	-17.1%	2.7%	13.6%	-11.3%

2020 RESULTS

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	2020			
	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Net cash provided by (used in) operating activities	**$ 1,743**	**$ (904)**	**$ 11,118**	**$ (14,061)**
Adjustments				
[-] Capitalized software development costs	(1,507)	(1,652)	(2,300)	(1,222)
[-] Purchases of property and equipment, net	(210)	(122)	(292)	(156)
Free Cash Flow (Non-GAAP)	**26**	**(2,678)**	**8,526**	**(15,439)**
Revenue	38,980	48,609	47,440	44,888
Operating cash flow margin	4.5%	-1.9%	23.4%	-31.3%
Free cash flow margin (Non-GAAP)	0.1%	-5.5%	18.0%	-34.4%

RECONCILIATIONS

EBITDA, ADJUSTED EBITDA, EBITDA MARGIN, ADJUSTED EBITDA MARGIN, INCREMENTAL ADJUSTED EBITDA, AND INCREMENTAL ADJUSTED EBITDA MARGIN

(Amounts in thousands, unaudited)

	For the Three Months Ended						For the Six Months Ended					
	June 30, 2026		June 30, 2025		Year-over-Year Change		June 30, 2026		June 30, 2025		Year-over-Year Change	
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin
Net income (loss)	$ 660	1.4%	$ (9,517)	(26.5 %)	$ 10,177	86.4 %	$ 2,683	2.8 %	$ (18,121)	(27.2 %)	$ 20,804	72.0 %
Other income	(501)	(1.0)%	(553)	(1.5 %)	52	0.5 %	(1,198)	(1.3 %)	(1,114)	(1.7 %)	(84)	(0.3 %)
Interest expense	107	0.2%	141	0.4 %	(34)	(0.3 %)	218	0.2 %	288	0.4 %	(70)	(0.3 %)
Provision for income taxes	44	0.1%	46	0.1 %	(2)	— %	62	0.1 %	42	0.1 %	20	0.1 %
Depreciation and amortization	3,347	7.0%	2,509	7.0 %	838	7.1 %	6,776	7.1 %	4,845	7.3 %	1,931	6.7 %
EBITDA (Non-GAAP)	3,657	7.7%	(7,374)	(20.5 %)	11,031	93.7 %	8,541	8.9 %	(14,060)	(21.1 %)	22,601	78.2 %
Stock-based compensation expense [1]	3,213	6.7%	7,757	21.6 %	(4,544)	(38.6 %)	6,184	6.5 %	14,805	22.2 %	(8,621)	(29.8 %)
Adjusted EBITDA (Non-GAAP)	$ 6,870	14.4%	$ 383	1.1 %	$ 6,487	55.1 %	$ 14,725	15.4 %	$ 745	1.1 %	$ 13,980	48.4 %
Revenue	$ 47,745		$ 35,968		$ 11,777		$ 95,487		$ 66,584		$ 28,903	

[1] The stock-based compensation expense to EBITDA is made up of stock-based compensation expense for the awarded RSUs, PSUs, and stock options, and other sources. Stock-based compensation expense for the awarded RSUs, PSUs and stock options was $1.9 million and $3.7 million for the three and six months ended June 30, 2026, respectively, and $6.8 million and $12.3 million, for the three and six months ended June 30, 2025, respectively. Stock-based compensation expense from other sources was $1.3 million and $2.5 million for the three and six months ended June 30, 2026, respectively, and $1.0 million and $2.5 million for the three and six months ended June 30, 2025, respectively. The other sources of stock-based compensation consist of accrued compensation, which the Company intends to settle in shares of the Company's common stock. However, the Company has the discretion to determine whether this compensation will ultimately be paid in stock or cash up until the date at which it is paid. Any change to the expected payment form would result in out-of-quarter adjustments to this add back to Adjusted EBITDA.

RECONCILIATIONS

ADJUSTED NET INCOME (LOSS) AND ADJUSTED EPS

(Amounts in thousands except per share data, unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	(in thousands, except per share data)			
Net income (loss)	$ 660	$ (9,517)	$ 2,683	$ (18,121)
Adjustments:				
Other income	(501)	(553)	$ (1,198)	$ (1,114)
Stock-based compensation expense[1]	3,213	7,757	$ 6,184	$ 14,805
Adjusted net income (loss) (Non-GAAP)	$ 3,372	$ (2,313)	$ 7,669	$ (4,430)
Earnings (loss) per share, diluted	$ 0.01	$ (0.13)	$ 0.03	$ (0.25)
Adjustments:				
Other income	(0.01)	(0.01)	(0.01)	(0.01)
Stock-based compensation expense[1]	0.04	0.11	0.08	0.20
Adjusted earnings (loss) per share, diluted (Non-GAAP)	$ 0.04	$ (0.03)	$ 0.10	$ (0.06)
Weighted-average shares to compute GAAP earnings (loss) per share, diluted	77,547	73,163	77,576	72,940
Weighted-average shares to compute non-GAAP earnings (loss) per share, diluted	77,547	73,163	77,576	72,940

[1] The stock-based compensation expense to net income (loss) is made up of stock-based compensation expense for the awarded RSUs, PSUs, and stock options, and other sources. Stock-based compensation expense for the awarded RSUs, PSUs and stock options was $1.9 million and $3.7 million for the three and six months ended June 30, 2026, respectively, and $6.8 million and $12.3 million for the three and six months ended June 30, 2025, respectively. Stock-based compensation expense from other sources was $1.3 million and $2.5 million for the three and six months ended June 30, 2026, respectively and $1.0 million and $2.5 million for the three and six months ended June 30, 2025, respectively. The other sources of stock-based compensation consist of accrued compensation, which the Company intends to settle in shares of the Company's common stock. However, the Company has the discretion to determine whether this compensation will ultimately be paid in stock or cash up until the date at which it is paid. Any change to the expected payment form would result in out-of-quarter adjustments to this add back to Adjusted Net Income (Loss).

ADJUSTED GROSS PROFIT, CASH GROSS PROFIT, ADJUSTED GROSS MARGIN, AND CASH GROSS MARGIN

(Amounts in thousands, unaudited)

	For the Three Months Ended				For the Six Months Ended			
	June 30, 2026		June 30, 2025		June 30, 2026		June 30, 2025	
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin
Gross profit	$ 16,692	35.0 %	$ 11,932	33.2 %	$ 34,067	35.7 %	$ 24,114	36.2 %
Adjustments:								
Stock-based compensation expense — cost of sales	202	0.4 %	149	0.4 %	418	0.4 %	339	0.5 %
Adjusted gross profit (Non-GAAP)	16,894	35.4 %	12,081	33.6 %	34,485	36.1 %	24,453	36.7 %
Depreciation and amortization — cost of sales	2,514	5.2 %	1,715	4.8 %	5,110	5.4 %	3,218	4.9 %
Cash gross profit (Non-GAAP)	$ 19,408	40.6 %	$ 13,796	38.4 %	$ 39,595	41.5 %	$ 27,671	41.6 %

RECONCILIATIONS

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net cash provided by operating activities	$ 8,833	$ 6,950	$ 17,489	$ 13,056
Adjustments:				
Capitalized software development costs	(1,970)	(2,187)	(4,102)	(4,401)
Purchases of property and equipment	(246)	(134)	(391)	(257)
Free cash flow (Non-GAAP)	$ 6,617	$ 4,629	$ 12,996	$ 8,398
Revenue	$ 47,745	$ 35,968	$ 95,487	$ 66,584
Operating cash flow margin	18.5 %	19.3 %	18.3 %	19.6 %
Free cash flow margin (Non-GAAP)	13.9 %	12.9 %	13.6 %	12.6 %

RECONCILIATIONS

ADJUSTED OPERATING EXPENSES AND CASH OPERATING EXPENSES

(Amounts in thousands, unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Operating expenses	$ 16,382	$ 21,815	$ 32,302	$ 43,019
Adjustments:				
Stock-based compensation expense	(3,011)	(7,608)	(5,766)	(14,466)
Adjusted operating expenses (Non-GAAP)	13,371	14,207	26,536	28,553
Depreciation and amortization	(833)	(794)	(1,666)	(1,627)
Software R&D capitalized costs	1,945	2,149	3,987	4,419
Cash operating expenses (Non-GAAP)	$ 14,483	$ 15,562	$ 28,857	$ 31,345

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Solutions that **empower**
and **protect** the enterprise.™