

First Quarter 2026 Earnings

May 11, 2026

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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, 36.4% GAAP GROSS MARGIN, 42.3% CASH GM¹, AND \$8.7M OF CASH FLOW FROM OPERATIONS

1Q 2026 Summary

- Delivered \$47.7M of Revenue vs. guidance of \$44.0M to \$45.0M; YoY revenue growth of 56%
 - Security Solutions (“SS”) up 78% YoY; Results exceeded guidance assumptions due to better than forecasted performance within Telos ID
 - Secure Networks (“SN”) down 63% YoY; Results in line with guidance assumptions
- Delivered 36.4% GAAP Gross Margin (“GM”) vs. the guidance assumption of over 33.0%
 - Cash Gross Margin¹ was 42.3% and exceeded the guidance assumption primarily due to better than forecasted performance in Telos ID
- Adjusted Operating Expenses¹ approximately \$0.4M better than guidance assumptions due to lower than forecasted costs across several areas
- Adjusted EBITDA¹ above top end of guidance range primarily due to higher than forecasted Cash Gross Profit¹ and lower Adjusted Operating Expenses¹
- Cash Flow from Operations was \$8.7M or a 18.1% margin and Free Cash Flow¹ was \$6.4M or a 13.4% margin¹
- Deployed \$2.2M to repurchase 0.5M shares at an average price of \$4.25 per share; Repurchases expected to accelerate in the second quarter

	1Q 2026 Actual	1Q 2026 Guidance / Assumptions
Revenue	\$47.7M	\$44.0M to \$45.0M
Revenue Growth	+56% YoY	+44% to +47% YoY
GAAP Gross Profit	\$17.4M <i>36.4% GAAP GM 42.3% Cash GM¹</i>	<i>Over 33.0% GAAP GM Over 39.0% Cash GM¹</i>
Adjusted EBITDA ¹	\$7.9M <i>16.5% Margin¹</i>	\$4.5M to \$5.0M <i>~10.2% to 11.1% Margin¹</i>
Adjusted EPS ¹	\$0.06	
Cash Flow	\$8.7M Cash Flow From Ops <i>18.1% Margin</i> \$6.4M Free Cash Flow ¹ <i>13.4% Margin¹</i>	

56% Revenue Growth, 16.5% Adjusted EBITDA Margin¹, and 13.4% FCF Margin¹ in 1Q 2026



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.

2Q AND FY GUIDANCE

	Guidance	
	2Q 2026 Low End	2Q 2026 High End
Revenue	\$44.0M <i>+22% YoY</i>	\$46.0M <i>+28% YoY</i>
Adjusted EBITDA ¹	\$5.0M <i>11.4% Margin¹</i>	\$6.0M <i>13.0% Margin¹</i>
	FY 2026 Low End	FY 2026 High End
Revenue	\$187M <i>+14% YoY</i>	\$200M <i>+21% YoY</i>
Adjusted EBITDA ¹	\$20.6M <i>11.0% Margin¹</i>	\$28.0M <i>14.0% Margin¹</i>

Guidance Assumptions

2Q Assumptions

- Revenue forecasted to grow 22% to 28%, primarily due to expansion within Telos ID
- Cash Gross Margin¹ approximately 39.0%
- Adjusted Operating Expenses¹ approximately \$1.3M lower YoY due to ongoing expense management
- Adjusted EBITDA Margin¹ improves from 1.1% in 2Q25 to a range of 11.4% to 13.0% in 2Q26

FY Assumptions

- Revenue forecasted to grow 14% to 21%, primarily due to expansion within Telos ID
- Revenue weighted approximately 47% to 49% in 1H
- Cash Gross Margin¹ approximately 38.2% to 39.5%
- Adjusted Operating Expenses¹ approximately \$1.4M lower YoY due to ongoing expense management
- Adjusted EBITDA¹ improves YoY with Adjusted EBITDA Margin¹ of 11.0% to 14.0%

Forecasting Continued Double Digit Revenue Growth With Adjusted EBITDA Margin Expansion in 2Q

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 1Q Guidance for Revenue, Cash Gross Margin, Adjusted EBITDA and Adjusted EBITDA Margin

Generated 13.4% Free Cash Flow Margin¹ in 1Q, Continued to Return Capital to Shareholders via Share Repurchases

Share Repurchases Expected to Accelerate in the Second Quarter

Forecasting Double-Digit Revenue Growth, Lower Operating Expenses, and Adjusted EBITDA Margin Expansion in 2Q

Reaffirming Full Year Outlook

Active Portfolio of Submitted and Pending New Business Proposals

Appendix

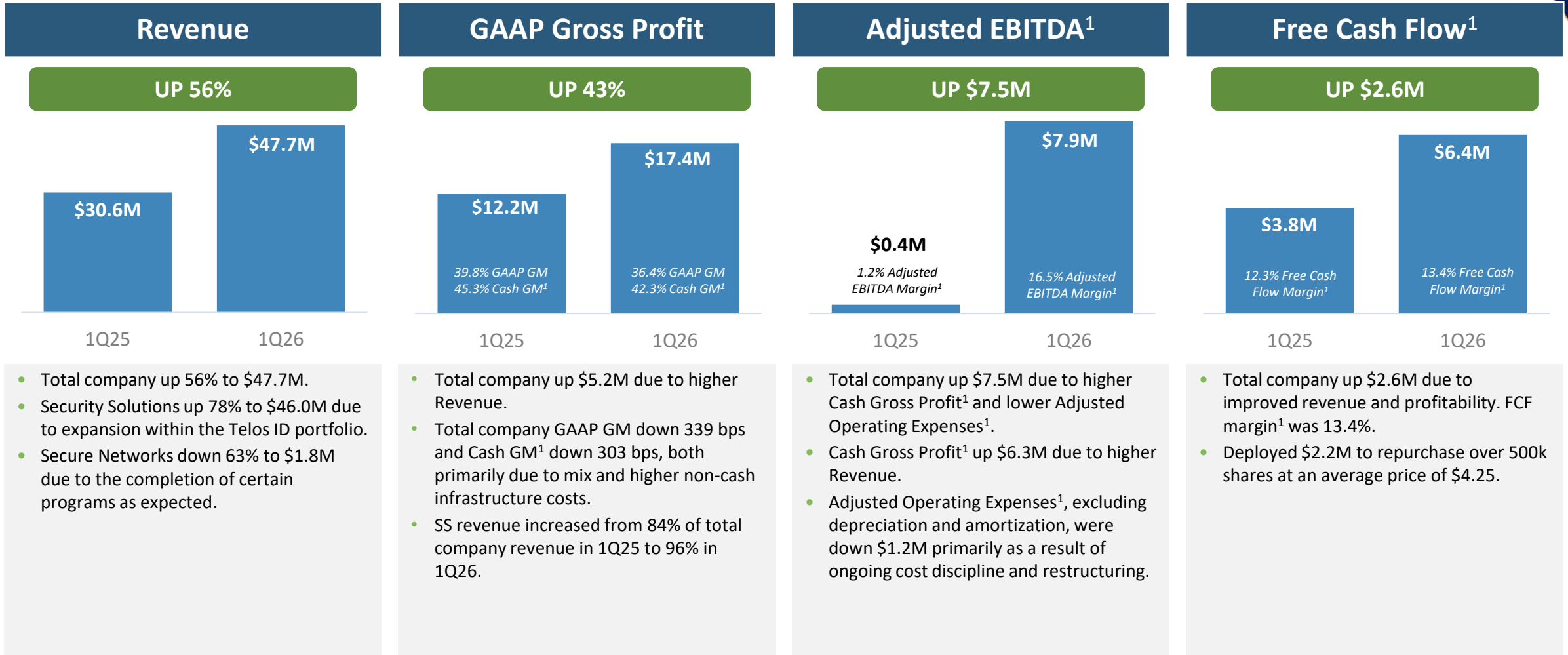
NON-GAAP FINANCIAL MEASURES

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

1Q YEAR-OVER-YEAR COMPARISON



Significant Year-Over-Year Improvement in Key Financial Metrics



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 2Q ADDITIONAL MODELING ASSUMPTIONS

	2025 2Q	2026E 2Q	2026E 2Q Commentary
GAAP Gross Margin	33.2%	~32.5%	<ul style="list-style-type: none"> See Cash GM¹ commentary below
Cash Gross Margin ¹	38.4%	~39.0%	<ul style="list-style-type: none"> SS down YoY; SN up YoY More favorable revenue mix between SS and SN (SS 98% vs. 90% in 2Q25)
Stock Based Compensation (SBC)	\$7.8M	~\$2.8M	<ul style="list-style-type: none"> ~\$0.2M in COS in 2Q26
Depreciation & Amortization	\$2.5M	~\$3.5M	<ul style="list-style-type: none"> ~23% is included in Adjusted Operating Expenses¹ in 2Q26
Weighted Average Share Count for EPS	73.2M (Basic)	~75.2M (Basic) / ~77.9M (Diluted)	<ul style="list-style-type: none"> 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 the expected benefit of share repurchases
Tax Rate	(0.5%)	-	<ul style="list-style-type: none"> Not meaningful
CAPEX & Capitalized Software	\$2.3M	~\$2.2M	<ul style="list-style-type: none"> 2Q26 CAPEX ~\$0.2M
Cash Operating Expenses ¹	\$15.6M	~\$14.1M	<ul style="list-style-type: none"> Down YoY due to ongoing expense management
Adjusted Operating Expenses ¹	\$14.2M	~\$12.9M	<ul style="list-style-type: none"> Primarily down YoY due to lower spend as indicated above; Partially offset by lower capitalization of software development costs

Notes:

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

2026 OUTLOOK

2026 FY ADDITIONAL MODELING ASSUMPTIONS

	2025 Full Year	2026E Full Year	2026E FY Commentary
GAAP Gross Margin	37.0%	~31.7% - 33.5%	<ul style="list-style-type: none"> See Cash GM¹ commentary below
Cash Gross Margin ¹	42.7%	~38.2% - 39.5%	<ul style="list-style-type: none"> 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	~\$10.0M - \$35.0M	<ul style="list-style-type: none"> ~\$1.0M in COS in FY26
Depreciation & Amortization	\$11.5M	~\$14.4M	<ul style="list-style-type: none"> ~22% is included in Adjusted Operating Expenses¹ in FY26
Weighted Average Share Count for EPS	72.9M (Basic) / 77.1M (Diluted)	~75.2M (Basic) / ~78.0M (Diluted)	<ul style="list-style-type: none"> 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 the expected benefit of share repurchases
Tax Rate	1.8%	-	<ul style="list-style-type: none"> Not meaningful
CAPEX & Capitalized Software	\$8.9M	~\$8.8M	<ul style="list-style-type: none"> FY26 CAPEX ~\$1.1M
Cash Operating Expenses ¹	\$60.3M	~\$58.6M	<ul style="list-style-type: none"> Down YoY due to ongoing expense management
Adjusted Operating Expenses ¹	\$55.5M	~\$54.1M	<ul style="list-style-type: none"> Primarily down YoY due to lower spend as indicated above; Partially offset by lower capitalization of software development costs

Notes:

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

2026 RESULTS

GAAP AND ADJUSTED 1Q RESULTS

(Amounts in thousands, unaudited)

	2026				2025			
	Three Months Ended March 31, 2026				Three Months Ended March 31, 2025			
	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted
Revenue								
Security Solutions	\$ 45,970	\$ -	\$ -	\$ 45,970	\$ 25,818	\$ -	\$ -	\$ 25,818
Secure Networks	1,772	-	-	1,772	4,798	-	-	4,798
Total	47,742	-	-	47,742	30,616	-	-	30,616
Gross Profit								
Security Solutions	16,863	194	-	17,057	11,060	169	-	11,229
Secure Networks	512	22	-	534	1,122	21	-	1,143
Total	17,375	216	-	17,591	12,182	190	-	12,372
Gross Margin								
Security Solutions	36.7%	0.4%	0.0%	37.1%	42.8%	0.7%	0.0%	43.5%
Secure Networks	28.9%	1.2%	0.0%	30.1%	23.4%	0.4%	0.0%	23.8%
Total	36.4%	0.5%	0.0%	36.8%	39.8%	0.6%	0.0%	40.4%
Operating Expenses								
Research and Development	1,357	219	-	1,138	1,571	40	-	1,531
Selling, General and Administrative	14,563	2,536	-	12,027	19,633	6,818	-	12,815
Total	15,920	2,755	-	13,165	21,204	6,858	-	14,346
EBIT / Operating (Loss)/Income	1,455	2,971	-	4,426	(9,022)	7,048	-	(1,974)
Interest Expense	(111)	-	-	(111)	(147)	-	-	(147)
Other Income	697	-	(697)	-	561	-	(561)	-
Earnings Before Taxes (EBT)	2,041	2,971	(697)	4,315	(8,608)	7,048	(561)	(2,121)
Benefit from (Provision for) Income Taxes	(18)	-	-	(18)	4	-	-	4
Net (Loss)/Income	\$ 2,023	\$ 2,971	\$ (697)	\$ 4,297	\$ (8,604)	\$ 7,048	\$ (561)	\$ (2,117)
Share Count - Basic	73,822	73,822	73,822	73,822	72,715	72,715	72,715	72,715
Share Count - Diluted	77,615	77,615	77,615	77,615	72,715	72,715	72,715	72,715
EPS - Basic	\$ 0.03	\$ 0.04	\$ (0.01)	\$ 0.06	\$ (0.12)	\$ 0.10	\$ (0.01)	\$ (0.03)
EPS - Diluted	\$ 0.03	\$ 0.04	\$ (0.01)	\$ 0.06	\$ (0.12)	\$ 0.10	\$ (0.01)	\$ (0.03)
Net (Loss)/Income	\$ 2,023	\$ 2,971	\$ (697)	\$ 4,297	\$ (8,604)	\$ 7,048	\$ (561)	\$ (2,117)
Other Income	(697)	-	697	-	(561)	-	561	-
Interest Expense	111	-	-	111	147	-	-	147
(Benefit from) Provision for Income Taxes	18	-	-	18	(4)	-	-	(4)
Depreciation & Amortization	3,429	-	-	3,429	2,336	-	-	2,336
EBITDA	\$ 4,884	\$ 2,971	\$ -	\$ 7,855	\$ (6,686)	\$ 7,048	\$ -	\$ 362
Net cash provided by operating activities	\$ 8,656				\$ 6,106			
Capitalized Software Development Costs	(2,132)				(2,214)			
Purchase of Property and Equipment	(145)				(123)			
Free Cash Flow	\$ 6,379				\$ 3,769			

2025 RESULTS

GAAP AND ADJUSTED FULL YEAR RESULTS

(Amounts in thousands, unaudited)

	2025																												
	Three Months Ended March 31, 2025				Three Months Ended June 30, 2025				Three Months Ended September 30, 2025				Three Months Ended December 31, 2025				Twelve Months Ended December 31, 2025												
	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adjusted	GAAP	SBC	Other Inc	Adj*	Adjusted	GAAP	SBC	Other Inc	Impairment	Restructure	Adj*	Adjusted	GAAP	SBC	Other Inc	Impairment	Restructure	Adj*	Adjusted		
Revenue																													
Security Solutions	\$ 25,818	\$ -	\$ -	\$ 25,818	\$ 32,474	\$ -	\$ -	\$ 32,474	\$ 46,478	\$ -	\$ -	\$ -	\$ 46,478	\$ 44,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,830	\$ 149,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,600	
Secure Networks	4,798	-	-	4,798	3,494	-	-	3,494	4,966	-	-	-	4,966	1,947	-	-	-	-	-	-	1,947	15,205	-	-	-	-	-	15,205	
Total	30,616	-	-	30,616	35,968	-	-	35,968	51,444	-	-	-	51,444	46,777	-	-	-	-	-	46,777	164,805	-	-	-	-	-	164,805		
Gross Profit																													
Security Solutions	11,060	169	-	11,229	11,298	139	-	11,437	19,286	142	-	-	19,428	15,915	144	-	-	401	-	-	16,460	57,559	594	-	-	401	-	58,554	
Secure Networks	1,122	21	-	1,143	634	10	-	644	1,260	12	-	-	1,272	442	15	-	-	93	-	-	550	3,458	58	-	-	93	-	3,609	
Total	12,182	190	-	12,372	11,932	149	-	12,081	20,546	154	-	-	20,700	16,357	159	-	-	494	-	-	17,010	61,017	652	-	-	494	-	62,163	
Gross Margin																													
Security Solutions	42.8%	0.7%	0.0%	43.5%	34.8%	0.4%	0.0%	35.2%	41.5%	0.3%	0.0%	0.0%	41.8%	35.5%	0.3%	0.0%	0.0%	0.9%	0.0%	36.7%	38.5%	0.4%	0.0%	0.0%	0.3%	0.0%	39.1%		
Secure Networks	23.4%	0.4%	0.0%	23.8%	18.1%	0.3%	0.0%	18.4%	25.4%	0.2%	0.0%	0.0%	25.6%	22.7%	0.8%	0.0%	0.0%	4.8%	0.0%	28.2%	22.7%	0.4%	0.0%	0.0%	0.6%	0.0%	23.7%		
Total	39.8%	0.6%	0.0%	40.4%	33.2%	0.4%	0.0%	33.6%	39.9%	0.3%	0.0%	0.0%	40.2%	35.0%	0.3%	0.0%	0.0%	1.1%	0.0%	36.4%	37.0%	0.4%	0.0%	0.0%	0.3%	0.0%	37.7%		
Operating Expenses																													
Research and Development	1,571	40	-	1,531	1,512	244	-	1,268	1,899	421	-	-	1,478	2,075	533	-	-	150	-	-	1,392	7,057	1,238	-	-	150	-	5,669	
Selling, General and Administrative	19,633	6,818	-	12,815	20,303	7,364	-	12,939	21,115	8,813	-	-	12,302	17,874	5,265	-	-	857	-	-	11,752	78,925	28,260	-	-	857	-	49,808	
Goodwill Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	14,916	-	-	-	-	-	-	-	14,916	-	-	-	-	-	-	
Total	21,204	6,858	-	14,346	21,815	7,608	-	14,207	23,014	9,234	-	-	13,780	34,865	5,798	-	-	14,916	1,007	-	13,144	100,898	29,498	-	14,916	1,007	-	55,477	
EBIT / Operating (Loss)/Income	(9,022)	7,048	-	(1,974)	(9,883)	7,757	-	(2,126)	(2,468)	9,388	-	-	6,920	(18,508)	5,957	-	-	14,916	1,501	-	3,866	(39,881)	30,150	-	14,916	1,501	-	6,686	
Interest Expense	(147)	-	-	(147)	(141)	-	-	(141)	(136)	-	-	-	(136)	(129)	-	-	-	-	-	-	(129)	(553)	-	-	-	-	-	(553)	
Other Income	561	-	(561)	-	553	-	(553)	-	511	-	(511)	-	-	1,600	-	(1,600)	-	-	-	-	-	3,225	-	(3,225)	-	-	-	-	
Earnings Before Taxes (EBT)	(8,608)	7,048	(561)	(2,121)	(9,471)	7,757	(553)	(2,267)	(2,093)	9,388	(511)	-	6,784	(17,037)	5,957	(1,600)	14,916	1,501	-	-	3,737	(37,209)	30,150	(3,225)	14,916	1,501	-	6,133	
Benefit from (Provision for) Income Taxes	4	-	-	4	(46)	-	-	(46)	(21)	-	-	-	(21)	726	-	-	-	-	-	-	726	663	-	-	-	-	-	663	
Net (Loss)/Income	\$ (8,604)	\$ 7,048	\$ (561)	\$ (2,117)	\$ (9,517)	\$ 7,757	\$ (553)	\$ (2,313)	\$ (2,114)	\$ 9,388	\$ (511)	\$ -	\$ 6,763	\$ (16,311)	\$ 5,957	\$ (1,600)	\$ 14,916	\$ 1,501	\$ -	\$ 4,463	\$ (36,546)	\$ 30,150	\$ (3,225)	\$ 14,916	\$ 1,501	\$ -	\$ 6,796		
Share Count - Basic	72,715	72,715	72,715	72,715	73,163	73,163	73,163	73,163	72,580	72,580	72,580	-	72,580	73,053	73,053	73,053	73,053	73,053	73,053	-	73,053	72,878	72,878	72,878	72,878	72,878	72,878	72,878	72,878
Share Count - Diluted	72,715	72,715	72,715	72,715	73,163	73,163	73,163	73,163	72,580	72,580	72,580	2,972	75,552	73,053	73,053	73,053	73,053	73,053	5,136	78,189	72,878	72,878	72,878	72,878	72,878	72,878	72,878	77,131	
EPS - Basic	\$ (0.12)	\$ 0.10	\$ (0.01)	\$ (0.03)	\$ (0.13)	\$ 0.11	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ 0.13	\$ (0.01)	\$ -	\$ 0.09	\$ (0.22)	\$ 0.08	\$ (0.02)	\$ 0.20	\$ 0.02	\$ -	\$ 0.06	\$ (0.50)	\$ 0.41	\$ (0.04)	\$ 0.20	\$ 0.02	\$ -	\$ 0.09		
EPS - Diluted	\$ (0.12)	\$ 0.10	\$ (0.01)	\$ (0.03)	\$ (0.13)	\$ 0.11	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ 0.13	\$ (0.01)	\$ -	\$ 0.09	\$ (0.22)	\$ 0.08	\$ (0.02)	\$ 0.20	\$ 0.02	\$ -	\$ 0.06	\$ (0.50)	\$ 0.41	\$ (0.04)	\$ 0.20	\$ 0.02	\$ -	\$ 0.09		
Net (Loss)/Income	\$ (8,604)	\$ 7,048	\$ (561)	\$ (2,117)	\$ (9,517)	\$ 7,757	\$ (553)	\$ (2,313)	\$ (2,114)	\$ 9,388	\$ (511)	\$ -	\$ 6,763	\$ (16,311)	\$ 5,957	\$ (1,600)	\$ 14,916	\$ 1,501	\$ -	\$ 4,463	\$ (36,546)	\$ 30,150	\$ (3,225)	\$ 14,916	\$ 1,501	\$ -	\$ 6,796		
Other Income	(561)	-	561	-	(553)	-	553	-	(511)	-	511	-	-	(1,600)	-	1,600	-	-	-	-	-	(3,225)	-	3,225	-	-	-	-	
Interest Expense	147	-	-	147	141	-	-	141	136	-	-	-	136	129	-	-	-	-	-	-	129	553	-	-	-	-	553		
(Benefit from) Provision for Income Taxes	(4)	-	-	(4)	46	-	-	46	21	-	-	-	21	(726)	-	-	-	-	-	-	(726)	(663)	-	-	-	-	(663)		
Depreciation & Amortization	2,336	-	-	2,336	2,509	-	-	2,509	3,177	-	-	-	3,177	3,429	-	-	-	-	-	-	3,429	11,451	-	-	-	-	11,451		
EBITDA	\$ (6,686)	\$ 7,048	\$ -	\$ 362	\$ (7,374)	\$ 7,757	\$ -	\$ 383	\$ 709	\$ 9,388	\$ -	\$ -	\$ 10,097	\$ (15,079)	\$ 5,957	\$ -	\$ 14,916	\$ 1,501	\$ -	\$ 7,295	\$ (28,430)	\$ 30,150	\$ -	\$ 14,916	\$ 1,501	\$ -	\$ 18,137		
Net cash provided by (used) in operating activities	\$ 6,106				\$ 6,950				\$ 9,146				\$ 7,980								\$ 30,182								
Capitalized Software Development Costs	(2,214)				(2,187)				(2,095)				(1,680)								(1,680)	(8,176)						(8,176)	
Purchase of Property and Equipment	(123)				(134)				(452)				(30)								(30)	(739)					(739)		
Free Cash Flow	\$ 3,769				\$ 4,629				\$ 6,599				\$ 6,270								\$ 21,267								

*Adjusted for potentially dilutive shares due to adjusted net income

2026 RESULTS

CASH GROSS PROFIT & CASH GROSS MARGIN 1Q RESULTS

(Amounts in thousands, unaudited)

	2026		2025	
	Three Months Ended		Three Months Ended	
	March 31, 2026		March 31, 2025	
Revenue				
Security Solutions	\$	45,970	\$	25,818
Secure Networks		1,772		4,798
Total	\$	47,742	\$	30,616
GAAP Gross Profit				
Security Solutions	\$	16,863	\$	11,060
Secure Networks		512		1,122
Total	\$	17,375	\$	12,182
GAAP Gross Margin				
Security Solutions		36.7%		42.8%
Secure Networks		28.9%		23.4%
Total		36.4%		39.8%
Stock Based Compensation - Cost of Sales				
Security Solutions	\$	194	\$	169
Secure Networks		22		21
Total	\$	216	\$	190
Adjusted Gross Profit				
Security Solutions	\$	17,057	\$	11,229
Secure Networks		534		1,143
Total	\$	17,591	\$	12,372
Adjusted Gross Margin				
Security Solutions		37.1%		43.5%
Secure Networks		30.1%		23.8%
Total		36.8%		40.4%
Depreciation & Amortization - Cost of Sales				
Security Solutions	\$	2,593	\$	1,501
Secure Networks		3		2
Total	\$	2,596	\$	1,503
Cash Gross Profit				
Security Solutions	\$	19,650	\$	12,730
Secure Networks		537		1,145
Total	\$	20,187	\$	13,875
Cash Gross Margin				
Security Solutions		42.7%		49.3%
Secure Networks		30.3%		23.9%
Total		42.3%		45.3%

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					
Impairment - Cost of Sales										
Security Solutions	\$ -	\$ -	\$ -	\$ -	\$ -					
Secure Networks	-	-	-	-	-					
Total	\$ -	\$ -	\$ -	\$ -	\$ -					
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%					

2025 RESULTS

ADJUSTED OPERATING EXPENSES AND CASH OPERATING EXPENSES 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
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

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					
	March 31, 2026		March 31, 2025		Year-over-Year Change	
	Amount	Margin	Amount	Margin	Amount	Margin
Net income (loss)	\$ 2,023	4.2 %	\$ (8,604)	(28.1) %	\$ 10,627	62.1 %
Other income	(697)	(1.5) %	(561)	(1.8) %	(136)	(0.8) %
Interest expense	111	0.2 %	147	0.5 %	(36)	(0.2) %
Provision for (benefit from) income taxes	18	0.1 %	(4)	— %	22	0.1 %
Depreciation and amortization	3,429	7.2 %	2,336	7.6 %	1,093	6.4 %
EBITDA (Non-GAAP)	4,884	10.2 %	(6,686)	(21.8) %	11,570	67.6 %
Stock-based compensation expense ⁽¹⁾	2,971	6.3 %	7,048	23.0 %	(4,077)	(23.8) %
Adjusted EBITDA (Non-GAAP)	\$ 7,855	16.5 %	\$ 362	1.2 %	\$ 7,493	43.8 %

⁽¹⁾ The stock-based compensation expense to EBITDA as of March 31, 2026, and 2025 is made up of \$1.7 million and \$5.5 million, respectively, of stock-based compensation expense for the awarded RSUs, PSUs, and stock options, and \$1.2 million and \$1.5 million, respectively, of other sources of stock-based compensation expense. 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 they are 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, unaudited)

	For the Three Months Ended	
	March 31, 2026	March 31, 2025
Net income (loss)	\$ 2,023	\$ (8,604)
Adjustments:		
Other income	(697)	(561)
Stock-based compensation expense ⁽¹⁾	2,971	7,048
Adjusted net income (loss) (Non-GAAP measure)	\$ 4,297	\$ (2,117)
Earnings (loss) per share, diluted	\$ 0.03	\$ (0.12)
Adjustments:		
Other income	(0.01)	(0.01)
Stock-based compensation expense ⁽¹⁾	0.04	0.10
Adjustment to diluted earnings per share ⁽²⁾	—	—
Adjusted earnings (loss) per share, diluted (non-GAAP)	\$ 0.06	\$ (0.03)
Weighted-average shares to compute GAAP earnings (loss) per share, diluted	77,615	72,715
Weighted-average shares to compute non-GAAP earnings (loss) per share, diluted ⁽²⁾	77,615	72,715

⁽¹⁾ The stock-based compensation expense to EBITDA as of March 31, 2026, and 2025 is made up of \$1.7 million and \$5.5 million, respectively, of stock-based compensation expense for the awarded RSUs, PSUs, and stock options, and \$1.2 million and \$1.5 million, respectively, of other sources of stock-based compensation expense. 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 they are paid. Any change to the expected payment form would result in out-of-quarter adjustments to this add back to Adjusted Net Income (Loss).

⁽²⁾ For a period of net loss, potentially dilutive shares are not included in the calculation of diluted earnings (loss) per share, because to do so would be anti-dilutive. This is an adjustment used to reconcile GAAP earnings (loss) per share (excluding potentially dilutive shares) with non-GAAP earnings per share (including potentially dilutive shares).

RECONCILIATIONS

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

(Amounts in thousands, unaudited)

	For the Three Months Ended			
	March 31, 2026		March 31, 2025	
	Amount	Margin	Amount	Margin
Gross profit	\$ 17,375	36.4%	\$ 12,182	39.8%
Adjustments:				
Stock-based compensation expense — cost of sales	216	0.5%	190	0.6%
Adjusted gross profit (Non-GAAP)	17,591	36.9%	12,372	40.4%
Depreciation and amortization — cost of sales	2,596	5.4%	1,503	4.9%
Cash gross profit (Non-GAAP)	\$ 20,187	42.3%	\$ 13,875	45.3%

RECONCILIATIONS

FREE CASH FLOW AND FREE CASH FLOW MARGIN

(Amounts in thousands, unaudited)

	For the Three Months Ended	
	March 31, 2026	March 31, 2025
Net cash provided by operating activities	\$ 8,656	\$ 6,106
Adjustments:		
Purchases of property and equipment	(145)	(123)
Capitalized software development costs	(2,132)	(2,214)
Free cash flow (Non-GAAP)	\$ 6,379	\$ 3,769
Revenue	\$ 47,742	\$ 30,616
Operating cash flow margin	18.1 %	19.9 %
Free cash flow margin (Non-GAAP)	13.4 %	12.3 %

RECONCILIATIONS

ADJUSTED OPERATING EXPENSES AND CASH OPERATING EXPENSES

(Amounts in thousands, unaudited)

	For the Three Months Ended	
	March 31, 2026	March 31, 2025
Operating expenses	\$ 15,920	\$ 21,204
Adjustments:		
Stock-based compensation expense	(2,755)	(6,858)
Adjusted operating expenses (Non-GAAP)	13,165	14,346
Depreciation and amortization	(833)	(833)
Software R&D capitalized costs	2,042	2,270
Cash operating expenses (Non-GAAP)	\$ 14,374	\$ 15,783



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