

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2025

OR

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number 000-21129**

**AWARE, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Massachusetts**

(State or Other Jurisdiction of  
Incorporation or Organization)

**04-2911026**

(I.R.S. Employer Identification No.)

**76 Blanchard Road, Burlington, Massachusetts**

(Address of Principal Executive Offices)

**01803**

(Zip Code)

**(781) 687-0300**

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	AWRE	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large Accelerated Filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2025, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based on the closing sale price as reported on the Nasdaq Global Market, was approximately \$27,307,956.

The number of shares outstanding of the registrant's common stock as of March 1, 2026 was 21,601,752.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be delivered to shareholders in connection with the registrant's Annual Meeting of Shareholders to be held on July 15, 2026 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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**AWARE, INC.**  
**FORM 10-K**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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## ITEM 1. BUSINESS

### Company Overview

Aware, Inc. (“Aware”, “we”, “us”, “our”, or the “Company”) is a leading, biometric identification company that validates and secures identities using proven and trusted biometrics. Aware’s software offerings address the growing challenges that government and commercial enterprises face in knowing, authenticating and securing individuals through frictionless and highly secure user experiences. Aware’s algorithms are based on diverse data sets from around the world and can be tailored to the unique security requirements of each customer. Our portfolio enables government agencies and commercial entities to enroll, identify, authenticate and enable using biometrics, which comprise physiological characteristics, such as fingerprints, faces, irises and voices.

- **Enroll:** Register biometric identities into an organization’s secure database
- **Identify:** Utilize an organization’s secure database to accurately identify individuals using biometric data
- **Authenticate:** Provide frictionless, multi-factor, passwordless access to secured accounts and databases with biometric verification
- **Enable:** Manage the lifecycle of secure identities through optimized biometric interchanges

Our comprehensive portfolio of biometric solutions is based on innovative, robust products designed explicitly for ease of integration, including customer-managed and integration ready biometric frameworks, platforms, software development kits (“SDKs”) and services. Principal government applications of biometrics systems include border control, visa applicant screening, law enforcement, national defense, intelligence, secure credentialing, access control, and background checks. Principal commercial applications include mobile enrollment, user authentication, identity proofing, and secure transaction enablement.

Our products span multiple biometric modalities, including fingerprint, face, iris and voice, and provide interoperable, standards-compliant, field-proven biometric functionality. Our products are used to capture, verify, format, compress and decompress biometric images as well as aggregate, analyze, process, match and transport those images and templates within biometric systems. For large deployments, we may provide project management and software engineering services. We sell our biometrics software products and services globally through a multifaceted distribution strategy using systems integrators, original equipment manufacturers (“OEMs”), value-added resellers (“VARs”), partners, and directly to select end user customers.

Aware was incorporated in Massachusetts in 1986. We are headquartered at 76 Blanchard Road in Burlington, Massachusetts, and our telephone number at this address is (781) 687-0300. Our website address is [www.aware.com](http://www.aware.com). The information on our website is not part of this Form 10-K, unless expressly noted. Our stock is traded on the Nasdaq Global Market under the symbol AWRE.

### Principal Products & Services

We sell a broad range of biometrics software products and solutions that perform functions to address our customers’ desired use cases where they are addressing improved security, data protection, compliance and improved ROI and efficiencies including:

1. Enrollment of their workforce for benefits and background checks
2. Enrollment of their customers for a better experience or improved customer service and security
3. Law enforcement processing and forensic analysis
4. Trusted remote enrollment where travel or direct contact is not viable
5. Trusted transactions and authentication that enable physical and logical access control

Our biometrics software solutions are built upon robust componentized products that are customer configurable to give them control so they can uniquely address their specific customers’ expectations. These solutions and services facilitate customers with an opportunity for a faster go-to-market process to help reduce their development times and exposure to software support and maintenance risks. Our solutions and services are described below.

## **Integrated Framework and Platform Solutions and Services**

### *AwareSDK*

AwareSDK, formerly known as “Knomi Mobile Framework” is built on our hardened biometric SDK components, which are optimized to operate on mobile devices, and a server that together enable strong, multi-factor, password-free authentication from a mobile device using biometrics. AwareSDK offers multiple biometric modality options, including facial recognition, and voice authentication as means to enroll, onboard or authenticate. Our software components can be used in different combinations and configurations to enable either a server-centric architecture, a web-based or a device-centric implementation. AwareSDK has primarily been sold as a fixed term license that is priced on a subscription-based model and is also available as a perpetual license.

We also sell AwareSDK as a Software-as-a-Service (SaaS) offering, formerly known as AwareID, that provides advanced identity verification and continuous authentication capabilities. Its modular design ensures flexibility and extensibility across various industries. This offering continues to provide biometric face and voice matching (1:1 and 1:N), liveness-verification (presentation attack detection), and document validation. The platform uses proprietary Adaptive Authentication technology in cloud-based bundles which can be pre-configured and/or configured by the customer to provide comprehensive authentication functionality with situational awareness for onboarding, access control/management, and authentication of transactions. These services can be used discretely to enhance investments already in place or combined to provide higher functionality. The solution is built on open architecture and interfaces to maximize interoperability and connection to other biometric and/or digital identity applications and platforms. Pricing for our AwareSDK SaaS offering is typically usage-based or transaction-based.

### *AwareABIS™*

AwareABIS is an automated biometric identification system (“ABIS”) used for large-scale biometric identification and deduplication using fingerprint, face, and iris recognition. AwareABIS is a highly scalable platform that performs one-to-many (“1:N”) search or one-to-one (“1:1”) match against large stores of biometrics and other identity data. Utilizing distributed computing, AwareABIS also enables complex filtering, and linking operations critical to data preparation and quality assurance functions, such as identity resolution and data deduplication of massive biometric databases (tens of millions of records). The platform is built upon several mature, high-performance, field-proven applications and algorithms from Aware. AwareABIS has primarily been sold as a fixed term license that is priced based on the size of the biometric system or on a subscription-based model.

### *AFIX Suite of Products*

The Aware AFIX suite of products is used for small-scale law enforcement focused biometric identification. AFIX Tracker™ supports fingerprint, palmprint and latent print identification, designed to serve between 15,000 and 2 million identities. AFIX Tracker has several function-specific variants: Entry Only (LE), Latent Workstation (LW), Remote Workstation (RW), Facial Recognition (FR), and View & Print (VP). In addition to AFIX Tracker we also sell and offer AFIX Face, AFIX Verifier, AFIX Identifier, AFIX Comparator, AFIX Engine, and ANTE (AFIX NIST Transaction Engine). AFIX Tracker is ideal for crime scene investigation applications in low to moderate sized community populations. The product provides minutiae-based search capability and can be configured as either a standalone system, or for use with centralized, server-based data stores. AFIX Tracker has primarily been sold as a perpetual license and is also available as a fixed term license that is priced on a subscription-based model or the size of the biometric system.

### *Awareness Platform (formerly known as BioSP™ - Biometric Services Platform)*

The Awareness Platform is a biometric integration platform-as-a-service (“iPaaS”) used to enable biometric data processing and management functionality in a web services architecture. It provides workflow, data management and formatting, and other important utilities for large-scale fingerprint recognition, face recognition, and iris recognition systems. BioSP is well suited for applications that require the collection of biometrics throughout a distributed network, and subsequent aggregation, analysis, processing, distribution, matching, and sharing of data with other system components. BioSP is modular, programmable, scalable, and secure, capable of managing all aspects of transaction workflow, including messaging, submissions, responses, and logging. BioSP has primarily been sold as a perpetual license and is also available as a fixed term license that is priced on users, transactions, or enterprise wide.

## WebEnroll

WebEnroll is a browser-based biometric enrollment and data management solution available as an enhanced version of BioSP™ that utilizes BioComponents™ for capture of biographic data, fingerprints and facial images in a browser. Each BioComponent performs advanced biometric image autocapture as well as capture device hardware abstraction. Once images are captured, they are submitted to BioSP, where configurable workflows and modular software applications are used for processing, routing, and storage of each transaction. WebEnroll has primarily been sold as a perpetual license and is also available as a fixed term license that is priced on users, transactions, or enterprise wide.

## **Software products**

We sell a broad range of software components, or “building blocks”, such as SDKs, APIs, and applications that customers use to streamline or develop their systems into more effective solutions. These building blocks enable important functions including:

1. Matching of biometric samples against biometric databases.
2. Enrollment, analysis, and processing of biometric images and identity data on workstations.
3. Image compression

BioComponents™ bundles our offerings as applications with a user interface. We also license our software unbundled as building blocks and have primarily sold these offerings as a perpetual license.

Historically, we sold our software products exclusively under perpetual or fixed-term licenses. With the introduction of AwareID, now the SaaS component of AwareSDK, we have incorporated SaaS offerings into our product line-up. We recognized revenues from our SaaS offerings during 2025 and 2024 of \$0.4 million and \$0.1 million, respectively. While perpetual and fixed-term licenses remain our primary source of software revenue, we continue to enhance and transition certain legacy software offerings to cloud-based delivery models and expect SaaS to become a significant product portfolio over time.

### ***Building Blocks: SDKs, APIs, Applications, and Subsystems***

#### Biometric Search & Matching SDKs

Our SDKs consist of: i) multiple software libraries; ii) sample applications that show customers how to use the libraries; and iii) documentation. Customers use our SDKs to design and develop biometrics applications. Nexa™ is our line of biometric search and match SDKs, including Nexa|Fingerprint™, Nexa|Face™, Nexa|Iris™ and Nexa|Voice™. These products provide high-performance biometric algorithms for fingerprint, facial, iris and voice identification or authentication. The algorithms in these products convert images into biometric templates, which can then be compared to templates stored in databases to find matches.

In addition to the Nexa line, we also offer AwareXM™, an interoperable fingerprint matching SDK that provides MINEX-certified, INCITS 378-compliant fingerprint minutiae extraction, template generation, and fingerprint authentication.

#### Biometric Enrollment SDKs and APIs

Our suite of enrollment SDKs and APIs performs functions that are critical to biometric enrollment, including (i) image capture and hardware abstraction, (ii) image quality assurance, (iii) image compression, (iv) mobile enrollment, matching and liveness verification, and (v) fingerprint card processing.

#### Imaging products

In addition to our biometrics software products, we also sell products used in applications involving medical and advanced imaging. Our principal imaging product is Aware JPEG 2000, which is based on the JPEG2000 standard. The JPEG2000 standard is an image compression standard and coding system that was created by the Joint Photographic Experts Group committee in 2000. Our JPEG2000 product is used to compress, store, and display images. Those images are typically medical images.

### Software maintenance

We also provide and sell software maintenance to many of our customers who purchase our software products and solutions. Software maintenance has historically been made available by contracts that typically have a one-year term during which customers have the right to receive technical support and software updates for a fixed fee, if and when they become available. Software maintenance is also available as part of a subscription-based solution offering under which customers receive standard software maintenance plus access to upgrades and product enhancements.

### Services

We provide a variety of program management and software engineering services, including: i) project planning and management; ii) system and architecture design; iii) software design, development, customization, configuration, and testing; and iv) software integration and installation. Services are sold in conjunction with our products and solutions and are provided for a fixed fee.

Service engagement deliverables may include: i) complete customer software solutions; ii) one or more subsystems comprised of software products that are integrated within a larger system; iii) custom-configured versions of existing software products; or iv) custom-designed software products. In some cases, the software resulting from service engagements may form the basis for new or improved Aware software solutions and/or products.

Our customers for services include: i) government agencies; ii) large multinational systems integrators; iii) smaller systems integrators with a particular market, technology or geographic focus; and iv) commercial partners or providers of products, solutions, and services for themselves or to their end customers. We provide services directly to end users or indirectly to end users through systems integrators or commercial entities or partners. When we provide services to systems integrators, they are often engaged with the end user as a prime contractor and are responsible for delivery of a complete solution, in which case we typically serve as a subcontractor assigned a subset of the total scope of work.

The scope of our services projects varies. A small project might involve configuration and testing of a single software product, taking a small team one month or less. A large project might involve delivery of a more complex solution comprised of multiple products and subsystems, requiring a larger team to conduct program and project management, system design, software customization and integration, and taking up to one year or more. Some projects are followed by subsequent follow-on projects that serve to change or extend the features and functionality of the initial system.

### **Distribution Methods**

We sell our solutions and services predominantly through three principal channels of distribution:

- i) Partner sales – This category includes resellers that market and sell Aware-branded solutions to end users. Additionally, this category includes system integrators, consulting partners, independent software vendors (ISVs), distributors, and managed service providers (MSPs) that market, sell, deploy, and support our solutions. It also includes referral partners who identify opportunities but do not resell or directly deliver solutions.
- ii) Direct channel – We sell directly to federal, state, and local government agencies, as well as large enterprise customers in both the public and commercial sectors.
- iii) OEM Partnerships – System integrators, ISVs, MSPs, and hardware vendors that integrate our biometric components and SDKs into their platforms or applications, which are then sold independently.

### **Major Customers**

All of our revenue in 2025 and 2024 was derived from unaffiliated customers. No customer represented 10% or more of total revenue in 2025 or 2024. As of December 31, 2025, three customers combined represented 53% of our net accounts receivable and unbilled receivables, and as of December 31, 2024, two customers combined represented 34% of our net accounts receivable and unbilled receivables.

### **Competitive Business Conditions**

A significant number of established companies have developed or are developing and marketing software and hardware for biometrics products and applications that currently compete with or will compete directly with our

offerings. We believe that additional competitors will enter the biometrics market and become significant long-term competitors, and that, as a result, competition will increase. Companies competing with us may introduce solutions that are competitively priced, have increased performance or functionality or incorporate technological advances we have not yet developed or implemented. Our current principal competitors include:

- Diversified technology providers that offer integrated biometrics solutions to governments, law enforcement agencies and other commercial organizations. This group of competitors includes companies such as Idemia, Thales, and NEC.
- Component providers that offer biometrics software and hardware components for fingerprint, facial, iris and voice biometric identification. This group of competitors includes companies such as FaceTec, iProov, and Innovatrics.

We expect competition to intensify in the near term in the biometrics market. Many current and potential competitors have substantially greater financial, marketing, and research resources than we have. Moreover, low-cost foreign competitors have demonstrated a willingness to sell their products at significantly reduced prices. To compete effectively in this environment, we must continually develop and market new and enhanced solutions and technologies at competitive prices and must have the resources available to invest in significant research and development activities. Our failure to compete successfully could cause our revenues and market share to decline.

### **Intellectual Property**

We rely on a combination of nondisclosure agreements and other contractual provisions, as well as patent, trademark, trade secret and copyright law to protect our proprietary rights. We have an active program to protect our proprietary technology through the filing of patents. As of December 31, 2025, we had 71 U.S. patents, 3 foreign patents and 8 pending patent applications. Our patents and patent applications pertain primarily to biometrics and imaging compression. We have let certain patents expire that are not aligned with our business and are not relevant to our current or future activities. Our patents have expiration dates ranging from 2026 to 2042.

Although we have patented certain aspects of our technology, we rely primarily on trade secrets to protect our intellectual property. We attempt to protect our trade secrets and other proprietary information through agreements with our customers, suppliers, employees and consultants, and through security measures. Each of our employees is required to sign a non-disclosure agreement. Although we intend to protect our rights vigorously, we cannot guarantee that these measures will be successful. In addition, effective intellectual property protection may be unavailable or limited in certain foreign countries.

Third parties may assert exclusive patent, copyright and other intellectual property rights to technologies that are important to us. We may receive claims from third parties suggesting that we may be obligated to license such intellectual property rights. If we were found to have infringed any third party's patents, we could be subject to substantial damages or an injunction preventing us from conducting our business.

### **Employees**

As of December 31, 2025, we employed 80 people, all based in the U.S., including 45 in engineering and research, 21 in sales and marketing, and 14 in finance and administration. Of these employees, 57 were based in Massachusetts and 23 were based outside of Massachusetts. None of our employees are represented by a labor union. We consider our employee relations to be good.

We believe that our future success will depend in large part on the service of our technical, sales, marketing and senior management personnel and upon our ability to retain highly qualified technical, sales and marketing and managerial personnel. We cannot guarantee that we will be able to retain our key managers and employees or that we will be able to attract and retain additional highly qualified personnel in the future.

### **Available Information**

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on or through our website at [www.aware.com](http://www.aware.com) as soon as reasonably practicable after such reports are filed with, or furnished to, the Securities and Exchange Commission ("the SEC").

The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), that contains reports and other information regarding issuers that file electronically with the SEC.

Copies of our (i) Corporate Governance Principles, (ii) charters for the Audit Committee, Compensation Committee, and Nominating Committee, and (iii) Code of Ethics are available in the Investor Relations section of our website at [www.aware.com](http://www.aware.com).

## ITEM 1A. RISK FACTORS

***Our operating results may fluctuate significantly from period-to-period and are difficult to predict.***

Individual orders can represent a meaningful percentage of our revenues and operating results in any single period and the timing of the receipt of those orders is difficult to predict. The failure to close an order or the deferral or cancellation of an order can result in revenue and net income shortfalls for that quarter. We base our current and future expense levels on our internal operating plans and sales forecasts, and our operating costs, including personnel-related costs, may be difficult to reduce in the near term. As a result, we may not be able to sufficiently reduce our costs in any quarter to adequately compensate for an unexpected near-term shortfall in revenues, and even a small shortfall could disproportionately and adversely affect our financial results for that quarter.

Our financial results may be negatively affected by a number of factors as well, including the following:

- any lack or reduction of government funding and the political, budgetary and purchasing constraints of government customers who purchase products and services directly or indirectly from us;
- the terms of customer contracts that affect the timing of revenue recognition;
- the size and timing of our receipt of customer orders;
- significant fluctuations in demand for our products and services;
- any loss of a key customer or one of its key customers;
- new competitors entering our markets, or the introduction of enhanced solutions from new or existing competitors;
- competitive pressures on selling prices;
- any cancellations, or delays of orders or contract amendments by government customers;
- higher than expected costs, asset write-offs, and other one-time financial charges; and
- general economic trends and other factors.
- write-offs of investments in private companies;

As a result of these factors, we believe that period-to-period comparisons of our revenue levels and operating results are not necessarily meaningful. You should not rely on our quarterly or annual revenue and operating results to predict our future performance.

***We derive a significant portion of our revenue directly or indirectly from government customers, and our business may be adversely affected by changes in the contracting or fiscal policies of those governmental entities.***

We derive a significant portion of our revenue directly or indirectly from federal, international, state and local governments. We believe that the success and growth of our business will continue to depend on government customers purchasing our products and services either directly from us or indirectly through our channel partners. Changes in government contracting policies or government budgetary constraints may adversely affect our financial performance. Among the factors that could adversely affect our business are:

- the impact of changes in government priorities, budgetary constraints, continuing resolutions, or other actions that reduce or delay government spending;

- other changes in fiscal policies or decreases in available government funding,
- changes in government funding priorities;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations relating to the provision of biometrics services or the use of biometric data;
- changes in U.S. or foreign trade policies, tariffs, export controls, sanctions, or retaliatory measures;
- changes in political or social attitudes with respect to security and defense issues;
- changes in audit policies and procedures of government entities;
- potential delays or changes in the government appropriations process; and
- delays in the payment of our invoices by government payment offices.

These and other factors could cause government customers or our channel partners to reduce purchases of products and services from us, which would have a material adverse effect on our business, financial condition and operating results.

***We derive a significant portion of our revenue from third party channel partners.***

Our future results depend upon the continued successful distribution of our products through a channel of systems integrators and OEM partners. Systems integrators, including VARs, use our software products as a component of the biometrics systems they deliver to their customers. OEMs embed our software products in their technology devices or software products. These channel partners typically sell their products and services to government customers.

Our failure to effectively manage our relationships with these third parties could impair the success of our sales, marketing and support activities. Moreover, the activities of these third parties are not within our direct control. The occurrence of any of the following events could have a material adverse effect on our business, financial condition and operating results:

- a reduction in sales efforts by our partners;
- the failure of our partners to win awards in which our products are used;
- a reduction in technical capabilities or financial viability of our partners;
- a misalignment of interest between us and any of our partners;
- the termination of our relationship with a major systems integrator or OEM; or
- any adverse effect on a partner's business related to competition, pricing or other factors.

***A significant commercial market for biometrics technology may not develop, and, even if it does, there can be no assurance our biometrics technology will be successful.***

A component of our strategy to grow our revenue includes expansion into commercial markets. To date, biometrics technology has received only limited acceptance and slow adoption in these markets. Although the recent appearance of biometric readers on popular consumer products, such as smartphones, has increased interest in biometrics as a means of authenticating and/or identifying individuals, commercial markets for biometrics technology are still developing and evolving. Biometrics-based solutions compete with more traditional security methods including keys, cards, personal identification numbers, passwords and security personnel. Acceptance of biometrics as an alternative to such traditional methods depends upon a number of factors including: i) the performance and reliability of biometric solutions; ii) costs involved in adopting and integrating biometric solutions; iii) public concerns regarding privacy; and iv) potential privacy legislation.

For these reasons, we are uncertain whether there will be significant demand for biometrics technology from commercial markets. Moreover, even if there is significant demand, there can be no assurance that our biometrics products will achieve market acceptance.

***If the biometrics market does not experience significant growth or if our products do not achieve broad acceptance both domestically and internationally, we may not be able to grow our business.***

Our revenues are derived primarily from sales of biometrics products and services. Our expectations regarding the future growth rate or the size of the biometrics market may not be accurate. The expansion of the biometrics market and the market for our biometrics products and services depends on a number of factors, such as:

- the cost, performance and reliability of our products and services and the products and services offered by our competitors;
- the continued growth in demand for biometrics solutions within the government and law enforcement markets, as well as the development and growth of demand for biometric solutions in markets outside of government and law enforcement;
- customers' perceptions regarding the benefits of biometrics solutions;
- public perceptions regarding the intrusiveness, fairness, accuracy, or potential bias of these solutions and the manner in which organizations use the biometric information collected;
- public perceptions regarding privacy and the use of biometric information;
- proposed or enacted legislation related to collection, use and storage of biometric information;
- customers' satisfaction with biometrics solutions; and
- marketing efforts and publicity regarding biometrics solutions.

Even if biometrics solutions gain wide market acceptance, our solutions may not adequately address market requirements and may not continue to gain market acceptance. If biometrics solutions generally or our solutions specifically do not gain wide market acceptance, we may not be able to achieve our anticipated level of growth and our revenues, and our results of operations would be adversely affected.

***We face intense competition from other biometrics solutions providers.***

A significant number of established companies have developed or are developing and marketing software and hardware for biometrics products and applications that currently compete with or will compete directly with our offerings. We believe that additional competitors will enter the biometrics market and become significant long-term competitors, and that, as a result, competition will increase. Companies competing with us may introduce solutions that are competitively priced, have increased performance or functionality or incorporate technological advances we have not yet developed or implemented. Our current principal competitors include:

- Diversified technology providers that offer integrated biometrics solutions to governments, law enforcement agencies and other organizations. This group of competitors includes companies such as Idemia, Thales, and NEC.
- Component providers that offer biometrics software and hardware components for fingerprint, facial, iris and voice biometric identification. This group of competitors includes companies such as FaceTec, iProov, and Innovatrics.

We expect competition to intensify in the near term in the biometrics market. Many current and potential competitors have substantially greater financial, marketing, and research resources than we have. Moreover, low-cost foreign competitors from developing economies and other countries have demonstrated a willingness to sell their products at significantly reduced prices. To compete effectively in this environment, we must continually develop and market new and enhanced solutions and technologies at competitive prices and must have the resources available to invest in significant research and development activities. Our failure to compete successfully could cause our revenues and market share to decline.

***The biometrics industry is characterized by rapid technological change and evolving industry standards, which could render our existing products obsolete.***

Our future success will depend upon our ability to develop and introduce a variety of new capabilities and enhancements to our existing products in order to address the changing and sophisticated needs of the marketplace. Frequently, technical development programs in the biometrics industry require assessments to be made of the future direction of technology, which is inherently difficult to predict. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause customers to forego purchases of our products and purchase our competitors' products. We may not have adequate resources available to us or may not adequately keep pace with appropriate requirements in order to effectively compete in the marketplace.

***Our software products may have errors, defects or bugs, which could result in delayed or lost revenue, expensive correction, liability to our customers, and claims against us.***

Despite testing, complex software products such as ours may contain errors, defects, or bugs, which may only be discovered after they have been installed and used by our customers. Defects in the products that we develop and sell to our customers could require expensive corrections and result in delayed or lost revenue, adverse customer reaction and negative publicity about us or our products and services. Customers who are not satisfied with any of our products may also bring claims against us for damages, which, even if unsuccessful, would likely be time-consuming to defend, and could result in costly litigation and payment of damages. Such claims could harm our reputation, financial results and competitive position.

***Our business may be adversely affected by our use of open-source software.***

The software industry is making increasing use of open-source software in the development of products. We also license and integrate certain open-source software components from third parties into our software. Open-source software license agreements may require that the software code in these components or the software into which they are integrated be freely accessible under open-source terms. Many features we may wish to add to our products in the future may be available as open-source software and our development team may wish to make use of this software to reduce development costs and speed up the development process. While we carefully monitor the use of all open-source software and try to ensure that no open-source software is used in such a way as to require us to disclose the source code to the related product, such use could inadvertently occur. If we were required to make our software freely available, our business could be seriously harmed.

***We rely on third-party software to develop and provide our solutions and significant defects in third-party software could harm our business.***

We rely on software licensed from third parties to develop and offer some of our solutions. In addition, we may need to obtain future licenses from third parties to use software or other intellectual property associated with our solutions. We cannot assure you that these licenses will be available to us on acceptable terms, without significant price increases or at all. Any loss of the right to use any such software or other intellectual property required for the development and maintenance of our solutions could result in delays in the provision of our solutions until equivalent technology is either developed by us or, if available from others, is identified, obtained, and integrated, which could harm our business. Any errors or defects in third-party software could result in errors or a failure of our solutions, which could harm our business.

***We rely on third-party relationships.***

We have a number of relationships with third parties that are significant to our sales, marketing, support, and product development efforts, including hosting facilities for our cloud-based services. We rely on software and hardware vendors, large system integrators, and technology consulting firms to supply marketing and sales opportunities for our direct sales force and to strengthen our offerings using industry-standard tools and utilities. We also have relationships with third parties that distribute our products. There can be no assurance that these companies, many of which have far greater financial and marketing resources than us, will not develop or market offerings that compete with ours in the future or will not otherwise end or limit their relationships with us. Further, the use of third-party hosting facilities requires us to rely on the functionality and availability of the third parties' services, as well as their data security, which despite our due diligence, may be or become inadequate.

***Part of our future business is dependent on market demand for, and acceptance of, the cloud-based model for the use of software.***

We expect to derive a growing percentage of our revenue from the sale of cloud-based services. As a result, widespread acceptance and use of the cloud-based business model is critical to our future growth and success. While cloud-based solutions are widely adopted across many software sub-sectors, certain industries, such as security and government, have been slower to transition due to concerns over data control, privacy, and regulatory compliance. Under the perpetual or fixed-term license model for software procurement, users typically run applications on their own infrastructure, maintaining direct control over their IT environment. Government agencies and security-conscious enterprises may be particularly resistant to shifting mission-critical applications and sensitive data to cloud-based environments due to stringent security requirements, compliance mandates, and perceived risks associated with third-party hosting. If the adoption of cloud-based solutions in these sectors grows more slowly than anticipated or fails to gain traction, demand for our services could be negatively affected, which may, in turn, impact our future growth.

***Our operational systems, networks and products are subject to continually evolving cybersecurity or other technological risks, which could result in the disclosure of our or our customers' confidential information, damage to our reputation, additional costs, regulatory penalties and financial losses.***

Our products, services and systems may be used in critical company, customer or third-party operations, or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data, and personal information of employees, customers and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of company, customer, or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems through ransomware, destructive attacks or other means; and business delays, service or system disruptions or denials of service.

If we or third parties with which we do business were to fall victim to successful cyber-attacks or experience other cybersecurity incidents, including the loss of individually identifiable customer or other sensitive data, we may incur substantial costs and suffer other negative consequences, which may include remediation costs, such as liability for stolen assets or information, repairs of system damage, and incentives to customers or business partners in an effort to maintain relationships after an attack as well as litigation and legal risks, including regulatory actions by state and federal regulators.

***Our intellectual property is subject to limited protection.***

Because we are a technology provider, our ability to protect our intellectual property and to operate without infringing the intellectual property rights of others is critical to our success. We regard our technology as proprietary. We rely on a combination of U.S. and worldwide patent, trade secret, copyright, and trademark law as well as confidentiality agreements to protect our proprietary technology. We cannot assure you that we will be able to enforce the patents we own against third parties. Some foreign countries do not currently provide effective legal protection for intellectual property and our ability to prevent the unauthorized use of our products in those countries is therefore limited. Despite our efforts, these measures can only provide limited protection. Unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our technology, and our business would thus be harmed.

In the future, we may be involved in legal action to enforce our intellectual property rights relating to our patents, copyrights or trade secrets. Any such litigation could be costly and time-consuming for us, even if we were to prevail. Moreover, even if we are successful in protecting our proprietary information, our competitors may independently develop technologies substantially equivalent or superior to our technology. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology. The misappropriation of our technology or the development of competitive technology could seriously harm our business.

***We may be sued by third parties for alleged infringement of their proprietary rights.***

We may be subject to claims that our technology and products infringe the intellectual property rights of others. A large and increasing number of participants in the technology industry, including companies known as non-practicing entities, have applied for or obtained patents. Some of these patent holders have demonstrated a readiness to commence

litigation based on allegations of patent infringement. Third parties have asserted against us in the past and may assert against us in the future patent, copyright and other intellectual property rights to technologies that are important to our business.

Intellectual property rights can be uncertain and involve complex legal and factual questions. Moreover, intellectual property claims, with or without merit, can be time-consuming and expensive to litigate or settle, and could divert management attention away from the execution of our business plan. If we were found to have infringed the proprietary rights of others, we could be subject to substantial damages or an injunction preventing us from conducting our business.

***If we are unable to attract and retain key personnel, our business could be harmed.***

If any of our key employees were to leave, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity while any successor obtains the necessary training and experience. Our employment relationships are at-will and we have had key employees leave in the past. We cannot assure you that one or more key employees will not leave in the future. We intend to continue to hire additional highly qualified personnel, including software engineers and sales personnel, but may not be able to attract, assimilate or retain qualified personnel in the future. Any failure to attract, integrate, motivate and retain these employees could harm our business.

***Our business may be affected by government laws and regulations.***

Extensive regulation under federal, state, and foreign law has adversely affected us and could further adversely affect us in ways that are difficult for us to predict. More specifically, we are subject to regulatory environment changes regarding privacy and data protection that could have a material impact on our results of operations. These regulatory changes may potentially involve new regulatory issues/requirements such as the EU General Data Protection Regulation (“GDPR”), the California Privacy Rights Act (“CPRA”) and other comprehensive state privacy laws, the Illinois Biometric Privacy Act, Texas Statute on the Capture or Use of Biometric Identifier, State of Washington H.B. 1493, Brazil’s General Data Protection Law (“LGPD”) and any other state, federal or foreign regulations governing the collection, use and storage of biometric data. The potential costs of compliance with or imposed by new/existing regulations and policies that are applicable to us, or fines and penalties to which we may become subject if we fail to comply with those regulations and policies, may affect the use of our products and services and could have a material adverse impact on our results of operations.

We may also be subject to a growing array of laws aimed at regulating the use of artificial intelligence technologies, creating the potential for compliance and litigation risks. For example, the European Union’s comprehensive Artificial Intelligence Act, which became effective in August 2024 with a staggered series of implementation deadlines stretching into 2027, provides for noncompliance fines up of to either 35 million euros or 7% of global turnover. AI regulation also continues to increase in the United States. For example, the California Transparency in Frontier Artificial Intelligence Act, which creates AI-related governance disclosure requirements for certain kinds of AI models, came into force in January 2026, and provides for noncompliance fines of up to \$1 million and the Colorado AI Act, which takes effect in June 2026, imposes fines of up to \$20,000 per violation.

In addition, our business may also be adversely affected by: i) the imposition of tariffs, duties and other import restrictions on goods and services we purchase from non-domestic suppliers; ii) the imposition of tariffs, duties or other restrictions on the goods and services we provide outside of the United States; iii) the imposition of economic sanctions on existing or potential customers or suppliers, or iv) by the imposition of export restrictions on products we sell internationally. Changes in current or future laws or regulations, in the United States or elsewhere, could seriously harm our business.

***Adverse economic conditions could harm our business.***

Unfavorable changes in economic conditions, including recessions, inflation, turmoil in financial markets, changes caused by global crisis such as a pandemic, the ongoing conflict between Russia and Ukraine and resulting economic sanctions, conflicts in the Middle East, or other changes in economic conditions, could harm our business, results of operations, and financial conditions as a result of:

- reduced demand for our products;
- increased risk of order cancellations or delays;

- increased pressure on the prices for our products;
- greater difficulty in collecting accounts receivable;
- risks to our liquidity, including the possibility that we might not have access to our cash when needed; and
- rising interest rates, recessionary cycles, and inflationary pressures, that could make our products more expensive or could increase our costs.
- health epidemics, impacting the markets and communities in which we, our partners and clients operate.

We are unable to predict whether or when any such adverse economic conditions could occur in the U.S. or other countries; and if they do occur, we cannot predict the timing, duration, or severity.

***We may not realize the anticipated benefits of our acquisitions or investments.***

We have made and may continue to make acquisitions of or investments in companies that offer complementary products, services, and technologies. The ultimate success of our acquisitions depends, in part, on our ability to realize the anticipated synergies, cost savings and growth opportunities from integrating acquired businesses or assets into our existing businesses. However, the acquisition and successful integration of independent businesses or assets is a complex, costly and time-consuming process, and the benefits we realized in some cases in the past have not and the benefits we realize in the future may not exceed the costs of the acquisition. The risk and difficulties associated with acquiring and integrating companies and other assets include, among others, difficulties assimilating the operations and personnel of acquired companies, challenges in realizing the value of the acquired assets relative to the price paid, distraction of management from our ongoing businesses and potential product disruptions associated with the sale of the acquired company's products. These factors could have a material adverse effect on our business, financial condition, operating results and cash flows. Additionally, regardless of the form of consideration we pay, acquisitions and investments could negatively impact our operations and earnings per share.

***We may have additional tax liabilities.***

We are subject to income taxes in the United States and, in certain cases, in foreign jurisdictions. Significant judgments are required in determining our provisions for income taxes. In the course of preparing our tax provisions and returns, we must make calculations where the ultimate tax determination may be uncertain. Our tax returns are subject to examination by the Internal Revenue Service ("IRS") and state tax authorities. There can be no assurance as to the outcome of these examinations. If the ultimate determination of taxes owed—including income taxes, value-added tax ("VAT"), goods and services tax ("GST"), or other foreign tax obligations—exceeds amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected.

***The market price of our common stock has been and may continue to be subject to wide fluctuations, and this may make it difficult for shareholders to resell the common stock when they want or at prices they find attractive.***

The market price of our common stock, like that of other technology companies, is volatile and is subject to wide fluctuations in response to a variety of factors, including:

- variations in operating results;
- announcements of technological innovations or new products by us or our competitors,
- changes in customer relationships, such as the loss of a key customer;
- recruitment or departure of key personnel;
- trading volume of our common stock;
- price and volume fluctuation in the overall stock market;
- corporate actions we may initiate, such as acquisitions, stock sales or repurchases, dividend declarations, or corporate reorganizations.

Our stock price may also be affected by broader market trends unrelated to our performance. As a result, purchasers of our common stock may be unable at any given time to sell their shares at or above the price they paid for them.

Moreover, companies that have experienced volatility in the market price of their stock often are subject to securities class action litigation. If we were the subject of such litigation, it could result in substantial costs and divert management's attention and resources.

***If we are unable to maintain effective internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decline in the price of our common stock.***

As a public company, we are required to enhance and test our financial, internal and management control systems to meet obligations imposed by the Sarbanes-Oxley Act of 2002. Consistent with the Sarbanes-Oxley Act and the rules and regulations of the SEC, management's assessment of our internal controls over financial reporting is required in connection with our filing of our Annual Report on Form 10-K. If we are unable to identify, implement and conclude that we have effective internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock. Our assessment of our internal controls over financial reporting may also uncover weaknesses or other issues with these controls that could also result in adverse investor reaction.

***We must make judgments in the process of preparing our financial statements.***

We prepare our financial statements in accordance with generally accepted accounting principles and certain critical accounting policies and estimates that are relevant to our business. The application of these principles and policies requires us to make significant judgments and estimates. The most significant estimates are discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates," included elsewhere in this Annual Report on Form 10-K.

Moreover, accounting standards have been subject to rapid change and evolving interpretations by accounting standards setting organizations over the past few years. The implementation of new accounting standards requires us to interpret and apply them appropriately. If our current interpretations or applications are later found to be incorrect, we may have to restate our financial statements and the price of our stock could decline.

***Our officers, directors and holders of 5% of outstanding shares together beneficially own a significant portion of our common stock and, as a result, can exercise control over stockholder and corporate actions.***

Our officers and directors and the holders of at least 5% of our outstanding shares currently beneficially own approximately 42% of our outstanding common stock, and 51% on a fully diluted basis assuming the exercise of both vested and unvested options. As such, they have a significant influence over most matters requiring approval by stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control, which in turn could have a material adverse effect on the market price of our common stock or prevent stockholders from realizing a premium over the market price for their shares.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

## **ITEM 1C. CYBERSECURITY**

### *Cybersecurity Risk Management and Strategy*

To help protect the Company from a major cybersecurity incident that could have a material impact on operations or the Company's financial results, the Company has implemented policies, programs and controls, including technology investments that focus on cybersecurity incident prevention, identification and mitigation. The steps the Company takes to reduce its vulnerability to cyberattacks and to mitigate impacts from cybersecurity incidents include, but are not limited to: establishing information security policies and standards, implementing information protection processes and technologies, monitoring its information technology systems for cybersecurity threats, assessing cybersecurity risk profiles of key third-parties, implementing cybersecurity training and collaborating with public and private organizations on cyber threat information and best practices.

The Company has implemented a Cybersecurity Policy (the “Policy”) that provides a framework for responding to cybersecurity incidents. The Policy includes requirements for incident disclosure and reporting, protocols for incident evaluation, including the use of third-party service providers and partners, and processes for notification and internal escalation of information to the Company’s senior management, incident response team, and Board of Directors (the “Board”) and appropriate Board committees. The Policy also addresses requirements for the Company’s external reporting obligations. The Policy is reviewed and updated, as necessary but no less frequently than once a year, under the leadership of the Company’s Chief Security Officer (“CSO”).

Although the Company did not experience a material cybersecurity incident during the year ended December 31, 2025, the scope and impact of any future incident cannot be predicted. See “Item 1A. Risk Factors” for more information on the Company’s cybersecurity-related risks.

#### *Governance*

The Board of Directors, primarily through its Audit Committee, oversees the Company’s cybersecurity program. Management regularly reports to the Audit Committee on the current state of the Company’s cybersecurity program, including the current threat landscape, cybersecurity risks, and any significant incidents. The Audit Committee may provide updates to the Board on the substance of these reports and any recommendations for improvements that the Audit Committee deems appropriate.

At the management level, the Company has established written policies and procedures to ensure that significant cybersecurity incidents are immediately investigated, addressed through the coordination of various internal departments, and publicly reported, to the extent required by applicable law.

#### **ITEM 2. PROPERTIES**

We lease approximately 20,730 square feet in Burlington, Massachusetts, which we use as our headquarters. We believe that this facility is adequate for our current needs and for the foreseeable future. See Note 9 to our audited financial statements included elsewhere in this Annual Report on Form 10-K for more information regarding our leases.

#### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are involved in litigation incidental to the conduct of our business. We are not party to any lawsuit or proceeding that, in our opinion, is likely to materially impact us or our business.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is the only class of stock we have outstanding, and it trades on the Nasdaq Global Market under the symbol AWRE.

As of March 1, 2026, we had 60 shareholders of record. This number does not include shareholders who hold our shares in a "nominee" or "street" name. We paid no dividends in 2025 or 2024. We anticipate that we will continue to reinvest any earnings to finance our future operations although we may also pay special cash dividends if our Board of Directors deems it appropriate.

On November 30, 2023, we announced that our Board of Directors had approved the extension of our previously announced 2022 Repurchase Plan through December 31, 2025. The 2022 Repurchase Plan authorized the Company to repurchase up to \$10,000,000 of our common stock from time to time. During the three months ended December 31, 2025 we did not purchase any shares under this plan. As of December 31, 2025 the plan expired. We purchased an aggregate of \$2,139,705 worth of shares of our common stock over the lifetime of the plan.

### ITEM 6. [RESERVED]

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

The following table sets forth, for the years indicated, certain line items from our consolidated statements of operations stated as a percentage of total revenue:

	Year ended December 31,	
	2025	2024
<b>Revenue:</b>		
Software licenses	42%	44%
Software maintenance	51	50
Services and other	7	6
Total revenue	100	100
<b>Costs and expenses:</b>		
Cost of revenue	8	5
Research and development	48	45
Selling and marketing	42	44
General and administrative	40	39
Total costs and expenses	138	133
Operating loss	(38)	(33)
Interest and other income	5	7
Loss before provision for income taxes	(33)	(26)
Provision for income taxes	1	1
Net loss	(34%)	(25%)

### Summary of Operations

We are primarily engaged in the development and sale of biometrics products, solutions and services. Our software products are used in government and commercial systems and applications and fulfill a broad range of functions critical to secure biometric enrollment, authentication, identification and transactions. Principal government applications of biometrics systems include border control, visa applicant screening, law enforcement, national defense, intelligence, secure credentialing, access control, and background checks. Principal commercial applications include: i) user enrollment and authentication used for login to mobile devices, computers, networks, and software programs; ii) user authentication for financial transactions and purchases (online and in-person); iii) physical access control to buildings; and iv) identity proofing of prospective employees and customers. We sell our biometrics software products and services globally through a multifaceted distribution strategy using systems integrators, OEMs, VARs, partners, and directly to end user customers. We also derive a portion of our revenue from the sale of imaging software licenses to OEMs and systems integrators that incorporate our software into medical imaging products and medical systems.

### Summary of Financial Results

We used revenue and operating loss to summarize our financial results over the past two years, as we believe these measures provide the most meaningful understanding of our operating performance. The comparisons below reflect certain reclassifications described in more detail in Note 2 to the consolidated financial statements

#### 2025 compared to 2024

Revenue and operating loss in 2025 were \$17.3 million and \$6.6 million, respectively, compared to revenue and operating loss in 2024 of \$17.4 million and \$5.5 million, respectively.

Lower revenue in 2025 as compared to 2024 was primarily due to decreases in revenue from our software licenses of \$0.3 million, which were partially offset by an increase in services and other revenue of \$0.1 million and an increase in revenue from software maintenance of \$0.1 million. Higher operating loss in 2025 as compared to 2024 was primarily due to a decrease in revenue of \$0.1 million and increases in research and development expenses of \$0.5 million, cost of revenue of \$0.5 million and general and administrative expenses of \$0.2 million, which were partially offset by a decrease in sales and marketing expense of \$0.3 million.

### ***Software Licenses Revenue***

Software licenses revenue consists of revenue from the licensing of biometrics and imaging software products. Licensing of software products depends on our ability to win proposals to supply software for biometric systems projects either directly to end user customers or indirectly through channel partners.

Software licenses revenue decreased 4% from \$7.7 million in 2024 to \$7.3 million in 2025. As a percentage of total revenue, software licenses revenue decreased from 44% in 2024 to 42% in 2025. The \$0.4 million decrease in software licenses revenue was primarily due to a decrease in perpetual license sales, which can fluctuate from period to period.

### ***Software Maintenance Revenue***

Software maintenance revenue consists of revenue from software maintenance contracts and SaaS subscription arrangements. Software maintenance contracts entitle customers to receive software support and software updates, if and when they become available, during the term of the contract. SaaS revenue represents a relatively small portion of both software maintenance revenue and total revenue.

Software maintenance revenue increased 2% from \$8.6 million in 2024 to \$8.7 million in 2025. As a percentage of total revenue, software maintenance revenue increased from 50% in 2024 to 51% in 2025. The dollar increase in software maintenance revenue was primarily due to software maintenance related to perpetual license sales.

A majority of our customers enter into software maintenance contracts when they initially license our software products. Because our software is used in active biometrics systems, many customers continue to renew their maintenance contracts in subsequent years while those systems remain operational.

### ***Services and Other Revenue***

Services and other revenue consists of fees we charge to perform software development, integration, installation, customization, and other professional services, as well as subscription-based SaaS offerings and hardware included with certain software licenses. Similar to software license revenue, services revenue depends on our ability to win biometrics systems projects either directly with end user customers or in conjunction with channel partners. SaaS revenue reflects recurring subscription fees for access to our biometric software solutions.

Services and other revenue may fluctuate based on the timing of commencement and completion of customer projects, the mix of professional services and subscription-based arrangements, and the timing of hardware delivered in connection with software licenses.

Services and other revenue increased 9% from \$1.2 million in 2024 to \$1.3 million in 2025. As a percentage of total revenue, services and other revenue was 7% in both 2024 and 2025. The increase was primarily due to growth in SaaS revenue, which increased from \$0.1 million in 2024 to \$0.4 million in 2025, partially offset by a decrease in professional services revenue of \$0.2 million. The increase in SaaS revenue reflects expansion of subscription-based customer arrangements, while the decrease in professional services revenue was primarily due to lower project-based activity during 2025.

### ***Cost of Revenue***

Cost of revenue consists primarily of engineering costs to perform customer services projects, amortization of intangible technology assets related to acquisitions, and other third-party costs that are included with some of our software licenses. Such costs primarily include: i) engineering salaries, fringe benefits, and facilities; ii) engineering consultants and contractors; iii) software license fees; and iv) hardware costs.

Cost of revenue increased 58% from \$0.8 million in 2024 to \$1.3 million in 2025. Cost of revenue as a percentage of total revenue increased from 5% in 2024 to 8% in 2025. The \$0.5 million increase was the result of increased software license costs. Prior period amounts have been reclassified to conform to the current period presentation.

Gross margins on revenue are a function of: i) the nature of the projects; ii) the level of engineering difficulty and labor hours required to complete project tasks; iii) how much we were able to charge; and iv) product mix. We expect

that gross margins will continue to fluctuate in future periods based on the nature, complexity, and pricing of future projects and product mix.

### ***Research and Development Expense***

Research and development expense consists of costs for: i) engineering personnel, including salaries, stock-based compensation, fringe benefits, and facilities; ii) engineering consultants and contractors, and iii) other engineering expenses such as supplies, equipment depreciation, dues and memberships and travel. Engineering costs incurred to develop our technology and products are classified as research and development expense. As described in the cost of revenue section, engineering costs incurred to provide engineering services for customer projects are classified as cost of revenue and are not included in research and development expense.

Certain engineering personnel costs are allocated to cost of revenue based on the nature of the activities performed. Total engineering costs represent the combined amounts classified to research and development expense and cost of revenue.

The following table presents the classification of total engineering costs between research and development expense and cost of revenue and other for the years ended December 31, 2025 and 2024 (in thousands):

	Years ended December 31,	
	2025	2024
Research and development expense	\$ 8,300	\$ 7,757
Engineering costs allocated to cost of revenue	385	399
Total engineering costs	<u>\$ 8,685</u>	<u>\$ 8,156</u>

Total engineering costs increased 6% from \$8.2 million in 2024 to \$8.7 million in 2025. As a percentage of total revenue, total engineering costs increased from 47% in 2024 to 50% in 2025. Prior period amounts have been reclassified to conform to the current period presentation.

Our engineering headcount increased from 33 in 2024 to 45 in 2025. The increase in engineering costs is primarily a result of increasing our engineering headcount during the year. The increase was driven by strategic initiatives and to align our engineering capabilities with current business priorities. We expect engineering costs to increase in 2026 primarily due to the full-year impact of engineering personnel hired during 2025.

As we described in the Part I—Business of this Form 10-K, we intend to introduce new products that will allow us to offer more complete biometrics solutions. We believe this strategy will allow us to sell more software into biometrics systems projects in order to grow our revenue. Our preference is to develop such products internally, however to the extent we are unable to do that, we may purchase or license technologies from third parties. We anticipate that we will continue to focus our future research and development activities on enhancing existing products and developing new products. We expect research and development expenses to increase in absolute dollars and as a percentage of revenues in the next year.

### ***Selling and Marketing Expense***

Selling and marketing expense primarily consists of costs for: i) sales and marketing personnel, including salaries, sales commissions, stock-based compensation, fringe benefits, travel, and facilities; and ii) advertising and promotion expenses.

Selling and marketing expense decreased 5% from \$7.7 million in 2024 to \$7.3 million in 2025. As a percentage of total revenue, selling and marketing decreased from 44% in 2024 to 42% in 2025. The decrease in selling and marketing expense was primarily due to a \$0.2 million decrease in travel expense, a \$0.1 million decrease in bonus and commission expense and a \$0.1 million decrease in trade show costs. We expect selling and marketing expense to increase primarily due to the full-year impact of sales and marketing personnel hired during 2025. We expect to be strategic in expanding our sales and marketing force to pursue future opportunities.

### ***General and Administrative Expense***

General and administrative expense consists primarily of costs for: i) officers, directors and administrative personnel, including salaries, bonuses, director compensation, stock-based compensation, fringe benefits, and facilities; ii)

professional fees, including legal and audit fees; iii) public company expenses; and iv) other administrative expenses, such as insurance costs and bad debt provisions.

In November 2025, we entered into a short-term bridge financing arrangement with Anonybit, Inc. (“Anonybit”) in connection with a potential strategic transaction. Pursuant to this arrangement, we advanced \$0.2 million to Anonybit under a secured promissory note. We also entered into a software license agreement with Anonybit; however, the broader contemplated transaction was not completed, and no additional amounts were funded under the note. During the fourth quarter of 2025, we determined that Anonybit was insolvent and unable to satisfy its obligations after we ceased further funding and called the note. As a result, we recorded a full write-off of the \$0.2 million note receivable, which is included in general and administrative expense for the year ended December 31, 2025.

General and administrative expense increased 3% from \$6.7 million in 2024 to \$6.9 million in 2025 primarily as a result of the write-off of the Anonybit note receivable. As a percentage of total revenue, general and administrative expense increased from 39% in 2024 to 40% in 2025. While we expect general and administrative expenses to increase in absolute terms as we continue to invest in our business, the trajectory of these costs as a percentage of total revenue will depend on revenue growth. Future trends will be influenced by our ability to scale operations efficiently and drive revenue expansion. Prior period amounts have been reclassified to conform to the current period presentation.

### ***Interest Income***

Interest income decreased from \$1.2 million in 2024 to \$0.9 million in 2025. The dollar decrease in interest income was primarily due to lower average cash balances during the year and lower interest rates within our money market accounts.

### ***Income Taxes***

We are subject to income taxes in the United States, and we use estimates in determining our provisions for income taxes. We account for income taxes using the asset and liability method for accounting and reporting income taxes. Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates.

Total income tax expense for the years ended December 31, 2025 and 2024 was \$0.3 million and \$0.1 million, respectively. The income tax expense was primarily attributable to foreign withholding taxes on international revenue of \$0.2 million and \$22 thousand for the years ended December 31, 2025 and 2024, respectively, reflecting increased revenue from certain international customers. In addition, we had state income taxes of \$14 thousand and \$31 thousand for the years ended December 31, 2025 and 2024, respectively. The Company did not incur U.S. federal income tax expense in either period.

## **LIQUIDITY AND CAPITAL RESOURCES**

In recent years, we have financed the company with our cash and cash equivalent balances. Cash flows from operating, investing and financing activities are described below.

### **Cash flows from operating activities**

A discussion of cash flow from operating activities for each of the last two years is as follows:

*Year ended December 31, 2025.* Cash used in operating activities was \$5.4 million in 2025, which was primarily the result of a \$5.9 million net loss and \$1.3 million of working capital adjustments, which was partially offset by \$0.6 million of depreciation and amortization expense and \$1.2 million of non-cash stock-based compensation.

*Year ended December 31, 2024.* Cash used in operating activities was \$3.2 million in 2024, which was primarily the result of a \$4.4 million net loss and \$0.6 million of working capital adjustments, which was partially offset by \$0.6 million of depreciation and amortization expense and \$1.1 million of non-cash stock-based compensation.

### **Cash flows from investing activities**

*Year ended December 31, 2025.* Investing activity used \$0.3 million of cash, primarily as the result of purchases of equipment of \$0.2 million and net purchases of marketable securities of \$0.1 million.

Year ended December 31, 2024. Investing activity provided \$6.3 million of cash, primarily as the result of net sales of marketable securities.

#### Cash flows from financing activities

Year ended December 31, 2025. Financing activity cash used of \$31 thousand was primarily the result of \$0.1 million used to buy back stock under our stock repurchase program, which was partially offset by \$0.1 million of proceeds from the issuance of common stock from stock grants.

Year ended December 31, 2024. Financing activity cash used of \$0.2 million was primarily the result of \$0.2 million used to buy back stock under our stock repurchase program, which was partially offset by \$0.1 million of proceeds from the issuance of common stock from stock grants.

At December 31, 2025, we had cash, cash equivalents, and marketable securities of \$22.3 million. While we cannot assure you that we will not require additional financing, or that if needed such financing will be available to us, we believe that our cash, cash equivalents, and marketable securities will be sufficient to fund our operations for at least the next twelve months from the filing date of this Annual Report on Form 10-K and to meet our known long-term cash requirements including operating expenses, contractual obligations, and planned strategic investments. Whether these resources are adequate to meet our liquidity needs beyond that period will depend on our future growth, operating results, and the investments needed to support our operations. If we require additional capital resources, we may utilize available funds or seek additional external financing.

As of December 31, 2025, our material cash requirements from known contractual and other obligations consisted primarily of payments under the operating lease for our corporate headquarters. We estimate lease payments will be approximately \$0.7 million in each of 2026 and 2027, approximately \$0.8 million in each of 2028, 2029 and 2030, and \$1.9 million thereafter. These amounts represent fixed contractual obligations under the lease agreement. See Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information regarding our operating lease.

We enter into agreements in the ordinary course of business that require us: i) to perform under the terms of the contracts, ii) to protect the confidentiality of our customers' intellectual property, and iii) to indemnify customers, including indemnification against third party claims alleging infringement of intellectual property rights. We also have agreements with each of our directors and executive officers to indemnify such directors or executive officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or officer of the Company.

Given the nature of the above obligations and agreements, we are unable to make a reasonable estimate of the maximum potential amount that we could be required to pay. Historically, we have not made any significant payments on the above guarantees and indemnifications and no amount has been accrued in the audited financial statements included elsewhere in this Annual Report on Form 10-K with respect to these guarantees and indemnifications.

To date, inflation has not had a material impact on our financial results. There can be no assurance, however, that inflation will not adversely affect our financial results in the future.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

We do not currently have any arrangements with unconsolidated entities, such as entities often referred to as structured finance, special purpose entities, or variable interest entities which are often established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Accordingly, we are not exposed to any financing, liquidity, market or credit risk.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, to our financial statements included elsewhere in this Annual Report. *We have identified the following as our significant accounting policies and estimates, which are defined as those that are reflective of significant judgments and uncertainties, are the most pervasive and important to the presentation of our financial condition and results of operations and could potentially result in materially different results under different assumptions, judgments or conditions.*

**Revenue recognition.** In accordance with Accounting Standards Codification (“ASC”), Topic 606, Revenue from Contracts with Customers (“ASC 606”), revenue is recognized when a customer obtains control of promised goods and services. The amount of revenue recognized reflects the consideration that we expect to be entitled to receive in exchange for these goods and services. In addition, ASC 606 requires disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The core principle of the standard is that we should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. To achieve that core principle, we apply the following five step model:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) each performance obligation is satisfied.

We categorize revenue as software licenses, software maintenance, and services and other revenue, which includes SaaS subscription arrangements. Revenue from software licenses is recognized at a point in time upon delivery, provided all other revenue recognition criteria are met. We recognize software maintenance revenue and revenue from SaaS subscription arrangements, over time on a straight-line basis over the contract period. Services revenue is recognized over time as the services are delivered using an input method, based on labor hours incurred as a percentage of total labor hours budgeted, provided all other revenue recognition criteria are met.

In addition to selling software licenses, software maintenance and software services on a standalone basis, a significant portion of our contracts include multiple performance obligations, which require an allocation of the transaction price to each distinct performance obligation based on a relative standalone selling price (“SSP”) basis. The SSP is the price at which we would sell a promised good or service separately to a customer. The best estimate of SSP is the observable price of a good or service when we sell that good or service separately. A contractually stated price or a list price for a good or service may be the SSP of that good or service. We use a range of amounts to estimate SSP when we sell each of the goods and services separately and need to determine whether there is a discount that needs to be allocated based on the relative SSP of the various goods and services. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we typically determine the SSP using an adjusted market assessment approach using information that may include market conditions and other observable inputs. We typically have more than one SSP for individual goods and services due to the stratification of those goods and services by customers and circumstances. In these instances, we may use information such as the nature of the customer and distribution channel in determining the SSP.

When software licenses and significant customization engineering services are sold together, they are accounted for as a combined performance obligation, as the software licenses are generally highly dependent on, and interrelated with, the associated customization services and therefore are not distinct performance obligations. Revenue for the combined performance obligation is recognized over time as the services are delivered using an input method (i.e., labor hours incurred as a percentage of total labor hours budgeted).

When subscription-based software is sold, the software license and software maintenance are generally considered distinct performance obligations. The transaction price is allocated to the software license and the software maintenance based on relative SSP. We sell our software subscription license for a fixed fee or a subscription-based royalty fee, sometimes subject to a minimum guarantee. When the amount is in the form of a fixed fee, including the guaranteed minimum usage-based royalty, revenue allocated to the software license is recognized at a point in time upon delivery, provided all other revenue recognition criteria are met. Any royalties not subject to the guaranteed minimum or earned in excess of the minimum amount are recognized as revenue when the subsequent usage occurs. Revenue allocated to the software maintenance is recognized over the contract term.

Also, with the delivery of certain products in a hosted environment through AwareID, we recognize revenue from our SaaS arrangements ratably over the subscription period.

Our arrangements can include variable fees, such as the option to purchase additional usage of a previously delivered software license. We may also provide pricing concessions to clients, a business practice that also gives rise to variable fees in contracts. For variable fees arising from the client’s purchase of additional usage of a previously delivered

software license, we apply the sales and usage-based royalties guidance related to a license of intellectual property and recognize revenue in the period the underlying sale or usage occurs. We include variable fees in the determination of total transaction price if it is not probable that a future significant reversal of revenue will occur. We use the expected value or most likely value amount, whichever is more appropriate for specific circumstances, to estimate variable consideration, and the estimates are based on the level of historical price concessions offered to clients.

The amount of consideration is not adjusted for a significant financing component if the time between payment and the transfer of the related good or service is expected to be one year or less under the practical expedient in ASC 606-10-32-18. Our revenue arrangements are typically accounted for under such expedient, as payment is typically due within 30 to 60 days. As of December 31, 2025 and 2024, none of our contracts contained a significant financing component.

**Goodwill and intangible assets impairment.** Our goodwill and intangible assets result from our previous business acquisitions. Goodwill and intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually or as circumstances indicate their value may no longer be recoverable. We do not carry any intangible assets with indefinite useful lives other than goodwill. We perform our annual goodwill impairment test in the fourth quarter. To assess if goodwill is impaired, we first review qualitative factors to determine whether further impairment testing is necessary. If based on the qualitative assessment, we consider it more-likely-than-not that our reporting unit's fair value is less than its carrying amount, we perform a quantitative impairment test. An excess of carrying value over fair value would indicate that goodwill may be impaired.

We periodically reevaluate our business and have determined that we have one operating segment and one reporting unit. If our assumptions change in the future, we may be required to record impairment charges to reduce our goodwill carrying value.

If indicators of impairment are present, we compare the estimated undiscounted cash flows that the asset is expected to generate to the carrying value. The key assumptions of the cash flow model involve significant subjectivity. If such assets are impaired, an impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

As of December 31, 2025 and 2024, we had \$3.1 million of goodwill. As of December 31, 2025 and 2024, we had \$1.6 million and \$2.0 million of intangible assets, respectively. Impairment in the valuation of long-lived assets could materially impact our operating results and financial position. To date, there have been no impairments of goodwill or intangible assets.

**Stock-Based Compensation.** We grant stock and stock options to our employees and directors. We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the applicable vesting period of the award on a straight-line basis.

For stock awards, we determine the fair value of the award by using the fair market value of our stock on the date of grant; provided the number of shares in the grant is fixed on the grant date.

For stock options, we use the Black-Scholes valuation model to estimate fair value. This model considers both observable inputs and assumptions. Observable inputs include the exercise price of the award and the risk-free interest rate over the expected term. Assumptions used in the valuation include the expected term of the option, the expected volatility of our stock over the expected term, and our expected annual dividend yield.

**Income taxes.** As part of the process of preparing our consolidated financial statements we are required to estimate our actual current tax expense. We must also estimate temporary and permanent differences that result from differing treatment of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe recovery is not likely, we must establish a valuation allowance.

Management judgment is required in determining our provision for income taxes, our deferred tax assets, and any valuation allowance recorded against our net deferred tax assets. Our deferred tax assets primarily relate to: i) research and development tax credit carryforwards; ii) net operating loss carryforwards; and iii) temporary differences that result from differing treatment of certain items for tax and accounting purposes. As of December 31, 2025, we had a total of \$15.7 million of deferred tax assets and \$1.4 million of deferred tax liabilities for which we have recorded a

\$14.3 million valuation allowance. As of December 31, 2024, we had a total of \$13.7 million of deferred tax assets and \$0.5 million of deferred tax liabilities for which we have recorded a \$13.2 million valuation allowance.

We will continue to assess the level of valuation allowance required in future periods. Should evidence regarding the realizability of tax assets change at a future point in time, the valuation allowance will be adjusted accordingly.

**Allowance for credit losses.** We make judgments as to our ability to collect outstanding and unbilled receivables to reflect any estimated credit losses. The allowance is evaluated each quarter on a customer-by-customer basis and considers historical write-off experience with each customer, the number of days that any delinquent invoices are past due, and an evaluation of the potential risk of loss associated with any delinquent accounts. If the judgments we make to determine the allowance for credit losses do not reflect the future ability to collect outstanding receivables, additional provisions for credit losses may be required.

## RECENT ACCOUNTING PRONOUNCEMENTS

**Recent Accounting Pronouncements.** In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires an annual tabular effective tax rate reconciliation disclosure including information for specified categories and jurisdiction levels, as well as disclosure of income taxes paid, net of refunds received, disaggregated by federal, state/local, and significant foreign jurisdiction. This ASU is effective for the Company’s fiscal year ended December 31, 2025 and has been adopted in these consolidated financial statements on a prospective basis. The adoption did not have a material impact on the Company’s consolidated financial statements.

In 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which amends existing guidance related to the accounting for internal-use software costs. The amendments are intended to improve the relevance of information provided to investors about a company’s investments in internal-use software and align the accounting for internal-use software costs with modern software development practices. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact that adoption of this ASU will have on the Company’s consolidated financial statements.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Aware, Inc.

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aware, Inc. and its subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### Revenue Recognition

As described in Note 2 to the financial statements, the Company recognizes revenue when a customer obtains control of promised goods and services. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for these goods and services. The Company offers customers the ability to purchase combinations of software licenses, software maintenance, and related professional services together in one arrangement. The Company must determine which promises are distinct performance obligations and allocate the revenue to the performance obligations that are considered distinct based upon their relative Stand-alone Selling Price (SSP). Revenue allocated to software licenses is typically recognized at a point in time upon delivery and revenue allocated to the software maintenance and professional services is recognized over time, provided all other revenue recognition criteria are met. Management applies significant judgment in determining the revenue recognition for these contracts including the identification of and accounting for all performance obligations and the calculation of the SSP for each identified performance obligation. The Company's identification of performance

obligations and estimate of SSP for each performance obligation identified within these customer contracts requires management to consider many factors, including:

- Determination of whether products and services are considered distinct performance obligations that should be accounted for separately versus together, such as software maintenance or professional services that are sold with software licenses.
- Determination of stand-alone selling prices for each distinct performance obligation.

Given these factors, the related audit effort in evaluating management's judgments in identifying performance obligations and estimating SSP's for these customer agreements was extensive and required a high degree of auditor judgment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our procedures related to the Company's identification of performance obligations and estimation of SSP's for these customer agreements included, among others:

- We evaluated management's significant accounting policies related to these customer agreements for reasonableness.
- We obtained and read revenue contracts and evaluated the completeness of the performance obligations identified by management, and performed an evaluation of whether these performance obligations were distinct and capable of being distinct.
- We tested management's process used to determine the SSP's by evaluating the models, including testing the accuracy and completeness of data used, and reasonableness of assumptions applied by management.
- For each contract with multiple performance obligations, we also tested the allocation of the transaction price to each performance obligation based upon the SSP.

/s/ RSM US LLP

We have served as the Company's auditor since 2012.

Boston, Massachusetts

March 6, 2026

**AWARE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,269	\$ 12,972
Marketable securities	15,026	14,842
Accounts receivable, net	3,010	2,922
Unbilled receivables, net	1,348	1,080
Prepaid expenses and other current assets	1,612	1,169
Total current assets	28,265	32,985
Property and equipment, net	477	477
Intangible assets, net	1,569	1,976
Goodwill	3,120	3,120
Right of use asset, net	3,642	3,964
Other long-term assets	122	122
Total assets	\$ 37,195	\$ 42,644
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,045	\$ 894
Accrued expenses	930	1,447
Current portion of operating lease liabilities	676	656
Deferred revenue	4,854	4,867
Total current liabilities	7,505	7,864
Long-term deferred revenue	261	296
Long-term operating lease liabilities	3,292	3,588
Total long-term liabilities	3,553	3,884
Commitments and contingent liabilities (Note 10)		
Stockholders' equity:		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized, none outstanding	—	—
Common stock, \$.01 par value; 70,000,000 shares authorized; 21,444,665 and 21,096,580 shares issued and outstanding as of December 31, 2025 and 2024, respectively	215	211
Additional paid-in capital	101,510	100,377
Accumulated deficit	(75,816)	(69,943)
Accumulated other comprehensive income	228	251
Total stockholders' equity	26,137	30,896
Total liabilities and stockholders' equity	\$ 37,195	\$ 42,644

The accompanying notes are an integral part of the consolidated financial statements.

**AWARE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE LOSS**  
(in thousands, except per share data)

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue:</b>		
Software licenses	\$ 7,314	\$ 7,650
Software maintenance	8,712	8,577
Services and other	1,267	1,162
<b>Total revenue</b>	<b>17,293</b>	<b>17,389</b>
<b>Costs and expenses:</b>		
Cost of revenue	1,323	835
Research and development	8,300	7,757
Selling and marketing	7,332	7,678
General and administrative	6,895	6,664
<b>Total costs and expenses</b>	<b>23,850</b>	<b>22,934</b>
Operating loss	(6,557)	(5,545)
Interest and other income	941	1,167
Loss before provision for income taxes	(5,616)	(4,378)
Provision for income taxes	257	53
Net loss	<b>\$ (5,873)</b>	<b>\$ (4,431)</b>
<b>Other comprehensive (loss) income</b>		
Unrealized (loss) gain on available for sale securities	(23)	56
<b>Comprehensive loss</b>	<b>\$ (5,896)</b>	<b>\$ (4,375)</b>
Net loss per share – basic	\$ (0.28)	\$ (0.21)
Net loss per share – diluted	\$ (0.28)	\$ (0.21)
Weighted-average shares – basic	21,183	21,139
Weighted-average shares – diluted	21,183	21,139

The accompanying notes are an integral part of the consolidated financial statements.

**AWARE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (5,873)	\$ (4,431)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	572	562
Stock-based compensation	1,168	1,132
Non-cash lease expense	46	66
Loss on write-off of note receivable	224	-
Credit (recoveries) losses, net	(14)	74
Increase (decrease) from changes in assets and liabilities:		
Accounts receivable	(74)	(542)
Unbilled receivables	(268)	321
Prepaid expenses and other current assets	(776)	(253)
Tax receivable	12	(68)
Accounts payable	151	614
Accrued expenses	(517)	(261)
Deferred revenue	(49)	(375)
Net cash used in operating activities	<u>(5,398)</u>	<u>(3,161)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(165)	(45)
Purchases of marketable securities	(7,359)	(5,139)
Sale of marketable securities	7,250	11,474
Net cash (used in) provided by investing activities	<u>(274)</u>	<u>6,290</u>
<b>Cash flows from financing activities:</b>		
Proceeds from sale of common stock	87	74
Payments made for taxes of employees who surrendered shares related to unrestricted stock	(3)	(26)
Repurchase of common stock	(115)	(207)
Net cash used in financing activities	<u>(31)</u>	<u>(159)</u>
(Decrease) increase in cash and cash equivalents	(5,703)	2,970
Cash and cash equivalents, beginning of year	12,972	10,002
Cash and cash equivalents, end of year	<u>\$ 7,269</u>	<u>\$ 12,972</u>
<b>Supplemental disclosure:</b>		
Cash paid for income taxes	<u>\$ 75</u>	<u>\$ 172</u>

The accompanying notes are an integral part of the consolidated financial statements.

**AWARE, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)

	Common Stock		Additional Paid-In	Accumulat ed	Accumulat ed Other Comprehe nsive Income (Loss)	Total Stockholde rs' Equity
	Shares	Amount	Capital	Deficit		
Balance at December 31, 2023	21,018	\$ 210	\$ 99,405	\$ (65,512)	\$ 195	\$ 34,298
Issuance of unrestricted stock	174	2	(2)	—	—	—
Shares surrendered by employees to pay taxes related to unrestricted stock	(11)	(1)	(25)	—	—	(26)
Issuance of common stock under employee stock purchase plan	53	1	73	—	—	74
Stock-based compensation expense	—	—	1,132	—	—	1,132
Repurchase of common stock	(137)	(1)	(206)	—	—	(207)
Other comprehensive income	—	—	—	—	56	56
Net loss	—	—	—	(4,431)	—	(4,431)
Balance at December 31, 2024	21,097	211	100,377	(69,943)	251	30,896
Exercise of common stock options	4	—	9	—	—	9
Issuance of unrestricted stock	365	4	(4)	—	—	—
Shares surrendered by employees to pay taxes related to unrestricted stock	(2)	—	(3)	—	—	(3)
Issuance of common stock under employee stock purchase plan	56	1	77	—	—	78
Stock-based compensation expense	—	—	1,168	—	—	1,168
Repurchase of common stock	(75)	(1)	(114)	—	—	(115)
Other comprehensive income	—	—	—	—	(23)	(23)
Net loss	—	—	—	(5,873)	—	(5,873)
Balance at December 31, 2025	21,445	\$ 215	\$ 101,510	\$ (75,816)	\$ 228	\$ 26,137

The accompanying notes are an integral part of the consolidated financial statements.

## 1 NATURE OF BUSINESS

We are a leading biometric identity platform company that validates and secures identities using proven and trusted biometrics solutions. Our portfolio enables government agencies and commercial entities to enroll, identify, authenticate and enable using biometrics, which comprise physiological characteristics, such as fingerprints, faces, irises and voices.

- **Enroll:** Register biometric identities into an organization's secure database
- **Identify:** Utilize an organization's secure database to accurately identify individuals using biometric data
- **Authenticate:** Provide frictionless multi-factor, passwordless access to secured accounts and databases with biometric verification
- **Enable:** Manage the lifecycle of secure identities through optimized biometric interchanges

Our comprehensive portfolio of biometric solutions is based on innovative, robust products designed explicitly for ease of integration, including customer-managed and integration ready biometric frameworks, platforms, software development kits ("SDKs") and orchestration services. Principal government applications of biometrics systems include border control, visa applicant screening, law enforcement, national defense, intelligence, secure credentialing, access control, and background checks. Principal commercial applications include mobile enrollment, user authentication, identity proofing, and secure transaction enablement.

Our products span multiple biometric modalities including fingerprint, face, iris and voice, and provide interoperable, standards-compliant, field-proven biometric functionality. Our products are used to capture, verify, format, compress and decompress biometric images as well as aggregate, analyze, process, match and transport those images and templates within biometric systems. For large deployments, we may provide project management and software engineering services. We sell our biometrics software products and services globally through a multifaceted distribution strategy using systems integrators, original equipment manufacturers ("OEMs"), value-added resellers ("VARs"), partners, and directly to end user customers.

Certain amounts in the consolidated financial statements and associated notes may not add due to rounding. All percentages have been calculated using unrounded amounts.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** - The consolidated financial statements include the accounts of Aware, Inc. and its subsidiaries ("the Company"). All significant intercompany transactions have been eliminated.

**Reclassifications** – Certain prior period amounts have been reclassified to conform to the current period presentation.

During the year ended December 31, 2025, the Company revised the presentation of subscription-based SaaS revenue to classify it within services and other revenue rather than software licenses revenue. Accordingly, \$0.1 million of revenue for the year ended December 31, 2024 has been reclassified to conform with presentation.

In addition, \$0.3 million of amortization expense related to acquired intangible assets has been reclassified from cost of revenue to general and administrative expense for the year ended December 31, 2024.

These reclassifications had no impact on previously reported total revenue, loss from operations, net loss or loss per share and had no impact on the consolidated balance sheets, statements of cash flows, or changes in stockholders' equity.

**Use of Estimates** – The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates used in these financial statements include but are not limited to, revenue recognition, goodwill and long-lived asset impairment, compensation, income taxes, and allowance for credit losses.

**Fair Value Measurements** - The Financial Accounting Standards Board (“FASB”) Codification defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are: i) Level 1 – valuations that are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; ii) Level 2 – valuations that are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and iii) Level 3 – valuations that require inputs that are both significant to the fair value measurement and unobservable.

Cash and cash equivalents, which consists of money market mutual funds, were \$7.3 million and \$13.0 million at December 31, 2025 and 2024, respectively. Marketable securities, which consist solely of U.S. Treasury notes and bonds, were \$15.0 million and \$14.8 million as of December 31, 2025 and 2024, respectively.

As of December 31, 2025, our assets that are measured at fair value on a recurring basis include the following (in thousands):

	Fair Value Measurement at December 31, 2025 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Money market funds (included in cash and cash equivalents)	\$ 5,881	\$ -	\$ -	\$ 5,881
Marketable securities	15,026	-	-	15,026
Total assets	\$ 20,907	\$ -	\$ -	\$ 20,907

As of December 31, 2024, our assets and liabilities that are measured at fair value on a recurring basis included the following (in thousands):

	Fair Value Measurement at December 31, 2024 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Money market funds (included in cash and cash equivalents)	\$ 10,671	\$ -	\$ -	\$ 10,671
Marketable securities	14,842	-	-	14,842
Total assets	\$ 25,513	\$ -	\$ -	\$ 25,513

Investments in marketable securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, reported as a component of accumulated other comprehensive income (loss) in stockholders' equity.

Marketable securities by security type consisted of the following (in thousands):

<b>December 31, 2025:</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized</b>		<b>Fair Value</b>
		<b>Gains</b>	<b>Gross Unrealized Losses</b>	
U.S. Treasury notes and bonds	\$ 14,798	\$ 228	\$ —	\$ 15,026
	<u>\$ 14,798</u>	<u>\$ 228</u>	<u>\$ —</u>	<u>\$ 15,026</u>

<b>December 31, 2024:</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized</b>		<b>Fair Value</b>
		<b>Gains</b>	<b>Gross Unrealized Losses</b>	
U.S. Treasury notes and bonds	\$ 14,591	\$ 260	\$ (9)	\$ 14,842
	<u>\$ 14,591</u>	<u>\$ 260</u>	<u>\$ (9)</u>	<u>\$ 14,842</u>

**Cash and Cash Equivalents** – Cash and cash equivalents, which consist primarily of money market funds and demand deposits, are stated at fair value. All highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents. Our cash balances exceed the Federal Deposit Insurance Corporation limits. The Company does not believe it is exposed to significant credit risk related to cash and cash equivalents.

**Allowance for Credit Losses** – The Company's accounts receivable are subject to concentrations of credit risk. We maintain an allowance for credit losses that reflects any estimated credit losses. This allowance is evaluated each quarter on a customer by customer basis and considers historical write-off experience with each customer, the number of days that any delinquent invoices are past due, and an evaluation of the potential risk of loss associated with any delinquent accounts. We record the allowance in "general and administrative" expense in the Consolidated Statements of Operations. Account receivables are written off and charged against the recorded allowance when the Company has exhausted collection efforts without success.

For the years ended December 31, 2025 and 2024, changes to and ending balances of the allowance for credit losses were as follows (in thousands):

	<b>Years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Allowance for credit losses balance - beginning of year	\$ 247	\$ 173
Additions to the allowance for credit losses	166	85
Deductions against the allowance for credit losses	(180)	(11)
Allowance for credit losses balance - end of year	<u>\$ 233</u>	<u>\$ 247</u>

**Property and Equipment** – Property and equipment is stated at cost. Depreciation and amortization of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. Upon retirement or sale, the costs of the assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss on disposal is included in the determination of income or loss. Expenditures for repairs and maintenance are charged to expense as incurred.

The estimated useful lives of assets are:

Leasehold improvements	10 years
Furniture and fixtures	5 years
Computer and office equipment	3 years
Purchased software	3 years

**Leases** – We account for a contract as a lease when we have the right to control the asset for a period of time while obtaining substantially all of the asset’s economic benefits. We determine the initial classification and measurement of our operating lease right of use assets and lease liabilities at the lease commencement date and thereafter if modified. Fixed lease costs are recognized on a straight-line basis over the lease term. Variable lease costs are recognized in the period in which the obligation for those payments is incurred. We combine lease and non-lease components when determining lease costs for office space. The lease liability includes lease payments related to options to extend or renew the lease term if we are reasonably certain we will exercise those options. Our lease does not contain material residual value guarantees or restrictive covenants.

**Goodwill** – We record goodwill when consideration paid in a business acquisition exceeds the fair value of the net assets acquired. Our estimates of fair value are based upon assumptions believed to be reasonable at the time, but such estimates are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results. Goodwill is not amortized but rather is tested for impairment annually in the fourth quarter or more frequently, if facts and circumstances warrant a review. Circumstances that could trigger an impairment test include, but are not limited to, a significant adverse change in the business climate or legal factors, an adverse action or assessment by a regulator, decline in market capitalization, or unanticipated competition. We have determined that there is a single reporting unit for the purpose of conducting the goodwill impairment assessment. In accordance with ASC Topic 350, Intangibles—Goodwill and Other, we first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If after assessing the totality of events or circumstances, we determine that it is more likely than not (i.e., greater than 50% likelihood) that the fair value of the reporting unit is less than its carrying amount, then the quantitative test is required. The quantitative goodwill impairment test requires us to estimate and compare the fair value of the reporting unit, determined using an income approach and a market approach, with its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets, goodwill is not impaired. If the fair value of the reporting unit is less than the carrying value, the difference is recorded as an impairment loss up to the amount of goodwill.

Application of the goodwill impairment test requires judgments, including identification of the reporting units, assigning goodwill to reporting units, a qualitative assessment to determine whether there are any impairment indicators, and determining the fair value of each reporting unit which often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. There is no assurance that the actual future earnings or cash flows of the reporting unit will not decline significantly from the projections used in the impairment analysis. Goodwill impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macroeconomic environment and industry, deterioration in the Company’s performance or its future projections, or changes in plans for its reporting unit.

As of December 31, 2025 and 2024, we had \$3.1 million of goodwill. We performed a quantitative analysis during the years ended December 31, 2025 and 2024 and determined there were no impairments of goodwill.

**Long-Lived Assets** – We review long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted cash flows estimated to be generated by those assets over their estimated economic life to the related carrying value of those assets to determine if the assets are impaired. If an impairment is indicated, the asset is written down to its estimated fair value. The cash flow estimates used to identify the potential impairment reflect our best estimates using appropriate assumptions and projections at that time. In evaluating potential impairment of these assets, we specifically consider whether any indicators of impairment are present, including, but not limited to:

- whether there has been a significant adverse change in the business climate that affects the value of an asset;
- whether there has been a significant change in the extent or way an asset is used; and
- whether there is an expectation that the asset will be sold or disposed of before the end of its originally estimated useful life.

No impairment charges were recorded on our long-lived assets for the years ended December 31, 2025 and 2024.

**Revenue recognition** - The core principle of Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”) is that we should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. To achieve that core principle, we apply the following five step model:

**1) Identify the contract with the customer**

A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party’s rights regarding the goods or services to be transferred and identifies the related payment terms, (ii) the contract has commercial substance, and (iii) we determine that collection of substantially all consideration for goods and services that are transferred is probable based on the customer’s intent and ability to pay the promised consideration. We apply judgment in determining the customer’s intent and ability to pay, which is based on a variety of factors including the customer’s historical payment experience, or in the case of a new customer, published credit and financial information pertaining to the customer.

We evaluate contract modifications for the impact on revenue recognition if they have been approved by both parties such that the enforceable rights and obligations under the contract have changed. Contract modifications are either accounted for using a cumulative effect adjustment or prospectively over the remaining term of the arrangement. The determination of which method is more appropriate depends on the nature of the modification, which we evaluate on a case-by-case basis.

We combine two or more contracts entered into at or near the same time with the same customer and account for them as a single contract if (i) the contracts are negotiated as a package with a common commercial objective, (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract, or (iii) some or all of the goods or services in one contract would be combined with some or all of the goods and services in the other contract into a single performance obligation. If two or more contracts are combined, the consideration to be paid is aggregated and allocated to the individual performance obligations without regard to the consideration specified in the individual contracts.

**2) Identify the performance obligations in the contract**

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other available resources, and are distinct in the context of the contract, whereby the transfer of the good or service is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods and services, we apply judgment to determine whether promised goods and services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods and services are accounted for as a combined performance obligation. To identify performance obligations, we consider all of the goods or services promised in a contract regardless of whether they are explicitly stated or are implied by customary business practices.

**3) Determine the transaction price**

The transaction price is determined based on the consideration we expect to be entitled in exchange for transferring promised goods and services to the customer. Determining the transaction price requires significant judgment. To the extent the transaction price includes variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period. Some of our arrangements include usage-based royalties where a software license is the predominant item that the royalty relates to. In these arrangements, revenue from the usage-based royalty is recognized when the subsequent usage occurs.

The amount of consideration is not adjusted for a significant financing component if the time between payment and the transfer of the related good or service is expected to be one year or less under the practical expedient in

ASC 606-10-32-18. Our revenue arrangements are typically accounted for under such expedient, as payment is typically due within 30 to 60 days. As of December 31, 2025 and 2024, none of our contracts contained a significant financing component.

Our arrangements can include variable fees, such as the option to purchase additional usage of a previously delivered software license. The Company may also provide pricing concessions to clients, a business practice that also gives rise to variable fees in contracts. The Company also reviews contractual termination provisions in determining contractual term and total transaction price. For variable fees arising from the client's purchase of additional usage of a previously delivered software license, we apply the sales and usage-based royalties guidance related to a license of intellectual property and recognize revenue in the period the underlying sale or usage occurs. We include variable fees in the determination of total transaction price if it is not probable that a future significant reversal of revenue will occur. We use the expected value or most likely value amount, whichever is more appropriate for specific circumstances, to estimate variable consideration, and the estimates are based on the level of historical price concessions offered to clients.

#### ***4) Allocate the transaction price to performance obligations in the contract***

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP") basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The consideration to be received is allocated among the separate performance obligations based on relative SSPs. The SSP is the price at which we would sell a promised good or service separately to a customer. The best estimate of SSP is the observable price of a good or service when we sell that good or service separately. A contractually stated price or a list price for a good or service may be the SSP of that good or service. We use a range of amounts to estimate SSP when we sell each of the goods and services separately and need to determine whether there is a discount that needs to be allocated based on the relative SSP of the various goods and services. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we typically determine the SSP using an adjusted market assessment approach using information that may include market conditions and other observable inputs. We typically have more than one SSP for individual goods and services due to the stratification of those goods and services by customers and circumstances. In these instances, we may use information such as the nature of the customer and distribution channel in determining the SSP.

#### ***5) Recognize revenue when or as we satisfy a performance obligation***

We satisfy performance obligations either over time or at a point in time. Revenue is recognized over time if i) the customer simultaneously receives and consumes the benefits provided by our performance, ii) our performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or iii) our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date. If we do not satisfy a performance obligation over time, the related performance obligation is satisfied at a point in time by transferring the control of a promised good or service to a customer.

We categorize revenue as software licenses, software maintenance, or services and other. Specific revenue recognition policies apply to each category of revenue.

#### **Software licenses**

Software licenses consist of revenue from the licensing of software for biometrics and imaging applications. Our software licenses are functional intellectual property and typically provide customers with the right to use our software on a term or perpetual basis as it exists when made available to the customer. We recognize revenue from perpetual software licenses at a point in time upon delivery, provided all other revenue recognition criteria are met.

We also offer certain products pursuant to a subscription-based software model which includes a term software license to use the software for a fixed term. We recognize revenue for fixed fees associated with subscription-based software licenses at a point in time upon delivery, provided all other revenue recognition criteria are met. Fees subject to the usage-based royalty exception are recognized when the subsequent usage occurs.

### Software maintenance

Software maintenance consists of revenue from the software maintenance contracts for biometrics and imaging software. Software maintenance contracts entitle customers to receive software support and software updates, if and when they become available, during the term of the maintenance contract. Software support and software updates are considered distinct services. However, these distinct services are considered a single performance obligation consisting of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. We recognize software maintenance revenue over time on a straight-line basis over the contract period.

### Services and other

Service revenue consists of fees from biometrics customers for software engineering services. We recognize services revenue over time as the services are delivered using an input method (i.e., labor hours incurred as a percentage of total labor hours budgeted), provided all other revenue recognition criteria are met. The use of the over-time revenue recognition method requires judgment in developing budgeted labor hours. Changes in budgeted hours may occur and the resulting impact on revenue recognition is accounted for in the period of the change in estimate. Other revenue, which includes hardware sales that may be purchased with the software license, is recognized at a point in time upon delivery provided all other revenue recognition criteria are met.

Also, with the adaptation of our current products to be delivered in a hosted environment with AwareID, we recognize revenue from our SaaS offerings ratably over the subscription period. For the years ended December 31, 2025 and 2024, we generated \$0.4 million and \$0.1 million of revenue from SaaS contracts, respectively.

### Arrangements with multiple performance obligations

In addition to selling software licenses, software maintenance and software services on a standalone basis, a significant portion of our contracts include multiple performance obligations. The various combinations of multiple performance obligations and our revenue recognition for each are described as follows:

- **Perpetual software licenses and software maintenance:** When software licenses and software maintenance contracts are sold together, the software licenses and software maintenance are generally considered distinct performance obligations. The transaction price is allocated to the software licenses and the software maintenance based on relative SSP. Revenue allocated to the software licenses is recognized at a point in time upon delivery, provided all other revenue recognition criteria are met. Revenue allocated to the software maintenance is recognized over time on a straight-line basis over the contract period.
- **Perpetual software licenses and services:** When software licenses and significant customization engineering services are sold together, they are accounted for as a combined performance obligation, as the software licenses are generally highly dependent on, and interrelated with, the associated services and therefore are not distinct performance obligations. Revenue for the combined performance obligation is recognized over time as the services are delivered using an input method (i.e., labor hours incurred as a percentage of total labor hours budgeted). When software licenses and standard implementation or consulting-type services are sold together, they are generally considered distinct performance obligations, as the software licenses are not dependent on or interrelated with the associated services. The transaction price in these arrangements is allocated to the software licenses and services based on relative SSP. Revenue allocated to the software licenses is recognized at a point in time upon delivery, provided all other revenue recognition criteria are met. Revenue allocated to the services is recognized over time using an input method. In arrangements with both software licenses and services, the software license portion of the arrangement is classified as software licenses revenue and the services portion is classified as services revenue in our consolidated statements of operations and comprehensive loss.
- **Perpetual software licenses, software maintenance and services:** When we sell software licenses, software maintenance and software services together, we account for the individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations based on relative SSP. Revenue allocated to the software licenses is recognized at a point in time upon delivery. Revenue allocated to the services is recognized over time using an input method (i.e., labor hours incurred as a percentage of total labor hours budgeted). Revenue for the software maintenance is recognized over time on a straight-line basis over the contract period. However, if the software services are significant

customization engineering services, they are accounted for with the software licenses as a combined performance obligation, as stated above. Revenue for the combined performance obligation is recognized over time using an input method.

- **Perpetual software licenses, hardware, software maintenance, and services:** When we sell software licenses, hardware, software maintenance and software services together, we account for the individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations based on relative SSP. Revenue allocated to the software licenses is recognized at a point in time upon delivery. Revenue allocated to the services is recognized over time using an input method (i.e., labor hours incurred as a percentage of total labor hours budgeted). Revenue for the hardware is recognized at a point in time upon delivery. Revenue for the software maintenance is recognized over time on a straight-line basis over the contract period.
- **Subscription-based software consisting of a software license and software maintenance:** When subscription-based software is sold, the software license and software maintenance are generally considered distinct performance obligations. The transaction price is allocated to software license and the software maintenance based on relative SSP. We sell subscription-based software licenses for a fixed fee and/or a usage-based royalty fee, sometimes subject to a minimum guarantee. When the amount is in the form of a fixed fee, including the guaranteed minimum in usage-based royalty, revenue is allocated to the software license is recognized at a point in time upon delivery, provided all other revenue recognition criteria are met. Any royalties not subject to the guaranteed minimum or earned in excess of the minimum amount are recognized as revenue when the subsequent usage occurs. Revenue allocated to the software maintenance is recognized on a straight-line basis over the contract period.

#### Returns

We do not offer rights of return for our products and services in the normal course of business.

#### Customer Acceptance

Our contracts with customers generally do not include customer acceptance clauses.

#### Contract Balances

When the timing of our delivery of goods or services is different from the timing of payments made by customers, we recognize either a contract asset (performance precedes contractual billing date) or a contract liability (customer payment precedes performance). Customers that prepay are represented by deferred revenue until the performance obligation is satisfied. Our contract assets consist of unbilled receivables. Our contract liabilities consisted of deferred (unearned) revenue, which is generally related to software maintenance contracts. We classify deferred revenue as current or noncurrent based on the timing of when we expect to recognize revenue.

The following table presents changes in our contract assets and liabilities during the years ended December 31, 2025 and 2024 (in thousands):

	Balance at Beginning of period	Revenue Recognized In Advance of Billings	Billings	Balance at End of Period
<b>Year ended December 31, 2025</b>				
Contract Assets:				
Unbilled receivables	\$ 1,080	\$ 6,261	\$ (5,993)	\$ 1,348
<b>Year ended December 31, 2024</b>				
Contract Assets:				
Unbilled receivables	\$ 1,401	\$ 3,558	\$ (3,879)	\$ 1,080
	Balance at Beginning of period	Billings	Revenue Recognized	Balance at End of Period
<b>Year ended December 31, 2025</b>				
Contract Liabilities:				
Deferred revenue	\$ 5,163	\$ 8,664	\$ (8,712)	\$ 5,115
<b>Year ended December 31, 2024</b>				
Contract Liabilities:				
Deferred revenue	\$ 5,537	\$ 8,203	\$ (8,577)	\$ 5,163

### Remaining Performance Obligations

Remaining performance obligations represent the transaction price from contracts for which work has not been performed or goods and services have not been delivered. We expect to recognize revenue on approximately 97% of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter. The aggregate amount of the transaction price allocated to remaining performance obligations with a duration greater than one year, comprised of software maintenance contracts, was \$0.3 million as of December 31, 2025.

### Contract Costs

We recognize other long-term assets for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales commissions meet the requirements to be capitalized, and we amortize these costs on a consistent basis with the pattern of transfer of the goods and services in the contract. Total capitalized costs to obtain a contract were immaterial during the periods presented and are included in other current and long-term assets on our consolidated balance sheets.

We apply a practical expedient to expense costs as incurred for costs to obtain a contract when the amortization period is one year or less. These costs include sales commissions on software maintenance contracts with a contract period of one year or less as sales commissions paid on contract renewals are commensurate with those paid on the initial contract.

**Income Taxes** – We compute deferred income taxes based on the differences between the financial statement and tax basis of assets and liabilities using enacted rates in effect in the years in which the differences are expected to reverse. We establish a valuation allowance to offset temporary deductible differences, net operating loss carryforwards and tax credits when it is more likely than not that the deferred tax assets will not be realized.

We recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. The evaluation of an uncertain tax position is based on factors that include, but are not limited to, changes in the tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit and changes in facts or circumstances related to a tax position. Any changes to these estimates, based on the actual results obtained and/or a change in assumptions, could impact our tax provision in future periods. Interest and penalty charges, if any, related to unrecognized tax benefits would be classified as a provision for income tax in the consolidated statements of operations and comprehensive loss.

**Capitalization of Software Costs** – We capitalize certain costs to develop software products to be sold, leased, or marketed to external users after technological feasibility of the product has been established. No software costs were capitalized during the years ended December 31, 2025 and 2024, because such costs incurred between the period after technological feasibility to the product release were immaterial.

The Company capitalizes and amortizes certain direct costs associated with computer software developed or purchased for internal use incurred during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. The Company amortizes capitalized software costs generally over three to five years, commencing on the date the software is placed into service. Although the Company continues to enhance and adapt certain existing software products for delivery in hosted and cloud-based environments, substantially all related development costs were expensed as incurred and no internal-use software costs were capitalized during the years ended December 31, 2025 and 2024, as such costs were immaterial.

**Research and Development Costs** – Costs incurred in the research and development of our products are expensed as incurred.

**Concentration of Credit Risk** – At December 31, 2025 and 2024, we had cash and cash equivalents in excess of federally insured deposit limits of approximately \$6.9 million and \$12.7 million, respectively.

Concentration of credit risk with respect to net accounts receivable and unbilled receivables consisted of amounts owed by the following customers that comprised more than 10% of net accounts receivable and unbilled receivables at December 31:

	December 31,	
	2025	2024
Customer A	26%	4%
Customer B	15%	16%
Customer C	14%	0%
Customer D	9%	18%

No customers represented over 10% of revenue in 2025 or 2024.

**Stock-Based Compensation** – We grant stock and stock options to our employees and directors. We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize stock-based compensation expense on a straight-line basis over the requisite service period of the award.

For stock options, we use the Black-Scholes valuation model to estimate fair value. This model considers both observable inputs and assumptions. Observable inputs include the exercise price of the award and the risk-free interest rate over the expected term. Assumptions used in the valuation include the expected term of the option, the expected volatility of our stock over the expected term, and our expected annual dividend yield.

**Computation of Earnings per Share** – Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding plus additional common shares that would have been outstanding if dilutive potential common shares had been issued. For the purposes of this calculation, stock options are considered common stock equivalents in periods in which they have a dilutive effect. Stock options that are antidilutive are excluded from the calculation.

**Fair Value of Financial Instruments** – The carrying amounts of cash and cash equivalents, accounts receivable, unbilled receivables, accounts payable and accrued expenses approximate fair value because of their short-term nature.

**Segments** – We have determined that we operate as a single reportable segment, as our Chief Executive Officer, who serves as our chief operating decision maker (CODM), evaluates financial performance and allocates resources on a consolidated basis. In making operating decisions, management and the Board receive regular reporting on revenue, cost of revenue, operating expenses, and profitability metrics. The primary financial measures used to assess performance include revenue growth, gross margin, adjusted EBITDA, and operating income. Significant expense categories reviewed by our CODM for our single operating segment include research and development, selling and marketing, and general and administrative expenses, as presented in our consolidated statement of operations.

To determine our single reportable segment, we evaluated factors such as the nature of our products and services, customer base, distribution methods, and how the business is managed. Given that we provide a unified suite of biometric and identity solutions, serve a common customer base, and operate under a single management team with an integrated resource allocation strategy, we concluded that a single operating segment best represents how we manage the business.

We do not allocate assets to individual business units or product lines for internal reporting purposes. Our CODM reviews the company's assets on a consolidated basis, and as a result, we do not present segment asset information separately in our financial statements

We conduct our operations in the United States and sell our products and services to domestic and international customers. Revenues were generated from the following geographic regions (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
United States	\$ 8,556	\$ 7,597
United Kingdom	2,216	4,720
Rest of world	6,521	5,072
	<u>\$ 17,293</u>	<u>\$ 17,389</u>

Revenue by product group was (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
License and service contracts	\$ 12,828	\$ 13,431
Subscription-based contracts	4,465	3,958
	<u>\$ 17,293</u>	<u>\$ 17,389</u>

Revenue by product group consists of all revenue associated with a contract, including license revenue, maintenance revenue, and services and other revenue. Revenue may be recognized at a point in time or over time, depending on the nature of the underlying performance obligations. These revenues are attributable to contracts with fixed fees and those with guaranteed minimums.

License and service contracts include revenue recognized from perpetual software licenses, professional services, and associated maintenance contracts. Subscription-based contracts include revenue from term licenses and their associated maintenance contracts, as well as SaaS-based revenue and other recurring subscription services.

Revenue by timing of transfer of goods or services was (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Goods or services transferred at a point in time	\$ 7,335	\$ 7,720
Goods or services transferred over time	9,958	9,669
	<u>\$ 17,293</u>	<u>\$ 17,389</u>

### 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31 (in thousands):

	<b>2025</b>	<b>2024</b>
Building and improvements	162	162
Computer and office equipment	1,068	903
Purchased software	78	78
Furniture and fixtures	573	573
Total	1,881	1,716
Less accumulated depreciation	(1,404)	(1,239)
Property and equipment, net	<u>\$ 477</u>	<u>\$ 477</u>

Depreciation expense was \$0.2 million for each of the years ended December 31, 2025 and 2024.

#### 4. INTANGIBLE ASSETS

The carrying value of intangible assets and their estimated useful life as of December 31, 2025 are as follows (dollars in thousands):

	<u>Useful Life</u>	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Customer relationships	8 and 10 years	\$ 2,680	\$ (1,299)	\$ 1,381
Developed technology	5 and 7 years	710	(527)	183
Trade name / trademarks	3 and 7 years	30	(25)	5
		<u>\$ 3,420</u>	<u>\$ (1,851)</u>	<u>\$ 1,569</u>

The carrying value of intangible assets and their estimated useful life as of December 31, 2024 are as follows (dollars in thousands):

	<u>Useful Life</u>	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Customer relationships	8 and 10 years	\$ 2,680	\$ (1,007)	\$ 1,673
Developed technology	5 and 7 years	710	(414)	296
Trade name / trademarks	3 and 7 years	30	(23)	7
		<u>\$ 3,420</u>	<u>\$ (1,444)</u>	<u>\$ 1,976</u>

During the years ended December 31, 2025 and 2024, we recorded \$0.4 million of amortization expense on intangible assets. The Company expects to record amortization for the years ended December 31 as follows (in thousands):

2026	\$ 356
2027	355
2028	338
2029	174
2030	174
Thereafter	172
	<u>\$ 1,569</u>

#### 6. NOTE RECEIVABLE

In November 2025, the Company entered into a short-term bridge financing arrangement with Anonybit, Inc. in connection with a potential strategic transaction. Pursuant to this arrangement, the Company advanced \$0.2 million to Anonybit under a secured promissory note, which is secured by certain intellectual property and related assets of Anonybit. The Company also entered into a software license agreement with Anonybit; however, the broader contemplated transaction was not completed, and no additional amounts were funded under the note.

During the fourth quarter of 2025, the Company determined that Anonybit was insolvent and unable to satisfy its obligations after the Company ceased further funding and called the note. As a result, the Company recorded a full write-off of the \$0.2 million note receivable, which is included in general and administrative expenses for the year ended December 31, 2025.

As of December 31, 2025, the Company had no remaining carrying value related to this note. The Company

may pursue recovery or enforcement actions; however, any potential recoveries are not considered probable at this time.

## 7. INCOME TAXES

The components of net loss before income tax expense are as follows (in thousands):

	Year ended December 31,	
	2025	2024
Domestic	(5,616)	(4,378)
Foreign	—	—
Total	<u>\$ (5,616)</u>	<u>\$ (4,378)</u>

We recorded a provision for income tax of \$0.3 million and \$53 thousand for the years ended December 31, 2025 and 2024, respectively. The components of the provision for income tax are as follows (in thousands):

	Year ended December 31,	
	2025	2024
Current:		
Federal	\$ -	\$ -
State	14	31
Foreign	243	22
Total	<u>257</u>	<u>53</u>
Deferred expense:		
Federal	\$ -	\$ -
State	—	—
Foreign	—	—
Total income tax expense	<u>\$ 257</u>	<u>\$ 53</u>

The difference between the effective tax rate and the U.S. federal statutory rate in 2024 was driven primarily due to the changes in the valuation allowance of our deferred tax assets, state income taxes and impact of stock-based compensation to the deferred tax assets in 2024. A reconciliation of the U.S. federal statutory rate to the effective tax rate for 2024 is as follows:

	Year ended December 31, 2024
Federal statutory rate	21%
State rate, net of federal benefit	2
Tax credits	2
Change in valuation allowance	(16)
Stock compensation	(13)
Tax law change	2
Other	1
Effective tax rate	<u>(1)%</u>

The reconciliation of the Company's statutory tax rate and effective tax rate for 2025 is as follows (in thousands):

	<b>Year Ended December 31, 2025</b>	
	<b>Amount</b>	<b>Percent</b>
Pretax loss	\$ (5,616)	
US federal statutory tax rate	(1,179)	21%
State and local income taxes, net of fed benefit	26	(0.5)
Foreign tax effects:		
India		
Foreign withholding taxes	232	(4.1)
Tax credits		
Federal R&D credits	359	(6.4)
Change in valuation allowance	775	(13.8)
Nontaxable or nondeductible items:		
Other	18	(0.3)
Stock compensation	42	(0.7)
Other adjustments		
Other	(16)	0.3
Total	<u>\$ 257</u>	<u>(4.5%)</u>

The Company's effective tax rate includes the effects of state and local income taxes, net of the federal income tax benefit, which are primarily attributable to Massachusetts, where the Company has significant business activities. Massachusetts has higher effective tax rates compared to other jurisdictions where the Company operates, which accounts for more than half of the Company's total state tax expense.

**Deferred income taxes** - We had net deferred tax assets of \$0 as of December 31, 2025 and 2024. The principal components of deferred tax assets, net, were as follows at December 31 (in thousands):

	<b>2025</b>	<b>2024</b>
Deferred tax assets		
Stock-based compensation	\$ 304	\$ 215
Research and development credits	6,387	6,662
Capitalized research expense	2,859	3,846
Net operating loss	4,976	2,655
Other	48	249
Deferred revenue	76	—
Lease liability	1,013	1,047
Total deferred tax assets	<u>15,663</u>	<u>14,674</u>
Valuation allowance	(14,302)	(13,222)
Deferred tax liabilities		
Depreciation	(119)	(113)
Intangibles	(313)	(361)
ROU assets	(929)	(978)
Total deferred tax liabilities	<u>(1,361)</u>	<u>(1,452)</u>
Net deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2025, \$6.4 million of our deferred tax assets relate to research and development credit carryforwards. Further, a significant portion of our deferred tax assets relates to federal and state research and development credits. These credits may only offset 75% of the tax liability after net operating loss carryforwards are utilized and thus, we have the risk that the credits could expire before utilization if sufficient taxable income in the carryforward periods doesn't exist.

As of December 31, 2025, we had a federal net operating loss carryforward of \$17.1 million, which may be available to offset future income tax liabilities. \$16.5 million of those NOLs can be carried forward indefinitely and the remaining \$0.6 million expire in 2037. As of December 31, 2025, we had State NOL carryforwards of \$19.8 million, which expire at various dates through 2045.

As of December 31, 2025, the Company had \$5.8 million of U.S. federal research and development tax credits that begin to expire in 2025. As of December 31, 2025, the Company had \$1.5 million of state research and development tax credits that begin to expire at various dates from 2033 through 2039.

We evaluated and considered all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance for deferred tax assets was needed. The deferred tax assets are composed principally of net operating loss carryforwards, capitalized research costs and research and development credits. As part of this analysis, we gave more weight to recent, historical evidence than future projections as we consider the past more objective. Under the applicable accounting standards, we considered our history of losses and concluded that it is more likely that we will not recognize the benefits of federal and state deferred tax assets. Therefore, we have recorded a full valuation allowance of \$14.3 million and \$13.2 million at December 31, 2025 and 2024, respectively. During the year ended December 31, 2025, we increased the valuation allowance by \$1.1 million from the prior year end. We will continue to monitor the evidence and the realizability of our deferred tax assets in future periods. Should evidence regarding the realizability of our deferred tax assets change at a future point in time, we will adjust the valuation allowance as required.

Under Internal Revenue Code Section 382, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. In connection with our acquisition of FortressID during 2021, the historical NOL carryforwards of \$3.5 million from FortressID are likely limited under Section 382 due to a change in ownership triggered by the acquisition, however, we do not expect the limitation to result in any of the NOL carryforwards to expire unused. We have not completed a study at the Aware, Inc. level to assess whether an “ownership change” has occurred or whether there have been multiple ownership changes since we became a “loss corporation” as defined in Section 382. Future changes in our stock ownership, which may be outside of our control, may trigger an “ownership change.” In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an “ownership change.” If an “ownership change” has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to us.

**Uncertain tax benefits** - As of December 31, 2025 and 2024, we had \$0.7 million of uncertain tax positions that were primarily related to our research and development tax credits. There were no changes to this amount during each of the years ended December 31, 2025 and 2024. The uncertain tax positions will impact our effective tax rate if realized.

**Tax examinations** – The Company files US federal and various state income tax returns and is subject to examination by the respective taxing authorities. The statute of limitations for US federal and most state income tax returns is generally three years from the date the return is filed. However, because the Company has tax attribute carryforwards generated in earlier years, the taxing authorities may examine tax years outside the normal three year statute to the extent such years generated tax attributes that are utilized in open tax years. As a result, although the Company’s federal and most state income tax returns for periods prior to 2021 are generally closed to routine examination, those earlier tax years remain subject to adjustment for purposes of determining the correct amount of NOL and tax credit carryforwards available to offset taxable income or tax liability in subsequent years. The Company is not currently under federal or state income tax examination for any period.

The following table summarizes the Company's income taxes (net of refunds received) for the total unrecognized tax benefits:

	<b>Year ended December 31,</b>	
	<b>2025</b>	
Federal	\$	—
State		2
Foreign		73
Total	\$	<u>75</u>

The following summarizes the jurisdictions that exceeded 5% of the Company's total income taxes paid (net of refunds) for the years presented below (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	
State		
Massachusetts	\$	(4)
Foreign		
India	\$	73

## 8. EQUITY AND STOCK COMPENSATION PLANS

**Stock Option Plan** – On January 17, 2024, our shareholders approved the Aware, Inc. 2023 Equity and Incentive Plan (the “2023 Plan”), which replaced the 2001 Nonqualified Plan (the “2001 Plan”). The 2023 Plan provides for the grant of various equity-based awards, including incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, dividend equivalent rights, and cash awards. The 2023 Plan authorizes the issuance of an aggregate of 1,277,130 shares of common stock, plus an additional number of shares equal to the number of shares subject to outstanding awards under the 2001 Plan that are forfeited, expire unexercised, or are repurchased or withheld to cover taxes or exercise prices, up to a maximum of 2,590,000 shares. As of December 31, 2025, there were 601,048 shares available for grant under the 2023 Plan.

Options are granted with exercise prices as determined by the Board of Directors and have a maximum term of ten years. Options generally vest over three to five years.

The following table presents stock-based compensation expenses included in our consolidated statements of operations and comprehensive loss (in thousands):

	<b>For the Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Research and development	191	156
Selling and marketing	69	63
General and administrative	908	913
Stock-based compensation expense	<u>\$ 1,168</u>	<u>\$ 1,132</u>

Stock-based compensation expense in the preceding table includes expenses associated with grants of: i) stock options, ii) unrestricted shares of our common stock; and iii) performance share awards. The methods used to determine stock-based compensation expense for each type of equity grant are described in the following paragraphs.

*Stock Option Grants.* During the years ended December 31, 2025 and 2024, we granted 1,613,322 and 640,000 common stock options to purchase our common stock under the 2023 plan, respectively. We estimate the fair value of stock options using the Black-Scholes valuation model.

The Black-Scholes valuation model takes into account the exercise price of the award, as well as a variety of significant assumptions. The assumptions used to estimate the fair value of stock options include the expected term, the expected volatility of our stock over the expected term, the risk-free interest rate over the expected term, and our expected annual dividend yield. We account for forfeitures as they occur. We believe that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of stock options granted. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

Included in the stock options granted during the year ended December 31, 2025 were 212,040 performance-based stock options awarded to Mr. Amlani, divided equally into two tranches based on bookings growth thresholds for fiscal years 2025 and 2026. In each case, vesting was contingent upon continued service through December 31 of the applicable performance year. Expense recognition for these awards is based on the grant-date fair value and reflects management's assessment of the probability of achieving the specified performance conditions.

During 2025, the performance condition for the 2025 tranche was not achieved and the related options were cancelled. Any compensation expense previously recognized for that tranche was reversed during 2025. Compensation expense related to the 2026 tranche, if any, will be recognized over the applicable service period in 2026.

On January 17, 2024, our stockholders approved a stock option exchange program (the "Exchange Offer") pursuant to which eligible employees, primarily consisting of our executive officers and senior management, were able to exchange certain stock options (the "Eligible Options") for replacement stock options with modified terms (the "New Options") as described below. We commenced the Exchange Offer on January 19, 2024.

The Exchange Offer expired on February 20, 2024. Pursuant to the Exchange Offer, nine employees elected to exchange their Eligible Options, and we accepted for cancellation Eligible Options to purchase an aggregate of 2,180,000 shares of common stock, representing approximately 96% of the total shares of common stock underlying the Eligible Options. Following the expiration of the Exchange Offer, on February 20, 2024, we granted New Options to purchase 933,073 shares of Common Stock, pursuant to the terms of the Exchange Offer and our 2023 Plan.

The exercise price per share of the New Options granted pursuant to the Exchange Offer was \$2.21 per share. Each New Option will vest and become exercisable, with respect to 50% of the shares of common stock underlying such New Option on the first anniversary of the grant date and, with respect to the remaining shares of common stock underlying such New Option, in twelve equal monthly installments thereafter, subject to the continuous service of the holder. The other terms and conditions of the New Options will be governed by the terms and conditions of the 2023 Plan and the nonstatutory stock option agreements entered into thereunder.

There was no incremental expense for the New Options as calculated using the Black-Scholes option pricing model. The unamortized expense remaining on the Eligible Options, as of the modification date, will be recognized over the new vesting schedule.

During the year ended December 31, 2024 we expensed an incremental \$0.3 million in stock based compensation expense related to the accelerated vesting of stock options of our former Chief Executive Officer.

Specific assumptions used to determine the fair value of options granted using the Black-Scholes valuation model were as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected term <sup>(1)</sup>	3.75-6.08 years	6.25 years
Expected volatility factor <sup>(2)</sup>	55-60%	53%
Risk-free interest rate <sup>(3)</sup>	3.7-4.4%	4.2%
Expected annual dividend yield	n/a	n/a

(1) The expected term for each grant was determined based on the simplified method.

(2) The expected volatility for each grant is estimated based on an average of historical volatility over the expected term of the stock options.

(3) The risk-free interest rate for each grant is based on the U.S. Treasury yield curve in effect at the time of grant for a period equal to the expected term of the stock option.

*Restricted Stock Units.* The 2023 Plan permits us to grant restricted stock units to our directors, officers, and employees. Upon vesting, each restricted stock unit entitles the recipient to receive a number of shares of common stock as set forth in the relevant restricted stock unit agreement. Stock-based compensation expense for restricted stock units is determined based on the fair market value of our stock on the date of grant, provided the number of shares in the grant is fixed on the grant date, and the related expense is recognized over the requisite service period as the awards vest.

Total restricted stock units outstanding at December 31, 2025 and 2024 were as follows:

	2025	2024
Unvested at beginning of the year	88,408	97,107
Granted	771,184	284,814
Issued	(365,455)	(173,513)
Forfeited or canceled	-	(120,000)
Unvested at year end	<u>494,137</u>	<u>88,408</u>

We granted 771,184 restricted stock units to directors and officers during the year ended December 31, 2025. The aggregate grant-date fair value of these awards was \$1.3 million, which will be recognized as stock-based compensation expense over the applicable vesting periods.

Of these restricted stock units, 122,818 shares vested shortly after June 30, 2025 and 127,537 vested shortly after December 31, 2025. 166,229 restricted stock units were granted on March 13, 2025 to Mr. Amlani in connection with an amendment to his employment agreement, all of which vested during 2025. Also, 354,600 restricted stock units were granted on June 13, 2025 to Mr. Amlani in connection with a further amendment to his employment agreement.

The March 13, 2025 amendment provided that 80% of Mr. Amlani's base salary for his service as our chief executive officer for the period from March 16, 2025 through December 31, 2025 was paid in restricted stock units. The award represented the right to receive 166,229 shares and vested in nine equal monthly installments beginning on April 16, 2025 and continuing on the 16th of each month through December 16, 2025.

The June 13, 2025 amendment provides that 75% of Mr. Amlani's base salary for his service as our chief executive officer for the period from January 1, 2026 through December 31, 2027 will be paid in restricted stock units. The award represents the right to receive 354,600 shares and will vest in twenty four equal monthly installments beginning on January 16, 2026 and continuing on the 16th of each month through December 16, 2027. All awards are subject to Mr. Amlani's continued service through the applicable vesting dates.

We granted 284,814 restricted stock units to directors, officers, and employees during the year ended December 31, 2024. The aggregate grant-date fair value of these awards was \$0.5 million, which will be recognized as stock-based compensation expense over the applicable vesting periods.

Of the restricted stock units granted in 2024, 70,406 vested shortly after June 30, 2024 and 70,408 vested shortly after December 31, 2024. Of the remaining 144,000 restricted stock units, 15,000 vested in November 2024, 6,000 vested in December 2024 and 18,000 are scheduled to vest in June 2025, 2026 and 2027 in 6,000 increments. The remaining 105,000 restricted stock units were forfeited in 2024 as a result of employee terminations.

As of December 31, 2025, unrecognized compensation cost related to restricted stock units was approximately \$0.6 million which is expected to be recognized over a weighted-average period of approximately 0.6 years.

*Unrestricted Stock Grants.* Our 2001 Plan, which was replaced by our 2023 Plan, permitted us to grant shares of unrestricted stock to our directors, officers, and employees. Stock-based compensation expense for stock grants is determined based on the fair market value of our stock on the date of grant; provided the number of shares in the grant is fixed on the grant date.

*Stock Options.* Total options outstanding at December 31, 2025 and 2024 were as follows:

	2025		2024	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,575,089	\$ 2.27	2,260,000	\$ 4.88
Granted (1)	1,613,322	1.73	1,573,073	2.14
Exercised	(4,000)	2.21	-	-
Forfeited or cancelled (1)	(794,736)	2.12	(2,257,984)	4.80
Outstanding at end of year	2,389,675	\$ 1.96	1,575,089	\$ 2.27
Exercisable at year end	465,381	\$ 2.60	644,082	\$ 2.51

(1) Includes 933,073 options granted and 2,180,000 cancelled pursuant to the Exchange Offer during the year ended 2024.

At December 31, 2025, the weighted average remaining contractual term for total options outstanding and total options exercisable was approximately 7.90 and 7.64 years, respectively.

At December 31, 2025, the aggregate intrinsic value of options outstanding and exercisable was \$0.2 million. The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option.

The following table summarizes the stock options outstanding at December 31, 2025:

Exercise Price Range	Options Outstanding			Options Exercisable	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Number	Weighted Average Exercise Price
\$1 to \$2	1,399,802	\$ 1.68	8.20	—	\$ —
\$2 to \$3	909,873	\$ 2.13	7.68	385,381	\$ 2.15
\$4 to \$5	80,000	\$ 4.73	5.15	80,000	\$ 4.73
	2,389,675	\$ 1.96	7.90	465,381	\$ 2.60

At December 31, 2025, unrecognized compensation expense related to non-vested stock options was approximately \$1.4 million, which is expected to be recognized over a weighted average period of 2.9 years.

We issue common stock from previously authorized but unissued shares to satisfy option exercises and purchases under our Employee Stock Purchase Plan.

**Employee Stock Purchase Plan** – In May 2021, we adopted the 2021 Employee Stock Purchase Plan (“2021 ESPP”) under which eligible employees could purchase common stock at a price equal to 85% of the lower of the fair market value of the common stock at the beginning or end of each six-month offering period. Participation in the 2021 ESPP is limited to \$25,000 worth of stock for each calendar year, may be terminated at any time by the employee, and automatically ends on termination of employment. A total of 1,000,000 shares of common stock were reserved for issuance under the 2021 ESPP, and as of December 31, 2025, there were 691,238 shares available for future issuance thereunder. We issued 56,166 and 53,440 shares under the 2021 ESPP Plan during the years ended December 31, 2025 and 2024, respectively.

**Share Purchases** – On March 1, 2022, our Board of Directors authorized a stock repurchase program pursuant to which we may purchase up to \$10.0 million of our common stock. On November 30, 2023, our Board of Directors extended the program through December 31, 2025. The stock repurchase program expired on December 31, 2025 and was not extended. As of December 31, 2025 we have repurchased \$2.1 million of our common stock pursuant to this program. During the years ended December 31, 2025 and 2024 we repurchased 75,457 and 137,086 shares of our common stock, respectively. The program did not obligate us to acquire any particular amount of common stock.

**Dividends** – We did not pay dividends in the years ended December 31, 2025 and 2024.

## 9. LEASES

We lease 20,730 rentable square feet at 76 Blanchard Road in Burlington, Massachusetts (the “Leased Space”) which has a term of ten years and six months, which includes a one-time termination right after seven years and six months. The term of the lease commenced on October 1, 2022, the date that the landlord notified us that the planned construction on the Leased Space was substantially complete. The lease provides for an aggregate of \$7.5 million of rent payments over the lease term and also provides a renewal option for up to two additional terms of five years each.

The components of lease expense included in the consolidated statements of operations and comprehensive loss are as follows (in thousands):

	For the Year Ended December 31,	
	2025	2024
Operating lease costs	\$ 733	\$ 733

Supplemental cash flow information related to the Company’s operating lease was as follows: cash paid for amounts included in the measurement of operating lease liabilities was \$0.7 million for both the years ended December 31, 2025 and 2024. The Company did not obtain any right-of-use assets in exchange for lease liabilities during 2025 or 2024.

Supplemental balance sheet information related to the Company’s operating lease was as follows (in thousands):

	As of December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 3,642	\$ 3,964
Current portion, operating lease liabilities	676	656
Operating lease liabilities, long term	3,292	3,588
Total operating lease liabilities	\$ 3,968	\$ 4,244
Weighted average remaining lease term (years)	7.3	8.3
Weighted average incremental borrowing rate	10.1%	10.1%

The discount rate implicit in the lease was not readily determinable, and as such, we engaged a third-party valuation specialist to calculate the incremental borrowing rate (“IBR”). The IBR was determined as of the lease commencement date and was dependent on several factors including the amount of lease payments, our credit rating based on a collateralized borrowing, the lease term and the currency of the lease.

Future minimum lease payments for operating leases with initial remaining terms in excess of one year as of December 31, 2025 are as follows:

2026	\$	708
2027		729
2028		751
2029		773
2030		797
Thereafter		1,881
Total lease payments		5,639
Less implied interest		(1,671)
Total operating lease liabilities	\$	<u>3,968</u>

#### 10. COMMITMENTS AND CONTINGENT LIABILITIES

**Litigation** - There are no material pending legal proceedings to which we are a party or to which any of our properties are subject which, either individually or in the aggregate, are expected to have a material adverse effect on our business, financial position or results of operations.

**Guarantees and Indemnification Obligations** – We enter into agreements in the ordinary course of business that require us: i) to perform under the terms of the contracts, ii) to protect the confidentiality of our customers’ intellectual property, and iii) to indemnify customers, including indemnification against third party claims alleging infringement of intellectual property rights. We also have agreements with each of our directors and executive officers to indemnify such directors or executive officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or officer of the Company.

Given the nature of the above obligations and agreements, we are unable to make a reasonable estimate of the maximum potential amount that we could be required to pay. Historically, we have not made any significant payments on the above guarantees and indemnifications, and no amount has been accrued in the accompanying consolidated financial statements with respect to these guarantees and indemnifications.

#### 11. EMPLOYEE BENEFIT PLAN

In 1994, we established a qualified 401(k) Retirement Plan (the “401K Plan”) under which employees are allowed to contribute certain percentages of their pay, up to the maximum allowed under Section 401(k) of the Internal Revenue Code. Our contributions to the 401K Plan are at the discretion of the Board of Directors. Our contributions were \$0.4 million and \$0.3 million in 2025 and 2024, respectively.

#### 12. NET LOSS PER SHARE

The number of common shares used in the computation of diluted net loss per share for the periods presented does not include the effect of the following potentially outstanding common shares because the effect would have been anti-dilutive (in thousands):

	Year ended December 31,	
	2025	2024
Stock options	2,390	1,573

Net loss per share is calculated as follows (in thousands, except per share data):

	Year ended December 31,	
	2025	2024
Net loss	(5,873)	(4,431)
<b>Shares outstanding:</b>		
Weighted-average common shares outstanding	21,183	21,139
Additional dilutive common stock equivalents	—	—
Diluted shares outstanding	21,183	21,139
Net loss per share – basic	\$ (0.28)	\$ (0.21)
Net loss per share - diluted	\$ (0.28)	\$ (0.21)

#### 13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 6, 2026, the date the consolidated financial statements were issued.

#### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our chief executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

### **Evaluation of Changes in Internal Control Over Financial Reporting**

In December 2024, our Chief Executive Officer resigned, and our Chief Financial Officer assumed the role of Interim Chief Executive Officer while continuing to serve as Chief Financial Officer. In February 2025, we hired a new Chief Executive Officer, and the Interim Chief Executive Officer stepped down from that role while continuing in his role as Chief Financial Officer. While these leadership transitions represent significant changes in our executive team, we have assessed their impact on our internal control over financial reporting and determined that these changes have not materially affected the design or operation of our internal controls.

We have updated our internal control documentation in light of these organizational changes. We will continue to monitor and update our internal control processes as necessary to ensure their effectiveness.

### **Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13(a)-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

## **ITEM 9B. OTHER INFORMATION**

During the three months ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

## **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 of Form 10-K is incorporated by reference from the information contained in the sections captioned “*Directors and Executive Officers*”, “*Corporate Governance*” and “*Section 16(a) Beneficial Ownership Reporting Compliance*” in the Proxy Statement that will be delivered to our shareholders in connection with our July 15, 2026 Annual Meeting of Shareholders.

#### ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 of Form 10-K is incorporated by reference from the information contained in the section captioned “*Executive Compensation*” in the Proxy Statement that will be delivered to our shareholders in connection with our July 15, 2026 Annual Meeting of Shareholders.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 of Form 10-K is incorporated by reference from the information contained in the section captioned “*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*” in the Proxy Statement that will be delivered to our shareholders in connection with our July 15, 2026 Annual Meeting of Shareholders.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information, if any, required by Item 13 of Form 10-K is incorporated by reference from the information contained in the sections captioned “*Corporate Governance*” and “*Certain Relationships and Related Transactions*” in the Proxy Statement that will be delivered to our shareholders in connection with our July 15, 2026 Annual Meeting of Shareholders.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 of Form 10-K is incorporated by reference from the information contained in the section captioned “*Independent Accountants*” in the Proxy Statement that will be delivered to our shareholders in connection with our July 15, 2026 Annual Meeting of Shareholders.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

The following documents are filed as part of this report:

(a) Financial Statements and Exhibits:

	<u>Page</u>
<a href="#">(1) Report of Independent Registered Public Accounting Firm</a> (PCAOB ID No. 49)	26
<a href="#">Consolidated Balance Sheets as of December 31, 2025 and 2024</a>	28
<a href="#">Consolidated Statements of Operations and Comprehensive Loss for each of the two years in the period ended December 31, 2025</a>	29
<a href="#">Consolidated Statements of Cash Flows for each of the two years in the period ended December 31, 2025</a>	30
<a href="#">Consolidated Statements of Stockholders' Equity for each of the two years in the period ended December 31, 2025</a>	31
<a href="#">Notes to Consolidated Financial Statements</a>	33

(b) Exhibits:

The exhibits listed below are filed with or incorporated by reference in this report.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	<a href="#">Amended and Restated Articles of Organization, as amended (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference).</a>
3.2	<a href="#">Amended and Restated By-Laws (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 10, 2007 and incorporated herein by reference).</a>
4.1	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference).</a>
10.1*	<a href="#">2021 Employee Stock Purchase Plan, (filed as Annex A to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 9, 2021 and incorporated herein by reference).</a>
10.2*	<a href="#">Form of Indemnification Agreement for Directors and Officers of Aware, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 22, 2011 and incorporated herein by reference).</a>
10.3*	<a href="#">2001 Nonqualified Stock Plan (filed as Exhibit 99(d)(4) to the Company's Schedule TO filed with the Securities and Exchange Commission on March 3, 2003 and incorporated herein by reference).</a>
10.4*	<a href="#">Form of Nonqualified Stock Option Agreement under the 2001 Nonqualified Stock Plan for options granted to executive officers and directors prior to May 21, 2008 (filed as Exhibit 10.6 to Company's Annual Report on Form 10-K for the year ended December 31, 2006 and incorporated herein by reference).</a>
10.5*	<a href="#">Form of Nonqualified Stock Option Agreement under the 2001 Nonqualified Stock Plan for options granted to executive officers and directors from and after May 21, 2008 (filed as Exhibit 10.8 to Company's Form 8-K on May 22, 2008 and incorporated herein by reference).</a>
10.6*	<a href="#">Form of Unrestricted Stock Award for outside directors of Aware under the 2001 Nonqualified Stock Plan (filed as Exhibit 10.1 to Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 28, 2010 and incorporated herein by reference).</a>
10.7*	<a href="#">Form of Unrestricted Stock Award for officers of Aware under the 2001 Nonqualified Stock Plan (filed as Exhibit 10.2 to Company's Form Current Report on 8-K filed with the Securities and Exchange Commission on July 28, 2010 and incorporated herein by reference).</a>

- 10.8\* [Form of Unrestricted Stock Award for executive officers and directors of Aware, Inc. under the 2001 Nonqualified Plan \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 4, 2013 and incorporated herein by reference\).](#)
- 10.9\* [Employment Agreement between Aware, Inc. and Mohamed Lazzouni \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 19, 2019 and incorporated herein by reference\).](#)
- 10.10\* [Aware, Inc. 2025 Executive Bonus Plan \(incorporated by reference to Item 5.02 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2025 and incorporated herein by reference\).](#)
- 10.11 [Lease dated as of March 1, 2022 by and between 76/80 Burlington Group, LLC and Aware, Inc. \(filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission and incorporated herein by reference\).](#)
- 10.12\* [Aware, Inc. 2023 Equity and Incentive Plan \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 18, 2024 and incorporated herein by reference\).](#)
- 10.13\* [Form of Incentive Stock Option Agreement under the Aware, Inc. 2023 Equity and Incentive Plan \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 18, 2024 and incorporated herein by reference\).](#)
- 10.14\* [Form of Nonstatutory Stock Option Agreement under the Aware, Inc. 2023 Equity and Incentive Plan \(filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 18, 2024 and incorporated herein by reference\).](#)
- 10.15\* [Form of Restricted Stock Unit Award Agreement under the Aware, Inc. 2023 Equity and Incentive Plan \(filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 18, 2024 and incorporated herein by reference\).](#)
- 10.16\* [Employment Agreement between Aware, Inc. and David Traverse dated June 1, 2024 filed as Exhibit 10.16 to the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission on March 13, 2025 and incorporated herein by reference\).](#)
- 10.17\* [Employment Agreement between Aware, Inc. and Ajay Amlani dated February 3, 2025 \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 5, 2025 and incorporated herein by reference\).](#)
- 10.18\* [Employment Agreement between Aware, Inc. and Brian Krause dated March 5, 2025 filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10Q filed with the Securities and Exchange Commission on May 2, 2025 and incorporated herein by reference\).](#)
- 10.19\* [Form of Performance-based Stock Option Agreement under the Aware, Inc. 2023 Equity and Incentive Plan \(filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission and incorporated herein by reference\).](#)
- 10.20\* [Amendment to Employment Agreement dated as of March 13, 2025 by and between Aware, Inc. and Ajay K. Amlani \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 17, 2025 and incorporated herein by reference\).](#)
- 10.21\* [Employment Agreement dated as of May 12, 2025 by and between Aware, Inc. and Lona Therrien filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10Q filed with the Securities and Exchange Commission on August 1, 2025 and incorporated herein by reference\).](#)
- 10.22\* [Amendment to employment Agreement dated as of June 13, 2025 by and between Aware, Inc. and Ajay K. Amlani \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 16, 2025 and incorporated herein by reference\).](#)

- 19.1  [Aware, Inc. Amended and Restated Insider Trading Policy \(filed as Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission and incorporated herein by reference\).](#)
- 21.1 [Subsidiaries of Registrant.](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm.](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 97.1 [Aware Inc. Compensation Recovery Policy \(filed as Exhibit 97.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and incorporated herein by reference\).](#)
- 101 The following financial statements from Aware, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2025, formatted in inline XBRL (eXtensible Business Reporting Language), as follows: (i) Consolidated Balance Sheets as of December 31, 2025 and December 31, 2024; (ii) Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2025 and December 31, 2024; (iii) Consolidated Statements of Cash Flows for the Years Ended December 31, 2025 and December 31, 2024; (iv) Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2025 and December 31, 2024 and (v) Notes to Consolidated Financial Statements.
- 104 Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\*Management contract or compensatory plan.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### AWARE, INC.

By: /s/ Ajay K. Amlani  
Ajay K. Amlani  
Chief Executive Officer & President

By: /s/ David K. Traverse  
David K. Traverse  
Chief Financial Officer

Date: March 6, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 6th day of March 2026.

### Signature

### Title

<u>/s/ Ajay K. Amlani</u> Ajay K. Amlani	Chief Executive Officer, President & Director (Principal Executive Officer)
<u>/s/ David K. Traverse</u> David K. Traverse	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Gary Eeve</u> Gary Eeve	Chairman of the Board & Director
<u>/s/ John S. Stafford, III</u> John S. Stafford, III	Director
<u>/s/ Brian D. Connolly</u> Brian D. Connolly	Director
<u>/s/ Brent P. Johnstone</u> Brent P. Johnstone	Director
<u>/s/ Peter Faubert</u> Peter Faubert	Director

SUBSIDIARIES OF REGISTRANT

**Name of Organization**

Aware Security Corporation  
Fort3ss, Inc.

**Jurisdiction**

Massachusetts  
Delaware

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements (333-62020, 333-106569, 333-261273, and 333-276900) on Form S-8 of Aware, Inc. of our report dated March 6, 2026, relating to the consolidated financial statements, of Aware, Inc. and its subsidiaries, appearing in this Annual Report on Form 10-K of Aware, Inc. for the year ended December 31, 2025.

/s/ RSM US LLP  
Boston, Massachusetts  
March 6, 2026

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**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Ajay K. Amlani, Chief Executive Officer of Aware, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Aware, Inc.;
2. Based on my knowledge, annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2026

/s/ Ajay K. Amlani

Ajay K. Amlani

Chief Executive Officer & President

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**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, David K. Traverse, Chief Financial Officer of Aware, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Aware, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2026

/s/ David K. Traverse  
David K. Traverse  
Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report on Form 10-K of Aware, Inc. (the "Company") for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Chief Executive Officer and Principal Financial Officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ajay K. Amlani  
Ajay K. Amlani  
Chief Executive Officer & President

/s/ David K. Traverse  
David K. Traverse  
Chief Financial Officer

Date: March 6, 2026

Date: March 6, 2026

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-K or as a separate disclosure document of the Company or the certifying officers.

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