

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

FORM 8-K

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

Date of Report (date of earliest event reported): November 1, 2023

AWARE, INC.

(Exact name of registrant as specified in its charter)

Massachusetts  
(State or other jurisdiction  
of incorporation)

000-21129  
(Commission  
File Number)

04-2911026  
(IRS Employer  
Identification No.)

76 Blanchard Road, Burlington, MA, 01803  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (781) 687-0300

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	AWRE	The Nasdaq Global Market

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

Emerging growth company ☐

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

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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 1, 2023, Aware, Inc. issued the press release, attached to this Form 8-K as Exhibit 99.1, describing the results of operations and financial condition of the company as of and for the quarter ended September 30, 2023.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

No financial statements are required to be filed as part of this Report. The following exhibits are filed as part of this report:

(d) EXHIBITS.

Number	Description
99.1	<a href="#">Press release issued by Aware, Inc. on November 1 2023.</a>
99.2	<a href="#">Investor presentation</a>
104	Cover Page Interactive Data File (embedded within XBRL document)

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**SIGNATURE**

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

AWARE, INC.

Dated: November 1, 2023

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

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## Aware Reports Third Quarter and Nine Month 2023 Financial Results

*Quarterly Total Revenue Increased 112% from prior year quarter to \$6.4 Million*

*Generated \$2.5 million in Operating Cashflow in Q3 2023, the Highest Quarterly Level Since Q4 2018*

**BURLINGTON, MASS.** – November 1, 2023 –Aware, Inc. (NASDAQ: AWRE), a global biometric platform company that uses data science, machine learning, and artificial intelligence to tackle everyday business and identity challenges through biometrics, today reported financial results for the third quarter ended September 30, 2023.

### Third Quarter 2023 and Nine Month 2023 Financial Highlights

- Total revenue for the third quarter of 2023 increased 112% to \$6.4 million compared to \$3.0 million in the third quarter of 2022.
- Total revenue for the nine months ended September 30, 2023, increased 16% to \$13.9 million, compared to \$11.9 million in the same year-ago period.
- Operating cashflow for the third quarter of 2023 totaled \$2.5 million, compared to cash usage of \$2.0 million in the same year-ago period.
- Net income for the third quarter of 2023 totaled \$1.1 million, or \$0.05 per diluted share. Adjusted EBITDA (a non-GAAP metric reconciled below) for the third quarter of 2023 totaled \$0.4 million.
- Based on results for the first nine months of 2023, and line of sight into the fourth quarter ending December 31, 2023, the Company reiterates its full-year guidance for total revenue and annual recurring revenue (ARR) growth of 15% and to exit the year with neutral operating cashflow.
- Strong balance sheet with \$27.5 million of cash and cash equivalents and marketable securities.
- Repurchased 81,083 common shares of stock at a weighted average price of \$1.52 per share as part of the company's previously announced share buyback program.

### Third Quarter 2023 and Recent Operational Highlights

- Secured a \$3.4 million contract with the U.S. government which includes five-years of annual maintenance options that could value the total contract at \$5.1 million. We also deployed AwareABIS to three law enforcement agencies. Along with the \$5 million contract we secured with our largest BioSP customer in Q2, these are expected to contribute over \$1.5 million to the Company's annual recurring revenue.



- Launched a formal partner program that enables midmarket and large technology providers, value-added-resellers (VARs) and consulting partners to increase their revenue streams by leveraging Aware’s biometric solutions.
- Enhanced AwareID® platform with facial identification capabilities, superior backend support and optimized user experience which includes a new developer hub.
- Aware’s facial presentation attack detection (PAD) algorithms were ranked a top performer for both impersonation and evasion detection in one of the use cases of the National Institute of Standards and Technology’s Face Analysis Technology Evaluation (FATE) Benchmarking test, which tested 82 presentation attack detection algorithms.

#### Management Commentary

“Our strong third quarter performance reflects our continued efforts to increase ARR and drive sustainable future growth,” said Robert Eckel, Aware’s Chief Executive Officer and President. “This quarter we secured several deals that we expect to meaningfully contribute to our recurring revenue, including a multi-year contract with a large agency of the U.S. federal government. Moreover, the debut of our formal partner program and rollout of additional product enhancements to our SaaS platform are expanding our reach and enabling new revenue streams in both the government and commercial space, while simultaneously optimizing our costs.”

“Aware continues to secure business in competitive markets, and does so in a proven, responsible, and trusted way” continued Eckel. “Our leading biometric technology and ability to adapt to customers’ needs while remaining demographically neutral allows us to leverage partnerships to gain additional market share as well as capitalize on the growing traction for AwareID® and broader industry tailwinds. With a reinforced partner-centric sales strategy, positive customer renewal rate, success with expansion of existing customers and high-fidelity pipeline of promising opportunities, we continue our confidence that we can achieve or exceed our financial goals to grow total revenue and ARR by 15% in 2023 and to exit the year with neutral cashflow. As we move through the fourth quarter, we look forward to building upon the progress we’ve made this year to further enhance revenue and shareholder value.”

#### Third Quarter 2023 Financial Results

Revenue for the third quarter of 2023 was \$6.4 million, compared to \$3.2 million in the second quarter of 2023 and \$3.0 million in the same year-ago period. The sequential and year-over-year increase in revenue was primarily due to an increase in software licenses revenue.

Recurring revenue (a non-GAAP metric reconciled below) for the third quarter of 2023 totaled \$2.2 million, an increase of 4% compared to \$2.1 million in the third quarter of 2022.

Net income for the third quarter of 2023 totaled \$1.1 million, or \$0.05 per diluted share, which compares to net loss of \$2.7 million, or \$(0.13) per diluted share, in the second quarter of 2023 and net income of \$2.6 million, or \$0.12 per diluted share, in the same year-ago period. Net income for the third quarter of 2023 included a \$0.8 million one-time gain related to our fair value adjustment to the contingent acquisition payment from our 2021 acquisition of FortressID. Net income for the third quarter of 2022 included a \$5.7 million one-time gain related to the sale of the company’s building located in Bedford, MA in July 2022.

Adjusted EBITDA (a non-GAAP metric reconciled below) for the third quarter of 2023 totaled \$0.4 million, compared to adjusted EBITDA loss of \$2.4 million in the second quarter of 2023 and adjusted EBITDA loss of \$2.5 million in the same year-ago period. The significant sequential and year-over-year improvement in adjusted EBITDA was primarily due to higher revenue.

#### Nine Month 2023 Financial Results

Revenue for the nine months ended September 30, 2023 was \$13.9 million, compared to \$11.9 million in the same year-ago period. The increase in revenue was primarily due to higher software licenses revenue.

Recurring revenue (a non-GAAP metric reconciled below) for the nine months ended September 30, 2023 totaled \$7.3 million, an increase of 3% compared to \$7.1 million in the same year-ago period.

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Net loss for the nine months ended September 30, 2023 totaled \$3.1 million, or \$(0.15) per diluted share, which compares to net income of \$31,000, or \$0.00 per diluted share, in the same year-ago period. Net income for the nine months ended September 30, 2023 included a \$0.8 million one-time gain related to our fair value adjustment to the contingent acquisition payment from our 2021 acquisition of FortressID. Net income for the nine months ended September 30, 2022 included a \$5.7 million one-time gain related to the sale of the company’s building located in Bedford, MA in July 2022.

Adjusted EBITDA loss (a non-GAAP metric reconciled below) for the nine months ended September 30, 2023 was \$3.3 million, compared to adjusted EBITDA loss of \$3.9 million in the same year-ago period. The decrease in adjusted EBITDA loss was primarily due to higher revenue.

Cash, cash equivalents and marketable securities totaled \$27.5 million as of September 30, 2023, compared to \$29.0 million as of December 31, 2022.

### Webcast

Aware management will host a webcast today, November 1, 2023, at 5:00 p.m. Eastern time to discuss these results and provide an update on business conditions. A question-and-answer session will follow management’s prepared remarks.

Date: Wednesday, November 1, 2023

Time: 5:00 p.m. Eastern time (2:00 p.m. Pacific time)

Webcast: [Register Here](#)

The presentation will be made available for replay in the [investor relations](#) section of the Company’s [website](#). The audio recording will be available for approximately 90 days following the live event.

### About Aware

Aware is a global biometric platform company that uses data science, machine learning, and artificial intelligence to tackle everyday business and identity challenges through biometrics. For over 30 years we’ve been a trusted name in the field. Aware’s offerings address the growing challenges that government and commercial enterprises face in knowing, authenticating and securing individuals through frictionless and highly secure user experiences. Our algorithms are based on diverse operational data sets from around the world, and we prioritize making biometric technology in an ethical and responsible manner. Aware is a publicly held company (NASDAQ: AWRE) based in Burlington, Massachusetts. To learn more, visit our [website](#) or follow us on [LinkedIn](#) and [X](#).

### Safe Harbor Warning

Portions of this release contain forward-looking statements regarding future events and are subject to risks and uncertainties, such as estimates or projections of future revenue, earnings and non-recurring charges, and the growth of the biometrics markets. Aware wishes to caution you that there are factors that could cause actual results to differ materially from the results indicated by such statements.

Risk factors related to our business include, but are not limited to: i) our operating results may fluctuate significantly and are difficult to predict; ii) we derive a significant portion of our revenue from government customers, and our business may be adversely affected by changes in the contracting or fiscal policies of those governmental entities; iii) a significant commercial market for biometrics technology may not develop, and if it does, we may not be successful in that market; iv) we derive a significant portion of our revenue from third party channel partners; v) the biometrics market may not experience significant growth or our products may not achieve broad acceptance; vi) we face intense competition from other biometrics solution providers; vii) our business is subject to rapid technological change; viii) our software products may have errors, defects or bugs which could harm our business; ix) our business may be adversely affected by our use of open source software; x) we rely on third party software to develop and provide our solutions and significant defects in third party software could harm our business; xi) part of our future business is dependent on market demand for, and acceptance of, the cloud-based model for the use of software; xii) our operational systems and networks and products may be subject to an increasing risk of continually evolving cybersecurity or other technological risks which could result in the disclosure of company or customer confidential information, damage to our reputation, additional costs, regulatory penalties and financial losses; xiii) our intellectual property is subject to limited protection; xiv) we may be sued by third parties for alleged infringement of their proprietary rights; xv) we must attract and retain key personnel; xvii) our business may be affected by government regulations and adverse economic conditions; xviii) we may make acquisitions that could adversely affect our results; and xix) we may have additional tax liabilities.

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We refer you to the documents Aware files from time to time with the Securities and Exchange Commission, specifically the section titled Risk Factors in our annual report on Form 10-K for the fiscal year ended December 31, 2022 and other reports and filings made with the Securities and Exchange Commission.

**AWARE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Software licenses	\$ 4,391	\$ 814	\$ 7,535	\$ 5,459
Software maintenance	1,889	1,786	5,491	5,267
Services and other	101	415	844	1,219
Total revenue	<u>6,381</u>	<u>3,015</u>	<u>13,870</u>	<u>11,945</u>
Costs and expenses:				
Cost of services and other revenue	410	282	1,033	920
Research and development	2,264	2,279	6,909	6,932
Selling and marketing	2,171	1,874	6,118	5,067
General and administrative	1,601	1,808	4,679	4,895
Fair value adjustment to contingent acquisition payment	(812)	—	(812)	—
Gain on sale of fixed assets	—	(5,672)	—	(5,672)
Total costs and expenses	<u>5,634</u>	<u>571</u>	<u>17,927</u>	<u>12,142</u>
Operating income (loss)	747	2,444	(4,057)	(197)
Interest income	397	155	982	228
Net income (loss)	<u>\$ 1,144</u>	<u>\$ 2,599</u>	<u>\$ (3,075)</u>	<u>\$ 31</u>
Net income (loss) per share – basic	\$ 0.05	\$ 0.12	\$ (0.15)	\$ 0.00
Net income (loss) per share – diluted	\$ 0.05	\$ 0.12	\$ (0.15)	\$ 0.00
Weighted-average shares – basic	21,049	21,725	21,017	21,674
Weighted-average shares – diluted	21,131	21,798	21,017	21,733

**AWARE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(unaudited)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,683	\$ 11,749
Marketable securities	21,839	17,229
Accounts and unbilled receivables, net	8,291	6,246
Tax receivable	—	1,362
Property and equipment, net	616	726
Goodwill and intangible assets, net	5,615	5,926
Note receivable	2,695	2,601
Right of use assets	4,332	4,538
Other assets, net	1,111	815
Total assets	<u>\$ 50,182</u>	<u>\$ 51,192</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued expense	\$ 1,877	\$ 1,921
Deferred revenue	5,912	3,733
Operating lease liability	4,528	4,517
Contingent acquisition payment	—	812
Total stockholders' equity	37,865	40,209
Total liabilities and stockholders' equity	<u>\$ 50,182</u>	<u>\$ 51,192</u>

**Non-GAAP Measures**

We define adjusted EBITDA as U.S. GAAP net loss plus depreciation of fixed assets and amortization of intangible assets, stock-based compensation expenses, other (expense) income, net, and income tax provision. We discuss adjusted EBITDA in our quarterly earnings releases and certain other communications, as we believe adjusted EBITDA is an important measure. We use adjusted EBITDA in internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to our Board of Directors, and evaluating short-term and long-term operating trends in our operations. We believe that the adjusted EBITDA financial measure assists in providing an enhanced understanding of our underlying operational measures to manage the business, to evaluate performance compared to prior periods and the marketplace, and to establish operational goals. We believe that the adjusted EBITDA adjustments are useful to investors because they allow investors to evaluate the effectiveness of the methodology and information used by management in our financial and operational decision-making.

We define recurring revenue as the portion of Aware revenue that is based on a term arrangement and is likely to continue in the future, such as annual maintenance or subscription contracts. We use recurring revenue as a metric to communicate the portion of our revenue that has greater stability and predictability. We believe that recurring revenue assists in providing an enhanced understanding of effectiveness of our efforts to transition to a subscription-based business model.

Adjusted EBITDA and recurring revenue are non-GAAP financial measures and should not be considered in isolation or as a substitute for financial information provided in accordance with U.S. GAAP. These non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenses similar to the financial adjustments described above in arriving at adjusted EBITDA and investors should not infer from our presentation of this non-GAAP financial measure that these costs are unusual, infrequent or non-recurring. The following table includes the reconciliations of our U.S. GAAP net income (loss), the most directly comparable U.S. GAAP financial measure, to our adjusted EBITDA for the three and nine months ended September 30, 2023 and 2022 and for the three months ended June 30, 2023 and (ii) our U.S. GAAP revenue, the most directly comparable U.S. GAAP financial measure, to our recurring revenue for the three and nine months ended September 30, 2023 and 2022.

**AWARE, INC.**  
**Reconciliation of GAAP Net loss to Adjusted EBITDA**  
(In thousands)  
(unaudited)

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Net income (loss)	\$ 1,144	\$ (2,652)	\$ 2,599
Depreciation and amortization	140	148	141
Stock based compensation	360	403	548
Fair value adjustment to contingent acquisition payment	(812)	—	—
Gain on sale of fixed assets	—	—	(5,672)
Interest income	(397)	(284)	(155)
Adjusted EBITDA	\$ 435	\$ (2,385)	\$ (2,539)

	Nine Months Ended September 30,	
	2023	2022
Net income (loss)	\$ (3,075)	\$ 31
Depreciation and amortization	437	587
Stock based compensation	1,097	1,356
Fair value adjustment to contingent acquisition payment	(812)	—
Gain on sale of fixed assets	—	(5,672)
Interest income	(982)	(228)
Adjusted EBITDA	\$ (3,335)	\$ (3,926)

**AWARE, INC.**  
**Revenue Breakout**  
(In thousands)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2023	June 2023	September 30, 2022	September 30, 2023	September 30, 2022
Recurring revenue:					
Software subscriptions	\$ 292	\$ 304	\$ 444	1,824	2,159
Software maintenance	1,889	1,767	1,646	5,491	4,957
Total recurring revenue	2,181	2,071	2,090	7,315	7,116
Non-recurring revenue:					
Software licenses	4,099	735	510	5,711	3,610
Services and other	101	378	415	844	1,219
Total non-recurring revenue	4,200	1,113	925	6,555	4,829
Total revenue	\$ 6,381	\$ 3,184	\$ 3,015	\$ 13,870	\$ 11,945
	###				

Aware is a registered trademark of Aware, Inc.

Flutter and the related logo are trademarks of Google LLC. Aware is not endorsed by or affiliated with Google LLC.

NASDAQ: AWRE

**Aware, Inc.**



**Biometrics  
Simplified**



## Safe Harbor Statement

*Portions of this presentation contain forward-looking statements regarding future events and are subject to risks and uncertainties, such as estimates or projections of future revenue, earnings and non-recurring charges, and the growth of the biometrics markets. Aware wishes to caution you that there are factors that could cause actual results to differ materially from the results indicated by such statements.*

*Risk factors related to our business include, but are not limited to: i) our operating results may fluctuate significantly and are difficult to predict; ii) we derive a significant portion of our revenue from government customers, and our business may be adversely affected by changes in the contracting or fiscal policies of those governmental entities; iii) a significant commercial market for biometrics technology may not develop, and if it does, we may not be successful in that market; iv) we derive a significant portion of our revenue from third party channel partners; v) the biometrics market may not experience significant growth or our products may not achieve broad acceptance; vi) we face intense competition from other biometrics solution providers; vii) our business is subject to rapid technological change; viii) our software products may have errors, defects or bugs which could harm our business; ix) our business may be adversely affected by our use of open source software; x) we rely on third party software to develop and provide our solutions and significant defects in third party software could harm our business; xi) part of our future business is dependent on market demand for, and acceptance of, the cloud-based model for the use of software; xii) our operational systems and networks and products may be subject to an increasing risk of continually evolving cybersecurity or other technological risks which could result in the disclosure of company or customer confidential information, damage to our reputation, additional costs, regulatory penalties and financial losses; xiii) our intellectual property is subject to limited protection; xiv) we may be sued by third parties for alleged infringement of their proprietary rights; xv) we must attract and retain key personnel; xvii) our business may be affected by government regulations and adverse economic conditions; xviii) we may make acquisitions that could adversely affect our results, xix) we may have additional tax liabilities; and xx) our business and operations could be adversely affected by health epidemics, including the current COVID-19 pandemic, impacting the markets and communities in which we, our partners and clients operate.*

*We refer you to the documents Aware files from time to time with the Securities and Exchange Commission, specifically the section titled Risk Factors in our annual report on Form 10-K for the fiscal year ended December 31, 2022 and other reports and filings made with the Securities and Exchange Commission.*





# AWARE

Biometrics  
Simplified

We are a global biometric platform company that uses data science, machine learning, and artificial intelligence to tackle everyday business and identity challenges through biometrics.

Trusted Since 1993

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# Investment Highlights

- ✓ Growing Markets
- ✓ Proven Products
- ✓ Partner Leveraged



Global market for biometric technology **expected to grow >20% between now and 2027<sup>1</sup>**.



**Expanded portfolio** of proven, world-class solutions are **ready to fuel immediate growth** for current, emerging and future use cases.



For more than a decade, data, AI and machine learning have powered **our portfolio**, based on our **full stack model** for all onboarding and authentication needs, and **built on diverse operational datasets** from around the world.




Strong global customer base and partner-centric model provide **leverage** and **significant room for expansion**.

## Simple Biometrics for complex Identity Challenges



*Mobile and Web-based  
onboarding & authentication*

**B2B**  
Identity Verification



*Web-based enrollment &  
Standards compliance*

*Forensic Investigation*

**B2G**  
Biometric Capture, Search & Workflow Management

# A Growing Need for Authentication


## CUSTOMERS ARE DEMANDING A FRICTIONLESS, SECURE USER EXPERIENCE

Poor onboarding harms brand reputation. 

**1/2** Less likely to use in the future   **1/3** Will tell their friends to do the same

 **23%** abandonment rates since 2016

**25%** of customers consider onboarding process too difficult

  
**1 in 5 users abandoned the process**  
because it took too long

## CATALYST FOR CHANGE: CURRENT DIGITAL ONBOARDING METHODS



**2.2 million**  
fraud reports in 2020<sup>2</sup>



**47%** of Americans  
financial identity theft in 2020<sup>3</sup>

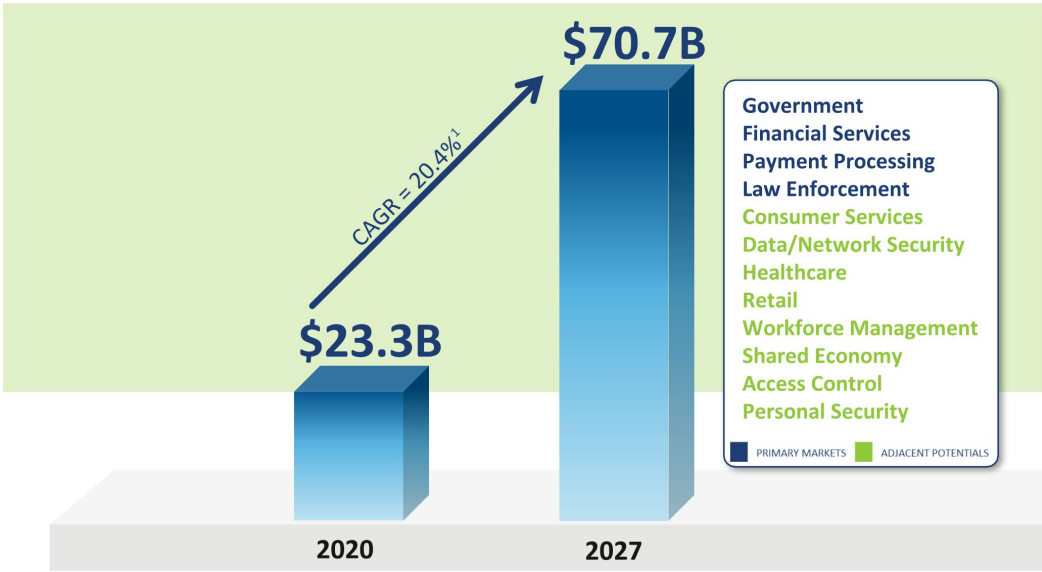
**9 in 10 Americans**

  
encountered a fraud attempt in the past year<sup>4</sup>

**33 MILLION**  
(1 in 6) Americans lost money  
to identity theft last year<sup>4</sup>

Consumers lost more than  
**\$56 BILLION**  
to identity theft and fraud in 2020<sup>5</sup>

# Compelling Addressable Market



Market drivers are universal across industry verticals.

- Consumer demand for convenience ↑
- Need for business efficiencies ↑
- Consumer biometric adoption ↑
- New government regulations ↑
- Instances of identity fraud ↑
- Occurrence of data breaches ↑

# Expansive portfolio simplifies biometrics to solve complex challenges

Once complex solutions are now simplified through biometrics.



## COMPLETE SOLUTIONS

FOR THOSE LOOKING FOR TURN-KEY:

**AwareID®** is lightning-fast identity verification, MFA & multi-modal biometrics pre-configured in a single, low-code platform.

**AwareABIS™** is enterprise-scale identification & deduplication system pre-configured for civil & criminal applications with fingerprint and face-based search.



## FRAMEWORKS

FOR THOSE LOOKING FOR A STARTING POINT:

**Knomi®** framework provides proven, secure and convenient facial and speaker recognition with liveness for mobile, multi-factor authentication.



## CONNECTORS

FOR THOSE LOOKING TO CONNECT SYSTEMS:

**BioSP™** is modular, agnostic middleware, pre-configured to enable advanced biometric data processing, management and orchestration between separate systems while giving customers complete control.



## BUILDING BLOCKS

FOR THOSE LOOKING TO DIY:

Aware's **SDKs, APIs, applications, and subsystems** are hardened and proven to fulfill critical functions within biometric ID and authentication systems.

Aware leads in balancing security and user experience through technology—for the few and at scale.

**A true global presence with strong foundations:**

**Growing Markets, Proven Products, Partner Leverage**

**\$27.5M** in cash, cash equivalents & marketable securities

**\$0** Debt

**38%** Insider Ownership

**~80** Patents and numerous trade secrets

**4** Cutting-edge technology offerings

**50+** Industry-leading technology building blocks

**30** Years in the industry

**>90%** customer retention rate in 2022

**TRUSTED BY:**

**All 3**  
Branches of U.S. Gov't.

**60+**  
Partners

**20+**  
Countries

**20+**  
Financial Institutions

**150+**  
Law Enforcement Agencies

# Go-to-market Leverages our Ecosystem

Focus on new logos through partners and expansion with existing customers



# The **A**ware **A**dvantage

## Key Points of Differentiation



### PROVEN

**Well-capitalized, government and commercially chosen, and hardened and trusted since 1993.**

Government Chosen | Commercially Chosen  
On NASDAQ | Certified/Compliant

### RESPONSIBLE

**Technology uses AI & ML to create software that ethically achieves demographic neutrality and equity.**

Consent-based Infrastructure | Powerful Biometric Data  
Orchestration | Lightning-Fast Performance Enhancements |  
Out-of-the-Box User ready Functionality

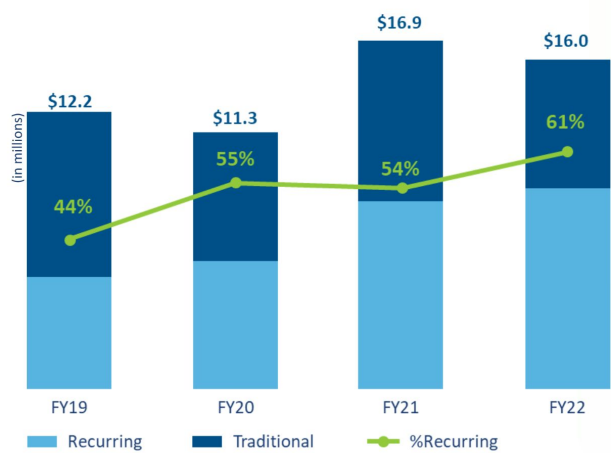
### TRUSTED

**Entire portfolio prevents threats and asserts the integrity of identity in a future-proof way.**

In-House Expertise | Zero Outsourced Biometrics | Robust  
Portfolio | Flexible Deployment Options | Recognized Verification,  
Identification, & Liveness Experts | Future-Proof Infrastructure



# Financial Foundation For Growth



Growing revenue while converting to higher quality, recurring revenue.

## 21% CAGR Recurring Revenue

FY22 HIGHLIGHTS:  
**92% Gross Margins**  
**14% Subscription Growth**  
**> 300 Customers**

FY23 GUIDANCE:  
**15% ARR Growth**  
**>\$0 Operating Cashflow<sup>1</sup> exiting 2023**

1. Neutral to positive Q4'23 operating cashflow taking into consideration seasonal timing of cash outlays.



Growing Markets  
+  
Proven Products  
+  
Partner Leverage

**Great Potential**

## KEY TAKEAWAYS

1. A leading authentication company applying proven and trusted adaptive authentication to solve everyday business challenges with biometrics
2. Attractive market opportunity supported by robust industry tailwinds and drivers
3. Expanded partner-centric sales strategy gaining traction and building pipeline
4. Strong outlook for growth - total revenue and ARR expected to grow 15%+ in 2023
5. Solid balance sheet with \$27.3M (~\$1.30/share<sup>1</sup>) in cash and cash equivalents and marketable securities

1. As of 3/31/2023



**Aware**

76 Blanchard Road, Suite 200  
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# Appendix: Case Studies

# CUSTOMER CASE STUDY:

## Partner

### THE CHALLENGE

A leading air transport communications and IT company wanted to streamline the process of welcoming travelers to a country because the process was costly and not user-friendly.

### THE SOLUTION

So, we worked together to implement Aware's technology to allow visitors to start the process from home without embassy assistance. They are now using our solution to vet 1/5 of all visitors.

### THE RESULTS

Reduced costs by 10x. If adopted for all international travel, they could reduce costs by 20x.



# CUSTOMER CASE STUDY:

## Commercial Application

### THE CHALLENGE

A leading bank in Latin America was experiencing a new, highly sophisticated form of attack that was penetrating the security layers it had in place, resulting in sky-rocketing rates of fraud.

### THE SOLUTION

So, in near real-time, our in-house R&D team worked together on a solution to enhance Aware's technology so it's able to detect and prevent this type of attack. And, the team consulted on how to strengthen additional security layers in the system.

### THE RESULTS

An 87% reduction in fraud over the course of 6 months.





# CUSTOMER CASE STUDY:

## Government Application

### THE CHALLENGE

A US government department wanted to deploy a global web-based employee and contractor background check system that would not store any PII (Personally Identifiable Information), but at the time there was no widely available system on the market which met their needs.

### THE SOLUTION

So, we worked together to deploy Aware's technology to 4,300 sites worldwide. The customers have since shared with Aware that our technology is viewed within the department as a shining example of a solid investment which has supported their mission through the years.

### THE RESULTS

The program was so effective in meeting the department's security needs, it was also introduced at an adjacent government agency.



# CUSTOMER CASE STUDY:

## Law Enforcement Application

### THE CHALLENGE

A large FL Police Department wanted to solve more cold cases but did not have the technology or bandwidth to effectively check existing evidence against new arrestee records.

### THE SOLUTION

So, we worked together to develop a program to help new users effectively use Aware's technology, resulting in latent fingerprint and palm print matches.

### THE RESULTS

More than 45 previously unsolved cold cases have been closed.





## **Appendix: Further Detail on Aware Advantage**

## PROVEN

Well-capitalized, government and commercially chosen, and hardened and trusted since 1993.

- ✓ **Government Chosen**  
Programs with core government agencies in the United States, Canada, UK, Germany, Australia, among others. | Worldwide leader in biometric data orchestration for immigration and border management.
- ✓ **Commercially Chosen**  
Trusted by industry leaders for onboarding and authentication (e.g., largest banks in Brazil and Turkey, etc.) | Balanced security vs. user experience with demographic neutrality
- ✓ **On NASDAQ**  
Publicly-traded | Debt free | Strong Cash
- ✓ **Certified/Compliant**  
MINEX III, Biometric Subsystem Certification (21 CFR Part 1311.116), iBeta PAD I & II (ISO 30107-3), SOC 2 Type 1, Sarbanes-Oxley (SOX), GDPR, CMMC (Level 2), DFARS (NIST 800-171, Level 3)

## RESPONSIBLE

Technology uses AI & ML to create software that ethically achieves demographic neutrality and equity.

- ✓ **Consent-based Infrastructure**  
Ethical & demographically neutral infrastructure supports face, voice, fingerprint, palmprint, iris and behavioral biometrics alone, in multiple combinations or as part of a streamlined MFA solution for consent-based applications.
- ✓ **Powerful Biometric Data Orchestration (middleware)**  
Agnostic, modular middleware (any matcher, any capture, easily expanded) | Balanced security vs. user experience
- ✓ **Lightning-Fast Performance Enhancements**  
New attack countermeasures within days | In-house rapid response team (Attack » research » product cycle)
- ✓ **Out-of-the-Box Functionality**  
Configurations and defined thresholds based on use case, risk, user profiles, and analytics | Step-up authentication based on environment and business requirements

## TRUSTED

Entire portfolio prevents threats and asserts the integrity of identity in a future-proof way.

- ✓ **In-House Expertise**  
ZERO outsourced biometrics | Early adopters of AI and ML | Designed & developed in the United States | Technical emphasis on Data Science & R&D
- ✓ **Robust Portfolio**  
Platforms, Applications, APIs, SDKs, Engines | Expansive IP portfolio | Configured for use cases
- ✓ **Flexible Deployment Options**  
No-code, Full Code | SaaS, On-prem | Customer's Cloud, Aware's Cloud
- ✓ **Recognized Verification, Identification & Liveness Experts**  
1:1 verification & 1:N identification | Set the bar for liveness | ML & AI anticipates attack vectors | Advisors to NIST | Members of IBIA, Biometrics Institute, Fido Alliance | Published Professionals
- ✓ **Future-Proof Infrastructure**  
Address risk and environmental changes without "rip and replace" | Manage operational costs

Well-capitalized, government and commercially chosen, and hardened and trusted since 1993.

## ✓ Government Chosen

- Programs w/ core government agencies in the United States, Canada, UK, Germany, Australia, among others.
- Worldwide leader in biometric data orchestration for immigration and border management.
- Trusted by law enforcement agencies around the world

## ✓ Commercially Chosen

- Trusted by industry leaders for onboarding and authentication (e.g., largest banks in Brazil, Mexico and Turkey, etc.)
- Balanced security vs. user experience with demographic neutrality

## ✓ On NASDAQ

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- Debt free
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## ✓ Certified/Compliant

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- Biometric Subsystem Certification (21 CFR Part 1311.116)
- iBeta PAD II (ISO 30107-3)
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- Agnostic, modular middleware (any matcher, any capture, easily expanded)
- Balanced security vs. user experience

✓ **Lightning-Fast Performance Enhancements**

- New attack countermeasures within days
- In-house rapid response team (Attack » research » product cycle)

✓ **Out-of-the-Box, User-Ready Functionality**

- Configurations and defined thresholds based on use case, risk, user profiles, and analysis
  - Step-up authentication based on environment and business requirements

Entire portfolio prevents threats and asserts the integrity of identity in a future-proof way.

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- ZERO outsourced biometrics
- Early adopters of AI and ML
- Designed & developed in the United States
- Technical emphasis on Data Science & R&D

✓ **Robust Portfolio**

- Platforms, Applications, APIs, SDKs, Engines
- Expansive IP portfolio of patents & trade secrets
- Developer and Admin-Ready options
- Configured to specific use cases

✓ **Flexible Deployment Options**

- No-code, Full Code
- SaaS, On-prem
- Customer's Cloud, Aware's Cloud

✓ **Recognized Verification, Identification & Liveness Experts**

- 1:1 verification & 1:N identification
- Set the bar for liveness security and user experience performance
- ML & AI anticipates attack vectors
- Advisors to NIST
- Members of IBIA, Biometrics Institute, Fido Alliance
- Published Professionals

✓ **Future-Proof Infrastructure**

- Address risk and environmental changes without "rip and replace"
- Expand architecture through step-up and multi-modal security
- Manage operational costs