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

SCHEDULE TO

**Tender Offer Statement under Section 14(d)(1) Or 13(e)(1)
of the Securities Exchange Act of 1934**

Aware, Inc.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock

Par Value \$.01 Per Share

(Title of class of securities)

05453N-10-0

(CUSIP number of class of securities)

Robert A. Eckel

Chief Executive Officer & President

Aware, Inc.

76 Blanchard Road

Burlington, MA 01803

Telephone: (781) 687-0300

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

With a copy to:

William R. Kolb, Esq.

Daniel S. Clevenger, Esq.

Foley Hoag LLP

155 Seaport Blvd.

Boston, MA 02210

Telephone: (617) 832-1000

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- ☐ Third-party tender offer subject to Rule 14d-1.
- ☒ Issuer tender offer subject to Rule 13e-4.
- ☐ Going-private transaction subject to Rule 13e-3.
- ☐ Amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- ☐ Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 - ☐ Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)
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ITEM 1. SUMMARY TERM SHEET.

The information set forth under the caption “Summary Term Sheet—Overview” and “Summary Term Sheet—Questions and Answers” in the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan, dated January 19, 2024, attached hereto as Exhibit (a)(1)(A) (the “Offer to Exchange”), is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) Name and Address. The name of the issuer is Aware, Inc. (“Aware”). The address of the principal executive offices of Aware is 76 Blanchard Road, Burlington, Massachusetts 01803. The telephone number of the principal executive offices of Aware is (781) 687-0300.

(b) Securities. This Tender Offer Statement on Schedule TO relates to a one-time stock option exchange program (“option exchange”) pursuant to which Aware is offering certain employees the opportunity to exchange certain options (“eligible options”) to purchase up to an aggregate of 2,260,000 shares of Aware’s common stock, whether vested or unvested, that were granted under Aware’s 2001 Nonqualified Stock Plan (the “2001 Plan”). These eligible options may be exchanged for a new option grant (a “New Option”) to purchase the common stock of Aware pursuant to and subject to the terms and conditions of the Offer to Exchange and the Aware, Inc. 2023 Equity and Incentive Plan. Aware’s executive officers are eligible to participate in the Exchange Offer on the same terms as all other Eligible Holders.

Employees who are eligible for the option exchange (“Eligible Participants”) include all active employees of Aware or any of its subsidiaries on the date of the Offer to Exchange and who remain active employees through the completion of the option exchange.

The subject class of securities consists of the eligible options. The actual number of New Options will depend on the number of shares of Aware common stock subject to the eligible options that are exchanged. The information set forth in the Offer to Exchange under the captions “Summary Term Sheet—Overview”, “Summary Term Sheet—Questions and Answers” and “Risks of Participating in the Stock Option Exchange Program,” and Sections 2, 6 and 9 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “New Options Granted in the Option Exchange; Number of New Options; Completion Date,” “Acceptance of Options for Exchange; Grant of New Options,” and “Source and Amount of Consideration; Terms of New Options,” respectively, is incorporated herein by reference.

(c) Trading Market and Price. The information set forth in Section 8 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Price Range of Shares Underlying the Options” is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

Aware is both the filing person and the issuer. The information set forth under Item 2(a) above is incorporated herein by reference. Pursuant to General Instruction C to Schedule TO, the information set forth on Schedule A to the Offer to Exchange is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) Material Terms. The information set forth in the Offer to Exchange under the caption “Summary Term Sheet—Overview”, “Summary Term Sheet—Questions and Answers” and Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14 and 15 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Eligibility,” “New Options Granted in the Option Exchange; Number of New Options; Completion Date,” “Purposes of the Offer and Reasons for Structure of the Offer,” “Procedures for Electing to Exchange Options,” “Withdrawal Rights and Change of Election,” “Acceptance of Options for Exchange; Grant of New Options,” “Conditions of the Offer,” “price Range of Shares Underlying the Options,” “Source and Amount of Consideration; Terms of New Options,” “Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer,” “legal Matters; Regulatory approvals,” “Material Income Tax Consequences” and “Extension of Offer; Termination; Amendment,” respectively, is incorporated herein by reference.

(b) Purchases. The information set forth in Section 11 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options” is incorporated herein by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(e) Agreements Involving the Subject Company’s Securities. The information set forth in Section 11 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options” is incorporated herein by reference. The documents filed herewith or incorporated herein by reference as Exhibit (d)(1) through Exhibit (d)(18) also contain information regarding agreements relating to securities of the Company.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a) Purposes. The information set forth in the section of the Offer to Exchange under the caption “Summary Term Sheet—Questions and Answers” and Section 3 under the caption “The Offer to Exchange” entitled “Purposes of the Offer and Reasons for Structure of the Offer” is incorporated herein by reference.

(b) Use of Securities Acquired. The information set forth in Sections 6 and 12 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Acceptance of Options for Exchange; Grant of New Options” and “Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer,” respectively, is incorporated herein by reference.

(c) Plans. The information set forth in the Offer to Exchange under the caption “Summary Term Sheet—Questions and Answers” and Section 3 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Purposes of the Offer and Reasons for Structure of the Offer” is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) Source of Funds. The information set forth in Section 9 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Source and Amount of Consideration; Terms of New Options” is incorporated herein by reference.

(b) Conditions. The information set forth in Section 7 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Conditions of the Offer” is incorporated herein by reference.

(d) Borrowed Funds. Not applicable.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) Securities Ownership. The information set forth in Section 11 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options” is incorporated herein by reference.

(b) Securities Transactions. The information set forth in Section 11 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options” is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

(a) Solicitations or Recommendations. Not applicable.

ITEM 10. FINANCIAL STATEMENTS.

(a) Financial Information. The information set forth in Schedule B to the Offer to Exchange and Sections 10 and 17 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Information Concerning Aware” and “Additional Information,” respectively, is incorporated herein by reference. The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023, are available electronically on the Securities and Exchange Commission’s website at <http://www.sec.gov> and are incorporated herein by reference.

(b) Pro Forma Financial Information. Not applicable.

ITEM 11. ADDITIONAL INFORMATION.

(a) Agreements, Regulatory Requirements and Legal Proceedings. The information set forth in Sections 11 and 13 of the Offer to Exchange under the caption “The Offer to Exchange” entitled “Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options” and “Legal Matters; Regulatory Approvals,” respectively, is incorporated herein by reference.

(c) Other Material Information. Not applicable.

ITEM 12. EXHIBITS.

- | | |
|-----------|--|
| (a)(1)(A) | Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan |
| (a)(1)(B) | Election Form |
| (a)(1)(C) | Withdrawal Form |
| (a)(1)(D) | Form of Option Agreement |
| (a)(1)(E) | Form of Announcement Email to Eligible Holders |
| (a)(1)(F) | Form of Email Confirming Receipt of Election Form |
| (a)(1)(G) | Form of Email Confirming Receipt of Notice of Withdrawal of Election Form |

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- (a)(1)(H) [Form of Reminder Email to Eligible Holders Regarding the Expiration of the Exchange Offer](#)
- (a)(1)(I) [Form of Expiration Notice Email](#)
- (a)(1)(J) [Form of Email to Eligible Holders Confirming Acceptance of Eligible Option\(s\)](#)
- (a)(2) Not applicable.
- (a)(3) Not applicable.
- (a)(4) Not applicable.
- (a)(5) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d)(1) [2021 Employee Stock Purchase Plan, \(filed as Annex A to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 9, 2021 and incorporated herein by reference\).](#)
- (d)(2) [Form of Indemnification Agreement for Directors and Officers of Aware, Inc. \(filed as Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on February 22, 2011 and incorporated herein by reference\).](#)
- (d)(3) [2001 Nonqualified Stock Plan \(filed as Exhibit 99\(d\)\(4\) to the Company's Schedule TO filed on March 3, 2003 and incorporated herein by reference\).](#)
- (d)(4) [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 \(filed as Exhibit 10.6 to the Company's Form 10-K for the year ended 2006 and incorporated herein by reference\).](#)
- (d)(5) [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 \(filed as Exhibit 10.8 to Company's Form 8-K filed on May 22, 2008 and incorporated herein by reference\).](#)
- (d)(6) [Form of Unrestricted Stock Award for outside directors of Aware under the 2001 Nonqualified Stock Plan \(filed as Exhibit 10.1 to Company's Form 8-K filed with the Securities and Exchange Commission on July 28, 2010 and incorporated herein by reference\).](#)
- (d)(7) [Form of Unrestricted Stock Award for officers of Aware under the 2001 Nonqualified Stock Plan \(filed as Exhibit 10.2 to Company's Form 8-K filed with the Securities and Exchange Commission on July 28, 2010 and incorporated herein by reference\).](#)
- (d)(8) [Employment Agreement between Aware, Inc. and Robert A. Eckel \(filed as Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on September 19, 2019 and incorporated herein by reference\).](#)

- (d)(9) [Performance Share Award Agreement between Aware, Inc. and Robert A. Eckel \(filed as Exhibit 10.2 to the Company's Form 8-K filed with the Securities and Exchange Commission on September 19, 2019 and incorporated herein by reference\).](#)
- (d)(10) [Employment Agreement between Aware, Inc. and Robert M. Mungovan \(filed as Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on October 1, 2019 and incorporated herein by reference\).](#)
- (d)(11) [Amendment to Employment Agreement dated as of July 15, 2022, by and between Aware, Inc. and Robert Mungovan \(filed as Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on July 20, 2022 and incorporated herein by reference\).](#)
- (d)(12) [Employment Agreement between Aware, Inc. and Mohamed Lazzouni \(filed as Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on November 19, 2019 and incorporated herein by reference\).](#)
- (d)(13) [Employment Agreement between Aware, Inc. and David B. Barcelo dated May 4, 2020 \(filed as Exhibit 10.1 to Aware, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2020 and incorporated herein by reference\).](#)
- (d)(14) [Letter Agreement dated as of November 13, 2023, by and between Aware, Inc. and David Barcelo \(filed as Exhibit 10.1 to Aware Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on November 15, 2023 and incorporated herein by reference\).](#)
- (d)(15) [Aware, Inc. 2022 Executive Bonus Plan \(incorporated by reference to Item 5.02 of the Aware, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022 and incorporated herein by reference\).](#)
- (d)(16) [Amendment to Employment Agreement between Aware, Inc. and Robert Eckel dated March 27, 2020 \(filed as Exhibit 10.3 to Aware Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on March 30, 2020 and incorporated herein by reference\).](#)
- (d)(17) [Employment Agreement between Aware, Inc. and Craig Herman dated August 9, 2022 \(filed as Exhibit 10.18 to Aware Inc. Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2023 and incorporated herein by reference\).](#)
- (d)(18) [2023 Equity and Incentive Plan \(filed as Exhibit 10.1 to Aware Inc. Current Report on Form 8-K filed with the Securities Exchange Commission on January 18, 2024 and incorporated herein by reference\).](#)
- (e) Not applicable.
- (f) Not applicable.
- (g) Not applicable.
- (h) Not applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

(a) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 19, 2024

Aware, Inc.

By: /s/ David K. Traverse

David K. Traverse

Principal Financial Officer

AWARE, INC.

**OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW OPTIONS
UNDER AWARE'S 2023 EQUITY AND INCENTIVE PLAN**

SUMMARY TERM SHEET—OVERVIEW

**THIS OFFER TO EXCHANGE AND YOUR WITHDRAWAL RIGHTS WILL EXPIRE
AT 11:59 P.M., NEW YORK CITY TIME, ON FEBRUARY 20, 2024,
UNLESS THE OFFER IS EXTENDED**

Aware, Inc., a Massachusetts corporation (the “Company,” “Aware,” “our,” “us” or “we”), is offering Eligible Participants (as defined below) the opportunity to exchange certain outstanding stock options for a grant of the right to receive new option grants of the Company’s common stock, par value \$0.01 per share (the “New Options”), to be granted pursuant to and subject to the terms of the Aware, Inc. 2023 Equity and Incentive Plan (the “2023 Plan” and, such exchange program, the “Option Exchange Program”). The New Options will be granted on the completion date of this offer, which is currently expected to be February 20, 2024, at 11:59 p.m., New York City Time. We are making this offer upon the terms and subject to the conditions set forth in this Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan (as the context requires, this document and the actions taken hereby, the “Offer to Exchange”).

Stock options are eligible for exchange (“Eligible Options”), whether vested or unvested, if they meet all of the following requirements:

- the options are outstanding and unexercised as of the closing of the Offer to Exchange; and
- the options are held by current employees, including officers, at the date of the closing of the Offer to Exchange.

You are eligible to participate in the option exchange and this Offer to Exchange (an “Eligible Participant”) only if you meet all of the following requirements:

- you are an active employee of Aware or any of its subsidiaries on the date this offer commences and remain an active employee through the completion of the option exchange; and
- you hold at least one Eligible Option as of the commencement of the option exchange.

If you choose to participate in the Option Exchange Program and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you New Options with the following terms:

- Each New Option will be granted with an exercise price per share equal to the greater of (i) \$2.21 per share and (ii) the closing price of our common stock as reported by Nasdaq on the date the New Option is granted.

- Each New Option will represent your right to purchase a number of shares of our common stock that is calculated using an exchange ratio based on the exercise price of your tendered Eligible Option, as set forth below:

Exercise Price of Eligible Option	Exchange Ratio*
\$4.50	47%
\$4.73	44%
\$5.50	37%
\$6.50	29%
\$7.50	25%

* Rounded down to the nearest share

- Your New Options will be granted under the 2023 Plan.
- Each New Option will be granted as a nonstatutory stock option (“NSO”).
- Each New Option will have a maximum term of ten years.
- New Options will not be vested on the New Option Grant Date. 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 Eligible Participant.

The outstanding options that you hold under our equity incentive plans give you the right, when vested, to purchase shares of our common stock when you exercise those options by paying the applicable exercise price of those options. Thus, wherever we use the term “option” in this Offer to Exchange, we refer to the actual options you hold to purchase shares of our common stock and not the shares of our common stock underlying those options.

The option exchange has been designed so that the aggregate fair value of the New Options to be granted in the Offer to Exchange will be approximately equal to the aggregate fair value of the Eligible Options that are surrendered in the Offer to Exchange less a 10% reduction in the number of New Options to be issued. The applicable exchange ratios used for the option exchange have been determined using a Black-Scholes option pricing model and recent stock price levels. The number of New Shares calculated according to the exchange ratios will be rounded down to the nearest whole share on a grant-by-grant basis. Options to purchase fractional shares will not be granted in the option exchange.

The commencement date of the Offer to Exchange is January 19, 2024. We are making the option exchange upon the terms and subject to the conditions described in this Offer to Exchange and in the related Election Form distributed with the Offer to Exchange. The Offer to Exchange is voluntary with respect to each Eligible Option you hold. You are not required to participate in the Offer to Exchange. If you hold more than one option grant that qualifies as an Eligible Option and elect to participate in the Offer to Exchange, you will be allowed to tender for exchange as few or as many of your Eligible Option grants as you wish.

All Eligible Options that are properly surrendered in the option exchange and accepted by us for exchange pursuant to this offer will be cancelled as of the completion date of this Offer to Exchange, and options elected for exchange will no longer be exercisable after that time. The New Options will be granted in exchange for the exchanged options as of the completion date of this offer and will be governed by the terms and conditions of the 2023 Plan and a nonstatutory stock option agreement between you and Aware.

If you choose not to participate in the Offer to Exchange, you will continue to hold your Eligible Options on the same terms and conditions and pursuant to the agreements and equity incentive plans under which they were originally granted.

Although our board of directors has approved this offer, neither we nor our board of directors will make any recommendation as to whether you should exchange, or refrain from exchanging, your Eligible Options for New Options in the Option Exchange Program. You must make your own decision regarding whether to surrender your Eligible Options for exchange after taking into account your own personal circumstances or preferences. You are encouraged to consult your personal legal counsel, accountant, financial, and/or tax advisor(s) as you deem appropriate if you have questions about your financial or tax situation as it relates to this offer.

This Offer to Exchange is not conditioned upon a minimum total number of options being elected for exchange. This Offer to Exchange is subject to certain conditions which we describe under Section 7 of this Offer to Exchange, “*Conditions of the Offer*,” and the terms and conditions described in this Offer to Exchange.

Please see the section entitled “Risks of Participating in the Option Exchange Program” beginning on page 18 in this Offer to Exchange for a discussion of risks and uncertainties that you should consider before surrendering your Eligible Options for New Options. You should consider, among other things, these risks and uncertainties before deciding whether to participate in the Option Exchange Program.

Shares of our common stock are quoted on the Nasdaq Global Market under the symbol “AWRE”. On January 18, 2024, the last sale price of our common stock as quoted on the Nasdaq Global Market was \$1.54 per share. **We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your Eligible Options.**

As of January 18, 2024, Eligible Options outstanding under our existing equity incentive plans were exercisable for approximately 2,260,000 shares of our common stock, or approximately 10.7% of the total shares of our common stock outstanding as of that date.

If you wish to participate in this offer, you must complete and submit an Election Form to Lindsey Savarino, the Company’s Senior Director, Human Resources before 11:59 p.m., New York City time, on February 20, 2024 (or such later time and date as may apply if the Offer to Exchange is extended). Election Forms that are received after the deadline will not be accepted. In order to submit the Election Form, you will be required to acknowledge your agreement to all of the terms and conditions of the Offer to Exchange as set forth in the offer documents.

You should direct questions about this offer to Lindsey Savarino. Requests for additional copies of this Offer to Exchange and the other offer documents should go to Lindsey Savarino.

IMPORTANT

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER TO EXCHANGE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AWARE HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON AWARE'S BEHALF AS TO WHETHER YOU SHOULD EXCHANGE OR REFRAIN FROM EXCHANGING YOUR OPTIONS PURSUANT TO THIS OFFER TO EXCHANGE. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH AWARE HAS REFERRED YOU. AWARE HAS NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFER TO EXCHANGE OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS REFERRED TO IN THIS DOCUMENT. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY AWARE.

NOTHING IN THIS DOCUMENT SHALL BE CONSTRUED TO GIVE ANY PERSON THE RIGHT TO REMAIN IN THE EMPLOY OF AWARE OR ITS SUBSIDIARIES OR TO AFFECT AWARE'S RIGHT TO TERMINATE THE EMPLOYMENT OF ANY PERSON AT ANY TIME WITH OR WITHOUT CAUSE TO THE EXTENT PERMITTED UNDER APPLICABLE LAW. NOTHING IN THIS DOCUMENT SHOULD BE CONSIDERED A CONTRACT OR GUARANTEE OF WAGES OR COMPENSATION. EXCEPT AS OTHERWISE PROVIDED UNDER APPLICABLE LAW AND/OR ANY EMPLOYMENT AGREEMENT BETWEEN YOU AND AWARE, THE EMPLOYMENT RELATIONSHIP BETWEEN AWARE AND EACH EMPLOYEE REMAINS "AT WILL."

AWARE RESERVES THE RIGHT TO AMEND OR TERMINATE THE 2023 PLAN AT ANY TIME, AND THE GRANT OF NEW OPTIONS UNDER THE 2023 PLAN AND THIS OFFER TO EXCHANGE DO NOT IN ANY WAY OBLIGATE AWARE TO GRANT ADDITIONAL OPTIONS OR OFFER FURTHER OPPORTUNITIES TO PARTICIPATE IN ANY OFFER TO EXCHANGE OPTIONS IN THE FUTURE. THE GRANT OF ANY NEW OPTIONS UNDER THE 2023 PLAN AND THIS OFFER TO EXCHANGE ARE WHOLLY DISCRETIONARY IN NATURE AND ARE NOT TO BE CONSIDERED PART OF ANY NORMAL OR EXPECTED COMPENSATION THAT IS OR WOULD BE SUBJECT TO SEVERANCE, RESIGNATION, TERMINATION OR SIMILAR PAY.

**OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW OPTIONS
UNDER AWARE'S 2023 EQUITY AND INCENTIVE PLAN**

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SUMMARY TERM SHEET—QUESTIONS AND ANSWERS

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SUMMARY TERM SHEET—QUESTIONS AND ANSWERS

The following are answers to some of the questions that you may have about the Option Exchange Program. You should read carefully this Summary Term Sheet—Questions and Answers and the entire Offer to Exchange, the Election Form and the other attached exhibits together with their associated instructions, and the other related documents referenced in the Offer to Exchange. The Offer to Exchange is made subject to the terms and conditions of these documents, which may be amended from time to time hereafter. The information in this Summary Term Sheet—Questions and Answers is not complete and may not contain all of the information that is important to you. Additional important and material information is contained in the Offer to Exchange and the other related documents referenced in the Offer to Exchange. Where appropriate, we have included in this Summary Term Sheet—Questions and Answers references to relevant sections in the Offer to Exchange to help you find more complete information with respect to these topics. Please review this Summary Term Sheet—Questions and Answers and the Offer to Exchange to ensure that you are making an informed decision regarding your participation in the option exchange.

Background Information

Q1. What is the Option Exchange Program?

A1. The Option Exchange Program is a one-time, voluntary opportunity for Eligible Participants to exchange eligible “underwater” stock option awards for a New Option to be issued under the 2023 Plan.

See also: Section 2 of the *Offer to Exchange*.

Q2. What are some key terms used in the Option Exchange Program?

A2. Here are some key terms used when describing the Option Exchange Program:

10% Option Reduction	The 10% reduction in the number of shares underlying New Options, calculated using a Black-Scholes option pricing model, based on the 90-day average price of Aware’s common stock as of September 21, 2023 of \$1.60 per share, and increasing such Black-Scholes valuation by 10%
Active Employee	An employee of Aware or any of its subsidiaries. An employee is not an “active employee” if he or she (i) is on a leave that will result in a termination of employment with Aware or any of its subsidiaries, (ii) has provided Aware a notice of resignation or (iii) has received a notice of termination of employment from Aware or any of its subsidiaries.
Commencement Date	January 19, 2024, the date the Option Exchange Program offering period opens.
Completion Date	The date and time the offering period ends. The completion date is expected to be February 20, 2024, at 11:59 p.m., New York City Time, but is subject to change. Aware may extend the offering period and delay the completion date in its sole discretion, in which case the term “completion date” will refer to the last time and date on which this Offer to Exchange expires.

Election Form	The form by which Eligible Participants can elect to participate in the Option Exchange Program and choose which, if any, Eligible Options they wish to exchange. The election form must be submitted to Lindsey Savarino before 11:59 p.m., New York City time, on February 20, 2024 (or such later time and date as may apply if the Offer to Exchange is extended).
Eligible Option	A stock option grant that: <ul style="list-style-type: none"> (i) is outstanding and unexercised as of the completion date of the Offer to Exchange; and (ii) is held by a current employee, including any officers, as of the completion date of the Offer to Exchange.
Eligible Participants	Active employees as of the commencement date who remain active employees through the completion date and hold at least one Eligible Option as of the commencement date.
Exchanged Options	Eligible Options that, as of the completion date, Eligible Participants elect to exchange for New Options in the Option Exchange Program.
Executive Officers	Those executive officers of Aware listed on Schedule A of the Offer to Exchange.
Exercise Price	The purchase price per share of the common stock underlying a stock option. The exercise price is a fixed price per share at which you can purchase Aware common stock once the applicable stock option vests.
Grant Date	The date an equity award, such as a stock option, is granted.
New Options	Options to be granted in consideration of the Eligible Options accepted for exchange.
Offer or Offer to Exchange	The legal document entitled “Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan.” The Offer to Exchange contains the terms and conditions of the Option Exchange Program and may be amended and supplemented from time to time.
Offering Period	The period between the commencement date and the completion date, during which Eligible Participants can choose to exchange Eligible Options in the Option Exchange Program. Currently, the offering period is January 19, 2024, through 11:59 p.m., New York City time, on February 20, 2024, but is subject to change. Aware may extend the offering period and delay the completion date in its sole discretion.
Option Agreement	The nonstatutory stock option agreement, governed by Aware’s 2023 Equity and Incentive Plan, pursuant to which the New Options will be issued.
Option Exchange	The exchange of Eligible Options for New Options.
SEC	The United States Securities and Exchange Commission.
Stock Option Expiration Date	The date a stock option expires and is no longer available for exercise.

Underwater	Stock option grants that have an exercise price that is higher than the current trading price of Aware's common stock are considered to be underwater.
Withdrawal Form	The form to complete if you change your mind and decide to withdraw your tendered options from the offer. The withdrawal form must be submitted to Lindsey Savarino before 11:59 p.m., New York City time, on February 20, 2024 (or such later time and date as may apply if the Offer to Exchange is extended).

Q3. Why is Aware offering the Option Exchange Program?

A3. Aware's compensation philosophy is intended to attract, retain and motivate employees using an appropriate mix and various levels of cash and equity compensation. Equity compensation for Aware's employees is very important in the implementation of this philosophy.

Aware's stock price has experienced a significant decline since its outstanding options were granted between 2019 and 2021. As a result, all of Aware's options are underwater, and the Eligible Participants now hold stock options with exercise prices significantly higher than the current market price of our common stock. The Option Exchange Program has been designed to reinstate, as of a current date, the retention and motivational value of our equity compensation program and to balance the interests of Eligible Participants and Aware's stockholders. The exchange ratios that will determine the number of New Options to be issued will provide a benefit to our stockholders, and the new exercise price will allow employees to exercise options at an exercise price more in line with the current market price.

When considering how best to continue to incentivize and reward our employees who hold out-of-the-money stock options, which primarily consist of Aware's executive officers and senior management, Aware's board of directors determined that a program under which current employees could exchange out-of-the-money stock options was most attractive for a number of reasons, including reduction of equity award "overhang" – the potential dilution to stockholders' ownership represented by outstanding and unexercised stock options, providing reasonable, balanced incentives with the potential for a significant positive impact on retention, motivation and performance, and replacing current stock options that have little or no retention or incentive value with new stock options that will provide both retention and incentive value while not creating significant additional compensation expense to make efficient use of Aware's resources.

See also: Section 3 of the *Offer to Exchange*.

Eligibility

Q4. How do I know whether I am eligible to participate in the Option Exchange Program?

A4. You will be eligible to participate in the Option Exchange Program if:

- you are an active employee of Aware or any of its subsidiaries on the commencement date of the Offer to Exchange and remain an active employee through the completion date of the Offer to Exchange; and
- you hold at least one Eligible Option as of the commencement date of the Offer to Exchange.

See also: Section 1 of the *Offer to Exchange*.

Q5. How do I know which options are eligible for the Option Exchange Program?

A5. Eligible Options are those options, whether vested or unvested, that meet all of the following requirements:

- the options are outstanding and unexercised as of the completion date of the Offer to Exchange; and
- the options are held by a current employee, including officers, as of the completion date of the Offer to Exchange.

See also: Section 2 of the *Offer to Exchange*.

Terms and Conditions of the Option Exchange and New Options

Q6. How many New Options will I receive for the Eligible Options that I exchange?

A6. The number of New Options that you are eligible to receive in exchange for an Eligible Option, which we generally refer to as an “exchange ratio,” will depend on the exercise price of your Eligible Option. The applicable exchange ratios are as follows:

<u>Exercise Price of Eligible Option</u>	<u>Exchange Ratio*</u>
\$4.50	47%
\$4.73	44%
\$5.50	37%
\$6.50	29%
\$7.50	25%

The exchange ratios apply to each of your Eligible Option grants separately. This means that the various Eligible Options you hold may be subject to different exchange ratios. For purposes of applying the exchange ratios, options to purchase fractional shares will be rounded down to the nearest whole share on a grant-by-grant basis.

Example

Using the table above, if an Eligible Participant elected to exchange an Eligible Option to purchase 1,000 shares with an exercise price of \$4.73 per share, that Eligible Participant would receive a New Option to purchase 440 shares (that is, 1,000 multiplied by 44%, rounded down to the nearest whole number).

In each case, the exchange ratios were calculated using a Black-Scholes option pricing model, based on the 90-day average price of our common stock as of September 21, 2023 of \$1.60 per share, and increasing such Black-Scholes valuation by 10%, thereby reducing by 10% the number of shares underlying New Options, such that participating employees will receive 90% of the options that they would have received if the Option Exchange Program utilized an unadjusted Black-Scholes option pricing model to determine the exchange ratio. This is intended to result in the New Options to be issued in the option exchange having a fair value approximately equal to 90% of the aggregate fair value of the Eligible Options that are surrendered in the Offer to Exchange.

You will not have to calculate the number of New Options you will receive for the Eligible Options you elect to exchange in the option exchange. Your Election Form will include the number of New Options you are eligible to receive for each of your Eligible Option grants.

See also: Section 2 of the *Offer to Exchange*.

Q7. Will the terms and conditions of my New Options be the same as my Exchanged Options?

A7. No. The terms and conditions of your New Options, including the exercise price, vesting schedule, and term of your New Options, will be different than your tendered Eligible Options. The 2023 Plan and the option agreement under the plan are included as exhibits to a document Aware filed with the SEC called a “Schedule TO,” which is available on the SEC website at www.sec.gov.

See also: Question 22 of this *Summary Term Sheet—Questions and Answers* and Sections 2 and 14 of the *Offer to Exchange*.

Q8. Will my New Options have an exercise or purchase price?

A8. All New Options will be granted with an exercise price per share (the “New Option Price”) equal to the greater of (i) \$2.21 per share and (ii) the closing price of our common stock as reported by Nasdaq on the date the New Option is granted. The New Option Price was calculated by adding an approximately 10% premium, or \$0.20 per share, to the 52-week high of our shares of common stock through September 21, 2023 of \$2.01 per share. Each New Option will represent your right to purchase a number of shares of our common stock that was calculated based on the applicable exchange ratio set forth above.

See also: Section 2 of the *Offer to Exchange*.

Q9. When will my New Options vest?

A9. All New Options 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 Eligible Participant.

See also: Section 2 of the *Offer to Exchange*.

Q10. Do I need to exercise my New Option in order to receive shares?

A10. Yes. You will need to exercise the vested portion of your New Option and pay the New Option Price to receive shares of common stock.

Q11. When will I receive my New Options and option agreement?

A11. The grant date of the New Options will be the completion date and you will receive your option agreement no later than the second business day following completion date. If the offering period is extended, the completion date and the grant of the New Options will be correspondingly delayed.

See also: Sections 6 and 9 of the *Offer to Exchange*.

Participating in the Option Exchange

Q12. How do I participate in the Option Exchange Program?

A12. If you choose to participate in the Option Exchange Program, you must take action no later than 11:59 p.m., New York City time, on the completion date.

Your Election Form will include the number of New Options you are eligible to receive for each of your Eligible Option grants. Keep in mind that you may exchange all or a portion of or none of your Eligible Option grants for New Options.

If you choose to exchange any of your Eligible Options, you must complete, sign and submit your Election Form to Lindsey Savarino during the offering period (i.e., between the commencement date and the completion date).

You can withdraw your election at any time during the offering period; however, the last election that you make, if any, before 11:59 p.m., New York City time, on the completion date will be final.

See also: Answer to Question 13 of this *Summary Term Sheet—Questions and Answers* and Section 4 of the *Offer to Exchange*.

Q13. Am I required to participate in the Option Exchange Program?

A13. No. Participation in the Option Exchange Program is voluntary. If you choose not to participate in the offer, you will continue to hold your Eligible Options on the same terms and conditions and pursuant to the equity incentive plans under which they were originally granted.

See also: Section 2 of the *Offer to Exchange*.

Q14. Can I choose which Eligible Options I want to exchange?

A14. Yes, you may elect to tender as few or as many of your Eligible Option grants as you wish. In addition, partial exchange of an Eligible Option grant will be permitted. If you elect to tender an Eligible Option for exchange, you may tender all or any portion of that Eligible Option. .

See also: Section 2 of the *Offer to Exchange*.

Q15. Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?

A15. Yes. If you exercised an Eligible Option in part before the completion date, the remaining unexercised portion of the Eligible Option can be tendered for exchange in the Offer to Exchange.

See also: Section 2 of the *Offer to Exchange*.

Q16. How do I decide whether I should participate in the Option Exchange Program?

A16. First, review all of the materials provided to you in connection with the Offer to Exchange, including this Summary Term Sheet—Questions and Answers. These materials can all be found in, or filed as exhibits to, a document filed by Aware with the SEC called a “Schedule TO,” which is available on the SEC website at www.sec.gov.

In addition to reviewing the materials, please note the following:

1. It is not a one-for-one exchange. You will receive fewer New Options than Eligible Options.
2. The exchange ratios were calculated using a Black-Scholes option pricing model, based on the 90-day average price of our common stock as of September 21, 2023 of \$1.60 per share, and increasing such Black-Scholes valuation by 10%, thereby reducing by 10% the number of shares underlying New Options, such that participating employees will receive 90% of the options that they would have received if the Option Exchange Program utilized an unadjusted Black-Scholes option pricing model to determine the exchange ratio. This is intended to result in the New Options to be issued in the option exchange having a fair value approximately equal to the 90% of the aggregate fair value of the Eligible Options that are surrendered in the Offer to Exchange.
3. The New Option Price was calculated by adding an approximately 10% premium, or \$0.20 per share, to the 52-week high of our shares of common stock through September 21, 2023 of \$2.01 per share.
4. New Options granted in the Exchange Offer will be subject to new, longer vesting schedules, even if the Eligible Options you exchange are fully vested at the time of the exchange.
5. New Options granted in the Exchange Offer will have a maximum term of ten (10) years.
6. You should carefully consider the potential tax consequences of your exchange of Eligible Options for New Options.

Please also note that no one from Aware is, or will be, authorized to provide you with advice or recommendations or to provide you additional information not included in the Offer to Exchange or the documents referenced in the Offer to Exchange. You must make your own personal decision as to whether or not to participate in the Option Exchange Program. You are strongly encouraged to consult with your personal legal counsel, accountant, financial, and/or tax advisor(s) for further advice.

See also Sections 3 and 9 of the *Offer to Exchange* and Risks of Participating in the Option Exchange Program in the *Offer to Exchange*.

Q17. Is Aware making any recommendation as to whether I should exchange my Eligible Options?

A17. No. Aware is not making any recommendation as to whether you should accept the Offer to Exchange. No one from Aware is, or will be, authorized to provide you with advice or recommendations or to provide you additional information not included in the Offer to Exchange or the documents referenced in the Offer to Exchange. You must make your own personal decision as to whether or not to participate in the Option Exchange Program. You are strongly encouraged to consult with your personal legal counsel, accountant, financial, and/or tax advisor(s) for further advice.

See also Section 3 of the *Offer to Exchange* and Risks of Participating in the Option Exchange Program in the *Offer to Exchange*.

Exchanged Options

Q18. When will my exchanged options be cancelled?

A18. Your exchanged options will be cancelled as of the completion date. If the Offer to Exchange is extended and the completion date delayed, the cancellation of your exchanged options will be correspondingly delayed.

See also: Section 6 of the *Offer to Exchange*.

Q19. If I elect to participate in the Offer to Exchange, will I be required to give up all of my rights under the exchanged options?

A19. Yes. Once Aware has accepted your exchanged options, your exchanged options will be cancelled and you no longer will have any rights under those exchanged options. Aware will cancel all exchanged options as of the completion date. However, if the completion date is delayed, the date the exchanged options are cancelled will be correspondingly delayed.

See also: Section 6 of the *Offer to Exchange*.

Q20. After I have elected to exchange Eligible Options, is there anything I must do to receive my New Options after the completion date?

A20. No. Once your exchanged options have been cancelled, you do not need to take additional action in order to receive your New Options. Your New Options will be granted to you as of the completion date. If the Offer to Exchange is extended and the completion date delayed, the date on which the New Options are granted will be correspondingly delayed. In order to receive the New Options, you must continue to be an active employee through the completion date and execute your option agreement.

See also Answer to Question 11 of this *Summary Term Sheet—Questions and Answers* and Section 9 of the *Offer to Exchange*.

Other Equity Awards

Q21. Can I exchange shares of Aware common stock that I acquired pursuant to Aware's Employee Stock Purchase Plan or otherwise?

A21. No. The Offer to Exchange relates only to Eligible Options. You may not exchange shares of Aware common stock (including without limitation any shares that you may have acquired pursuant to Aware's Employee Stock Purchase Plan) or any equity awards (other than Eligible Options) in the Offer to Exchange.

See also: Section 2 of the *Offer to Exchange*.

Tax Consequences

Q22. Will I have to pay taxes if I participate in the Option Exchange Program?

A22. If you participate in the Option Exchange Program, you generally will not be required to recognize income for income taxes or other tax purposes at the time of the exchange, or when the New Options are granted.

You should consult with your personal legal counsel, accountant, financial, and/or tax advisor(s) to determine the personal tax consequences to you of participating in the Option Exchange Program.

See also: Section 14 of the *Offer to Exchange*.

Options Not Exchanged

Q23. What happens to my Eligible Option grants if I choose not to participate or my Eligible Options are not accepted for exchange?

A23. If you choose not to participate or your Eligible Options are not accepted for exchange, your Eligible Option grants will remain outstanding until they are exercised or expire by their terms, retain their current exercise price, retain their current vesting schedule and retain all of the other terms and conditions as set forth in the relevant equity incentive plan and agreement related to such Eligible Option grants.

See also: Sections 6 and 14 of the *Offer to Exchange*.

Withdrawing Previous Elections

Q24. May I change my mind and withdraw from the Offer to Exchange?

A24. Yes. You may change your mind after you have made your election and withdraw from participating in the Option Exchange Program at any time before 11:59 p.m., New York City time, on the completion date by submitting a Withdrawal Form to Lindsey Savarino.

See also: Sections 4 and 5 of the *Offer to Exchange*.

Q25. What if I withdraw my election and then decide again that I want to participate in the Option Exchange Program?

A25. If you have withdrawn your election to participate and then decide again that you would like to participate in the Option Exchange Program, you may re-elect to participate by submitting a new properly completed Election Form to Lindsey Savarino before 11:59 p.m., New York City time, on the completion date.

Please note that the last valid election or withdrawal that you make before 11:59 p.m., New York City time, on the completion date will be final.

See also Question 14 of this *Summary Term Sheet—Questions and Answers* and Sections 4 and 5 of the *Offer to Exchange*.

Changes to the Offer to Exchange and Conditions to the Option Exchange

Q26. If Aware extends or changes the Offer to Exchange, how will you notify me?

A26. If Aware extends or otherwise changes the Offer to Exchange, Aware will issue a press release, email and/or other form of communication disclosing the extension no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled completion date.

See also: Sections 2 and 14 of the *Offer to Exchange*.

Q27. Are there any conditions to the Offer to Exchange?

A27. Yes. The completion of the Offer to Exchange is subject to a number of customary conditions that are described in Section 7 of the *Offer to Exchange*. If any of these conditions are not satisfied, Aware will not be obligated to accept and exchange properly tendered Eligible Option grants, though Aware may elect to do so at its sole discretion.

The offer is not conditioned upon a minimum number of Eligible Options being surrendered for exchange or a minimum number of Eligible Participants participating.

See also: Sections 2 and 7 of the *Offer to Exchange*.

Availability of Additional Information

Q28. Whom can I contact if I have questions about the Offer to Exchange, or if I need additional copies of employee communications issued to date?

A28. Aware has publicly filed all of the documents referred to in the Offer to Exchange and this Summary Term Sheet—Questions and Answers with the SEC on exhibits to a document called a “Schedule TO,” which is available at <http://www.sec.gov>.

You should direct questions about the Offer to Exchange to Lindsey Savarino. Requests for additional copies of the Offer to Exchange and the other documents referred to herein should go to Lindsey Savarino.

See also: Section 17 of the *Offer to Exchange*.

FORWARD-LOOKING STATEMENTS

The Offer to Exchange and the documents incorporated by reference into the Offer to Exchange contain forward-looking statements. You can identify these forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan” and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements for a variety of reasons, including, without limitation, those discussed elsewhere in this Offer to Exchange, the documents incorporated by reference and in our other reports filed with the SEC. We are under no obligation, and expressly disclaim any intention or obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. We caution you not to place undue reliance on the forward-looking statements contained in this Offer to Exchange, which speak only as of the date hereof.

RISKS OF PARTICIPATING IN THE OPTION EXCHANGE PROGRAM

Participating in the Option Exchange Program involves a number of risks and uncertainties, including those described below. You should carefully review these risks and uncertainties, and the other information contained in this Offer to Exchange, including the Schedules to this Offer to Exchange, and in our other filings with the SEC. You are also encouraged to speak with your personal legal counsel, accountant, financial, and/or tax advisor(s) before deciding to participate in the Option Exchange Program.

Risks that are Specific to this Offer

If the price of our common stock increases after the date on which your exchanged options are cancelled, your exchanged options might be worth more than the New Options that you receive in exchange for them.

The exchange ratios were calculated using a Black-Scholes option pricing model, based on the 90-day average price of our common stock as of September 21, 2023 of \$1.60 per share, and increasing such Black-Scholes valuation by 10%, thereby reducing by 10% the number of shares underlying New Options, such that participating employees will receive 90% of the options that they would have received if the Option Exchange Program utilized an unadjusted Black-Scholes option pricing model to determine the exchange ratio. This is intended to result in the New Options to be issued in the option exchange having a fair value approximately equal to the 90% of the aggregate fair value of the Eligible Options that are surrendered in the Offer to Exchange. Because the exchange ratios of this offer are not one-for-one with respect to exchanged options, it is possible that, at some point in the future, your Eligible Options could be economically more valuable than any New Shares issued to you in exchange for them pursuant to Option Exchange Program. The New Option Price was calculated by adding an approximately 10% premium, or \$0.20 per share, to the 52-week high of our shares of common stock through September 21, 2023 of \$2.01 per share.

Because the number of shares issuable to you upon exercise of your New Options will be fewer than the number of shares issuable to you upon exercise of your Eligible Options, it is possible that, at some point in the future, due to potential increases in our stock price, those Eligible Options would have been more economically valuable than the New Options granted pursuant to the Offer to Exchange.

If your service with Aware terminates before your New Options vest, you will not be able to exercise your unvested New Options, but you may have been able to exercise the Eligible Options you exchanged for the New Options.

The New Options will be subject to a new vesting schedule that differs from the vesting schedules of the Eligible Options that you exchange. Accordingly, if you do not exchange your vested Eligible Options for New Options, and your service with Aware terminates, if our stock price increases above the exercise price per share of your vested Eligible Options, you would still be able to exercise and sell the underlying shares of common stock for these vested Eligible Options at a gain. However, if you exchange your vested Eligible Options for New Options, and your service with Aware terminates after you receive New Options but before such New Options have vested and can be exercised, you will receive no value from the unvested portion of the New Options if our stock price increases.

Risks that are Related to Our Business and Common Stock

You should carefully review the risk factors contained in our periodic and other reports filed with the SEC, including those in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and our subsequent Quarterly Reports on Form 10-Q, as well as the information provided in this Offer to Exchange (including the Schedules to this Offer to Exchange) and the other materials that we have filed with the SEC, before making a decision on whether to surrender your Eligible Options for exchange. You may access these filings electronically at the SEC's website at <http://www.sec.gov>. In addition, upon request we will provide you with a copy of any or all of the documents to which we have referred you (without charge to you). See Section 17 of the *Offer to Exchange* entitled "Additional Information" for more information regarding reports we filed with the SEC and how to obtain copies of or otherwise review these reports.

THE OFFER TO EXCHANGE

January 19, 2024

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THE OFFER TO EXCHANGE

You should read carefully this entire Offer to Exchange, the Summary Term Sheet—Questions and Answers, the Election Form and other attached exhibits, together with their associated instructions, and the other related documents referenced in this Offer to Exchange. This Offer to Exchange is made subject to the terms and conditions of these documents, which may be amended from time to time hereafter. The information in this Offer to Exchange is not complete and may not contain all of the information that is important to you. Additional important and material information is contained in the related documents referenced in this Offer to Exchange. Please review this Offer to Exchange to ensure that you are making an informed decision regarding your participation in the option exchange. Certain terms used in this Offer to Exchange are defined in the answer to Question 2 of the *Summary Term Sheet—Questions and Answers*, “What are some key terms used in the Option Exchange Program?”

Section 1. **Eligibility.**

In order to participate in the option exchange, you must be an eligible employee holding outstanding Eligible Options as of the commencement date and the completion date.

You are an “eligible employee” if you are an active employee as of the commencement date and you remain an active employee through the completion date. You will not be an “eligible employee” for purposes of this offer if you cease to be an active employee for any reason prior to the completion of the offer, including a termination of your employment by reason of retirement, disability, death or for cause. You will not be considered to be an “active employee” if you are (i) on a leave that will result in a termination of employment with Aware or any of its subsidiaries, (ii) have provided a notice of resignation to Aware or any of its subsidiaries, or (iii) have received a notice of termination of employment from Aware or its subsidiaries. Our executive officers and members of our board of directors, who are listed on Schedule A to this Offer to Exchange, are eligible to participate in the Option Exchange Program. See Section 11 of this *Offer to Exchange* for more

To receive a New Option grant, you must remain in continuous service to Aware or any of its subsidiaries through the completion date. If you do not provide continuous service to Aware or any of its subsidiaries through the completion date, you will keep your current Eligible Options and they will vest and expire in accordance with their existing terms. If the offering period is extended and the completion date delayed, then the New Option grants will be correspondingly delayed.

Except as provided by applicable law and/or any employment agreement between you and Aware, your employment with Aware or any of its subsidiaries remains “at-will” and can be terminated by you or Aware at any time, with or without cause or notice. Participation in Aware’s equity plans is entirely voluntary, and the benefits afforded under the plans do not form an employment contract with Aware or any of its affiliates. The grant of New Options in connection with the Offer to Exchange is a one-time benefit and will not provide you with the right to receive any future equity award grants under Aware’s equity plans or otherwise. In order to receive the New Options, you must provide continuous service to Aware or any of its subsidiaries through the date of issuance and execute an option agreement.

Only Eligible Options will be accepted for exchange in the option exchange. An “Eligible Option” must meet all of the following criteria:

- the options are outstanding and unexercised as of the completion date of the Offer to Exchange; and

- the options are held by a current employee, including officers, as of the completion date of the Offer to Exchange.

Section 2. New Options Granted in the Option Exchange; Number of New Options; Completion Date.

Aware is offering Eligible Participants the opportunity to exchange certain outstanding stock options for New Options with modified terms. Eligible Options that are validly tendered prior to the completion date will be exchanged for New Options in exchange for an Eligible Holder's agreement to accept fewer shares, a revised vesting schedule, a new option term and the tax treatment of the New Options.

If you choose to participate in the Option Exchange Program and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you New Options with the following terms:

- Each New Option will be granted with an exercise price per share equal to the greater of (i) \$2.21 per share and (ii) the closing price of our common stock as reported by Nasdaq on the date the New Option is granted.
- Each New Option will represent your right to purchase a number of shares of our common stock that is calculated using an exchange ratio based on the exercise price of your tendered Eligible Option, as set forth below:

Exercise Price of Eligible Option	Exchange Ratio*
\$4.50	47%
\$4.73	44%
\$5.50	37%
\$6.50	29%
\$7.50	25%

* Rounded down to the nearest share

- Your New Options will be granted under the 2023 Plan.
- Each New Option will be granted as an NSO.
- Each New Option will have a maximum term of ten years.
- New Options will not be vested on the New Option Grant Date. 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 Eligible Participant.

The option exchange has been designed so that the aggregate fair value of the New Options to be granted in the Offer to Exchange will be approximately equal to the 90% of the aggregate fair value of the Eligible Options that are surrendered in the Offer to Exchange. The applicable exchange ratios used for the option exchange have been determined using a Black-Scholes option pricing model and recent stock price levels. The number of New Shares calculated according to the exchange ratios will be rounded down to the nearest whole share on a grant-by-grant basis. Options to purchase fractional shares will not be granted in the option exchange.

Example

Using the table above, if an Eligible Participant elected to exchange an Eligible Option to purchase 1,000 shares with an exercise price of \$4.73 per share, that Eligible Participant would receive a New Option to purchase 440 shares (that is, 1,000 multiplied by 44%, rounded down to the nearest whole number).

Participation in this offer is completely voluntary. If you elect to participate in this offer, you must exchange all of your Eligible Options. Partial exchange of an Eligible Option grant will be permitted. If you elect to tender an Eligible Option for exchange, you may tender all or any portion of that Eligible Option. In addition, you may elect to tender as few or as many of your Eligible Option grants as you wish.

All Eligible Options that are properly surrendered in the option exchange and accepted by us for exchange pursuant to this offer will be cancelled as of the completion date, and Eligible Options elected for exchange will no longer be exercisable after that time. A New Option will be granted in exchange for the exchanged options as of the completion date.

The completion date will be 11:59 p.m., New York City time, on February 20, 2024, unless we extend the offer at our sole discretion. If we extend the offer, the completion date will refer to the latest time and date at which the extended offer expires. See Section 15 of this *Offer to Exchange* for a description of our rights to extend, terminate and amend the offer.

Section 3. Purposes of the Offer and Reasons for Structure of the Offer.

We believe that an effective and competitive employee incentive program is in the best interests of our stockholders and imperative for the future growth and success of our business. We rely on our employees, including our officers and other Eligible Participants, to implement our strategic initiatives, expand and develop our business and satisfy customer needs. Stock options constitute a key part of our incentive and retention programs because our board of directors believes that equity compensation encourages our officers and other employees to act like owners of the business, motivating them to work toward our success and rewarding their contributions by allowing them to benefit from increases in the value of our shares.

When our compensation committee approves the grant of a stock option, it establishes the exercise price that the optionee must pay to purchase shares of our common stock when the option is exercised. The per share exercise price is generally set at the closing price of our common stock as reported by Nasdaq on the date the New Option is granted. In some cases, we have set exercise prices at a premium to the closing price on the date of grant. In connection with the engagement of certain executive officers, including Robert A. Eckel, our chief executive officer and president, and Mohamed Lazzouni, our chief technology officer, we granted certain options in connection with such officer's engagement with exercise prices set at \$4.50 per share, \$5.50 per share, \$6.50 per share and \$7.50 per share. These options were granted at a premium to the closing prices on the respective dates of grant, which were \$2.75 per share on September 19, 2019 and \$3.09 per share on November 19, 2019. In each case, an optionee receives value only if he or she exercises an option and sells the purchased shares at a price that exceeds the stock option's exercise price.

Our stock price has experienced a significant decline since our outstanding options were granted between 2019 and 2021. As a result, all of our options are out of the money, and the Eligible Participants now hold stock options with exercise prices significantly higher than the current market price of our common stock. For example, the lowest exercise price for our options currently outstanding is \$4.50 per share, which is significantly greater than the closing price of our common stock as reported by Nasdaq on January 18, 2024 of \$1.54 per share. As of January 18, 2024, Eligible Participants held options to purchase 2,260,000 shares of our common stock with exercise prices ranging from \$4.50 per share to \$7.50 per share. We believe that our employees, including officers, who hold options view these existing stock options as having little or no value due to the difference between the exercise prices and the current market price of our common stock. As a result, our board of directors believes that these options are ineffective at providing the incentives and retention value necessary to motivate our employees who hold outstanding options to increase long-term stockholder value. We believe the Option Exchange Program will provide us with an opportunity to restore for Eligible Participants an incentive to remain with us and contribute to the future growth and success of our business.

When considering how best to continue to incentivize and reward our employees who hold out-of-the-money stock options, which primarily consist of our executive officers and senior management, our board of directors reviewed and evaluated strategies to address this issue. We determined that a program under which current employees could exchange out-of-the-money stock options was most attractive for a number of reasons, including reduction of equity award “overhang” – the potential dilution to stockholders’ ownership represented by outstanding and unexercised stock options, providing reasonable, balanced incentives with the potential for a significant positive impact on retention, motivation and performance, and replacing current stock options that have little or no retention or incentive value with new stock options that will provide both retention and incentive value while not creating significant additional compensation expense to make efficient use of Aware’s resources.

Except as otherwise disclosed in this Offer to Exchange, including those documents filed with the SEC and incorporated by reference herein, we currently have no plans, proposals, or negotiations that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or our subsidiaries;
- any purchase, sale or transfer of a material amount of our or our subsidiaries’ assets;
- any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- any change in our present board of directors or management, including, but not limited to, any plans or proposals to change the number or the term of directors or to fill any existing board vacancies or to change any executive officer’s material terms of employment;
- any other material change in our corporate structure or business;
- our common stock being delisted from Nasdaq;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”);

- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of an additional amount of our securities or the disposition of an amount of any of our securities; or
- any change in our charter, bylaws or other governing instruments or any actions that may impede the acquisition of control of us by any person.

Section 4. Procedures for Electing to Exchange Options.

Proper election to exchange options.

Participation in this offer is voluntary. If you choose to participate in this offer, you must complete, sign and submit your Election Form to Lindsey Savarino before 11:59 p.m., New York City time, on the completion date, which is expected to be February 20, 2024.

If you elect to tender an Eligible Option for exchange, you may tender all or any portion of that Eligible Option. In addition, you may elect to tender as few or as many of your Eligible Option grants as you wish. For a summary of your outstanding Eligible Options, please refer to your individualized Election Form, which, among other things, lists your outstanding Eligible Option grants, the grant date of your Eligible Options, the expiration date of your Eligible Options, the exercise price of your Eligible Options, the number of outstanding shares subject to your outstanding Eligible Options, and the number of New Shares you would have a right to receive in exchange for each Eligible Option.

Your election to participate becomes irrevocable at 11:59 p.m., New York City time, on the completion date, which is expected to be February 20, 2024, unless the offer is extended, in which case your election will become irrevocable after the new completion date. You may change your mind after you have submitted an Election Form and withdraw from the offer at any time before 11:59 p.m., New York City time, on the completion date, as described in Section 5. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Withdrawal Form we receive before 11:59 p.m., New York City time, on the completion date.

Only Election Forms that are complete and actually received by Aware by 11:59 p.m., New York City time, on the completion date will be accepted.

This is a one-time offer, and we will strictly enforce the offering period, subject only to any extension, which we may grant in our sole discretion.

Our receipt of your Election Form is not by itself an acceptance of your Eligible Options for exchange. For purposes of this offer, we will be deemed to have accepted options for exchange that are validly tendered for exchange and are not properly withdrawn as of the time when we give oral or written notice to the option holders generally of our acceptance of options for exchange. We may issue this notice of acceptance by press release, email or other form of communication. Eligible Options accepted for exchange will be cancelled as of the completion date.

We will determine, in our sole discretion, all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any Eligible Option grants. We reserve the right to reject any Election Form or any Eligible Option grants tendered for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. Neither we nor any other person is obligated to give notice of any defects or irregularities in any Election Forms, nor will anyone incur any liability for failure to give any

notice. No surrender of Eligible Option grants will be deemed to have been properly made until all defects or irregularities have been cured by the tendering holder of the Eligible Option grants or waived by us. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. Subject to Rule 13e-4 under the U.S. Securities Exchange Act of 1934, as amended, we also reserve the right to waive any of the conditions of the offer or any defect or irregularity in any surrender with respect to any particular Eligible Options or any particular eligible employee.

Our acceptance constitutes an agreement.

Your election to exchange options through the procedures described above constitutes your acceptance of the terms and conditions of this offer, and will be controlling, absolute and final, subject to your withdrawal rights under the offer as described in Section 5 of this Offer to Exchange and our acceptance of your surrendered Eligible Options in accordance with the offer as described in Section 6 of the Offer to Exchange. **Our acceptance of your options for exchange will constitute a binding agreement between Aware and you upon the terms and subject to the conditions of this offer.**

Section 5. Withdrawal Rights and Change of Election.

You may withdraw the options that you previously elected to exchange only in accordance with the provisions of this section.

You may withdraw the options that you previously elected to exchange at any time before 11:59 p.m., New York City time, on the completion date, which is expected to be February 20, 2024. If we extend the offer, you may withdraw your options at any time until the extended completion date. To withdraw the options that you previously elected to exchange, you must complete and submit a Withdrawal Form to Lindsey Savarino before 11:59 p.m., New York City time, on the completion date.

If you withdraw your Eligible Option grants, you may re-elect to exchange the withdrawn Eligible Option grants again at any time before 11:59 p.m., New York City time, on the completion date. All Eligible Option grants that you withdraw will be deemed not properly tendered for purposes of the offer, unless you properly re-elect to exchange such Eligible Option grants before 11:59 p.m., New York City time, on the completion date. To re-elect to exchange your Eligible Option grants, you must submit a new Election Form to Aware before 11:59 p.m., New York City time, on the completion date by following the procedures described in Section 4 of this Offer to Exchange. This new Election Form must be properly completed and submitted. Any prior Election Form or Withdrawal Form will be disregarded.

You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Withdrawal Form we receive before 11:59 p.m., New York City time, on the completion date.

Section 6. Acceptance of Options for Exchange; Grant of New Options.

Upon the terms and conditions of this offer, effective as of the completion date, we will accept for exchange and cancel all Eligible Option grants properly elected for exchange and not validly withdrawn before 11:59 p.m., New York City time, on the completion date, which is expected to be February 20, 2024. Once the Eligible Options are cancelled, you no longer will have any rights with respect to those options. Subject to the terms and conditions of this offer, if your Eligible Options are properly tendered by you for exchange and accepted by us, these options will be cancelled as of the completion date.

Subject to our rights to terminate the offer, discussed in Section 15 of this Offer to Exchange, effective as of the completion date, we will accept all properly tendered options that are not validly withdrawn. We will give oral or written notice to the option holders generally of our acceptance for exchange of Eligible Options. This notice may be made by press release, email or other method of communication.

We will grant New Options on the completion date. We expect the completion date to be February 20, 2024. However, if the offer is extended and the completion date delayed, the New Option grants will be correspondingly delayed.

The New Options will be granted under the 2023 Plan and will be subject to the terms and conditions of an option agreement between you and Aware. The number of shares you will have the right to receive under the New Options will be determined based upon the exchange ratio described in Section 2 of this Offer to Exchange, and the other terms of the New Options will be as described in Section 2 of this Offer to Exchange.

Options that we do not accept for exchange will remain outstanding until they are exercised or expire by their existing terms and will retain their current exercise price, current vesting schedule and other current terms and conditions.

Section 7. Conditions of the Offer.

Notwithstanding any other provision of this offer, we will not be required to accept any options tendered for exchange, and we may terminate the offer or postpone our acceptance and cancellation of any options tendered for exchange (in each case, subject to Rule 13e-4(f)(5) under the Exchange Act), if at any time on or after the commencement date and before the completion date, any of the following events shall have occurred, or shall have been determined by us, in our reasonable judgment, to have occurred, other than by actions or omissions to act by us:

- any general suspension of trading in, or limitation on prices for, our securities on any national securities exchange or in an over-the-counter market in the United States;
- the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or abroad;
- any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, might affect the extension of credit to us by banks or other lending institutions in the United States or abroad;
- in our reasonable judgment, any extraordinary or material adverse change in U.S. financial markets generally, including without limitation a decline of at least 10% in either the Dow Jones Industrial Average, the Nasdaq Index or the Standard & Poor's 500 Index measured during any time period after the date of commencement of the offer;
- any significant change in the market price of the shares of our common stock or any changes in the general political, market, economic or financial conditions in the United States or abroad that have resulted or are reasonably likely to result in a material adverse effect on our business, condition (financial or other), operating results, operations or prospects or on the trading in our common stock;

- the commencement, continuation, or escalation of a war or other national or international calamity which reasonably could be expected to affect materially or adversely, or to delay materially, the completion of the offer;
- if any of the situations described above existed at the time of commencement of the offer and that situation, in our reasonable judgment, deteriorates or worsens materially after commencement of the offer;
- a written threat, instituted or pending action, proceeding or litigation seeking to enjoin, make illegal or delay completion of the offer or otherwise relating in any manner, to the offer;
- any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction will have been proposed, enacted, enforced or deemed applicable to us or the offer, any of which might restrain, prohibit or delay completion of the offer or impair the contemplated benefits of the offer to us (see Section 3 of this *Offer to Exchange* for a description of the contemplated benefits of the offer to us);
- a tender or exchange offer, other than this offer by us, for some or all of our shares of outstanding common stock, or a merger, acquisition or other business combination proposal involving us, will have been proposed, announced or made by another person or entity or will have been disclosed publicly or we will have learned that:
 - any person, entity or “group” within the meaning of Section 13(d)(3) of the Exchange Act acquires more than 5% of our outstanding shares of stock, other than a person, entity or group which had publicly disclosed such ownership with the SEC prior to the date of commencement of the offer,
 - any such person, entity or group which had publicly disclosed such ownership prior to such date will acquire additional shares constituting more than 1% of our outstanding shares, or
 - any new group will have been formed that beneficially owns more than 5% of our outstanding shares that in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the offer or with such acceptance for exchange of Eligible Options;
- any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record for financial reporting purposes compensation expense against our earnings in connection with the offer, other than as contemplated as of the commencement date of this offer (as described in Section 12 of this *Offer to Exchange*);
- any event or events occur that have resulted or may result, in our reasonable judgment in a material impairment of the contemplated benefits of the offer to us (see Section 3 of this *Offer to Exchange* for a description of the contemplated benefits of the offer to us); or
- any rules or regulations by any governmental authority, Nasdaq, or other regulatory or administrative authority or any national securities exchange have been enacted, enforced, or deemed applicable to Aware that directly or indirectly challenge the making of this Offer to Exchange, the acquisition of some or all of the options elected for exchange pursuant to this Offer to Exchange or the issuance of New Shares pursuant to this Offer to Exchange.

If any of the above events occur, we may, in our sole discretion:

- terminate the offer and promptly return all tendered Eligible Options to tendering holders;
- complete and/or extend the offer and, subject to your withdrawal rights, retain all tendered Eligible Options until the extended offer expires;
- amend the terms of the offer; or
- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the offer is open, complete the offer.

The conditions to this offer are for our benefit. We may assert them in our sole discretion regardless of the circumstances giving rise to them before the completion date. We may waive any condition to this offer, in whole or in part, at any time and from time to time before the completion date, in our discretion, whether or not we waive any other condition to this offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights but will be deemed a waiver of our ability to assert the condition that was triggered with respect to the particular circumstances under which we failed to exercise our rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 7 may be challenged only in a court of competent jurisdiction. A non-appealable determination with respect to such matter by a court of competent jurisdiction will be final and binding upon all persons.

Section 8. Price Range of Shares Underlying the Options.

The shares of Aware common stock underlying your options are listed and principally traded on the Nasdaq Global Market under the symbol “AWRE.” The following table shows the high and low sales price per share of our common stock as reported on the Nasdaq Global Market for the periods indicated from January 1, 2022 to December 31, 2023.

	High	Low
Year Ending December 31, 2023:		
First Quarter ended March 31, 2023	\$ 1.94	\$ 1.54
Second Quarter ended June 30, 2023	1.89	1.50
Third Quarter ended September 30, 2023	1.80	1.35
Fourth Quarter through December 31, 2023	1.80	1.05
Year Ended December 31, 2022:		
First Quarter ended March 31, 2022	\$3.80	\$2.65
Second Quarter ended June 30, 2022	3.10	2.16
Third Quarter ended September 30, 2022	2.50	1.78
Fourth Quarter ended December 31, 2022	2.01	1.32

As of January 18, 2024, the last sale price of our shares, as reported on the Nasdaq Global Market, was \$1.54 per share. As of January 18, 2024, there were 21,084,999 outstanding shares of Aware common stock.

Among other things, you should evaluate current market quotations for shares of our common stock before deciding whether or not to accept this offer.

Section 9. Source and Amount of Consideration; Terms of New Options.

Consideration.

We will grant New Options in exchange for Eligible Options properly tendered for exchange by you and accepted by us for exchange. New Options are equity awards subject to the 2023 Plan and the option agreement. Subject to the terms and conditions of this offer, upon our acceptance of your properly tendered Eligible Options, you will be entitled to receive a New Option based on the applicable exchange ratio of your exchanged options as described in Section 2 of this Offer to Exchange with an exercise price per share equal to the greater of (i) \$2.21 per share and (ii) the closing price of our common stock as reported by Nasdaq on the date the New Option is granted, and otherwise on the terms described in Section 2 of this Offer to Exchange. New Options will not be granted with respect to fractional shares in the option exchange. Any fractional shares underlying New Options will be rounded down to the nearest whole share number. You do not have to make any cash payment to Aware to receive your New Option. In addition, you will incur brokerage fees if you decide to exercise any New Options issued to you (following the vesting of such New Options).

If we receive and accept tenders from Eligible Participants with respect to all Eligible Options, Eligible Options to purchase an aggregate of 2,260,000 shares would be surrendered and we will grant New Options covering a total of 968,273 shares.

The New Options will be granted under the 2023 Plan and will be subject to an option agreement between you and Aware. The current 2023 Plan and form of option agreement for the 2023 Plan are included as exhibits to the Schedule TO, which is available on the SEC website at www.sec.gov. The following description summarizes the material terms of the 2023 Plan. Our statements in this Offer to Exchange concerning the 2023 Plan and stock options are merely summaries and do not purport to be complete. The statements are subject to, and are qualified in their entirety by reference to, the 2023 Plan and the form of option agreement under the 2023 Plan. Each of these documents is included as an exhibit to the Schedule TO, which is available on the SEC website at www.sec.gov. We will promptly furnish to you copies of these documents upon request at our expense.

2023 Equity and Incentive Plan.

The 2023 Plan permits the granting of incentive stock options and nonstatutory stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, dividend equivalent rights, and cash awards. As of January 18, 2024, 1,277,130 shares of our common stock are available for issuance pursuant to awards under the 2023 Plan, plus an additional number of shares equal to the number of shares of our common stock subject to awards granted under the 2001 Nonqualified Stock Plan, as amended (the “2001 Plan”) that expire or terminate without having been exercised, are forfeited or otherwise repurchased by us at the grantee’s original purchase price, or are withheld in payment of the exercise price of an option under the 2001 Plan or to satisfy tax withholding obligations with respect to such exercise, up to a maximum of 2,590,000 shares. For the avoidance of doubt, shares underlying options surrendered under the 2001 Plan pursuant to the Option Exchange Program will be treated as terminated without being exercised under the 2001 Plan, and such shares will be added back to the shares available for issuance under the 2023 Plan (provided that the 2023 Plan is approved). Shares underlying New Options issued pursuant to the Option Exchange Program will reduce the number of shares available for issuance under the 2023 Plan.

The 2023 Plan is administered by our board of directors or, if designated by our board of directors, our compensation committee. Subject to the other provisions of the 2023 Plan, the administrator has the power to determine the terms, conditions and restrictions of the awards granted under the plan, including the number of shares subject to an award and the vesting criteria.

Issuance of New Options.

Each New Option will represent a stock option in accordance with the 2023 Plan and the option agreement. If you decide to exchange your Eligible Options, your New Option will be granted on the completion date of this Offer to Exchange.

Form of payout.

New Options will only be issued if the holder remains an active employee under the terms and conditions of the applicable option agreement, the relevant terms of the 2023 Plan and other relevant Aware policies, as each may be amended from time to time. We will satisfy all tax withholding in the manner specified in your option agreement.

Transferability of New Options.

A stock option generally may not be transferred, other than by will or by the laws of descent and distribution or pursuant to a domestic relations order; however, the plan administrator may permit the transfer of awards (other than incentive stock options) by holders to an immediate family member, to trusts for the benefit of family members, or to partnerships in which such family members are the only partners.

Registration and sale of shares underlying New Options.

All of the shares issuable under the New Options will be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), on registration statements on Form S-8 filed with the SEC prior to the completion date. Unless you are an employee who is considered an affiliate of Aware for purposes of the Securities Act, you will be able to sell shares upon exercise of your New Options free of any transfer restrictions under applicable U.S. securities laws. Any sale of the shares underlying New Options will be subject to compliance with Aware’s black-out policies, which prohibit employees from trading in Aware common stock during certain periods.

U.S. Federal income tax consequences.

You should refer to Section 14 of this Offer to Exchange for a discussion of the U.S. federal income tax consequences of the New Options and exchanged options, as well as the consequences of accepting or rejecting this offer. We strongly recommend that you consult with your personal legal counsel, accountant, financial, and/or tax advisor(s) to discuss the consequences to you of this transaction.

Section 10. Information Concerning Aware.

We are a global leader in biometrics software offerings and 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

We have been engaged in this business since 1993. 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 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. The information contained on Aware's website is not incorporated by reference into this Offer to Exchange and should not be considered part of this Offer to Exchange.

The financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023, are incorporated herein by reference. Schedule B of this Offer to Exchange is a summary of our financial statements from our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023. More complete financial information may be obtained by accessing our public filings with the SEC by following the instructions in Section 17 of this Offer to Exchange.

We had a book value of \$1.80 per share as of September 30, 2023 (calculated using the book value of \$ 37.865 as of September 30, 2023, divided by the number of outstanding shares of 21,014,256 as of September 30, 2023).

Section 11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Options.

A list of our current directors and executive officers as of January 18, 2024, is attached to this Offer to Exchange as Schedule A. Non-employee members of our board of directors do not hold any outstanding options, and are thus not eligible to participate in the Option Exchange Program.

Our executive officers are eligible to participate in the Exchange Offer on the same terms as all other Eligible Holders. Eligible Options held by our executive officers constitute approximately 85% of all Eligible Options. The following table shows the number of shares of our common stock underlying Eligible Options held by our executive officers as of January 18, 2024, and the number of New Options that such executive officers may receive assuming, for purposes of illustration only, that each executive officer remains eligible and decides to exchange all of his Eligible Options:

Name	Title	Shares Underlying All Eligible Options	Weighted Average Exercise Price (\$)	New Options to be Granted Assuming All Eligible Options are Exchanged	Percentage of All Eligible Options
Robert A. Eckel	Chief Executive Officer & President	1,450,000	4.91	619,000	27.4%
Mohamed Lazzouni	Chief Technology Officer	375,000	4.98	157,875	7.0%
David K. Traverse	Principal Financial Officer	100,000	4.73	44,000	1.9%

During the 60-day period prior to the date of this Offering Memorandum, we have not granted any options that are Eligible Options, and no Eligible Options have been exercised. During such 60-day period, neither we, nor, to the best of our knowledge, any member of our Board or any of our executive officers, nor any of our affiliates, has engaged in any transaction involving the Eligible Options.

Except as otherwise described in this Offer to Exchange or in our filings with the SEC, and other than outstanding stock options and other stock awards granted from time to time to our executive officers and directors under our equity incentive plans, neither we nor, to the best of our knowledge, any of our executive officers or directors is a party to any agreement, arrangement or understanding with respect to any of our securities, including, but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

Section 12. Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer .

Eligible Options accepted for exchange in the Option Exchange Program will be issued as New Options under the 2023 Plan. The net shares underlying the Eligible Options granted under the 2001 Plan in excess of the shares underlying the New Options will be returned to the pool available for issuance under the 2023 Plan. All other Eligible Options that are exchanged for New Options will not be returned to any pool of shares available under our equity incentive plans.

We expect to recognize the incremental compensation cost of the New Options issued in connection with the option exchange, if any. The incremental compensation expense associated with the Option Exchange Program will be measured as the excess, if any, of the fair value of each new stock option granted to participants in the Option Exchange Program, measured as of the date the new stock options are granted, over the fair value of the stock options surrendered in exchange for the new stock options, measured immediately prior to the cancellation. We do not expect the incremental compensation expense, if any, to be material. We will recognize any such incremental compensation expense ratably over the vesting period of the New Options.

Section 13. Legal Matters; Regulatory Approvals.

We are not aware of any license or regulatory permit that appears to be material to our business that might be affected adversely by our exchange of options and grant of New Options as contemplated by the offer, or any Nasdaq listing requirements that would be required for the acquisition or ownership of New Options subject thereto as contemplated herein. Should any additional approval or other action be required, we presently contemplate that we will seek such approval or take such other action. We cannot assure you that any such approval or other action, if needed, could be obtained or what the conditions imposed in connection with such approvals would entail or whether the failure to obtain any such approval or other action would result in adverse consequences to our business. Our obligation under the offer to accept tendered options for exchange and to grant New Options for exchanged options is subject to the conditions described in Section 7 of this Offer to Exchange.

Section 14. Material Income Tax Consequences.

Material U.S. federal income tax consequences.

The following is a summary of the material U.S. federal income tax consequences of the exchange of Eligible Options for New Options pursuant to the offer for those Eligible Participants subject to U.S. federal income tax. This discussion is based on the United States Internal Revenue Code of 1986, as amended, its legislative history, treasury regulations promulgated thereunder, and administrative and judicial interpretations as of the date of this Offer to Exchange, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Participants. This summary does not address applicable state or local taxes to which you may be subject.

Option Repricing.

Eligible Participants who exchange outstanding options for New Options generally will not be required to recognize income for U.S. federal income tax purposes on the exchanged options at the time of the exchange.

Nonstatutory Stock Options.

Upon the exercise of a nonstatutory stock option, an option holder will recognize ordinary income in an amount equal to the difference between the option exercise price and the fair market value of the shares of our common stock on the date of exercise, and either we or our subsidiaries will receive a tax deduction for the same amount. Upon disposition of the shares received upon option exercise, any gain or loss in value after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of our common stock have been held. A capital gain or loss will generally be long-term if the option holder held the shares for more than 12 months after the option exercise date, or short-term if the option holder held the shares for 12 months or less. Special rules will apply where all or a portion of the exercise price of the option is paid by tendering shares of our common stock.

Material Non-U.S. tax consequences.

The tax consequences for Eligible Participants subject to income tax outside of the United States may differ from the U.S. federal income tax consequences summarized above and will depend on the tax rules and regulations in the applicable jurisdiction.

We strongly recommend that you consult your personal legal counsel, accountant, financial, and/or tax advisor(s) with respect to the federal, state, local and foreign tax consequences of participating in the offer.

Section 15. Extension of Offer; Termination; Amendment.

We reserve the right, in our sole discretion, at any time and regardless of whether or not any event listed in Section 7 of this Offer to Exchange has occurred or is deemed by us to have occurred, to extend the period of time during which the offer is open and delay the acceptance for exchange of any surrendered Eligible Options. If we elect to extend the period of time during which this offer is open, we will give you written notice of the extension and delay, as described below. If we extend the offer and delay the completion date, we also will extend your right to withdraw tenders of Eligible Options until such delayed completion date. In the case of an extension, we will issue a press release, email or other form of communication no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled completion date.

We also reserve the right, in our discretion, before the completion date to terminate or amend the offer and to postpone our acceptance and cancellation of any options tendered for exchange if any of the events listed in Section 7 of this Offer to Exchange occurs, by giving oral or written notice of the termination or postponement to you or by making a public announcement of the termination. Our reservation of the right to delay our acceptance and cancellation of options tendered for exchange is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that we must pay the consideration offered or return the options promptly after termination or withdrawal of a tender offer.

Subject to compliance with applicable law, we further reserve the right, before the completion date, in our discretion, and regardless of whether any event listed in Section 7 of this Offer to Exchange has occurred or is deemed by us to have occurred, to amend the offer in any respect, including by decreasing or increasing the consideration offered in this offer to option holders or by decreasing or increasing the number of options being sought in this offer.

The minimum period during which the offer will remain open following material changes in the terms of the offer or in the information concerning the offer, other than a change in the consideration being offered by us or a change in amount of existing options sought, will depend on the facts and circumstances of such change, including the relative materiality of the terms or information changes. If we modify the number of Eligible Options being sought in this offer or the consideration being offered by us for the Eligible Options in this offer, the offer will remain open for at least ten business days from the date of notice of such modification. If any term of the offer is amended in a manner that we determine constitutes a material change adversely affecting any holder of Eligible Options, we promptly will disclose the amendments in a manner reasonably calculated to inform holders of Eligible Options of such amendment, and we will extend the offer's period so that at least ten business days, or such longer period as may be required by the tender offer rules, remain after such change.

For purposes of the offer, a “business day” means any day other than a Saturday, Sunday or a U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

Section 16. Fees and Expenses.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting the surrender of Eligible Options to be exchanged through this offer. You will be responsible for any expenses incurred by you in connection with your election to participate in the offer, including, but not limited to, any expenses associated with any personal legal counsel, accountant, financial, and/or tax advisor(s) consulted or retained by you in connection with this offer.

Section 17. Additional Information.

This Offer to Exchange is part of a Tender Offer Statement on Schedule TO that we have filed with the SEC. This Offer to Exchange does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, and the following materials that we have filed with the SEC before making a decision on whether to elect to exchange your options:

1. Our Annual Report on Form 10-K for our fiscal year ended December 31, 2022, filed with the SEC on March 15, 2023, as amended on March 17, 2023;
2. Our Definitive Proxy Statement on Schedule 14A for our 2023 annual meeting of stockholders, filed with the SEC on April 18, 2023;
3. Our Quarterly Report on Form 10-Q for our fiscal quarter ended March 31, 2023, filed with the SEC on May 3, 2023;
4. Our Quarterly Report on Form 10-Q for our fiscal quarter ended June 30, 2023, filed with the SEC on August 2, 2023;
5. Our Quarterly Report on Form 10-Q for our fiscal quarter ended September 30, 2023, filed with the SEC on November 3, 2023;
6. Our Current Reports on Form 8-K filed with the SEC on March 13, 2023; June 9, 2023; October 25, 2023; November 15, 2023; November 30, 2023; and January 18, 2024; and
7. The description of our common stock contained in the registration statement on Form 8-A filed with the Commission on August 8, 1996 under Section 12 of the Securities Exchange Act of 1934, including any amendment or report filed for the purpose of updating that description.

Our SEC filings are available to the public on the SEC’s website at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish them to the SEC.

You may request a copy of the filings incorporated by reference herein, at no cost, by writing or telephoning the Registrant at:

Aware, Inc.
76 Blanchard Road
Burlington, Massachusetts 01803
(781) 687-0300

The information contained in this Offer to Exchange about us should be read together with the information contained in the documents to which we have referred you in making your decision as to whether or not to participate in this offer.

Section 18. Miscellaneous.

We are not aware of any jurisdiction where the making of the offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the offer is not in compliance with any applicable law, we will make a good faith effort to comply with such law.

We have not authorized any person to make any recommendation on our behalf as to whether you should elect to exchange or refrain from exchanging your options pursuant to the offer. You should rely only on the information in this document or documents to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the offer other than the information and representations contained in this Offer to Exchange and in the related offer documents. If anyone makes any recommendation or representation to you or gives you any information, you should not rely upon that recommendation, representation, or information as having been authorized by us.

SCHEDULE A

**INFORMATION CONCERNING THE EXECUTIVE OFFICERS
AND DIRECTORS OF AWARE, INC.**

Our directors and executive officers are set forth in the following table:

Name	Positions Held
Robert A. Eckel	Chief Executive Officer, President, and Director
Brent P. Johnstone	Chairman and Director
Brian D. Connolly	Director
Gary Eeve	Director
Peter R. Faubert	Director
John S. Stafford, III	Director
Craig A. Herman	Chief Revenue Officer
Mohamed Lazzouni	Chief Technology Officer
AJ Naddell	Chief Product Officer
David Traverse	Principal Financial Officer

The address of each director and executive officer is:

Aware, Inc.
76 Blanchard Road
Burlington, MA 01803

Our executive officers are eligible to participate in the Exchange Offer on the same terms as all other Eligible Holders. Non-employee members of our board of directors do not hold any outstanding options and are thus not eligible to participate in the Option Exchange Program.

SCHEDULE B

**SUMMARY FINANCIAL INFORMATION OF
AWARE, INC.**

The following summary financial information has been derived from and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2022, and the quarter ended September 30, 2023, that are incorporated by reference in this document.

**CONSOLIDATED STATEMENTS OF INCOME INFORMATION
(In thousands, except per share amounts)**

	<u>Year Ended</u> <u>December 31,</u> <u>2022</u>	<u>Year Ended</u> <u>December 31,</u> <u>2021</u>	<u>Quarter Ended</u> <u>September 30,</u> <u>2023</u> <u>(Unaudited)</u>	<u>Quarter Ended</u> <u>September 30,</u> <u>2023</u> <u>(Unaudited)</u>
Net Revenues	\$ 16,008	\$ 16,854	\$ 6,381	\$ 3,015
Gross Profit	14,748	15,644	5,971	2,733
Income (Loss) from Operations	(2,217)	(6,097)	747	2,444
Net Income (Loss)	<u>\$ (1,726)</u>	<u>\$ (5,824)</u>	<u>\$ 1,144</u>	<u>\$ 2,599</u>
Net Income (Loss) per Share:				
Basic	<u>\$ (0.08)</u>	<u>\$ (0.27)</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ (0.27)</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>
Weighted Average Shares:				
Basic	<u>21,604</u>	<u>21,525</u>	<u>21,049</u>	<u>21,725</u>
Diluted	<u>21,604</u>	<u>21,525</u>	<u>21,131</u>	<u>21,798</u>

**CONSOLIDATED BALANCE SHEET INFORMATION
(In thousands, except per share amounts)**

	<u>September 30,</u> <u>2023</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current Assets	\$ 36,802	\$ 37,279	\$ 38,815
Non-Current Assets	13,380	13,913	9,558
Total Assets	<u>\$ 50,182</u>	<u>\$ 51,192</u>	<u>\$ 48,373</u>
Current Liabilities	\$ 7,858	\$ 5,802	\$ 5,741
Non-Current Liabilities	4,459	5,181	1,110
Total Liabilities	\$ 12,317	\$ 10,983	\$ 6,851
Total Stockholders' Equity	<u>37,865</u>	<u>40,209</u>	<u>41,522</u>
Total Liabilities and Stockholders' Equity	<u>\$ 50,182</u>	<u>\$ 51,192</u>	<u>\$ 48,373</u>

AWARE, INC.

OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW
OPTIONS UNDER AWARE'S 2023 EQUITY AND INCENTIVE PLAN

DATED JANUARY 19, 2024

ELECTION FORM

Please read this Election Form carefully. To properly elect to exchange your eligible options, Aware, Inc. ("Aware") must **receive** your Election Form before 11:59 p.m., New York City time, on the expiration date, which is currently February 20, 2024 (the "Expiration Date") (or if the exchange offer is extended, this Election Form must be received before the extended expiration date of the exchange offer).

You are not required to return this Election Form if you do not wish to participate in the exchange offer. If Aware does not receive an Election Form from you before 11:59 p.m., New York City time, on the Expiration Date, we will interpret this as your election not to participate in the exchange offer, and you will retain all of your outstanding options with their current terms and conditions.

If you intend to tender your eligible options under the exchange offer, you must complete, sign and date a copy of this Election Form and return it to Aware so that Aware **receives** it before 11:59 p.m., New York City time, on the Expiration Date. You may submit your completed Election Form by hand, via email to Lindsey Savarino at lsavarino@aware.com, or via overnight delivery or regular mail to:

Aware, Inc.
Attn: Lindsey Savarino
76 Blanchard Road
Burlington, MA 01803

Your election to tender your eligible options will be effective only **upon receipt** by Aware. You are responsible for making sure that your Election Form is received by Aware before the deadline. You must allow for delivery time based on the method of delivery that you choose to ensure Aware **receives** your Election Form before 11:59 p.m., New York City time, on the Expiration Date. **Your eligible options will not be considered tendered until Aware receives your properly completed and signed Election Form.**

If you have any questions about the exchange offer, please contact Lindsey Savarino.

AWARE, INC.

**OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW
OPTIONS UNDER AWARE'S 2023 EQUITY AND INCENTIVE PLAN**

DATED JANUARY 19, 2024

ELECTION FORM

By signing below, I understand and agree that:

I have received and reviewed the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's 2023 Equity and Incentive Plan, dated January 19, 2024 (the "Offer to Exchange"), the Form of Option Award Agreement, this Election Form and the Withdrawal Form. I have read carefully, understand and agree to be bound by all of the terms and conditions of the exchange offer as described in the Offer to Exchange, including the sections regarding the tax and tax withholding consequences of participating in the exchange offer. I acknowledge that I am voluntarily participating in the exchange offer.

I understand that, upon acceptance by Aware, Inc. ("Aware"), this Election Form will constitute a binding agreement between Aware and me with respect to my eligible options that are accepted for cancellation and exchange, unless I deliver to Aware a validly completed Withdrawal Form with respect to my eligible options and the Withdrawal Form is **received** by Aware before 11:59 p.m., New York City time, on the expiration date of the exchange offer, which is currently February 20, 2024.

I represent and warrant that I have full power and authority to tender my eligible options and the eligible options I am tendering will not be encumbered in any way when and to the extent such eligible options are accepted by Aware.

I understand that if I validly tender eligible options for exchange, and such eligible options are accepted for cancellation and exchange, I will receive a new option grants of the Company's common stock, par value \$0.01 per share ("New Options") and I will lose all of my rights to purchase any shares under the tendered eligible options.

Aware has advised me to consult with my own legal, accounting and tax advisors as to the consequences of participating or not participating in this exchange offer before making any decision whether to participate.

I understand that participation in the exchange offer will not be construed as a right to my continued employment or service with Aware or its subsidiary for any period, and that my employment or service can be terminated at any time by me or Aware with or without cause or notice, in accordance with the terms of my employment with Aware and without additional severance payments (other than those to which I may be otherwise entitled). I understand that participation in the exchange offer will not alter or affect any provision of my employment relationship with Aware other than to the extent that the New Options replace eligible options. I understand that the New Options to be granted in the exchange offer do not create any contractual or other right to receive any other future equity or cash compensation, payments or benefits.

I understand that my right to participate in the exchange offer will terminate effective as of the date that I am no longer actively employed by Aware or its subsidiary. I understand that Aware will determine when I am no longer actively employed for purposes of the exchange offer.

I understand that this exchange offer is a discretionary program, and that, as described in Sections 7 and 15 of the Offer to Exchange, Aware may extend, amend, withdraw or terminate the exchange offer and postpone its acceptance and cancellation of my eligible options that I have tendered for exchange. In any such event, I understand that any eligible options tendered for exchange but not accepted will remain in effect with their current terms and conditions.

I understand that, by accepting the exchange offer, I explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, Aware and/or any affiliate for the exclusive purpose of implementing, administering and managing my participation in the exchange offer.

I have been advised that Aware and/or any affiliate may hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock held in the company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing Aware's stock and other employee benefit plans and this exchange offer ("Data"). I have been advised that Data may be transferred to any third parties assisting in the implementation, administration and management of the exchange offer. I have been advised that I may request a list with names and addresses of any potential recipients of the Data by contacting Aware. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in Aware's stock and other employee benefit plans and this exchange offer. I have been advised that Data will be held only as long as is necessary to implement, administer and manage my participation in Aware's stock and other employee benefit plans and this exchange offer. I have been advised that I may, at any time, view Data, request additional information about the storage and processing of Data and request any necessary amendments to Data, by contacting Aware in writing.

I understand that my elections pursuant to this Election Form will survive my death or incapacity and will be binding upon my heirs, personal representatives, successors and assigns.

If you wish to participate in the exchange offer, please check the applicable boxes and fill in the information required below. If you wish to participate in the offer as to ALL of your eligible option grants, please check the box below the table.

Eligible Options			New Options			
Grant Date	Expiration Date	Original Exercise Price	Shares Underlying Eligible Options	Ratio	Shares Underlying New Options	New Exercise Price
			[] shares (As of January 17, 2023: [] vested shares; and [] unvested shares)		[] shares	<input type="checkbox"/> Yes, exchange Eligible Options for New Options <input type="checkbox"/> No, retain Eligible Options <input type="checkbox"/> Yes, exchange Partial Eligible Options with respect to ____ vested shares and ____ unvested shares for New Options
			[] shares (As of January 17, 2023: [] vested shares; and [] unvested shares)		[] shares	<input type="checkbox"/> Yes, exchange Eligible Options for New Options <input type="checkbox"/> No, retain Eligible Options <input type="checkbox"/> Yes, exchange Partial Eligible Options with respect to ____ vested shares and ____ unvested shares for New Options
			[] shares (As of January 17, 2023: [] vested shares; and [] unvested shares)		[] shares	<input type="checkbox"/> Yes, exchange Eligible Options for New Options <input type="checkbox"/> No, retain Eligible Options <input type="checkbox"/> Yes, exchange Partial Eligible Options with respect to ____ vested shares and ____ unvested shares for New Options

☐ Yes, I wish to participate in the offer as to ALL of my eligible option grants. (All of my eligible options will be cancelled irrevocably on the cancellation date, which is currently February 20, 2024.)

Please note that Aware will not issue any options to purchase fractional shares. The number of options to be issued pursuant to each New Option will be rounded down to the nearest whole option on a grant-by-grant basis.

Employee Signature

Date and Time

Employee Name Printed

Employee ID

Employee Email Address

Daytime Telephone Number

SUBMIT THIS ELECTION FORM NO LATER THAN 11:59 P.M., NEW YORK CITY TIME, ON FEBRUARY 20, 2024, UNLESS THE OFFER IS EXTENDED.

**INSTRUCTIONS AND AGREEMENTS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER**

1. **Defined Terms.** All terms used in this Election Form but not defined have the meaning given to them in the *Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's 2023 Equity and Incentive Plan, dated January 19, 2024* (the "Offer to Exchange"). References in this Election Form to "Aware," "we," "us," "our" and "ours" mean Aware, Inc.

2. **Expiration Date.** The exchange offer and any rights to tender, or to withdraw a tender, of your eligible options will expire at 11:59 p.m., New York City time, on February 20, 2024 (or on a later date if we extend the exchange offer) (the "Expiration Date").

3. **Delivery of Election Form.** If you intend to tender your eligible options under the exchange offer, you must complete, sign and date a copy of this Election Form and return it to Aware, so that Aware **receives** it before 11:59 p.m., New York City time, on the Expiration Date. You may submit your completed Election Form by hand, via email to Lindsey Savarino at lsavarino@aware.com, or via overnight delivery or regular mail to:

Aware, Inc.
Attn: Lindsey Savarino
76 Blanchard Road
Burlington, MA 01803

Any Election Form received after that time will not be accepted.

Your Election Form will be effective only **upon receipt** by Aware. The method of delivery of the signed and completed Election Form is at your own option and risk. You are responsible for making sure that the Election Form is delivered to Aware. In all cases, you should allow sufficient delivery time based on the method of delivery that you choose to ensure that Aware **receives** your Election Form before 11:59 p.m., New York City time, on the Expiration Date.

We will not accept any alternative, conditional or contingent offers to exchange options. All eligible employees electing to exchange options, by execution of the Election Form, waive any right to receive any notice of the acceptance of their election to exchange, except as provided for in the Offer to Exchange.

You are not required to tender your eligible options, and participation in this exchange offer is completely voluntary. If you elect to participate in this exchange offer, you must tender all of your eligible options. If you do not wish to participate in this exchange offer, no action is required on your part.

4. **Withdrawal of Election.** The tender of your eligible options pursuant to the exchange offer may be withdrawn at any time prior to the expiration of the exchange offer. If the exchange offer is extended by Aware beyond that time, you may withdraw your election at any time until the extended expiration date of the exchange offer. To withdraw your tendered eligible options,

you must deliver a properly completed and signed Withdrawal Form to Aware, whose mailing information is described in Instruction 3 above. Withdrawals may not be rescinded, and any eligible options withdrawn from the exchange offer will thereafter be deemed not properly tendered for purposes of the exchange offer, unless your eligible options are properly re-tendered before the Expiration Date by following the procedures described in Instruction 3 above.

5. Signatures on this Election Form. If this Election Form is signed by the option holder, the signature must correspond with the name as written on the face of the stock option agreement(s) to which the options are subject. If your name has been legally changed and you have not previously notified us, please do so immediately. The signature must correspond to the employee's name as reflected in our employment records.

If this Election Form is signed by a trustee, executor, administrator, guardian, attorney-in-fact or other person acting in a fiduciary or representative capacity, that person's full title must be identified on the Election Form, and proper evidence satisfactory to us of the authority of that person so to act must be submitted with this Election Form.

6. Requests for Assistance or Additional Copies. If you have any questions or need assistance, please contact Lindsey Savarino. If you would like to request additional copies of the Offer to Exchange, this Election Form, or the Withdrawal Form, please contact Lindsey Savarino. All copies will be furnished promptly at Aware's expense.

7. Additional Documents to Read. You should be sure to read all of the documents relating to the exchange offer, including this Election Form, the Form of Option Agreement, the Offer to Exchange and the other documents referred to therein before deciding to participate in the exchange offer.

8. Important Tax Information. You should consult your own tax advisor and refer to Section 14 of the Offer to Exchange, which contains important tax information.

9. Tax Liability. Regardless of any action that Aware or its affiliates take with respect to any or all income tax, payroll tax or other tax-related withholding obligations in connection with the exchange offer ("tax obligations"), you acknowledge that the ultimate liability for all tax obligations legally due by you is and remains your sole responsibility and that Aware and its affiliates (i) make no representations or undertakings regarding the treatment of any tax obligations in connection with any aspect of the cancellation of eligible options or the grant of New Options and issuance of shares of common stock upon your exercise of any New Options, or the subsequent sale of shares of Aware common stock issued upon exercise of any New Options; and (ii) do not commit to structure the terms of the exchange offer, including cancellation of the eligible options and/or the grant of New Options, to reduce or eliminate your liability for tax obligations.

10. Governing Law and Documents. The Election Form is governed by, and subject to, United States federal and Massachusetts state law, as well as the terms and conditions set forth in the Offer to Exchange. For purposes of litigating any dispute that arises under the Election Form, the parties hereby submit to and consent to the exclusive jurisdiction of The Commonwealth of

Massachusetts and agree that such litigation shall be conducted in the courts of The Commonwealth of Massachusetts, or the federal courts for the United States for the District of Massachusetts, where this exchange offer is made and/or to be performed. Aware will determine, in its discretion, all questions about the validity, form, eligibility (including time of receipt) and acceptance of any options and any elections. Aware’s determination of these matters will be given the maximum deference permitted by law. However, you have all rights accorded to you under applicable law to challenge such determination in a court of competent jurisdiction. Only a court of competent jurisdiction can make a determination that will be final and binding upon the parties.

* * *

AWARE, INC.

OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW
OPTIONS UNDER AWARE'S 2023 EQUITY AND INCENTIVE PLAN

DATED JANUARY 19, 2024

WITHDRAWAL FORM

Please read this Withdrawal Form carefully. If you previously elected to tender all of a portion of your eligible options in exchange for a grant to receive New Options, subject to and upon the terms and conditions set forth in the Aware, Inc. Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's 2023 Equity and Incentive Plan, dated January 19, 2024, and you would like to withdraw the tender of your eligible options, you may do so by submitting a completed, signed and dated Withdrawal Form, which must be **received** by Aware, Inc. ("Aware") before 11:59 p.m., New York City time, on the expiration date, which is currently February 20, 2024 (the "Expiration Date") (or if the exchange offer is extended, your Withdrawal Form must be received before the extended expiration date of the exchange offer).

If you intend to submit this Withdrawal Form, you must complete, sign and date a copy of this Withdrawal Form and return it to Aware by hand, via email to Lindsey Savarino at lsavarino@aware.com, or via overnight delivery or regular mail to:

Aware, Inc.
Attn: Lindsey Savarino
76 Blanchard Road
Burlington, MA 01803

Your withdrawal will be effective only **upon receipt** by Aware. You are responsible for making sure that your Withdrawal Form is received by Aware before the deadline. You must allow for delivery time based on the method of delivery that you choose to ensure that Aware **receives** your Withdrawal Form before 11:59 p.m., New York City time, on the Expiration Date. **Your tendered eligible options will not be considered withdrawn until Aware receives your properly completed and signed Withdrawal Form.**

**DO NOT COMPLETE AND RETURN THIS WITHDRAWAL FORM
UNLESS YOU WISH TO WITHDRAW YOUR PREVIOUS TENDER OF
ELIGIBLE OPTIONS.**

AWARE, INC.

**OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS FOR NEW
OPTIONS UNDER AWARE’S 2023 EQUITY AND INCENTIVE PLAN**

DATED JANUARY 19, 2024

WITHDRAWAL FORM

By signing below, I understand and agree that:

I previously received the Aware, Inc. Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan, dated January 19, 2024 (the “Offer to Exchange”) and the Election Form. I completed, signed and returned the Election Form, thereby electing to exchange all or a portion of my eligible option grants, as indicated therein, for New Options. I now wish to withdraw my tendered option grants from the exchange offer. I understand that by signing this Withdrawal Form and delivering it to Aware pursuant to the instructions above, I elect to reject the exchange offer with respect to my eligible options as indicated herein.

By withdrawing my election, I understand that I will not receive New Options in exchange for the options withdrawn from the exchange offer, and will continue to hold the options withdrawn from the exchange offer, which will continue to be governed by the terms and conditions of the applicable existing stock option agreement(s) between Aware and me. The withdrawal of my eligible options is at my own discretion.

I understand that if I wish to change this withdrawal with respect to my eligible options and once again accept the exchange offer for all of my eligible option grants, I must submit a new Election Form that must be *received* by Aware prior to the expiration of the exchange offer, which is currently February 20, 2024.

* * *

**NOTICE OF WITHDRAWAL OF OPTIONS PREVIOUSLY TENDERED
FOR EXCHANGE PURSUANT TO THE OFFER TO EXCHANGE DATED
JANUARY 19, 2024**

If you wish to withdraw all of the options you previously elected to exchange, please check the box and fill in the information required below.

- ☐ I want to withdraw all of the eligible options that I previously elected to exchange pursuant to the Offer to Exchange. I understand that any previous elections I made will be considered void. I will retain my current stock options with their current terms and conditions. I do not accept the offer to exchange my eligible options.

If you wish to withdraw all of the options you previously elected to exchange, please check the applicable box(es) and fill in the information required below.

Eligible Options		
Grant Date	Original Exercise Price	Shares Underlying Eligible Options

- ☐ Revoke election to exchange all Eligible Options for New Options
☐ Revoke election with respect to ___ vested shares and ___ unvested shares
- ☐ Revoke election to exchange all Eligible Options for New Options
☐ Revoke election with respect to ___ vested shares and ___ unvested shares
- ☐ Revoke election to exchange all Eligible Options for New Options
☐ Revoke election with respect to ___ vested shares and ___ unvested shares

Employee Signature

Date and Time

Employee Name Printed

Employee ID

Employee Email Address

Daytime Telephone Number

**NONSTATUTORY STOCK OPTION AGREEMENT
UNDER THE AWARE, INC.
2023 EQUITY AND INCENTIVE PLAN**

Name of Optionee: _____

No. of Option Shares: _____

Option Exercise Price per Share: _____

Grant Date: _____

Expiration Date: _____

Pursuant to the Aware, Inc. 2023 Equity and Incentive Plan (as amended through the date hereof, the “**Plan**”), Aware, Inc. (the “**Company**”) hereby grants to the Optionee named above an option (the “**Stock Option**”) to purchase on or prior to the Expiration Date specified above all or part of the number of shares of common stock, par value \$0.01 per share, of the Company (the “**Stock**”) specified above at the Option Exercise Price per Share specified above, subject to the terms and conditions set forth herein and in the Plan.

1. Vesting Schedule. No portion of this Stock Option may be exercised until such portion shall have vested. This Stock Option shall vest and become exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains in a Service Relationship (as defined in the Plan) on such dates:

<u>Number of Option Shares Vesting</u>	<u>Vesting Date</u>
Fifty Percent (50%)	[_____] ¹
Fifty Percent (50%)	Twelve equal monthly installments after [_____] ²

To the extent vested and exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) From time to time on or prior to the Expiration Date of this Stock Option, the Optionee may exercise this Stock Option by giving written notice to the Administrator of the Optionee’s election to purchase some or all of the Option Shares exercisable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

¹ One-year anniversary of the Grant Date.

² One-year anniversary of the Grant Date.

Payment of the Option Exercise Price for the Option Shares may be made by one or more of the following methods: (i) in cash or by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the Option Exercise Price, provided that in the event the Optionee chooses to pay the Option Exercise Price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) with the consent of the Administrator, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the Option Exercise Price (and the Optionee shall make a cash payment equal to the difference between the Fair Market Value of such shares and the Option Exercise Price); or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full Option Exercise Price for the Option Shares, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the Option Exercise Price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination of Service Relationship. If the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's Service Relationship terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

(b) Termination Due to Disability. If the Optionee's Service Relationship terminates by reason of the Optionee's Disability, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by the Optionee for a period of 12 months from the date of termination due to Disability or until the Expiration Date, if earlier. For purposes hereof, "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months, and shall be determined in accordance with Section 22(e)(3) of the Code. Any portion of this Stock Option that is not exercisable on the date of termination due to Disability shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's Service Relationship terminates for Cause, any portion of this Stock Option outstanding on such date shall terminate immediately and be of no further force and effect. For purposes hereof, "**Cause**" shall mean, unless otherwise provided in an employment or service agreement between the Company or a Subsidiary and the Optionee, (i) any material breach by the Optionee of any agreement between the Optionee and the Company or a Subsidiary ; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance by the Optionee of the Optionee's duties to the Company or a Subsidiary.

(d) Other Termination. If the Optionee's Service Relationship terminates for any reason other than the Optionee's death, the Optionee's Disability, or Cause, and unless otherwise determined by the Administrator, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and the Optionee's representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 3(b) of the Plan. In the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Tax Withholding. To the extent that withholding is required under applicable law, the Optionee shall, not later than the date as of which the exercise of this Stock Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause any required tax withholding obligation to be satisfied, in whole or in part, by (i) withholding from shares of Stock to be issued to the Optionee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due; or (ii) causing its transfer agent to sell from the number of shares of Stock to be issued to the Optionee, the number of shares of Stock necessary to satisfy the Federal, state and local taxes required by law to be withheld from the Optionee on account of such taxable event.

7. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee's Service Relationship with the Company or a Subsidiary, and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Optionee's Service Relationship at any time.

8. Integration. This Agreement and the Plan constitute the entire agreement between the parties with respect to this Stock Option and supersede all prior agreements and discussions between the parties concerning this Stock Option.

9. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "**Relevant Companies**") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "**Relevant Information**"). By entering into this Agreement, the Optionee (i) authorizes each Relevant Company to collect, process, register and transfer to each other Relevant Company all Relevant Information; (ii) waives any privacy rights the Optionee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction which a Relevant Company considers appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

10. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

AWARE, INC.

By: _____
Title: _____

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: _____

Optionee's Signature

Optionee's name and address:

FORM OF ANNOUNCEMENT EMAIL TO ELIGIBLE HOLDERS

Subject: Aware, Inc. Offer to Exchange Certain Outstanding Stock Options for New Options
To: All Eligible Holders
Date: January 19, 2024

We are pleased to announce that Aware, Inc. (“*Aware*,” “*we*,” “*us*,” “*our*” or the “*Company*”) is commencing an Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan (the “*Offer to Exchange*”) today, January 19, 2024. You are receiving this email because you are currently eligible to participate and exchange an outstanding stock option award for a replacement stock option award with a lower exercise price. The terms of the Offer to Exchange are described in detail in the attached Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan, dated January 19, 2024 (the “*Offer Documents*”), that has been filed with the U.S. Securities and Exchange Commission and can be accessed using the following link:

[URL to Offer Documents].

You will receive a separate email with an Election Form listing your “*Eligible Option(s)*,” which includes all outstanding stock options held by you. Please notify us immediately if you find any discrepancy or have any questions regarding the Eligible Option(s) listed in your Election Form.

If you participate in the Offer to Exchange, we will cancel your tendered Eligible Option(s) and grant you one or more “*New Option(s)*” with modified terms, as described in the Offer Documents. The terms of your New Option(s), including the exercise price and potential tax treatment, will be different than your Eligible Option(s), and in exchange for your receipt of such New Option(s), all corresponding Eligible Option(s) will be irrevocably cancelled.

The Election Form, requests for additional copies of the Offer Documents, and any other communications and questions regarding the Offer to Exchange should be submitted to Lindsey Savarino, the Company’s Senior Director, Human Resources.

Please carefully read *all* of the Offer Documents before making any decisions regarding the Offer to Exchange. To participate in the Offer to Exchange, please deliver your completed and signed Election Form to Lindsey Savarino. If you later decide to withdraw your election, please deliver your completed and signed Notice of Withdrawal, a copy of which is attached to this email, to Lindsey Savarino.

The Offer to Exchange will expire at **11:59 P.M., New York City time, on February 20, 2024** (the “*Expiration Time*”). We may extend this expiration date and time in our discretion, in which case references to the “*Expiration Time*” shall refer to any such extended date and time. If you would like to tender Eligible Option(s) under the Offer to Exchange, Aware must **receive** your properly completed and signed Election Form by the Expiration Time. Similarly, if you would like to withdraw a prior election, Aware must **receive** your Notice of Withdrawal by the Expiration Time.

We cannot advise you on whether or not to participate in the Offer to Exchange. Participation in the Offer to Exchange is entirely your decision and at your discretion, and you should make the decision about whether to participate based on your personal circumstances. Aware recommends that you consult your tax and financial advisors to address questions regarding your decision.

This notice does not constitute an offer. The full terms of the Offer to Exchange are described in the Schedule TO-I and accompanying documents, which you may access on our website at www.aware.com or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

FORM OF EMAIL
CONFIRMING RECEIPT OF ELECTION FORM

From: AWARE, INC.

Re: Confirmation of Receipt of Election Form

This message confirms that Aware, Inc. (“*Aware*,” “*we*,” “*us*,” “*our*” or the “*Company*”) has received your Election Form. This confirmation should not, however, be construed to imply that the Election Form you submitted has been properly completed or signed or that we have accepted any of your Eligible Option(s) for exchange.

If your Election Form has been properly completed and signed, and all eligibility requirements are met, we expect to accept the Eligible Option(s) you have elected to exchange and to grant you New Option(s) promptly following the completion date of the Offer to Exchange, which we expect to be February 20, 2024, subject to the terms and conditions of the Offer to Exchange. If you do not deliver a signed Notice of Withdrawal before the Expiration Time, we will provide you with a confirmation letter promptly following the completion date of the Offer to Exchange, which we expect to be February 20, 2024, confirming that your Eligible Option(s) have been accepted for exchange. In addition, we will separately provide you with stock option agreements for your New Option(s).

Your Election Form may be changed or withdrawn by subsequently delivering a new, properly completed and signed Election Form or Notice of Withdrawal at any time before **11:59 P.M., New York City time, on February 20, 2024**, unless the Offer to Exchange is extended.

You should direct questions about the Offer to Exchange, or requests for assistance (including requests for additional or paper copies of the Offer to Exchange, Election Form, Notice of Withdrawal or any other documents relating to the Offer to Exchange) to Lindsey Savarino, the Company’s Senior Director, Human Resources.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan, dated January 19, 2024.

This notice does not constitute an offer. The full terms of the Offer to Exchange are described in the Schedule TO-I and accompanying documents, which you may access on our website at www.aware.com or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

FORM OF EMAIL

CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM

From: AWARE, INC.

Re: Confirmation of Receipt of Notice of Withdrawal of Election Form

This message confirms that Aware, Inc. (“*Aware*,” “*we*,” “*us*,” “*our*” or the “*Company*”) received your Notice of Withdrawal of Election Form (“*Notice of Withdrawal*”). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed.

If your Notice of Withdrawal is properly completed and signed and timely received by us, you will have revoked your prior election to exchange your Eligible Option(s) as set forth in your previously submitted Election Form. With respect to the Eligible Option(s) listed on your Notice of Withdrawal, we will neither cancel nor exchange such awards for New Option(s), and you will retain your Eligible Option(s) subject to their original terms, exercise price and vesting schedule. Unless you deliver a new, properly completed and signed Election Form before **11:59 P.M., New York City time, on February 20, 2024**, or a later date if extended, the Eligible Option(s) listed on your Notice of Withdrawal will remain outstanding following the expiration of the Exchange Offer.

You should direct questions about the Offer to Exchange, or requests for assistance (including requests for additional or paper copies of the Offer to Exchange, Election Form, Notice of Withdrawal or any other documents relating to the Offer to Exchange) to Lindsey Savarino, the Company’s Senior Director, Human Resources.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware’s 2023 Equity and Incentive Plan, dated January 19, 2024.

This notice does not constitute an offer. The full terms of the Offer to Exchange are described in the Schedule TO-I and accompanying documents, which you may access on our website at www.aware.com or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

FORM OF REMINDER EMAIL TO ELIGIBLE HOLDERS
REGARDING THE EXPIRATION OF THE EXCHANGE OFFER

From: AWARE, INC.

Re: REMINDER—Offer to Exchange Eligible Option(s) for New Option(s)

This email serves as a reminder that we are nearing the expiration of the Offer to Exchange described in the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's 2023 Equity and Incentive Plan, dated January 19, 2024 (the "***Offer Documents***"). The Offer to Exchange and your withdrawal rights will expire at **11:59 P.M., New York City time, on February 20, 2024**, unless extended. You must submit your Election Forms and/or Notice of Withdrawals to Lindsey Savarino, the Company's Senior Director, Human Resources, by the Expiration Time. We cannot accept late submissions.

You should direct questions about the Offer to Exchange, or requests for assistance (including requests for additional or paper copies of the Offer to Exchange, Election Form, Notice of Withdrawal or any other documents relating to the Offer to Exchange) to Lindsey Savarino, the Company's Senior Director, Human Resources.

This notice does not constitute an offer. The full terms of the Offer to Exchange are described in the Schedule TO-I and accompanying documents, which you may access on our website at www.aware.com or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

FORM OF EXPIRATION NOTICE EMAIL

From: AWARE, INC.

Re: Expiration of the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's 2023 Equity and Incentive Plan

The Offer to Exchange described in the Offer to Exchange Certain Outstanding Stock Options for New Options Under Aware's Equity and Incentive Plan, dated January 19, 2024 (the "***Offer Documents***"), has expired, and no additional Election Forms or Notices of Withdrawal may be submitted. If you are an Eligible Holder and delivered a properly completed and signed Election Form to tender your Eligible Options before the Completion Date, and did not subsequently deliver a Notice of Withdrawal, you will receive a separate email confirming our acceptance of your tendered Eligible Option(s). Any Eligible Option(s) you did not tender for exchange will remain outstanding and subject to their original terms. If you have any questions regarding the stock options you hold, please contact David Traverse, the Company's Principal Financial Officer.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer to Exchange.

FORM OF EMAIL TO ELIGIBLE HOLDERS

CONFIRMING ACCEPTANCE OF ELIGIBLE OPTION(S)

From: AWARE, INC.

Re: Confirmation of Acceptance of Eligible Options

Thank you for your submission of the Election Form pursuant to the Offer to Exchange Certain Outstanding Options for New Options Under Aware's 2023 Equity and Incentive Plan, dated January 19, 2024 (the "***Offer Documents***"). With this letter, we confirm that Aware, Inc. has accepted the Eligible Option(s) listed on your Election Form for exchange in the Offer to Exchange. Subject to the terms and conditions of the Offer to Exchange, as described in the Offer Documents, your Eligible Option(s) will be cancelled and New Option(s) will be granted to you. You will receive an option agreement no later than the second business day following the completion date of the Offer to Exchange. If you have any questions, please contact Lindsey Savarino, the Company's Senior Director, Human Resources.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Offer Documents.

Calculation of Filing Fee Tables

Schedule TO-I
(Form Type)

Aware, Inc.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Table 1: Transaction Valuation

	Transaction Valuation (1)	Fee Rate	Amount of Filing Fee (2)
Fees to Be Paid	\$663,567.69	0.00014760	\$97.94
Fees Previously Paid			
Total Transaction Valuation	\$663,567.69		
Total Fees Due for Filing			\$97.94
Total Fees Previously Paid			\$0.00
Total Fee Offsets			\$0.00
Net Fees Due			\$97.94

- (1) Estimated solely for purposes of calculating the amount for the filing fee. The calculation of the Transaction Valuation assumes that all outstanding stock options to purchase shares of the issuer's common stock that may be eligible for exchange in the offer will be exchanged pursuant to the offer. This calculation assumes stock options to purchase an aggregate of 2,260,000 shares of the issuer's common stock, having an aggregate value of \$663,567.69 as of January 16, 2024, calculated based on a Black-Scholes option pricing model, will be exchanged or cancelled pursuant to this offer.
- (2) The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$147.60 per \$1,000,000 of the aggregate amount of the Transaction Valuation. The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.