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

# FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the quarterly period ended:** September 30, 2026

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

**Commission file number: 001-08443**

## TELOS CORPORATION

(Exact name of registrant as specified in its charter)

| **Maryland** | **52-0880974** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **19886 Ashburn Road, Ashburn, Virginia** | **20147-2358** |
| (Address of principal executive offices) | (Zip Code) |

**(703) 724-3800**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---|---|---|
| **Common stock, $0.001 par value per share** | **TLS** | **The Nasdaq Stock Market LLC** |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

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

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

As of November 2, 2026, the registrant had outstanding 73,532,971 shares of common stock.

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

**TELOS CORPORATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
*(Unaudited)*

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands, except per share amounts)* | | | |
| Revenue – services | $ 44,948 | $ 43,486 | $ 127,603 | $ 101,632 |
| Revenue – products | 10,250 | 7,958 | 23,082 | 16,396 |
| Total revenue | 55,198 | 51,444 | 150,685 | 118,028 |
| Cost of sales – services (excluding depreciation and amortization) | 23,063 | 22,906 | 68,839 | 55,002 |
| Cost of sales – products (excluding depreciation and amortization) | 8,558 | 5,636 | 19,092 | 12,792 |
| Depreciation and amortization | 2,637 | 2,356 | 7,747 | 5,574 |
| Total cost of sales | 34,258 | 30,898 | 95,678 | 73,368 |
| Gross profit | 20,940 | 20,546 | 55,007 | 44,660 |
| Operating expenses: | | | | |
| Research and development expenses | 1,452 | 1,899 | 4,154 | 4,982 |
| Selling, general and administrative expenses | 15,398 | 21,115 | 44,998 | 61,051 |
| Total operating expenses | 16,850 | 23,014 | 49,152 | 66,033 |
| Operating income (loss) | 4,090 | (2,468) | 5,855 | (21,373) |
| Other income | 464 | 511 | 1,662 | 1,625 |
| Interest expense | (100) | (136) | (318) | (424) |
| Income (loss) before income taxes | 4,454 | (2,093) | 7,199 | (20,172) |
| Provision for income taxes | (18) | (21) | (80) | (63) |
| Net income (loss) | $ 4,436 | $ (2,114) | $ 7,119 | $ (20,235) |
| | | | | |
| Earnings (loss) per share: | | | | |
| Basic | $ 0.06 | $ (0.03) | $ 0.10 | $ (0.28) |
| Diluted | $ 0.06 | $ (0.03) | $ 0.09 | $ (0.28) |
| | | | | |
| Weighted-average shares outstanding: | | | | |
| Basic | 74,244 | 72,580 | 74,322 | 72,819 |
| Diluted | 76,496 | 72,580 | 77,260 | 72,819 |

See accompanying notes to the unaudited consolidated financial statements.

**TELOS CORPORATION**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
*(Unaudited)*

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | | | |
| Net income (loss) | $ 4,436 | $ (2,114) | $ 7,119 | $ (20,235) |
| Other comprehensive income, net of tax: | | | | |
| Foreign currency translation adjustments | 5 | 1 | — | 76 |
| Actuarial gain on pension liability adjustment | — | — | — | 8 |
| Other comprehensive income | 5 | 1 | — | 84 |
| Comprehensive income (loss) | $ 4,441 | $ (2,113) | $ 7,119 | $ (20,151) |

See accompanying notes to the unaudited consolidated financial statements.

**TELOS CORPORATION**
**CONSOLIDATED BALANCE SHEETS**
*(Unaudited)*

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands, except per share amount and share data)* | |
| **Assets:** | | |
| Cash and cash equivalents | $ 51,761 | $ 53,180 |
| Accounts receivable, net | 23,730 | 17,000 |
| Inventories, net | 2,955 | 996 |
| Prepaid expenses | 7,099 | 10,565 |
| Deferred program expenses | 9,502 | 10,006 |
| Other current assets | 1,885 | 2,666 |
| Total current assets | 96,932 | 94,413 |
| Property and equipment, net | 2,167 | 3,071 |
| Finance lease right-of-use assets, net | 3,255 | 4,170 |
| Operating lease right-of-use assets, net | 240 | 410 |
| Goodwill | 3,006 | 3,006 |
| Intangible assets, net | 28,521 | 30,281 |
| Other assets | 4,290 | 4,513 |
| Total assets | $ 138,411 | $ 139,864 |
| **Liabilities and Stockholders' Equity** | | |
| Liabilities: | | |
| Accounts payable | $ 1,502 | $ 4,087 |
| Accrued liabilities | 5,744 | 6,900 |
| Accrued compensation and benefits | 13,006 | 12,309 |
| Contract liabilities – current portion | 16,353 | 11,223 |
| Finance lease obligations – current portion | 2,156 | 2,033 |
| Operating lease obligations – current portion | 219 | 232 |
| Total current liabilities | 38,980 | 36,784 |
| Contract liabilities – non-current portion | 751 | 1,124 |
| Finance lease obligations – non-current portion | 3,976 | 5,608 |
| Operating lease obligations – non-current portion | 35 | 186 |
| Deferred income taxes | 59 | 53 |
| Other liabilities | 174 | 159 |
| Total liabilities | 43,975 | 43,914 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, $0.001 par value, 250,000,000 shares authorized, 73,512,971 shares and 72,773,272 shares issued and outstanding as of September 30, 2026, and December 31, 2025, respectively | 112 | 111 |
| Additional paid-in capital | 451,194 | 459,828 |
| Accumulated other comprehensive loss | (96) | (96) |
| Accumulated deficit | (356,774) | (363,893) |
| Total stockholders' equity | 94,436 | 95,950 |
| Total liabilities and stockholders' equity | $ 138,411 | $ 139,864 |

See accompanying notes to the unaudited consolidated financial statements.

**TELOS CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(Unaudited)*

| | For the Nine Months Ended | |
|---|---|---|
| | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 7,119 | $ (20,235) |
| Adjustments to reconcile net income (loss) to cash flows from operations: | | |
| Stock-based compensation | 9,195 | 24,193 |
| Depreciation and amortization | 10,248 | 8,022 |
| Loss on disposal of fixed assets | 52 | 1 |
| Provision for inventory obsolescence | 42 | — |
| Amortization of debt issuance costs | 26 | 52 |
| Deferred income taxes | 6 | 41 |
| Provision for doubtful accounts | 1 | 3 |
| Changes in other operating assets and liabilities: | | |
| Accounts receivable | (6,731) | (1,254) |
| Inventories | (1,825) | 1,081 |
| Prepaid expenses, deferred program expenses, other current assets, other assets | 8,072 | 701 |
| Accounts payable | (2,832) | (1,263) |
| Accrued compensation and benefits | 1,466 | 1,420 |
| Contract liabilities | 4,756 | 6,894 |
| Accrued liabilities and other liabilities | (2,662) | 2,546 |
| Net cash provided by operating activities | 26,933 | 22,202 |
| Cash flows from investing activities: | | |
| Capitalized software development costs | (6,075) | (6,496) |
| Purchases of property and equipment, net | (477) | (709) |
| Net cash used in investing activities | (6,552) | (7,205) |
| Cash flows from financing activities: | | |
| Payments under finance lease obligations | (1,509) | (1,393) |
| Payment of tax withholding related to net share settlement of equity awards | (7,632) | (1,600) |
| Repurchases of common stock | (12,637) | (7,639) |
| Payments for debt issuance costs | (21) | — |
| Proceeds from exercise of stock options | — | 108 |
| Net cash used in financing activities | (21,799) | (10,524) |
| Net change in cash, cash equivalents, and restricted cash | (1,418) | 4,473 |
| Cash, cash equivalents, and restricted cash, beginning of period | 53,320 | 54,717 |
| Cash, cash equivalents, and restricted cash, end of period | $ 51,902 | $ 59,190 |

See accompanying notes to the unaudited consolidated financial statements.

**TELOS CORPORATION**
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
*(Unaudited)*

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| | | | *(in thousands)* | | | |
| Balance at June 30, 2026 | 74,737 | $ 113 | $ 454,611 | $ (101) | $ (361,210) | $ 93,413 |
| Net income | — | — | — | — | 4,436 | 4,436 |
| Foreign currency translation gain | — | — | — | 5 | — | 5 |
| Restricted stock unit awards vested, net of shares withheld to cover tax withholding | 28 | — | (6) | — | — | (6) |
| Stock-based compensation | — | — | 2,336 | — | — | 2,336 |
| Repurchases of common stock | (1,252) | (1) | (5,747) | — | — | (5,748) |
| Balance at September 30, 2026 | 73,513 | $ 112 | $ 451,194 | $ (96) | $ (356,774) | $ 94,436 |
| | | | | | | |
| Balance at June 30, 2025 | 72,442 | $ 111 | $ 463,816 | $ (46) | $ (345,468) | $ 118,413 |
| Net loss | — | — | — | — | (2,114) | (2,114) |
| Foreign currency translation gain | — | — | — | 1 | — | 1 |
| Restricted stock unit awards vested, net of shares withheld to cover tax withholding | 302 | 1 | (538) | — | — | (537) |
| Stock-based compensation | — | — | 7,441 | — | — | 7,441 |
| Issuance of common stock upon exercise of stock options | 60 | — | 108 | — | — | 108 |
| Repurchases of common stock | (584) | (1) | (3,636) | — | — | (3,637) |
| Balance at September 30, 2025 | 72,220 | $ 111 | $ 467,191 | $ (45) | $ (347,582) | $ 119,675 |

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| | | | *(in thousands)* | | | |
| Balance at December 31, 2025 | 72,773 | $ 111 | $ 459,828 | $ (96) | $ (363,893) | $ 95,950 |
| Net income | — | — | — | — | 7,119 | 7,119 |
| Restricted stock unit awards vested, net of shares withheld to cover tax withholding | 2,432 | 2 | (6,414) | — | — | (6,412) |
| Stock-based compensation | — | — | 5,990 | — | — | 5,990 |
| Repurchases of common stock | (2,811) | (2) | (12,635) | — | — | (12,637) |
| Issuance of common stock for annual incentive plan ("AIP") payment, net of shares withheld to cover tax withholding | 706 | 1 | 2,766 | — | — | 2,767 |
| Issuance of common stock for 401(k) match | 413 | — | 1,659 | — | — | 1,659 |
| Balance at September 30, 2026 | 73,513 | $ 112 | $ 451,194 | $ (96) | $ (356,774) | $ 94,436 |
| | | | | | | |
| Balance at December 31, 2024 | 72,515 | $ 111 | $ 454,502 | $ (129) | $ (327,347) | $ 127,137 |
| Net loss | — | — | — | — | (20,235) | (20,235) |
| Foreign currency translation gain | — | — | — | 76 | — | 76 |
| Actuarial gain on pension liability adjustment | — | — | — | 8 | — | 8 |
| Restricted stock unit awards vested, net of shares withheld to cover tax withholding | 989 | 1 | (1,601) | — | — | (1,600) |
| Stock-based compensation | — | — | 19,757 | — | — | 19,757 |
| Issuance of common stock upon exercise of stock options | 60 | — | 108 | — | — | 108 |
| Repurchase of common stock | (2,072) | (2) | (7,637) | — | — | (7,639) |
| Issuance of common stock for 401(k) match | 728 | 1 | 2,062 | — | — | 2,063 |
| Balance at September 30, 2025 | 72,220 | $ 111 | $ 467,191 | $ (45) | $ (347,582) | $ 119,675 |

See accompanying notes to the unaudited consolidated financial statements.

**TELOS CORPORATION**
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

1. ORGANIZATION

Telos Corporation, together with its subsidiaries (collectively, the "Company," "we," "our" or "Telos"), a Maryland corporation, is a leading provider of cyber, cloud and enterprise security solutions for the world's most security-conscious organizations. We own all of the issued and outstanding shares of Xacta Corporation and ubIQuity.com, inc. (a holding company for Xacta Corporation), and Teloworks, Inc. ("Teloworks"), and 100% ownership interest in Telos Identity Management Solutions, LLC ("Telos ID").

2. SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation and Principles of Consolidation*

The accompanying unaudited consolidated financial statements include the accounts of Telos and its subsidiaries (see Note 1 – Organization), all of whose issued and outstanding share capital is wholly owned directly and indirectly by Telos Corporation. All intercompany transactions and balances have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

*Basis of Presentation for Interim Periods*

Certain information and footnote disclosures normally included for the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted for the interim periods presented. We believe that the unaudited interim financial statements include all adjustments (which are normal and recurring) necessary to state fairly our financial position and the results of operations and cash flows for the periods presented.

The results of operations for the interim periods presented are not necessarily indicative of results that may be expected for the full year or future periods. The financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto for the year ended December 31, 2025, included in our Annual Report on Form 10-K for the fiscal year then ended. We continue to follow the accounting policies set forth in those financial statements.

*Reclassification*

Certain prior-period amounts have been reclassified to conform to the current period presentation. This reclassification relates to presenting "Inventories, net" as a separate line item on the unaudited consolidated balance sheets from "Other current assets."

*Use of Estimates*

The preparation of these unaudited consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. The Company regularly assesses these estimates; however, actual results could differ from those estimates. We base our estimates on historical experience, currently available information, and various other assumptions that we believe are reasonable under the circumstances.

Management evaluates these estimates and assumptions on an ongoing basis, including those relating to revenue recognition on cost estimation on certain contracts, allowance for credit losses, inventory obsolescence, valuation allowance for deferred tax assets, income taxes, certain assumptions related to stock-based compensation, impairment of intangible assets and goodwill, restructuring expense accruals, and contingencies. Actual results could differ from these estimates. The impact of changes in estimates is recorded in the period in which they become known.

*Restructuring Expenses*

As disclosed in the Company's recent Annual Report on Form 10-K for the year ended December 31, 2025, in the fourth quarter of 2025, the Company committed to a restructuring plan as part of its efforts to streamline operations and to align people, roles and projects to our strategic priorities ("2025 restructuring plan"). The 2025 restructuring plan reduced the Company's workforce, with the affected employees separating from the business through the third quarter of 2026. The actions under this restructuring plan were completed and substantially paid through the third quarter of 2026. Total restructuring expenses incurred under the 2025 restructuring plan were $1.5 million.

**Table 2: Summary of Changes in Restructuring Expenses Accrual**

| | Severance and related benefit costs [1] |
|---|---|
| | *(in thousands)* |
| Balance at December 31, 2025 | $ 1,451 |
| Cash payments | (1,448) |
| Balance at September 30, 2026 | $ 3 |

[1] Restructuring expenses accrual is included within "Accrued liabilities" on the Company's unaudited consolidated balance sheets (see Note 9 - Other Balance Sheet Components for further details).

*Recent Accounting Pronouncements*

In November 2024, the FASB issued ASU 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses." This standard requires additional disclosure of certain amounts included in the expense captions presented on the statement of operations, as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application. All public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently assessing the impact of adopting this ASU on our unaudited consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.” This standard provides simplified guidance on measuring credit losses for accounts receivable and contract assets. The update introduces a practical expedient and an accounting policy election to ease the process. All entities can elect the practical expedient to assume that the current economic conditions at the balance sheet date will remain constant through the life of the current receivables and contract assets. Entities that elect the practical expedient and the accounting policy election should apply the amendments in this ASU prospectively. The ASU was effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. We adopted the standard in the first quarter of 2026 and the adoption did not have a material impact on our unaudited consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting of Internal-Use Software." This standard provides a simplified, consistent way to track expenses related to software developed for internal use. The amendments in this standard removed all references to project stages; instead, a company can capitalize software costs once both conditions are met: the entity's management has authorized and committed to funding the project, and it is probable that the project will be completed and the software will be used as intended. The amendments will be effective for annual reporting periods, including interim periods within those years, beginning after December 15, 2027, with early adoption permitted. We are currently assessing the impact of adopting this ASU on our unaudited consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements," which was intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. Public entities are required to adopt the guidance for interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently assessing the impact of adopting this ASU on our unaudited consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, "Codification Improvement." This ASU includes a number of improvements that span a wide range of topics, including amendments to the following provisions, among other things: (1) clarify diluted earnings per share ("EPS") calculation when a loss from continuing operations exists; (2) revise the calculation of the reference amount for beneficial interests to prevent double counting credit losses; (3) clarify the permissible methods to account for treasury stock retirements; and (4) clarify the guidance for transfers of receivables from contracts with customers. The standard will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. We are currently assessing the impact of adopting this ASU on our unaudited consolidated financial statements.

In addition, from time to time, new accounting standards are issued by the Financial Accounting Standards Board or other standard-setting bodies and are adopted by the Company as of the specified accounting date. Unless otherwise discussed, the Company believes that issued standards not yet effective will not have a material effect on its financial statements.

3. REVENUE RECOGNITION

The majority of our revenue is recognized over time, as control is periodically transferred to our customers, who receive and consume benefits as we perform. Revenue from transfers to customers over time accounted for 67% and 69% of our revenue for the three and nine months ended September 30, 2026, respectively, and 77% and 74% of our revenue for the three and nine months ended September 30, 2025, respectively. For performance obligations in which control does not continuously transfer to the customer, we recognize revenue at the point in time when each performance obligation is fully satisfied. This coincides with the point in time the customer obtains control of the product or service, which typically occurs upon customer acceptance or receipt of the product or service, given that we maintain control of the product or service until that point. Revenue from transfers to customers at a point in time accounted for 33% and 31% of our revenue for the three and nine months ended September 30, 2026, respectively, and 23% and 26% of our revenue for the three and nine months ended September 30, 2025, respectively. The change in revenue mix for the nine months ended September 30, 2026, as compared to the prior period, was primarily driven by an increase in product sales volume from a significant program.

Our contracts may include various types of variable consideration and may include estimated amounts in the transaction price, based on all of the information available to us, and to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when any uncertainty associated with the variable consideration is resolved. We evaluate and include these estimated amounts of variable consideration in the transaction price, and as performance on these contracts is complete, we adjust our revenue when deemed necessary. No revenue adjustments were recorded during the three and nine months ended September 30, 2026, and 2025.

We provide for anticipated losses on contracts during the period when the loss is determined by recording an expense for the total expected costs that exceed the total estimated revenue for a performance obligation. We recorded an immaterial contract loss during the three and nine months ended September 30, 2026. No contract loss was recorded during the three months ended September 30, 2025, while we recorded an immaterial contract loss during the nine months ended September 30, 2025.

*Disaggregated Revenues*

In addition to our segment reporting, as further discussed in Note 14 – Segment Information, we disaggregate our revenues by customer and contract types. We treat sales to U.S. customers as sales within the United States, regardless of where the services are performed. Practically all of our revenues are generated from U.S. customers, while international customers are de minimis; as such, the financial information by geographic location is not presented.

**Table 3.1: Revenue by Customer Type**

| | For the Three Months Ended | | | | For the Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2026 | | September 30, 2025 | | September 30, 2026 | | September 30, 2025 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(dollars in thousands)* | | | | | | | |
| Federal | $ 51,474 | 93 % | $ 47,296 | 92 % | $ 139,615 | 93 % | $ 107,268 | 91 % |
| State, local, and commercial | 3,724 | 7 % | 4,148 | 8 % | 11,070 | 7 % | 10,760 | 9 % |
| Total revenue | $ 55,198 | 100 % | $ 51,444 | 100 % | $ 150,685 | 100 % | $ 118,028 | 100 % |

**Table 3.2: Revenue by Contract Type**

| | For the Three Months Ended | | | | For the Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2026 | | September 30, 2025 | | September 30, 2026 | | September 30, 2025 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(dollars in thousands)* | | | | | | | |
| Firm fixed-price | $ 44,633 | 81 % | $ 39,409 | 77 % | $ 119,538 | 79 % | $ 84,560 | 71 % |
| Time-and-materials | 8,865 | 16 % | 9,499 | 18 % | 26,207 | 18 % | 26,789 | 23 % |
| Cost plus fixed fee | 1,700 | 3 % | 2,536 | 5 % | 4,940 | 3 % | 6,679 | 6 % |
| Total revenue | $ 55,198 | 100 % | $ 51,444 | 100 % | $ 150,685 | 100 % | $ 118,028 | 100 % |

A majority of the Company's revenue was derived under prime contracts and subcontracts with agencies and departments of the federal government. No other customer accounted for 10% or more of the Company's revenue during the three and nine months ended September 30, 2026, and 2025.

**Table 3.3: Revenue Concentration Greater than 10% of Total Revenue**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | | | |
| Federal government: | | | | |
| Security Solutions | $ 50,460 | $ 42,333 | $ 135,746 | $ 94,017 |
| Secure Networks | 1,014 | 4,963 | 3,869 | 13,251 |
| Total | $ 51,474 | $ 47,296 | $ 139,615 | $ 107,268 |

**Table 3.4: Contract Balances**

| | Balance Sheet Presentation | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| | | *(in thousands)* | |
| Billed accounts receivable [1] | Accounts receivable, net | $ 17,069 | $ 9,375 |
| Unbilled accounts receivable | Accounts receivable, net | 5,790 | 6,962 |
| Contract assets | Accounts receivable, net | 871 | 663 |
| Contract liabilities – current | Contract liabilities – current portion | 16,353 | 11,223 |
| Contract liabilities – non-current | Contract liabilities – non-current portion | 751 | 1,124 |

[1] Net of allowance for credit losses.

The changes in the Company's contract assets and contract liabilities during the current period were primarily the result of the timing differences between the Company's performance, invoicing, and customer payments. Revenue recognized for the three and nine months ended September 30, 2026, which was included in the contract liabilities balance at December 31, 2025, was $2.1 million and $10.2 million, respectively. Revenue recognized for the three and nine months ended September 30, 2025, which was included in the contract liabilities balance at December 31, 2024, was $1.2 million and $5.3 million, respectively.

As of September 30, 2026, we had approximately $84.0 million of remaining performance obligations, which we also refer to as funded backlog. We expect to recognize approximately 90% of our remaining performance obligations over the next 12 months, and the balance thereafter.

4. ACCOUNTS RECEIVABLE, NET

**Table 4: Details of Accounts Receivable, Net**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands)* | |
| Billed accounts receivable | $ 17,090 | $ 9,416 |
| Unbilled accounts receivable | 5,790 | 6,962 |
| Contract assets | 871 | 663 |
| Allowance for credit losses [1] | (21) | (41) |
| Accounts receivable, net | $ 23,730 | $ 17,000 |

[1] Includes provision for credit losses, net of recoveries and write-offs.

As our primary customer base includes agencies of the U.S. federal government, we have a concentration of credit risk associated with our accounts receivable, as 91% and 85% of our billed and unbilled accounts receivable as of September 30, 2026, and December 31, 2025, respectively, were with U.S. federal government customers. While we acknowledge the potential material and adverse risk of such a significant concentration of credit risk, our past experience collecting substantially all of such receivables provides us with an informed basis that such risk, if any, is manageable. We perform ongoing credit evaluations of all of our customers and generally do not require collateral or other guarantees. We maintain allowances for potential losses, when appropriate.

On March 10, 2026, we entered into a new Factoring Agreement with an unrelated third-party (the "Factor"). Under this Factoring Agreement, we may offer eligible accounts receivable arising from our U.S. government prime contracts or subcontracts for sale (the "Purchased Receivables") to the Factor, and the Factor may purchase such receivables at its sole discretion, on a non-recourse basis. These transactions are accounted for as a "true sale" as we have surrendered control over the receivables, and we are not obligated to repay all or any portion of the advance amount if any portion of the accounts receivable is not paid by the customers due to an inability to pay. The total amount of Purchased Receivables is subject to a maximum limit of $10.0 million of outstanding Purchased Receivables at any given time. The initial term of the Factoring Agreement expires on March 10, 2027, and automatically renews annually thereafter unless terminated in writing by the parties. No accounts receivable were sold during the three and nine months ended September 30, 2026.

## 5. INVENTORIES, NET

**Table 5: Details of Inventories, Net**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands)* | |
| Gross inventory | $ 3,496 | $ 1,495 |
| Allowance for inventory obsolescence | (541) | (499) |
| Inventories, net | $ 2,955 | $ 996 |

## 6. PROPERTY AND EQUIPMENT, NET

**Table 6.1: Details of Property and Equipment, Net**

| | September 30, 2026 | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Depreciation and Amortization | Net Carrying Value | Gross Carrying Amount | Accumulated Depreciation and Amortization | Net Carrying Value |
| | | | *(in thousands)* | | | |
| Furniture and equipment | $ 17,219 | $ (15,632) | $ 1,587 | $ 17,275 | $ (14,727) | $ 2,548 |
| Leasehold improvements | 3,609 | (3,029) | 580 | 3,419 | (2,896) | 523 |
| Total | $ 20,828 | $ (18,661) | $ 2,167 | $ 20,694 | $ (17,623) | $ 3,071 |

**Table 6.2: Depreciation and Amortization Expense**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | | *(in thousands)* | | |
| Depreciation and amortization expense | $ 445 | $ 432 | $ 1,347 | $ 1,299 |

## 7. GOODWILL

The goodwill balance was $3.0 million as of September 30, 2026, and December 31, 2025, and is allocated to the Security Solutions segment. Goodwill is subject to annual impairment testing and is assessed for potential impairment indicators at least quarterly, or more frequently if triggering events are identified. No impairment charges were recorded for the three and nine months ended September 30, 2026, and 2025.

## 8. INTANGIBLE ASSETS, NET

**Table 8.1: Details of Intangible Assets, Net**

| | Estimated Useful Life | September 30, 2026 Gross Carrying Amount | September 30, 2026 Accumulated Amortization | September 30, 2026 Net Carrying Value | December 31, 2025 Gross Carrying Amount | December 31, 2025 Accumulated Amortization | December 31, 2025 Net Carrying Value |
|---|---|---|---|---|---|---|---|
| | *(in years)* | *(in thousands)* | | | | | |
| Acquired technology | 8 | $ 3,630 | $ (2,344) | $ 1,286 | $ 3,630 | $ (2,004) | $ 1,626 |
| Customer relationship | 3 | 40 | (40) | — | 40 | (40) | — |
| Software development costs | 2 - 5 | 47,398 | (31,046) | 16,352 | 43,411 | (23,576) | 19,835 |
| Subtotal | | 51,068 | (33,430) | 17,638 | 47,081 | (25,620) | 21,461 |
| In-process software development costs [1] | | 10,883 | — | 10,883 | 8,820 | — | 8,820 |
| Total | | $ 61,951 | $ (33,430) | $ 28,521 | $ 55,901 | $ (25,620) | $ 30,281 |

[1] In-process software development costs are costs for software that is not yet available for its intended use or general release to customers as of the balance sheet date, thus not yet amortized.

**Table 8.2: Amortization Expense**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | | | |
| Amortization expense related to: | | | | |
| Software development costs – cost of sales [1] | $ 2,552 | $ 2,265 | $ 7,470 | $ 5,299 |
| Other intangible assets – general and administrative | 113 | 113 | 340 | 340 |
| Total | $ 2,665 | $ 2,378 | $ 7,810 | $ 5,639 |

[1] Amortization expense for software development costs related to assets to be sold, leased, or otherwise marketed is charged under cost of sales on the unaudited consolidated statements of operations.

## 9. OTHER BALANCE SHEET COMPONENTS

**Table 9.1: Details of Other Assets**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands)* | |
| Investment [1] | $ 3,750 | $ 3,750 |
| Prepaid expense and deferred commission – long-term portion | 320 | 537 |
| Restricted cash | 141 | 140 |
| Other | 79 | 86 |
| Other assets | $ 4,290 | $ 4,513 |

[1] In March 2024, we made a $3.0 million investment in a privately-held company via a simple agreement for future equity ("SAFE"). In October 2025, the Company's SAFE investment was settled into 8,964,262 shares of Series A common stock at a settlement price of $0.42 per share, based on the valuation cap in the original agreement, resulting in 3.8% ownership with no significant influence over the privately-held company. Upon settlement of the SAFE, the investment was remeasured to its fair value of $3.8 million. The investment does not have a readily determinable fair value and the Company elected the measurement alternative to value its investment. The fair value of this investment was based on non-marketable observable inputs, which represent Level 3 measurement within the fair value hierarchy. The investment was carried at cost less impairment, if any, and subsequently measured to fair value upon observable price changes in an orderly transaction for the identical or similar investment of the same issuer, with any gains or losses recorded within "other income" on the unaudited consolidated statement of operations. We did not note any changes in the fair value during the three and nine months ended September 30, 2026, and 2025.

**Table 9.2: Details of Accrued Liabilities**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands)* | |
| Accrued project expenses | $ 4,411 | $ 4,289 |
| Restructuring expenses accrual | 3 | 1,451 |
| Other | 1,330 | 1,160 |
| Accrued liabilities | $ 5,744 | $ 6,900 |

10. REVOLVING CREDIT FACILITY

For the complete description of the Company's revolving credit facility, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The Company's Credit Agreement with JPMorgan Chase Bank was amended on December 30, 2025. The amended Credit Agreement provides a revolving borrowing capacity of $15.0 million, with an expansion feature of up to $15.0 million of additional credit facility, maturing on December 30, 2026. Borrowings under the revolving facility will bear interest at a rate established on the Credit Agreement, plus a commitment fee rate of 0.25% on the unused credit availability. Further, the Credit Agreement requires the Company to comply with a number of covenants, including a Senior Leverage Ratio on the last day of any fiscal quarter. At September 30, 2026, we are in compliance with all covenants.

As of September 30, 2026, there were no outstanding borrowings under the revolving credit facility.

On November 6, 2026, the Company entered into a Third Amendment to the Credit Agreement with JPMorgan Chase Bank, extending the maturity date of its revolving credit facility by two years, through December 29, 2028.

11. STOCK-BASED COMPENSATION

On May 7, 2026, the Company's stockholders approved Amendment No. 2 to the Amended and Restated 2016 Omnibus Long-Term Incentive Plan ("2016 LTIP") that increased the number of shares available for issuance under the 2016 LTIP by an additional 5,380,000 shares.

As of September 30, 2026, approximately 1.8 million shares of our common stock were available for future grants under the 2016 LTIP. There were no income tax benefits recognized on the stock-based compensation expense (as reflected in the table below) for the three and nine months ended September 30, 2026, and 2025.

**Table 11.1: Details of Stock Compensation Expense by Category**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | | | |
| Cost of sales – services | $ 187 | $ 154 | $ 605 | $ 493 |
| Research and development | 295 | 421 | 746 | 705 |
| Selling, general and administrative | 2,529 | 8,813 | 7,844 | 22,995 |
| Total | $ 3,011 | $ 9,388 | $ 9,195 | $ 24,193 |

*Restricted Stock*

**Table 11.2: Restricted Stock Unit Activity**

| | Service-Based | Performance-Based | Total Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|---|---|
| Unvested outstanding units as of December 31, 2025 | 2,182,836 | 10,861,854 | 13,044,690 | $ 3.49 |
| Granted | 2,383,357 | 1,369,241 | 3,752,598 | 5.60 |
| Vested | (2,220,433) | (2,420,691) | (4,641,124) | 3.46 |
| Forfeited, cancelled, or expired | (27,255) | — | (27,255) | 3.70 |
| Unvested outstanding units as of September 30, 2026 | 2,318,505 | 9,810,404 | 12,128,909 | $ 3.90 |

On May 26, 2026, the Company granted performance-based restricted stock units ("PSUs") with market conditions dependent on total shareholder return ("TSR") to certain executives and senior employees. The vesting criteria for these awards are based on the Company's TSR performance relative to the TSR performance of the Company's current compensation peer group over the three-year performance period, June 1, 2026, through May 31, 2029, and conditioned upon neutral or positive free cash flow (i.e., cash flows from operating activities less capital expenditures) at the end of each fiscal year in the performance period. The final payout of these PSUs will vary between 0% to 200% of the target number of PSUs granted, depending on the TSR performance and meeting the free cash flow requirements.

The grant date fair value per share is estimated at the grant date using a Monte Carlo simulation model. Stock-based compensation expense for PSUs with a TSR market condition is recognized over the service period based on target probability.

**Table 11.3: PSUs with a TSR Market Condition Fair Value and Assumptions**

| | |
|---|---|
| Expected Volatility | 92.1% |
| Risk-free rate | 4.0% |
| Service period | 3.0 years |
| Grant date fair value | $7.66 |

As of September 30, 2026, and 2025, the intrinsic value of the RSUs and PSUs outstanding, exercisable, and vested or expected to vest was $49.4 million and $105.0 million, respectively. As of September 30, 2026, approximately $19.6 million of total compensation costs related to stock-based awards had not yet been recognized, and we expect to recognize it on a straight-line basis over a weighted-average remaining vesting period of 0.8 years.

*Stock Options*

**Table 11.4: Stock Option Activity**

| | Stock Options Outstanding | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding option balance as of December 31, 2025 | 227,000 | $ 1.80 | 7.4 | $ 749,100 |
| Granted | — | — | 0 | — |
| Exercised | — | — | 0 | — |
| Forfeited, cancelled, or expired | — | — | 0 | — |
| Outstanding option balance as of September 30, 2026 | 227,000 | $ 1.80 | 6.6 | $ 515,290 |
| Exercisable stock options as of September 30, 2026 | 227,000 | $ 1.80 | 6.6 | $ 515,290 |

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock option awards and the quoted closing price of the Company's common stock as of September 30, 2026.

The fair value of the stock options is expensed on a straight-line basis over the vesting period of one year, including the stock options granted to directors, as the annual stockholders meeting is expected to occur at the same approximate time each year. As of September 30, 2026, there were no unrecognized compensation costs related to non-vested stock options.

12. SHARE REPURCHASES

On May 24, 2022, the Company announced that the Board of Directors approved a share repurchase program ("SRP") authorizing the Company to repurchase up to $50.0 million of its common stock. On March 12, 2026, the Board further authorized the Company to repurchase up to an additional $25.0 million of its common stock under its existing repurchase program. Pursuant to this authorization, the Company may repurchase shares of its common stock on a discretionary basis from time to time through open market purchases. The repurchase program has no expiration date and may be modified, suspended, or terminated at any time. As of September 30, 2026, there was approximately $37.5 million of the authorization remaining for future common stock repurchases under the SRP.

**Table 12: Share Repurchase Activity**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands, except per share and share data)* | | | |
| Amounts paid for shares repurchased [1] | $ 5,747 | $ 3,637 | $ 12,637 | $ 7,639 |
| Number of shares repurchased | 1,251,500 | 584,213 | 2,810,986 | 2,072,440 |
| Average per share price paid [1] | $ 4.59 | $ 6.23 | $ 4.50 | $ 3.69 |

[1] Includes commission paid for repurchases on the open market.

13. EARNINGS (LOSS) PER SHARE

Basic EPS is computed by dividing net income (loss) by the basic weighted-average number of common shares outstanding for the period. Diluted EPS is calculated to give effect to all potentially dilutive common stock equivalents that were outstanding during the reporting period. The dilutive effects of outstanding common stock equivalents are determined using the treasury-stock and if-converted method, only in periods in which such effect would have been dilutive for the period.

**Table 13: Weighted-Average Number of Shares Outstanding – Earnings (Loss) per Share**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | | | |
| Basic weighted-average number of shares outstanding | 74,244 | 72,580 | 74,322 | 72,819 |
| Dilutive effect on unvested restricted stock units and stock options | 2,252 | — | 2,938 | — |
| Diluted weighted-average number of shares outstanding | 76,496 | 72,580 | 77,260 | 72,819 |

For the period of net loss, potentially dilutive securities are not included in the calculation of diluted net earnings (loss) per share, because doing so would be anti-dilutive. For the three and nine months ended September 30, 2025, the diluted earnings per share calculation excluded 2,972,000 and 2,073,000, respectively, of potentially dilutive securities that were anti-dilutive.

For the three and nine months ended September 30, 2026, and 2025, the outstanding PSUs aggregating to 7,584,241 and 8,565,699 shares, respectively, have been excluded from the calculation of potentially dilutive securities above because the issuance of shares is contingent upon certain conditions that were not satisfied by the end of the period. Further, an additional 2,206,163 of outstanding PSUs were excluded in the computation of potentially dilutive securities above because they were antidilutive for the nine months ended September 30, 2025.

14. SEGMENT INFORMATION

We operate our business in two reportable and operating segments: Security Solutions and Secure Networks.

- Our Security Solutions segment is primarily focused on cybersecurity, cloud and identity solutions, and secure messaging through Xacta®, Telos Automated Message Handling System ("AMHS") and Telos ID offerings.
- Our Secure Networks segment provides secure networking architectures and solutions to our customers through secure mobility solutions, and network management and defense services.

We measure each segment's profitability based on gross profit. Our Chief Executive Officer, whom we identified as the chief operating decision maker ("CODM"), evaluates the segment's performance based on metrics, such as segment revenue and gross profit, that align with our strategies and objectives, and provide a framework for the timely and rational allocation of resources between the segments.

We account for inter-segment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices, if any. There were no inter-segment sales and transfers during the three and nine months ended September 30, 2026, and 2025. Interest income, interest expense, other income and expense items, and income taxes, as reported in the consolidated financial statements, are not part of the segment profitability measure and are primarily recorded at the corporate level.

Management does not utilize total assets by segment to evaluate segment performance or allocate resources. As a result, assets are not tracked by segment, and therefore, total assets by segment are not disclosed.

**Table 14.1: Results of Operations by Business Segment (Quarter)**

| | For the Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2026 | | | September 30, 2025 | | |
| | Security Solutions | Secure Networks | Total | Security Solutions | Secure Networks | Total |
| | *(in thousands)* | | | | | |
| Revenues | $ 54,184 | $ 1,014 | $ 55,198 | $ 46,478 | $ 4,966 | $ 51,444 |
| Cost of Sales | | | | | | |
| Depreciation and amortization [1] | 2,636 | 1 | 2,637 | 2,354 | 2 | 2,356 |
| Stock-based compensation expense [1] | 171 | 16 | 187 | 142 | 12 | 154 |
| Other segment items [2] | 30,616 | 818 | 31,434 | 24,696 | 3,692 | 28,388 |
| Total cost of sales | 33,423 | 835 | 34,258 | 27,192 | 3,706 | 30,898 |
| Gross profit | $ 20,761 | $ 179 | 20,940 | $ 19,286 | $ 1,260 | 20,546 |
| Operating expenses | | | | | | |
| Research and development expenses | | | 1,452 | | | 1,899 |
| Selling, general and administrative expenses | | | 15,398 | | | 21,115 |
| Total operating expenses | | | 16,850 | | | 23,014 |
| Operating income (loss) | | | 4,090 | | | (2,468) |
| Other income | | | 464 | | | 511 |
| Interest expense | | | (100) | | | (136) |
| Income (loss) before income taxes | | | 4,454 | | | (2,093) |
| Provision for income taxes | | | (18) | | | (21) |
| Net income (loss) | | | $ 4,436 | | | $ (2,114) |

[1] The significant segment expense categories and amounts align with the segment-level information regularly provided to the CODM.

[2] Other segment items for each reportable segment include direct labor, direct subcontractor costs, direct materials and inventory, other direct non-labor costs, fringes, overhead, and facility costs.

**Table 14.2: Results of Operations by Business Segment (Year-to-Date)**

| | For the Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2026 | | | September 30, 2025 | | |
| | Security Solutions | Secure Networks | Total | Security Solutions | Secure Networks | Total |
| | *(in thousands)* | | | | | |
| Revenues | $ 146,816 | $ 3,869 | $ 150,685 | $ 104,770 | $ 13,258 | $ 118,028 |
| Cost of Sales | | | | | | |
| Depreciation and amortization [1] | 7,740 | 7 | 7,747 | 5,569 | 5 | 5,574 |
| Stock-based compensation expense [1] | 549 | 56 | 605 | 450 | 43 | 493 |
| Other segment items [2] | 84,403 | 2,923 | 87,326 | 57,107 | 10,194 | 67,301 |
| Total cost of sales | 92,692 | 2,986 | 95,678 | 63,126 | 10,242 | 73,368 |
| Gross profit | $ 54,124 | $ 883 | 55,007 | $ 41,644 | $ 3,016 | 44,660 |
| Operating expenses | | | | | | |
| Research and development expenses | | | 4,154 | | | 4,982 |
| Selling, general and administrative expenses | | | 44,998 | | | 61,051 |
| Total operating expenses | | | 49,152 | | | 66,033 |
| Operating income (loss) | | | 5,855 | | | (21,373) |
| Other income | | | 1,662 | | | 1,625 |
| Interest expense | | | (318) | | | (424) |
| Income (loss) before income taxes | | | 7,199 | | | (20,172) |
| Provision for income taxes | | | (80) | | | (63) |
| Net income (loss) | | | $ 7,119 | | | $ (20,235) |

[1] The significant segment expense categories and amounts align with the segment-level information regularly provided to the CODM.

[2] Other segment items for each reportable segment include direct labor, direct subcontractor costs, direct materials and inventory, other direct non-labor costs, fringes, overhead, and facility costs.

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

**Table 15.1: Details of Cash, Cash Equivalents, and Restricted Cash**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(in thousands)* | |
| Cash and cash equivalents | $ 51,761 | $ 53,180 |
| Restricted cash [1] | 141 | 140 |
| Cash, cash equivalents, and restricted cash | $ 51,902 | $ 53,320 |

[1] Restricted cash consists of a commercial money market account held as a deposit on the Ashburn lease and is included within "Other assets" on the unaudited consolidated balance sheets.

**Table 15.2: Supplemental Cash Flow Information**

| | For the Nine Months Ended | |
|---|---|---|
| | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | |
| Cash paid during the period for: | | |
| Interest | $ 295 | $ 371 |
| Income taxes, net | 106 | 39 |
| Non-cash investing and financing activities: | | |
| Issuance of common stock for 401(k) match | $ 1,659 | $ 2,063 |
| Capital expenditure activity in accounts payable and other accrued liabilities | 59 | 84 |
| Issuance of common stock for AIP payment | 3,987 | — |

## 16. COMMITMENTS AND CONTINGENCIES

*Legal Proceedings:*

From time to time, the Company may be a party to litigation or claims arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings typically seek various remedies, including claims for monetary damages in varying amounts or unspecified amounts. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, management believes that the outcome of any such known matters will not have a material adverse effect on the Company's business or its unaudited consolidated financial statements as of September 30, 2026.

*Other - Government Contracts:*

As a U.S. federal government contractor, we are subject to various audits and investigations by the U.S. federal government to determine whether our operations are being conducted in accordance with applicable regulatory requirements. U.S. federal government investigations of our operations, whether relating to government contracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including repayments, fines or penalties being imposed upon us, suspension, proposed debarment, debarment from eligibility for future U.S. federal government contracting, or suspension of export privileges. Suspension or debarment could have a material adverse effect on us because of our dependence on contracts with the U.S. federal government. U.S. federal government investigations often take years to complete and many result in no adverse action against us. We also provide products and services to customers outside of the United States, which are subject to U.S. and foreign laws and regulations and foreign procurement policies and practices. Our compliance with local regulations or applicable U.S. federal government regulations also may be audited or investigated.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," and similar expressions are intended to identify forward-looking statements. Several important factors could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, those set forth in the risk factors section included in the Company's Form 10-K for the year ended December 31, 2025, as filed with the SEC on March 16, 2026.

### Overview and Business Environment

#### *Overview*

Telos Corporation empowers and protects the world's most security-conscious organizations with efficient, adaptable, and secure solutions that safeguard people, systems, and information. We deliver advanced capabilities across cyber governance, risk, and compliance ("GRC") with Xacta; identity and biometric solutions; secure networks and communications; and TSA PreCheck® enrollment services. Our primary customers include the U.S. federal government, large commercial organizations, state and local governments, and global enterprises. Telos helps customers stay ahead of evolving threats, accelerate compliance, and achieve mission success. Driven by purpose and guided by our core values, we build trusted partnerships, deliver superior solutions, and help create a more secure, interconnected world.

In the fourth quarter of 2025, Telos launched Xacta.ai™, the artificial intelligence ("AI") capability at the core of the Xacta cyber GRC platform, which is designed to significantly reduce compliance time and effort. Xacta.ai delivers expert-level guidance and real-time insights, empowering organizations to move from reactive compliance to proactive risk management.

#### *Business Environment*

*U.S. Federal Government*

Our consolidated revenue is largely attributable to prime contracts or to subcontracts with a prime contractor engaged in work for the U.S. federal government, with the remaining revenue attributable to state and local governments and commercial markets. We generated approximately 92.7% and 90.9% of our total revenue from contracts with U.S. government agencies in the first nine months of 2026 and 2025, respectively.

Our business performance is affected by the overall level of U.S. government spending and the alignment of our offerings and capabilities with the budget priorities of the U.S. government. At present, government funding is available under a continuing resolution. The administration's current priorities are focused on areas such as national security, cybersecurity, and AI and technology leadership, while constraining non-defense discretionary spending. While certain administration priorities present greater opportunity for our products and services, turmoil within the federal government (including federal workforce and budgetary uncertainty) has lengthened our sales cycle in certain cases. We continuously monitor U.S. federal budget, legislative, and contracting trends and activities, align our capabilities with federal budget priorities, and take steps to maintain a competitive cost structure in response to these developments.

*Macroeconomic Conditions*

The U.S. economy in 2026 has demonstrated overall resilience, though it faces persistent challenges from inflation and geopolitical developments. Strong AI investment and technology enterprise capital expenditure are driving economic growth. However, underlying inflation and the ongoing conflict in the Middle East have created pressure and volatility in the global economy. This volatility has resulted in, and may be expected to continue to result in, rising energy prices and supply chain disruptions, among other consequences. Nonetheless, to date our business has not been materially impacted by these consequences, in part due to the importance of our offerings to our customers, the type of solutions we provide, and the nature of our largest customers. If global volatility continues to increase and the conflict in the Middle East is prolonged or intensifies, the economic uncertainty inherent in such global instability may affect our operating results. Management continues to monitor these dynamics and the evolving geopolitical situation.

**Financial Overview**

Several key highlights of our financial performance in the third quarter of 2026 are described below. More details are presented in our "Results of Operations" section below.

- Revenue increased 7.3% year-over-year due to 16.6% growth in Security Solutions, driven primarily by the expansion of multiple large programs in Telos ID.
- Operating expenses decreased by $6.2 million, or 26.8%, year-over-year due to lower stock-based compensation.
- Net income (loss) improved by $6.6 million, from a net loss of $2.1 million in the third quarter of 2025 to net income of $4.4 million in the current quarter.
- Cash flow from operations slightly improved by $0.3 million year-over-year, increasing from a $9.1 million inflow in the third quarter of 2025 to a $9.4 million inflow in the third quarter of 2026, primarily due to improved revenue and profitability.
- We deployed $5.7 million to repurchase over 1.2 million shares of the Company's common stock during the quarter at an average share price of $4.59 per share.

**Results of Operations**

**Table MD&A 1: Consolidated Results of Operations**

| | For the Three Months Ended | | | For the Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | Dollar Change | September 30, 2026 | September 30, 2025 | Dollar Change |
| | | | *(dollars in thousands)* | | | |
| Revenue | $ 55,198 | $ 51,444 | $ 3,754 | $ 150,685 | $ 118,028 | $ 32,657 |
| Cost of sales | 34,258 | 30,898 | 3,360 | 95,678 | 73,368 | 22,310 |
| Gross profit | 20,940 | 20,546 | 394 | 55,007 | 44,660 | 10,347 |
| *Gross margin* | *37.9 %* | *39.9 %* | | *36.5 %* | *37.8 %* | |
| Operating expenses | 16,850 | 23,014 | (6,164) | 49,152 | 66,033 | (16,881) |
| *Operating expenses as percentage of revenue* | *30.5 %* | *44.7 %* | | *32.6 %* | *55.9 %* | |
| Operating income (loss) | 4,090 | (2,468) | 6,558 | 5,855 | (21,373) | 27,228 |
| Other income | 464 | 511 | (47) | 1,662 | 1,625 | 37 |
| Interest expense | (100) | (136) | 36 | (318) | (424) | 106 |
| Income (loss) before income taxes | 4,454 | (2,093) | 6,547 | 7,199 | (20,172) | 27,371 |
| Provision for income taxes | (18) | (21) | 3 | (80) | (63) | (17) |
| Net income (loss) | $ 4,436 | $ (2,114) | $ 6,550 | $ 7,119 | $ (20,235) | $ 27,354 |

***Consolidated Results***

Our business segments have different factors driving revenue fluctuations and profitability. The changes in our revenue and profitability are discussed in greater detail in the following section, "Segment Results." We generate revenue from the delivery of products and services to our customers. Cost of sales, for both products and services, consists of labor, materials, subcontracting costs and an allocation of indirect costs.

*Operating Expenses*

In the third quarter of 2026, operating expenses decreased by $6.2 million, or 26.8%, compared to the same quarter in 2025. Research and development ("R&D") expenses decreased by $0.4 million, or 23.5%, in the third quarter of 2026, compared to the same period in 2025. Selling, general and administrative ("SG&A") expenses decreased by $5.7 million, or 27.1%, in the third quarter of 2026, compared to the same period in 2025. These changes in operating expenses were due to lower stock-based compensation expenses. As a percentage of revenue, overall operating expenses were 30.5% and 44.7% for the three months ended September 30, 2026, and 2025, respectively.

For the nine months ended September 30, 2026, operating expenses decreased by $16.9 million, or 25.6%, compared to the same period in 2025. R&D expenses decreased by $0.8 million, or 16.6%, for the nine months ended September 30, 2026, compared to the same period in 2025. SG&A expenses decreased by $16.1 million, or 26.3%, for the nine months ended September 30, 2026, compared to the same period in 2025 primarily due to lower stock-based compensation costs. Reductions in operating expenses, other than stock-based compensation, were due to ongoing cost discipline and restructuring. As a percentage of revenue, overall operating expenses were 32.6% and 55.9% for the nine months ended September 30, 2026, and 2025, respectively.

*Other Income*

Other income decreased by 9.2% in the third quarter of 2026, compared to the same period in 2025, primarily due to changes in dividend income from money market placements. However, other income for the nine months ended September 30, 2026, increased by 2.3%, compared to the same period in 2025, primarily due to the refund in 2026 of a prior-year VAT claim that was previously determined to be uncollectible.

***Segment Results***

The accounting policies of each business segment are the same as those followed by the Company as a whole. Management evaluates business segment performance based on gross profit.

**Table MD&A 2: Security Solutions Segment - Financial Results**

| | For the Three Months Ended | | | For the Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | Dollar Change | September 30, 2026 | September 30, 2025 | Dollar Change |
| | | | *(dollars in thousands)* | | | |
| Revenue | $ 54,184 | $ 46,478 | $ 7,706 | $ 146,816 | $ 104,770 | $ 42,046 |
| Cost of sales (excluding depreciation and amortization) | 30,787 | 24,838 | 5,949 | 84,952 | 57,557 | 27,395 |
| Depreciation and amortization | 2,636 | 2,354 | 282 | 7,740 | 5,569 | 2,171 |
| Total cost of sales | 33,423 | 27,192 | 6,231 | 92,692 | 63,126 | 29,566 |
| Gross profit | $ 20,761 | $ 19,286 | $ 1,475 | $ 54,124 | $ 41,644 | $ 12,480 |
| *Gross margin* | *38.3 %* | *41.5 %* | | *36.9 %* | *39.7 %* | |

*Three Months Ended September 30, 2026, Compared with Three Months Ended September 30, 2025*

Security Solutions segment revenue for the third quarter of 2026 increased by $7.7 million, or 16.6%, compared to the same quarter in 2025, primarily due to the ongoing expansion of multiple large programs in Telos ID.

Security Solutions segment gross profit for the third quarter of 2026 increased by $1.5 million, or 7.6%, compared to the same quarter in 2025, due to higher segment revenue. By contrast, segment gross margin for the quarter decreased from 41.5% in 2025 to 38.3% in 2026, primarily due to revenue mix.

*Nine Months Ended September 30, 2026, Compared with Nine Months Ended September 30, 2025*

For the nine months ended September 30, 2026, Security Solutions segment revenue increased by $42.0 million, or 40.1%, compared to the same period in 2025, primarily due to the expansion of multiple large programs in Telos ID.

Security Solutions segment gross profit for the nine months ended September 30, 2026 increased by $12.5 million, or 30.0%, compared to the same period in 2025, due to higher segment revenues. By contrast, segment gross margin decreased from 39.7% in 2025 to 36.9% in 2026, due to revenue mix, higher non-cash infrastructure costs, and higher depreciation and amortization expenses.

**Table MD&A 3: Secure Networks Segment - Financial Results**

| | For the Three Months Ended | | | For the Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2026 | September 30, 2025 | Dollar Change | September 30, 2026 | September 30, 2025 | Dollar Change |
| | | | *(dollars in thousands)* | | | |
| Revenue | $ 1,014 | $ 4,966 | $ (3,952) | $ 3,869 | $ 13,258 | $ (9,389) |
| Cost of sales (excluding depreciation and amortization) | 834 | 3,704 | (2,870) | 2,979 | 10,237 | (7,258) |
| Depreciation and amortization | 1 | 2 | (1) | 7 | 5 | 2 |
| Cost of sales | 835 | 3,706 | (2,871) | 2,986 | 10,242 | (7,256) |
| Gross profit | $ 179 | $ 1,260 | (1,081) | $ 883 | $ 3,016 | (2,133) |
| *Gross margin* | *17.7 %* | *25.4 %* | | *22.8 %* | *22.7 %* | |

*Three Months Ended September 30, 2026, Compared with Three Months Ended September 30, 2025*

Secure Networks segment revenue for the third quarter of 2026 decreased by $4.0 million, or 79.6%, compared to the same period in 2025, primarily due to the continued ramp down of several programs within the portfolio without corresponding new business wins to backfill completed programs.

Segment gross profit for Secure Networks for the third quarter of 2026 decreased by $1.1 million, or 85.8%, compared with the same period in 2025, due to lower segment revenues. Likewise, segment gross margin for the quarter decreased from 25.4% in 2025 to 17.7% in 2026.

*Nine Months Ended September 30, 2026, Compared with Nine Months Ended September 30, 2025*

Secure Networks segment revenue for the nine months ended September 30, 2026, decreased by $9.4 million, or 70.8%, compared to the same period in 2025, primarily due to the continued ramp down of several programs within the portfolio without corresponding new business wins to backfill completed programs.

Segment gross profit for the nine months ended September 30, 2026, decreased by $2.1 million, or 70.7%, compared to the same period in 2025, due to lower segment revenue. By contrast, year-to-date segment gross margin slightly increased from 22.7% in 2025 to 22.8% in 2026.

**Liquidity and Capital Resources**

Our primary sources of liquidity are cash on hand, future operating cash flows, and, if needed, sale of receivables under the Factoring Agreement and/or borrowings under our $15.0 million revolving credit facility with a maturity date of December 29, 2028 (as amended), and with an available expansion feature of up to $15.0 million of additional revolver facility. A variety of factors related to sources and uses of cash, such as timeliness of accounts receivable collections, vendor credit terms, or significant collateral requirements, ultimately impact our liquidity.

As of September 30, 2026, we had cash and cash equivalents of $51.8 million and our working capital was $58.0 million.

We place a strong emphasis on liquidity management. This focus gives us the flexibility to deploy capital while preserving a strong balance sheet to position us for future opportunities. We believe we have adequate funds on hand to execute our financial and operating strategy. Our overall financial position and liquidity are strong. Although no assurances can be given, we believe available cash balances and access to our revolving credit facility and Factoring Agreement are sufficient to maintain the liquidity we require to meet our operating, investing and financing needs for the next 12 months.

***Cash Flow***

**Table MD&A 4: Net Change in Cash, Cash Equivalents, and Restricted Cash**

| | For the Nine Months Ended | |
|---|---|---|
| | September 30, 2026 | September 30, 2025 |
| | *(in thousands)* | |
| Net cash provided by operating activities | $ 26,933 | $ 22,202 |
| Net cash used in investing activities | (6,552) | (7,205) |
| Net cash used in financing activities | (21,799) | (10,524) |
| Net change in cash, cash equivalents, and restricted cash | $ (1,418) | $ 4,473 |

Net cash provided by operating activities for the nine months ended September 30, 2026, was $26.9 million, an increase of $4.7 million compared to the same period in 2025. The change is primarily driven by higher cash earnings (i.e., net income (loss), excluding non-cash items that do not impact cash flows from operating activities), partially offset by unfavorable changes in working capital.

Net cash used in investing activities for the nine months ended September 30, 2026, decreased by $0.7 million, compared to the same period of the prior year, primarily due to the decreases in capital expenditures in 2026.

Net cash used in financing activities for the nine months ended September 30, 2026, increased by $11.3 million, compared to the same period in 2025. This is primarily attributable to the repurchase of common stock for $12.6 million in the first nine months of 2026 under the share repurchase program (See Note 12 – Share Repurchases), compared with $7.6 million in the same period in 2025, and an increase in payments of tax withholding related to net share settlement of equity awards to $7.6 million in 2026, compared with $1.6 million in 2025.

**Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates, judgments, and assumptions that affect the amounts reported. Actual results could differ from those estimates. The 2025 Form 10-K, as filed with the SEC on March 16, 2026, includes a summary of the critical accounting policies we believe are the most important to aid in understanding our financial results. There have been no changes to those critical accounting policies that have had a material impact on our reported amounts of assets, liabilities, revenues, or expenses during the nine months ended September 30, 2026.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

In the normal course of business, we are exposed to a variety of financial risks, such as interest rate risk, foreign currency translation risk, and counterparty risk, which can affect our operations and profitability. The Company's market risk disclosure set forth in "Part II, Item 7A – Quantitative and Qualitative Disclosure about Market Risk," in the 2025 Form 10-K, as filed with the SEC on March 16, 2026, has not changed materially during the nine months ended September 30, 2026.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), which are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, including this Report, are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer ("CEO") and principal financial officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the Company's CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Report and, based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2026.

*Changes in Internal Control over Financial Reporting*

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2026, identified in connection with management’s evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

Information regarding legal proceedings is included under Note 16 – Commitments and Contingencies to the unaudited consolidated financial statements.

### Item 1A. Risk Factors

There were no material changes to the risk factors previously disclosed under "Part I, Item 1A – Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

Common Stock Purchase Activity During the Three Months Ended September 30, 2026

| Period | Total Number of Shares Purchased [1] | Average Price Paid per Share [1] | Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans [1] | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans [1] |
|---|---|---|---|---|
| July 1, 2026 - July 31, 2026 | — | $ — | — | $ 43,199,457 |
| August 1, 2026 - August 31, 2026 | 902,300 | 4.53 | 902,300 | $ 39,112,216 |
| September 1, 2026 - September 30, 2026 | 349,200 | 4.75 | 349,200 | $ 37,452,101 |
| Total | 1,251,500 | $ 4.59 | 1,251,500 | |

[1] On May 24, 2022, the Board of Directors authorized the SRP, pursuant to which the Company can repurchase up to $50.0 million of its issued and outstanding common stock. On March 12, 2026, the Board of Directors authorized an increase to the SRP whereby the Company may repurchase, at management's discretion, up to an additional $25.0 million of its common stock. The SRP has no expiration date and may be modified, suspended, or terminated at any time. For the third quarter of 2026, the Company repurchased 1,251,500 shares of common stock under the SRP for an aggregate price of $5.7 million on the open market.

### Item 3. Defaults upon Senior Securities

(a) None.

(b) None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

(a) None.

(b) None.

(c) During the three months ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

| Exhibit Number | | Description |
|---|---|---|
| 10.1 | + | Third Amendment to Credit Agreement between, among others, Telos Corporation and JP Morgan Chase Bank, dated November 6, 2026 |
| 31.1 | + | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | + | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32 | ^ | Certification pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | + | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH | + | XBRL Taxonomy Extension Schema Document |
| 101.CAL | + | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | + | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | + | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | + | XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | + | Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document contained in Exhibit 101 |

| | |
|---|---|
| + | Filed herewith |
| ^ | Furnished herewith |

## SIGNATURES

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

**TELOS CORPORATION**

| | |
|---|---|
| /s/ Mark Griffin | November 9, 2026 |
| By: Mark Griffin<br>Chief Executive Officer (Principal Executive Officer) | |
| /s/ Mark Bendza | November 9, 2026 |
| By: Mark Bendza<br>Chief Financial Officer (Principal Financial Officer) | |
| /s/ DJ Terreri | November 9, 2026 |
| By: DJ Terreri<br>Controller and Chief Accounting Officer (Principal Accounting Officer) | |

**Exhibit 10.1**

**THIRD AMENDMENT TO**
**CREDIT AGREEMENT**

THIS **THIRD AMENDMENT** to Credit Agreement (this "**Amendment**") is entered into as of November 6, 2026, by and among **JPMORGAN CHASE BANK, N.A.**, ("**JPMorgan**") as Administrative Agent (in such capacity, "**Administrative Agent**"), the Lenders party hereto (each a "**Lender**" and collectively, the "**Lenders**") including JPMorgan in its capacity as a Lender, the Loan Parties party hereto and **Telos Corporation**, a Maryland corporation ("**Borrower**").

**RECITALS**

**A.** Administrative Agent, Lenders, the Loan Parties and Borrower have entered into that certain Credit Agreement dated as of December 30, 2022 (as by that certain First Amendment to Credit Agreement dated April 12, 2023, that certain Second Amendment to Credit Agreement dated as of December 30, 2025 and as amended from time to time, the "**Credit Agreement**").

**B.** Lenders have extended credit to Borrower for the purposes permitted in the Credit Agreement.

**C.** Borrower, the Loan Parties, the Administrative Agent and the Lenders have agreed to amend certain provisions of the Credit Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

**AGREEMENT**

**Now, Therefore,** in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Credit Agreement.

2. **Amendments to Credit Agreement.**

   2.1 **Section 1.1 (Defined Terms)**. Section 1.1 of the Credit Agreement is hereby amended by amending and restating the following definition as follows:

   "Revolving Credit Maturity Date" means December 29, 2028, or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof.

3. **Limitation of Amendment.**

   3.1 The amendments set forth in **Section 2** above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Administrative Agent or any Lender may now have or may have in the future under or in connection with any Loan Document.

   3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. **Representations and Warranties.** To induce Administrative Agent and Lenders to enter into this Amendment, Borrower and each Loan Party hereby represent and warrant to Administrative Agent and Lenders as follows:

4.1 (a) The representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Each Loan Party has the power and authority to execute and deliver this Amendment and to perform its obligations under the Credit Agreement, as amended by this Amendment;

4.3 The organizational documents of each Loan Party delivered to Administrative Agent and Lenders on the Effective Date, or subsequent thereto, remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by each Loan Party of this Amendment and the performance by each Loan Party of its obligations under the Credit Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by each Loan Party of this Amendment and the performance by each Loan Party of its obligations under the Credit Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting such Loan Party, (b) any contractual restriction with a Person binding on such Loan Party, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on such Loan Party, or (d) the organizational documents of such Loan Party;

4.6 The execution and delivery by each Loan Party of this Amendment and the performance by such Loan Party of its obligations under the Credit Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on such Loan Party, except such as have been obtained or made and are in full force and effect and except for filings necessary to perfect Liens created pursuant to the Loan Documents; and

4.7 This Amendment has been duly executed and delivered by each Loan Party and is the binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. **Counterparts.** This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

6. **Electronic Signatures**. Delivery of an executed counterpart of a signature page of this Amendment by fax, emailed pdf., or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

7. **Effectiveness.** This Amendment shall become effective as of the date first written above only upon satisfaction in full in the discretion of the Administrative Agent of each of the following conditions (the "**Third Amendment Effective Date**"):

7.1 The Administrative Agent shall have received a copy of this Amendment duly executed and delivered by all of the Lenders, the Borrower, each other Loan Party and the Administrative Agent;

7.2 The representations and warranties of or on behalf of the Loan Parties in this Amendment are true, accurate and complete (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date) on and as of the Third Amendment Effective Date;

7.3 The Loan Parties shall have paid all outstanding costs and expenses owed to the Administrative Agent pursuant to Section 9.3 of the Credit Agreement, including, without limitation, all reasonable and documented fees, charges and disbursements of counsel for the Administrative Agent;

7.4 The Administrative Agent shall have received all other documents, opinions or materials requested by the Administrative Agent in its reasonable discretion, in each case, in form and substance reasonably acceptable to the Agent.

**8. Ratification, etc**. Except as expressly amended or otherwise modified hereby, the Credit Agreement, each other Loan Document and all documents, instruments and agreements related thereto are hereby ratified and confirmed in all respects and shall continue in full force and effect. This Amendment shall constitute a Loan Document. The Loan Parties hereby ratify and reaffirm the validity and enforceability of all of the Liens and security interests heretofore granted and pledged by the Loan Parties pursuant to the Loan Documents to which it is a party to the Administrative Agent, on behalf and for the benefit of the Lenders, as collateral security for the Secured Obligations, and acknowledge that all of such Liens and security interests, granted, pledged or otherwise created as security for the Secured Obligations continue to be and remain collateral security for the Secured Obligations from and after the Third Amendment Effective Date.

**9. Reference to and Effect on the Credit Agreement**.

9.1 Upon the effectiveness of this Amendment, (A) each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Credit Agreement as amended or otherwise modified hereby and (B) each reference in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended or otherwise modified hereby.

9.2 Except as specifically waived, amended or otherwise modified above, the terms and conditions of the Credit Agreement and any other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect and are hereby ratified and confirmed.

9.3 The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender under the Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, in each case except as specifically set forth herein.

**10. Governing Law**. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, but giving effect to federal laws applicable to national banks.

**[*Balance of Page Intentionally Left Blank*]**

**In Witness Whereof,** the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

TELOS CORPORATION, as the Borrower

By: /s/ E. Hutchinson Robbins, Jr.
Name: E. Hutchinson Robbins, Jr.
Title: Executive Vice President and General Counsel

UBIQUITY.COM, INC., as a Loan Guarantor

By: /s/ E. Hutchinson Robbins, Jr.
Name: E. Hutchinson Robbins, Jr.
Title: Authorized Officer

XACTA CORPORATION, as a Loan Guarantor

By: /s/ E. Hutchinson Robbins, Jr.
Name: E. Hutchinson Robbins, Jr.
Title: Authorized Officer

TELOWORKS, INC., as a Loan Guarantor

By: /s/ E. Hutchinson Robbins, Jr.
Name: E. Hutchinson Robbins, Jr.
Title: Authorized Officer

TELOS IDENTITY MANAGEMENT SOLUTIONS, LLC, as a Loan Guarantor

By: /s/ E. Hutchinson Robbins, Jr.
Name: E. Hutchinson Robbins, Jr.
Title: Authorized Officer

JPMORGAN CHASE BANK, N.A., individually, and as Administrative Agent and Issuing Bank

By: /s/ Myles Upchurch
Name: Myles Upchurch
Title: Authorized Signatory

JPMORGAN CHASE BANK, N.A., as Lender

By: /s/ Myles Upchurch
Name: Myles Upchurch
Title: Authorized Signatory

**Exhibit 31.1**

**CERTIFICATION**

I, Mark Griffin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Telos Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ Mark Griffin

Mark Griffin
Chief Executive Officer (Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION**

I, Mark Bendza, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Telos Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ Mark Bendza
Mark Bendza
Chief Financial Officer (Principal Financial Officer)

**Exhibit 32**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Telos Corporation (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Mark Griffin and Mark Bendza, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2026

/s/ Mark Griffin
Mark Griffin
Chief Executive Officer (Principal Executive Officer)

Date: November 9, 2026

/s/ Mark Bendza
Mark Bendza
Chief Financial Officer (Principal Financial Officer)