Aura Consolidated Group, Inc. and Subsidiaries

Consolidated and Combined Financial Statements
Years Ended December 31, 2025 and 2024
With Report of Independent Auditors

AURA CONSOLIDATED GROUP, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
Years Ended December 31, 2025 and 2024

Ernst & Young LLP
1201 Wills St.
Baltimore, MD
21231

Tel: +1 410 539 7940
Fax: +1 410 783 3832
ey.com

Report of Independent Auditors

The Board of Directors
Aura Consolidated Group, Inc. and Subsidiaries

Opinion

We have audited the consolidated and combined financial statements of Aura Consolidated Group, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated and combined statements of operations and comprehensive loss, changes in redeemable preferred stock and stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Shape the future
with confidence

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

March 25, 2026

AURA CONSOLIDATED GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share information)

	As of December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 70,026	$ 86,351
Restricted cash	769	1,610
Short-term investments	200	9,296
Accounts receivable, net of allowance for credit losses of $1,028 and $350 at December 31, 2025 and 2024, respectively	6,503	4,571
Amounts due from related parties	—	3,913
Prepaid expenses and other current assets	11,426	11,138
Total current assets	88,924	116,879
Property and equipment, net	12,775	10,771
Right of use assets	6,495	8,802
Goodwill	190,669	190,669
Intangible assets, net	383	1,139
Other assets	3,366	4,197
Total assets	$ 302,612	$ 332,457
Liabilities, redeemable preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,157	$ 715
Amounts due to related parties	7,261	1,199
Accrued expenses and other current liabilities	15,326	11,549
Accrued payroll and employee benefits	8,891	12,799
Operating lease liabilities, current	1,316	1,674
Contract liabilities, current	61,032	44,106
Current portion of borrowings under financing arrangement	25,206	30,260
Total current liabilities	120,189	102,302
Borrowings under financing arrangement	23,730	7,062
Operating lease liabilities, non-current	6,702	8,965
Contract liabilities, non-current	4,953	3,360
Warrant liability, non-current	29,783	22,290
Convertible notes, non-current	25,400	—
Total liabilities	210,757	143,979
Commitments and contingencies (Note 11)		
Redeemable preferred stock:		
Series A-1 Preferred stock at $0.0001 par value, shares authorized 13,500; 13,240 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $25,336 and $23,902 at December 31, 2025 and 2024, respectively	22,323	22,323
Series A-2 Preferred stock at $0.0001 par value, shares authorized 21,000; 18,793 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $57,330 and $54,085 at December 31, 2025 and 2024, respectively	37,262	37,262
Series B Preferred stock at $0.0001 par value, shares authorized 1,100; 1,089 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $2,221 at December 31, 2025 and 2024	4,099	4,099
Series C Preferred stock at $0.0001 par value, shares authorized 30,500; 30,334 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $130,435 at December 31, 2025 and 2024, respectively	151,604	151,604
Series C-1 Preferred stock at $0.0001 par value, shares authorized 5,100; 5,075 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $0 at December 31, 2025 and 2024	—	—
Series D Preferred stock at $0.0001 par value, shares authorized 12,000; 872 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $1,779 at December 31, 2025 and 2024	5,174	5,174
Series E Preferred stock at $0.0001 par value, shares authorized 10,800; 10,768 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $108,496 and $102,355 at December 31, 2025 and 2024, respectively	70,435	70,435
Series F Preferred stock at $0.0001 par value, shares authorized 12,082; 11,582 shares issued and outstanding as of December 31, 2025 and 2024; liquidation preference of $113,387 at December 31, 2025 and 2024	113,301	113,301
Series G Preferred stock at $0.0001 par value, shares authorized 8,721; 8,721 and 6,128 shares issued and outstanding as of December 31, 2025 and 2024, respectively; liquidation preference of $101,078 and $63,000 at December 31, 2025 and 2024, respectively	81,488	61,633
Stockholders' deficit:		
Common stock at $0.0001 par value, shares authorized 176,665; 21,131 and 20,012 shares issued and outstanding as of December 31, 2025 and 2024, respectively	2	2
Additional paid-in capital	119,950	95,738
Accumulated other comprehensive loss	—	(93)
Accumulated deficit	(513,783)	(373,000)
Total stockholders' deficit	(393,831)	(277,353)
Total liabilities, redeemable preferred stock and stockholders' deficit	$ 302,612	$ 332,457

See Notes to Consolidated and Combined Financial Statements.

AURA CONSOLIDATED GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share information)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue	$ 192,520	$ 146,650
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization below)	54,711	39,661
Sales and marketing	181,757	170,330
Research and development	36,076	35,653
General and administrative	43,229	39,930
Depreciation and amortization	4,884	7,239
Total operating expenses	320,657	292,813
Loss from operations	(128,137)	(146,163)
Interest (expense) income, net	(939)	2,048
Other (expense) income, net	(4,061)	440
Mark to market (loss) gain	(7,893)	7,252
Loss before income taxes	(141,030)	(136,423)
Income tax benefit	247	213
Net loss	(140,783)	(136,210)
Preferred stock dividends	(19,863)	(12,593)
Net loss attributable to common stockholders	$(160,646)	$(148,803)
Net loss per share:		
Basic and diluted	$ (5.44)	$ (5.72)
Weighted-average shares used in computing net loss per share:		
Basic and diluted	$ 29,538	$ 26,006
Comprehensive loss		
Net loss	$ (140,783)	$ (136,210)
Reclassification of realized loss on investment securities	—	337
Foreign currency translation adjustment	—	(11)
Total comprehensive loss	$ (140,783)	$ (135,884)

See Notes to Consolidated and Combined Financial Statements.

AURA CONSOLIDATED GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
For the Years Ended December 31, 2025 and 2024
(in thousands)

	Redeemable Preferred Stock																		Stockholders' Deficit					
	Series A-1		Series A-2 and Related Warrants		Series B		Series C		Series C-1		Series D		Series E		Series F		Series G		Common Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Former Parent's Investment, Net	Accumulated Other Loss	Accumulated Deficit
Balance at January 1, 2024	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	$ —	$ 516,167	$ (419)	$ (236,790)
Issuance of Aura Consolidated Group, Inc. shares:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19,744	2	—	—	—	—
Issuance of A-1 preferred stock	13,240	22,323	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of A-2 preferred stock	—	—	18,793	37,262	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of B preferred stock	—	—	—	—	1,089	4,099	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of C preferred stock	—	—	—	—	—	—	30,334	151,604	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of C-1 preferred stock	—	—	—	—	—	—	—	—	5,075	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of D preferred stock	—	—	—	—	—	—	—	—	—	—	872	5,174	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of E preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	10,768	70,435	—	—	—	—	—	—	—	—	—	—
Issuance of F preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11,582	113,301	—	—	—	—	—	—	—	—
Issuance of G preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,128	61,633	—	—	—	—	—	—
Net transfers from Former Parent	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	485	—	—
Noncash adjustments to Former Parent's investment, net	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	85,953	(518,809)	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,894	2,157	—	—
Proceeds from stock option exercises	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	268	—	603	—	—	—
Foreign tax adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	288	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(11)	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(136,210)
Realized loss on available-for-sale investment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	337	—
Balance at December 31, 2024	13,240	$ 22,323	18,793	$ 37,262	1,089	$ 4,099	30,334	$151,604	5,075	$ —	872	$ 5,174	10,768	$ 70,435	11,582	$113,301	6,128	$ 61,633	20,012	$ 2	$ 95,738	$ —	$ (93)	$ (373,000)
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	956	—	3,571	—	—	—
Issuance of G preferred stock and related warrants, net of offering costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,593	19,855	—	—	6,741	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	13,713	—	—	—
Proceeds from warrant and stock option exercises	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	163	—	187	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(140,783)
Sale of foreign subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	93	—
Balance at December 31, 2025	13,240	$ 22,323	18,793	$ 37,262	1,089	$ 4,099	30,334	$151,604	5,075	$ —	872	$ 5,174	10,768	$ 70,435	11,582	$113,301	8,721	$ 81,488	21,131	$ 2	$ 119,950	$ —	$ —	$ (513,783)

See Notes to Consolidated and Combined Financial Statements.

AURA CONSOLIDATED GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (140,783)	$ (136,210)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	4,884	7,239
Allowance for credit losses	292	70
Stock-based compensation	13,713	11,051
Non-cash interest expense, net	3,951	1,380
Mark to market loss (gain)	7,893	(7,252)
Other	1,045	(256)
Changes in assets and liabilities:		
Accounts receivable	(2,191)	(936)
Amounts due from related parties	3,913	(3,913)
Prepaid expenses and other current assets	(1,812)	1,777
Right of use assets	876	1,446
Other assets	(655)	(99)
Accounts payable	439	(313)
Amounts due to related parties	6,072	(2,696)
Accrued expenses and other current liabilities	3,745	3,361
Accrued payroll and employee benefits	(3,932)	5,878
Lease liabilities	(1,032)	(1,694)
Contract liabilities	18,520	16,423
Other long-term liabilities	—	(664)
Net cash used in operating activities	(85,062)	(105,409)
Cash flows from investing activities:		
Purchases of investments	(31,421)	—
Maturities of investments	42,508	69,226
Purchases of property and equipment	(5,833)	(4,372)
Purchase of technology related intangible assets	(300)	—
Sale of subsidiary and technology related intangible assets	4,000	100
Net cash provided by investing activities	8,954	64,954
Cash flows from financing activities:		
Proceeds from warrant and stock option exercises	187	603
Proceeds from issuance of convertible note	25,000	—
Proceeds of issuance of Preferred Stock and Warrants, net of offering costs	26,596	61,633
Proceeds from borrowings under financing arrangement	72,231	64,523
Repayments of borrowings under financing arrangement	(65,072)	(29,456)
Transfer of cash from Former Parent	—	485
Net cash provided by financing activities	58,942	97,788
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(11)
Increase (decrease) in cash and cash equivalents, and restricted cash	(17,166)	57,322
Cash and cash equivalents, and restricted cash, at beginning of period	87,961	30,639
Cash and cash equivalents, and restricted cash, at end of period	$ 70,795	$ 87,961

	Year Ended December 31,	
	2025	**2024**
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,826	$ —
Income tax paid	$ 29	$ 110

See Notes to Consolidated and Combined Financial Statements.

1. Organization and Business

Aura Consolidated Group, Inc. (the "Company") operates in the identity security market by providing an integrated and unified digital protection platform offering subscription-based services of personal identity and privacy protection. Subscriptions are offered to individual subscribers through its direct-to-consumer channel, and as an embedded service for its partners to offer to either its employees or other consumers. The Company provides a growing list of personal identity protection, financial protection and device protection services, including financial fraud protection, identity theft protection, privacy assistant, parental controls, cyberbullying protection, vault, spam call protection, VPN antivirus, password manager, and social media privacy and monitoring.

Aura Group, Inc. was formed on September 15, 2021, to become the ultimate parent organization of two separate and distinct operating segments, "Aura" and "Pango". In December 2021, legal entities Aura Sub, LLC and CF Intermediate Holdings, LLC were created, which correspond to the Aura and Pango operating segments, respectively. Aura Holdco, LLC was formed to become the intermediate parent of Aura Sub, LLC and CF Intermediate Holdings, LLC.

On September 27, 2023, Aura Consolidated Group, Inc. was formed by intermediate parent Aura Holdco, LLC, to carve out the Aura operating segment into its own separate legal entity. On May 31, 2024, Aura Holdco, LLC effected a spin-off ("the Spin-Off") of the Aura operating segment by contributing Aura Sub, LLC to Aura Consolidated Group, Inc. On the same date, Aura Holdco, LLC distributed all equity interests pertaining to the Aura operating segment to Aura Group, Inc. (the "Former Parent"), which subsequently distributed the equity interests received to its shareholders. The Former Parent structured the distribution to be tax free to its shareholders for U.S. federal income tax purposes.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated and Combined Financial Statements (the "Financial Statements") have been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and present the historical results of operations, financial position and cash flows for the periods presented. All intercompany transactions within the Company have been eliminated in the Financial Statements. It is management's opinion that these Financial Statements include all normal and recurring adjustments necessary for a fair presentation of the Company's financial position and operating results.

Prior to the Spin-Off, the Company did not operate as a standalone legal entity and had no independent operations. Accordingly, the Financial Statements for periods prior to the Spin-Off have been prepared on a combined basis and reflect the historical results of operations, financial position, and cash flows of the Aura business as historically managed within the Former Parent. These Combined Financial Statements include specific identification of certain corporate expenses incurred by the Former Parent, including shared services such as finance, legal, human resources, and information technology. Management believes the assumptions and methodologies underlying these specifically identified expenses are reasonable and appropriate for the periods presented; however, the Combined Financial Statements may not necessarily reflect the results of operations, financial position, equity, and cash flows of the Company had it operated as a standalone company during the period presented.

Following the Spin-Off, the Financial Statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The presentation of the Financial Statements is as follows:

- The Consolidated Balance Sheets as of December 31, 2025 and 2024, consist of the Company's consolidated balances.

- The Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2025 consists of the consolidated results for the twelve months ended December 31, 2025. The Consolidated and Combined Statement of Operations and Comprehensive Loss for the year ended December 31, 2024 consists of consolidated results for the seven months ended December 31, 2024, and the combined results of the Aura business for the five months ended May 31, 2024.

- The Consolidated Statement of Changes in Redeemable Preferred Stock and Stockholders' Deficit for the year ended December 31, 2025, consists of the Company's consolidated activity for the twelve months ended December 31, 2025. The Consolidated and Combined Statement of Changes in Redeemable Preferred Stock and Stockholders' Deficit for the year ended December 31, 2024, consists of the Company's consolidated activity for the seven months ended December 31, 2024, and the combined activity of the Aura business for the five months ended May 31, 2024.

- The Consolidated Statement of Cash Flows for the year ended December 31, 2025, consists of the Company's consolidated results for the twelve months ended December 31, 2025. The Consolidated and Combined Statement of Cash Flows for the year ended December 31, 2024, consists of the Company's consolidated results for the seven months ended December 31, 2024, and the combined results of the Aura business for the five months ended May 31, 2024.

Use of Estimates

The preparation of Financial Statements in conformity with U.S. GAAP requires management to make estimates and judgments that may affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are inherent in the valuation of liability-classified warrants; the valuation of convertible notes; the determination of the fair value of equity shares; and the assessment of recoverability of intangible assets, other long-lived assets, and goodwill.

Foreign Currency

The functional currency of the Company's foreign subsidiary, Max Secure Software India Private Limited, was Indian rupees, until its sale in 2025. For this subsidiary, the assets and liabilities were translated into U.S. dollars at the current exchange rate as of the Balance Sheet date. Revenue and expenses were translated using average rates in effect on a monthly basis. Capital accounts were translated at their historical exchange rate. Exchange gains and losses resulting from foreign currency translation were reported in accumulated other comprehensive loss on the Consolidated Balance Sheets.

The functional currency of the Company's other foreign subsidiaries is the U.S. dollar. For these subsidiaries, the monetary assets and liabilities are re-measured into U.S. dollars at the current exchange rate as of the Balance Sheet date, and all non-monetary assets and liabilities are re-measured into U.S. dollars at historical exchange rates. Revenue and expenses are converted using average rates in effect on a monthly basis. As of December 31, 2025 and 2024, exchange gains (losses) of $(0.2) million and $(0.2) million, respectively, resulting from foreign currency transactions are reported in other (expense) income, net on the Consolidated and Combined Statements of Comprehensive Loss.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less when purchased to be cash equivalents.

The Company classifies cash as restricted when the cash is unavailable for withdrawal or use in general operations. Its restricted cash represents deposits related to operating leases. The Company accounts for restricted cash according to ASU 2016-18, *Restricted Cash*, which requires an entity to reconcile and explain the period-over-period change in total cash, cash equivalents and restricted cash within its statements of cash flows.

A reconciliation of cash and restricted cash reported within the Company's consolidated balance sheets that sum to the total of the amount shown in its consolidated and combined statements of cash flows, is as follows (in thousands):

	As of December 31,	
	2025	**2024**
Cash, cash equivalents and unrestricted cash	$ 70,026	$ 86,351
Restricted cash and cash equivalents	769	1,610
Total cash, cash equivalents, and restricted cash	$ 70,795	$ 87,961

Investments

The Company's investments in debt securities are classified as held-to-maturity and reported at amortized, or net, cost. Investments with maturities of less than or equal to one year are classified as short-term investments and investments with maturities of greater than one year are classified as long-term and are included in other assets on the Consolidated Balance Sheets. The purchase premiums and discounts for all held-to-maturity securities are recognized as interest (expense) income, net, using the effective yield method. Refer to Note 5 for additional information on the Company's held-to-maturity investments.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses, and do not bear interest. The Company maintains an allowance for credit losses based on an assessment of collectability. Management regularly reviews the adequacy of the allowance for credit losses on a collective basis by considering the age of outstanding invoices, current market conditions, and where appropriate, reasonable and supportable forecasts of future economic conditions. Accounts receivable deemed uncollectible are charged against the allowance for credit losses.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets ranging from three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining useful life or the remaining lease term. The estimated useful lives of the assets are as follows:

	Estimated Useful Life (years)
Machinery and equipment	3 - 4
Software	4
Furniture and fixtures	5
Leasehold improvements	Shorter of useful life or remaining lease term

Software

For development costs related to internal use software projects, including costs incurred in connection with the development of new features, the Company capitalizes costs incurred during the application development stage, which begins after the completion of the preliminary project phase and when it is probable that the project will be completed and used as intended. Capitalized costs include personnel and related expenses for employees and fees paid to third-party contractors and vendors directly involved in the development effort and related interest. The capitalization of costs stops once the software is substantially complete and ready for its intended use. Costs related to preliminary project activities and post implementation activities are expensed as incurred. The Company recognized $3.2 million and $2.7 million in amortization expense related to internal use software during the years ended December 31, 2025 and 2024, respectively. Amortization of internal use software is recorded in depreciation and amortization on the Consolidated and Combined Statements of Comprehensive Loss, on a straight-line basis over its estimated useful life, which is generally four years. The Company capitalized $5.5 million and $4.1 million during the years ended December 31, 2025 and 2024, respectively. Capitalized costs are included within property and equipment, net.

Leases

The Company determines if an arrangement is or contains a lease at inception by evaluating various factors, including if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease classification is determined at the lease commencement date. Operating leases are included in Right-of-Use ("ROU") assets, current operating lease liabilities, and non-current operating lease liabilities on the Consolidated Balance Sheets.

As most of its leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. Further, the Company treats all lease and non-lease components as a single combined lease component for all classes of underlying assets.

ROU assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent the Company’s obligation to make payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments consist primarily of the fixed payments under the arrangement, less any lease incentives. Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor to the extent the charges are variable. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In addition, the Company does not recognize ROU assets and lease liabilities for contracts with a lease term of 12 months or less ("short-term lease") and which do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Lease cost for short-term leases is recognized on a straight-line basis over the lease term.

Goodwill, Identifiable Intangibles and Other Long-Lived Assets

The Company records the excess of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed in purchase transactions as goodwill. The Company reviews goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) annually, as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

The Company has an option to first assess certain qualitative factors to determine whether the existence of events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after performing a qualitative assessment, an entity determines that it is more likely than not that the fair value of the reporting unit exceeds its carrying value, then performing the impairment test is unnecessary. In periods in which a goodwill impairment test is required, the estimates of fair value of each reporting unit is compared to its carrying value, and any deficiency, not to exceed the carrying amount of goodwill, is reflected as an impairment charge in operations.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. The Company has concluded that it has a single reporting unit. The Company completed a quantitative test for goodwill impairment as of October 1, 2025 and determined that the fair value of the Company's reporting unit exceeded its carrying value. The Company completed its annual goodwill impairment test as of October 1, 2024 and determined based on the qualitative factors assessed that it was more likely than not that the fair value of the Company’s reporting unit exceeded its carrying value. The Company did not identify any indicators of impairment during the year ended December 31, 2025 and 2024.

The Company reviews long-lived assets, including definite-lived intangible assets and property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Significant judgments in this area involve determining whether a triggering event has occurred and determining the future cash flows for assets involved. In conducting its analysis, the Company compares the undiscounted cash flows expected to be generated from the long-lived assets to the carrying value of such assets. If the undiscounted cash flows exceed the carrying value, the long-lived assets are not considered to be impaired. If the carrying value exceeds the undiscounted cash flows, an impairment charge is measured and recognized as the difference between the carrying value and the fair value of the long-lived assets. The Company did not identify any indicators of impairment during the years ended December 31, 2025 and 2024.

Deferred Commissions

The Company defers commissions that are recoverable and incremental to obtaining contracts with a customer. Deferred commissions, which primarily consist of sales commissions, are amortized over an estimated customer life, which is generally 3 years or less. The Company has elected the practical expedient under ASC 340-40 to expense incremental costs of obtaining a contract if the amortization period is one year or less. As of December 31, 2025, deferred commissions totaled $4.9 million, of which $2.7 million was current and $2.2 million was long-term. As of December 31, 2024, deferred commissions totaled $4.8 million, of which $2.6 million was current and $2.2 million was long-term. Current and long-term costs are presented within prepaid expenses and other current assets and other assets, respectively. Amortization of deferred commissions of $3.6 million and $2.9 million were recorded during the years ended December 31, 2025 and 2024, respectively. The Company did not recognize any impairment losses for deferred commissions during the year ended December 31, 2025 and 2024.

Contract Liabilities

The Company receives payments from subscribers based on a billing schedule as established in the terms of customer service agreements. Accounts receivable are recorded when the right to consideration for its completed performance is billed and is no longer conditional. Contract liabilities (that is, deferred revenue) relate to payments received in advance of performance under the contract. Contract liabilities which relate to revenue that is to be recognized in greater than one year are included in contract liabilities, non-current on the Consolidated Balance Sheets.

Contingent Liabilities

The Company may become involved in litigation or other financial claims as a result of its normal business operations. The Company periodically analyzes currently available information, makes a determination of the probability of loss and provides a range of possible loss when the Company believes that sufficient and appropriate information is available. The Company accrues a liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. If a loss is probable and a range of amounts can be reasonably estimated but no amount within the range is a better estimate than any other amount in the range, then the minimum of the range is accrued. The Company does not accrue a liability when the likelihood that the liability has been incurred is believed to be probable but the amount cannot be reasonably estimated or when the likelihood that a liability has been incurred is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and the impact could potentially be material, the Company discloses the nature of the contingency and, where feasible, an estimate of the possible loss or range of loss.

Stock-Based Compensation

The Company issues stock-based awards under the 2024 Equity Incentive Plan (the “2024 Plan”) adopted as of May 30, 2024. All awards are issued and governed in accordance with this plan. Individual awards under the 2024 Plan may take the form of incentive stock options, equity appreciation rights, restricted stock awards (“RSAs”) and restricted stock units (“RSUs”).

The Board of Directors administers the 2024 Plan, and the grants are approved by the Board of Directors. Awards granted in the 2024 Plan that have expired, terminated, or been canceled or forfeited are available for issuance or use in connection with future awards. Forfeitures are recognized as they occur.

The Company uses the Black-Scholes option-pricing model to value all stock options and the straight-line method is used to amortize this fair value as compensation expense over the requisite service period. The fair value of each option granted has been estimated as of the date of grant.

Revenue Recognition

The Company accounts for revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized upon the transfer of control of promised goods and services to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue recognition is determined through the following five steps: (i) identification of the contract, or contracts, with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when, or as, the performance obligation is satisfied.

Revenue is recognized ratably over the non-cancellable contractual term, typically ranging from one month to three years. Revenue is measured based on the stated consideration specified in the subscription contract, or the subscription fees billed by the Company's affiliates and partners, which are generally billed directly to the subscriber's credit card or demand deposit accounts. A significant portion of subscribers are billed in advance of fulfillment. These payment mechanisms significantly mitigate the risk of uncertain cash flows. For the minority of the Company's arrangements that are billed in arrears, the Company records an unbilled account receivable at the end of the reporting period. The Company's unbilled accounts receivable were $3.0 million and $1.6 million as of December 31, 2025 and 2024, respectively, which were recorded in accounts receivable, net of allowance for credit losses on the Consolidated Balance Sheets.

The Company is the principal in the majority of its transactions and therefore, revenue is recorded on a gross basis in the amount that the Company bills subscribers from the sale of subscriptions. Based on the nature of its subscription services and the service terms, the Company does not have any unsatisfied, or partially unsatisfied, future performance obligations, other than the amounts included in contract liabilities. In addition, and for the same reasons outlined above, the Company does not have any contracts that have a significant financing component. Revenues are presented net of the taxes remitted to governmental authorities.

Income Taxes

The Company accounts for income taxes under the applicable provisions of U.S. GAAP, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the Financial Statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. In evaluating its ability to recover its deferred tax assets, the Company considers all available positive and negative evidence, including projected future taxable income and future reversal of existing deferred tax assets and liabilities, sufficient sources of taxable income in available carryback periods, tax-planning strategies, and historical results of recent operations. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates the Company is using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers its experience of cumulative operating income (loss). Valuation allowances are provided if, based upon the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the Company's effective tax rate in the future.

The Company believes that its tax positions comply with applicable tax law. As a matter of course, the Company may be audited by various taxing authorities and these audits may result in proposed assessments where the ultimate resolution may result in the Company owing additional taxes. U.S. GAAP addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the Financial Statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. In addition, U.S. GAAP provides guidance on how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The Company has elected to include penalties related to uncertain tax positions as part of income tax expense and include interest expense related to uncertain tax positions as part of interest (expense) income, net in its Financial Statements. No interest and penalties related to uncertain tax position were recorded as of or for the years ended December 31, 2025 and 2024.

The Company's income tax expense and liability and/or receivable, deferred tax assets and liabilities, and liabilities for uncertain tax benefits reflect management's best assessment of estimated current and future taxes to be paid or received. Significant judgments and estimates are required in determining the consolidated income tax expense. The Company has elected to record the global intangible low taxed income inclusion ("GILTI") under the current-period cost method.

Cost of Revenue

Cost of revenue consists primarily of expenses directly associated with supporting the Company's antivirus, identity theft, privacy protection, credit monitoring products and services, parental control products and services, as well as hosting the Company's VPN and providing operating support to the Company's customers. These expenses are comprised of credit monitoring fees, credit card processing fees, software costs, server costs and the Company's call center. Costs related to the call center include personnel and related costs, comprised of salaries, benefits, bonuses, and stock-based compensation.

Advertising

The Company expenses all marketing and advertising costs as they occur. For the years ended December 31, 2025 and 2024, advertising costs were $100.1 million and $108.8 million, respectively, and are reflected as a component of sales and marketing expense on the Consolidated and Combined Statements of Comprehensive Loss.

Research and Development

Research and development ("R&D") costs, with the exception of capitalized internal use software, are expensed as incurred. R&D costs include personnel and related costs, comprised of salaries, benefits, and bonuses and stock-based compensation associated with product development.

Fair Value Measurements

The Company accounts for certain assets and liabilities at fair value in accordance with U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 — Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fair value measurements which are measured on a recurring basis include cash equivalents which are classified within Level 1 of the fair value hierarchy as they are valued using quoted market prices in active markets and are primarily money market securities, and the Company's liability classified warrants and convertible note which are classified within Level 3 of the fair value hierarchy. The Company did not have any transfers in or out of Level 1 in the years ended December 31, 2025 and 2024. Its goodwill, intangible and long-lived assets are subject to non-recurring fair value measurements during the event such assets are measured for impairment.

For financial instruments such as cash, certificates of deposit, trade accounts receivable, borrowings under financing arrangements, and accounts payable, the Company considers the recorded value to approximate the fair value based on the short-term nature of these financial instruments.

Redeemable Preferred Stock

The Company has issued various series of convertible redeemable Preferred Stock instruments that the Company has determined are financial instruments with both equity and debt characteristics and are classified as redeemable preferred stock in the Consolidated Balance Sheets. To assess classification, the Company reviews all features of the instruments, including mandatory redemption features and conversion features that may be substantive. All financial instruments that are classified as redeemable preferred stock are evaluated for embedded derivative features and it was determined that no embedded derivatives exist related to the Preferred Stock that would require bifurcation.

Securities classified in redeemable preferred stock are initially measured at the proceeds received, net of issuance costs. Subsequent measurement of the carrying value is not required unless the instrument is probable of becoming redeemable or is currently redeemable. When the instruments are currently redeemable or probable of becoming redeemable, the Company will recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the then current maximum redemption value at the end of each reporting period. The Company reassesses whether the instrument is currently redeemable or probable to become redeemable in the future as of each reporting date. The Company concluded the instruments were not redeemable or probable to become redeemable as of December 31, 2025 and 2024.

All classes of Preferred Stock are classified as redeemable preferred stock on the Consolidated Balance Sheets as the holders of such shares have certain liquidation rights that are not solely within the control of the Company and would require the redemption of the then-outstanding Preferred Stock.

Net Loss Per Share

Basic and diluted loss per share is computed as net loss attributable to common stockholders divided by the weighted-average number of shares outstanding for the period. For the years ended December 31, 2025 and 2024, all dilutive securities have been excluded as their inclusion would have had an antidilutive effect on loss per share. See Note 18 for all additional information.

Risks and Uncertainties

The Company's major source of data used in providing its services to consumers resulted from continuing agreements with the credit reporting agencies Equifax, Experian and TransUnion in both the U.S. and Canada. The contracts with Experian and TransUnion expire in 2027 and the contract with Equifax expires in 2029. The Experian contract may be terminated by 60 days notice. Each of the credit reporting agencies also competes with the Company in providing credit scores, credit reports and limited credit monitoring services. It is reasonably possible that these single-source high concentrations in costs of revenue exposes the Company to risk greater than it would have had it mitigated the risk through diversification, which may have a significant impact to its results of operations and financial position in the future.

The Company collects, distributes and protects nonpublic and sensitive personal data in delivering its services. The Company is subject to the risk that unauthorized users might access that data, technical issues might release or expose that data to unauthorized users or human error might cause the wrongful dissemination of that data. If the Company experiences a security breach or other unauthorized access to information, the integrity of its services may be affected. The Company continues to incur significant personnel costs and vendor costs, included within general and administrative expenses in the Consolidated and Combined Statements of Comprehensive Loss, to protect against security breaches or other mishaps and to minimize the adverse effects of a data breach, were one to occur.

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2025 and 2024, the Company had $11.7 million and $7.6 million not insured by or in excess of the FDIC insured limit, respectively.

3. Accounting Standards Updates

The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact in the Company's Financial Statements.

Recently Adopted Accounting Standards

Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, which is intended to enhance the transparency and decision usefulness of income tax disclosures, primarily through changes to the rate reconciliation and information regarding income taxes paid. The Company adopted ASU 2023-09 for the annual period beginning January 1, 2025 on a retrospective basis. Refer to Note 8 for further information.

Recent Accounting Standards Not Yet Adopted

Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative

In October 2023, the FASB issued ASU 2023-06, which will eliminate disclosure requirements that are redundant, duplicative, overlapping, outdated, or superseded as a result of subsequent changes to SEC disclosure requirements, U.S. GAAP or technology. ASU 2023-06 is intended to better align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP. The amendments are applied prospectively and are effective when the SEC removes the related requirements from Regulation S-X and S-K. Any amendments the SEC does not remove by June 30, 2027, will not be effective. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its Financial Statements and related disclosures.

Income Statement-Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses

In November 2024, the FASB issued an ASU to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions (such as cost of sales; selling, general, and administrative expenses; and research and development). This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its Financial Statements and related disclosures.

Debt - Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments

In November 2024, the FASB issued ASU 2024-04, which requires an entity to account for certain early settlements of convertible debt instruments as an induced conversion if the inducement offer includes the issuance of all consideration (in form and amount) issuable under the conversion privileges provided in the terms of the existing convertible debt instrument. This update is effective for annual periods beginning after December 15, 2025, and interim periods within those annual reporting periods, with early adoption permitted for all entities that have adopted the amendments in ASU 2020-06. The Company is currently evaluating the impact of this ASU on its Financial Statements and related disclosures.

Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05, which introduces a practical expedient and accounting policy election in applying the expected credit loss standard to current accounts receivable and contract assets. This update is effective for annual periods beginning after December 15, 2025 on a prospective basis. The Company is currently evaluating the impact of this ASU on its Financial Statements and related disclosures.

Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, which introduces targeted improvements to the accounting and disclosure requirements for internal-use software, including updates to the capitalization criteria and related implementation guidance. This update is effective for annual periods beginning after December 15, 2027. Entities are permitted to apply the new guidance using either a prospective, modified, or retrospective transition approach. The Company is currently evaluating the impact of this ASU on its Financial Statements and related disclosures.

4. Revenue

The Company's subscriptions are offered to subscribers through two primary marketing channels: direct-to-consumer and partnership. During the years ended December 31, 2025 and 2024, the Company generated approximately 66% of its revenue through its direct-to-consumer channel and 34% of its revenue through its partnership channel.

Direct-to-consumer

The Company's direct-to-consumer channel, which totaled $127.7 million and $97.1 million for the years ended December 31, 2025 and 2024, respectively, includes subscription sales through the various app stores or directly billed by the Company.

Partnership

The Company's partnership channel includes sales of its subscription services through affiliates and partners and sales of the Company's service to other enterprises as a benefit to their employees, which totaled $64.8 million and $49.6 million for the years ended December 31, 2025 and 2024, respectively. The Company is the principal in the majority of these arrangements, and therefore revenue is recorded on a gross basis.

The following table represents a rollforward of the Company's contract liabilities as of December 31 (in thousands):

Contract liabilities, as of December 31, 2023	$	31,042
Additions to contract liabilities		107,992
Recognized revenue in the period		(91,568)
Contract liabilities, as of December 31, 2024	$	47,466
Additions to contract liabilities		190,325
Recognized revenue in the period		(171,806)
Contract liabilities, as of December 31, 2025	$	65,985

During the years ended December 31, 2025 and 2024, the Company recognized $44.1 million and $28.8 million, respectively, of revenue that was included in the contract liabilities balance at the beginning of the period.

The following table represents a rollforward of the Company's deferred commissions as of December 31 (in thousands):

Deferred commissions, as of December 31, 2023	$	4,207
Additions to deferred commissions		3,477
Amortization of deferred commissions		(2,932)
Deferred commissions, as of December 31, 2024	$	4,752
Additions to deferred commissions		3,682
Amortization of deferred commissions		(3,558)
Deferred commissions, as of December 31, 2025	$	4,876

5. Investments

A summary of the amortized cost of held-to-maturity debt securities by major security type is as follows (in thousands):

	As of December 31,			
	2025		2024	
Debt securities – held-to-maturity				
Corporate debt securities	$	200	$	8,013
U.S. government and agency securities		—		2,770
Total debt securities – held-to-maturity	$	200	$	10,783

The Company largely limits its investments to investment grade quality. Securities downgraded below policy minimums after purchase will be disposed of in accordance with the Company's investment policy. The carrying values of debt securities does not include accrued interest receivable of $0.1 million as of December 31, 2024 which is recorded in prepaid expenses and other current assets. Accrued interest receivable was immaterial as of December 31, 2025. Investments with maturities greater than one year are recorded in other assets. The Company has the intent and ability to hold its investments in debt securities to maturity, and it is not more likely than not that the Company will be required to sell the investments before recovery of the amortized cost basis. All of the held-to-maturity debt securities have a contractual maturity date within one year of December 31, 2025. The Company did not recognize any credit losses related to investments in held-to-maturity debt securities or accrued interest balances during the years ended December 31, 2025 and 2024.

6. Property and Equipment

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

	2025	2024
Machinery and equipment	$ 1,009	$ 624
Software	23,955	17,756
Software development-in-progress	2,251	2,998
Furniture and fixtures	396	518
Leasehold improvements	2,158	2,177
	29,769	24,073
Less: accumulated depreciation and amortization	(16,994)	(13,302)
Property and equipment, net	$ 12,775	$ 10,771

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was $3.8 million and $3.3 million, respectively.

There were additions of $5.5 million and $4.1 million to capitalized software for the years ended December 31, 2025 and December 31, 2024, respectively. Disposals for the years were immaterial.

7. Goodwill and Intangible Assets

Goodwill

There were no additions, disposals, or any changes to the Company's goodwill balance during the years ended December 31, 2025 and 2024. There was no accumulated impairment of goodwill at December 31, 2025 and 2024.

Intangible Assets

The Company's intangible assets consisted of the following as of December 31, 2025 (in thousands):

	Weighted-Average Remaining Useful Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer related	—	$ 3,070	$ (3,070)	$ —
Marketing related	0.1	10,545	(10,455)	90
Technology related	3.9	22,011	(21,718)	293
Total amortizable intangible assets at December 31, 2025		$ 35,626	$ (35,243)	$ 383

The Company's intangible assets consisted of the following as of December 31, 2024 (in thousands):

	Weighted-Average Remaining Useful Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer related	0.9	$ 3,070	$ (2,603)	$ 467
Marketing related	1.3	10,545	(10,223)	322
Technology related	0.9	21,711	(21,361)	350
Total amortizable intangible assets at December 31, 2024		$ 35,326	$ (34,187)	$ 1,139

Intangible assets are amortized on a straight-line basis over a period of one to six years. For the years ended December 31, 2025 and 2024, the Company recognized amortization expense of $1.1 million and $3.9 million, respectively. The Company estimates that it will recognize the following amortization expense in future periods indicated below (in thousands):

2026	$ 165
2027	74
2028	75
2029	69
Total	383

8. Income Taxes

The components of loss before income taxes for the year ended December 31 were as follows (in thousands):

	2025	2024
Loss before income taxes		
United States	$ (142,711)	$ (134,619)
Foreign	1,681	(1,804)
Total loss before income taxes	$ (141,030)	$ (136,423)

The components of income tax expense (benefit) for the year ended December 31 were as follows (in thousands):

	2025	2024
Current:		
Federal	$ —	$ —
State	40	(150)
Foreign	(287)	262
Total current income tax expense	$ (247)	$ 112
Deferred:		
Federal	—	—
State	—	—
Foreign	—	(325)
Total deferred income tax benefit	—	(325)
Total income tax benefit	$ (247)	$ (213)

The Company's consolidated effective tax rate for the years ended December 31, 2025 and 2024, was 0.2% and 0.2%, respectively. The reported 2025 and 2024 income tax benefit differs from the amount computed by applying the statutory U.S. federal income tax rate of 21% to the loss before income taxes due to the following:

	2025		2024	
	Amount	% Rate Effect	Amount	% Rate Effect
U.S. federal statutory tax rate	$ (29,616)	21.0 %	$ (28,649)	21.0 %
State income taxes, net of federal benefit	31	— %	(150)	0.1 %
Foreign tax effects				
Other foreign jurisdictions	(639)	0.5 %	315	(0.2)%
Tax credits				
Research and development credits	—	— %	(515)	0.4 %
Change in valuation allowance	26,191	(18.6)%	30,125	(22.1)%
Nontaxable or nondeductible items				
Fair market value adjustments	1,658	(1.2)%	(1,523)	1.1 %
Other	1,735	(1.2)%	46	— %
Other adjustments				
Adjustments related to deferred balances	393	(0.3)%	138	(0.1)%
Total	$ (247)	0.2 %	$ (213)	0.2 %

During the year ended December 31, 2024 state taxes in California, New York, Massachusetts and Texas made up the majority of the tax effect in this category. During the year ended December 31, 2025 Texas made up the majority of the tax effect in this category.

Deferred tax assets and liabilities as of December 31 consisted of the following (in thousands):

	2025	2024
Deferred tax assets:		
Net operating losses	$ 43,368	$ 27,224
Tax credits	711	697
Section 174 expenses	3,770	3,482
Stock-based compensation	8,096	6,876
MetLife warrants	3,246	1,232
Accrued compensation	25	57
Intangible assets	167	55
Deferred revenue	797	1,739
Lease liability	1,903	2,501
Reserves and accruals	285	92
Contingent income right	10,010	—
Other	384	108
Total deferred tax assets	72,762	44,063
Valuation allowance	(70,896)	(41,776)
Net deferred tax assets	1,866	2,287
Deferred tax liabilities:		
ROU assets	(1,542)	(2,078)
Property and equipment	(324)	(209)
Total deferred tax liabilities	(1,866)	(2,287)
Net deferred tax liabilities	$ —	$ —

During the periods prior to the Spin-Off, the Company did not file separate returns as it was included in the tax returns of the Former Parent within the respective tax jurisdictions. The 2024 income tax provision and the corresponding Balance Sheet items included in these Financial Statements were prepared in accordance with the basis on which tax returns the Company intended to file. These items were trued up to reconcile to the filed returns in the 2025 income tax provision.

The Company provides for a valuation allowance on its net deferred tax assets based on its evaluation of all significant positive and negative evidence. A significant piece of objective negative evidence evaluated was the cumulative loss incurred for the three-year periods ended December 31, 2025 and 2024, which limits the ability to consider other subjective evidence, such as projections of taxable income. The Company concluded that a portion of its deferred tax assets would not more likely than not be realized as a result of income generated from the future reversal of existing temporary differences. The net change in the valuation allowance was $29.1 million and $14.1 million for the years ended December 31, 2025 and 2024, respectively.

The amount of deferred tax assets considered realizable as of December 31, 2025 and 2024 could be adjusted if facts and circumstances in future reporting periods change, including, but not limited to, generating cumulative income such that additional weight is given to subjective evidence.

On July 4, 2025, U.S. legislation formally titled "An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14" ("The Act") was signed into law. The Act, among other things, extended key provisions of the 2017 Tax Cuts and Jobs Act and introduced targeted changes to the U.S. federal income tax regime. The most significant of these changes for the Company is the timing of Section 174 research and development deductions and the inclusion of amortization and depreciation expense in the calculation of the interest limitation for tax purposes. Beginning in 2025, the Company will no longer capitalize additional domestic research and development expenses and will instead benefit from the expenses in the years incurred. The Company did not elect to immediately deduct all previously capitalized research and development expenses in 2025 and will continue to recognize them ratably over the previously established period of 5 years for domestic expenses and 15 years for foreign expenses. The impact of these changes is an increase in net operating loss carryovers which are offset with a corresponding valuation allowance.

The Internal Revenue Code of 1986, as amended, or the Code, imposes substantial restrictions on the utilization of net operating losses and other tax attributes in the event of an "ownership change" of a corporation. Events which may cause limitation in the amount of the net operating losses and other tax attributes that are able to be utilized in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period, which has occurred as a result of historical ownership changes. Accordingly, our ability to use pre-change net operating loss and certain other attributes are limited as prescribed under Sections 382 and 383 of the Code. Therefore, if we earn net taxable income in the future, our ability to reduce our federal income tax liability with our existing net operating losses is subject to limitation. Future offerings, as well as other future ownership changes that may be outside our control could potentially result in further limitations on our ability to utilize our net operating loss and tax attributes. Accordingly, achieving profitability may not result in a full release of the valuation allowance. As of December 31, 2025 and 2024, the Company had $175.0 million and $103.7 million of gross federal net operating loss carryforwards, respectively. The Company's operating losses are reported net of unrecognized tax benefits.

	2025 Tax-Effected (in thousands)	2024 Tax-Effected (in thousands)	Expiration
U.S. net operating loss carryforward	$ 760	$ 760	2038
U.S. net operating loss carryforward (post-2017)	35,993	21,008	No expiration
Foreign net operating loss carryforward	686	561	2029-2033
U.S. federal and state general business credits	711	697	2045
U.S. state net operating loss carryforwards	5,929	4,895	2026-2043

We file tax returns as prescribed by the tax laws of the jurisdictions in which we operate. In the normal course of business, we are subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The statute of limitations for assessment by the Internal Revenue Service, or IRS, and state tax authorities is closed for tax years prior to 2022 and 2021 respectively, although carryforward attributes that were generated prior to 2022 may still be adjusted upon examination by the IRS or state tax authorities if they either have been or will be used in a future period. The Company's Switzerland tax return is subject to examination for the 2022 through 2024 tax years. The Company's India tax return is subject to examination for the 2022 through 2024 tax years.

The Company provides for United States federal income taxes on the earnings of foreign subsidiaries unless they are considered indefinitely reinvested outside of the United States. The Company continues to consider its earnings in its foreign subsidiaries as indefinitely reinvested.

The Company records liabilities related to its uncertain tax positions. Tax positions for the Company and its subsidiaries are subject to income tax audits by multiple tax jurisdictions throughout the world. The Company believes that it has provided adequate reserves for its income tax uncertainties in all open tax years. As the outcome of the tax audits cannot be predicted with certainty, if any issues arising in the Company's tax audits progress in a manner inconsistent with management's expectations, the Company could adjust its provision for income taxes in the future. For the year ended December 31, 2025, the Company recorded an increase in uncertain tax positions totaling $10.1 million relating to a tax filing position that was taken on the tax return for the year ended December 31, 2024. Given that the position would impact the generation of net operating losses and not cash taxes, the Company is not accruing penalties or interest. The Company has the following activities relating to unrecognized tax benefits for the periods presented:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Beginning balances at December 31, 2024 and 2023	$ 180	$ —
Additions due to current year positions	10,099	180
Lapses in statutes of limitations	—	—
Ending balances at December 31, 2025 and 2024	$ 10,279	$ 180

Cash Taxes Paid by Jurisdiction

The following table provides additional information about cash taxes paid disaggregated by jurisdiction (in thousands):

	Year Ended December 31, 2025	Year Ended December 31, 2024
US Federal	$ —	$ —
US State and Local		
Massachusetts	—	74
New York	—	6
Texas	29	13
Foreign		
India	—	19
Total	$ 29	$ 112

9. Related Party Transactions

The following are the Company's related party transactions for the years ended December 31, 2025 and 2024:

General Catalyst – General Catalyst ("GC"), a global investment and transformation company, is a significant investor in the Company and serves on the Company's Board of Directors. The Company has a financing arrangement with GC (see Note 10).

UnifyCX – UnifyCX, formerly GlowTouch Technologies, is a global customer care business which provides technology outsourcing solutions. The Chief Executive Officer and Founder of UnifyCX, Vidya Ravichandran, is the Company's CEO's sister and individuals who serve on the Board of Directors maintain an ownership interest in UnifyCX. The Company has outsourcing service agreements with UnifyCX for software development and quality assurance.

Pursuant to these arrangements, for the year ended December 31, 2025, the Company recorded $7.2 million to Cost of Revenue, $0.8 million to Research and Development Expense, and $1.5 million to General and Administrative Expense on the Consolidated and Combined Statements of Operations and Comprehensive Loss, with an immaterial amount payable as of December 31, 2025 and included in amounts Due to Related Parties on the Consolidated Balance Sheets. For the year ended December 31, 2024, the Company recorded $6.4 million to Cost of Revenues, $0.2 million to Research and Development Expense, and $0.1 million to General and Administrative Expense on the Consolidated and Combined Statements of Operations and Comprehensive Loss, with $0.8 million payable as of December 31, 2024 and included in Amounts Due to Related Parties on the Consolidated Balance Sheets.

Honix Capital Limited and Media Returns LLC – An individual who has ownership in the Company through Grapevine LLC, a significant investor in the Company, is also an executive of Honix Capital Limited and Media Returns LLC. The Company has a marketing service agreement with Honix Capital Limited and Media Returns LLC.

Pursuant to this agreement, for the years ended December 31, 2025 and 2024, the Company recorded $1.5 million and $4.9 million in Sales and Marketing Expense in the Consolidated and Combined Statements of Operations and Comprehensive Loss, with $0.2 million and $0.1 million payable as of December 31, 2025 and 2024, respectively, and included in Amounts Due to Related Parties on the Consolidated Balance Sheets.

MetLife – MetLife and its affiliates offer a full range of insurance and other financial products and services. Through its wholly owned subsidiary MetLife Next Gen Ventures, LLC, MetLife has ownership in the Company in the form of series F convertible preferred stock and holds warrants to purchase common stock in the Company (see Note 13) connection with this agreement.

Distribution fees recognized in connection with the agreement totaled $17.7 million and $11.6 million for the years ended December 31, 2025 and 2024, respectively, and are included within sales and marketing expenses in the Consolidated and Combined Statements of Operations and Comprehensive Loss, with $0.7 million and $0.3 million due as of December 31, 2025 and 2024, respectively, and included in Amounts Due to Related Parties on the Consolidated Balance Sheets.

Robert Downey, Jr. – Robert Downey, Jr. serves on the Company's Board of Directors and served as brand ambassador for the Company. In his role as brand ambassador, defined by an endorsement agreement, Robert Downey Jr. provided service through creative reviews, production of digital content, and appearances at events. These amounts totaled $5.0 million and $6.2 million for the years ended December 31, 2025 and 2024, respectively, and are included within sales and marketing expenses in the Consolidated and Combined Statements of Operations and Comprehensive Loss with no amount due as of December 31, 2025 and 2024.

In connection with the agreement, in 2022, the Company issued 0.5 million common shares to Robert Downey, Jr. that vest over a period of 5 years and Robert Downey, Jr. executed a $3.8 million Partial-Recourse Promissory Note payable to the Company for the purchase price of these restricted common shares, of which the entire balance was outstanding as of December 31, 2024. The Company terminated the endorsement agreement in February 2025 and elected its option to purchase 0.2 million of the restricted common shares and cancelled $0.8 million of the amount due under the Partial-Recourse Promissory Note. The remaining outstanding restricted common shares issued in connection with the agreement vested in full upon termination and the remaining balance of the Partial-Recourse Promissory Note was outstanding as of December 31, 2025. The Company incurred $0.2 million in stock-based compensation expense in both 2025 and 2024 related to stock-based awards issued in connection with the agreement. In connection with the termination of the endorsement agreement, any remaining unvested awards have been cancelled.

AT&T – AT&T and its affiliates offer its customers a platform to discover, subscribe to, manage, and pay for subscription services. Through its wholly owned subsidiary AT&T Venture Investments, LLC, AT&T has ownership in the Company in the form of series G convertible preferred stock and holds warrants to purchase common stock in the Company (see Note 13). The Company has a distribution agreement with AT&T Services, Inc. where AT&T distributes the Company's digital security solutions through a value-added services program. Fees recognized in connection with the agreement were immaterial for the year ended December 31, 2025 and are included within sales and marketing expenses in the Consolidated and Combined Statements of Operations and Comprehensive Loss, with no amounts due as of December 31, 2025.

Point Wild – Point Wild is the rebranded holding company which holds all remaining operating interests of the former Pango segment subsequent to the Spin-Off (see Note 1). The Company shares common members of the Board of Directors and certain executives, including the CEO, who provide service to both companies. In connection with the Spin-Off, the Company entered into several agreements that, among other things, govern the relationship of the parties following the Spin-Off, including a Transition Services Agreement (the "TSA"), a Tax Matters Agreement, an Employee Matters Agreement, a Common Interest Agreement, and various sublease agreements with Point Wild (see Note 14). Pursuant to these agreements, both parties have agreed to indemnify the other for certain liabilities which are not subject to any cap. Under the terms of the TSA, the Company has provided Point Wild with various services or functions, including finance, people, information technology, legal, and executive services. Consideration and costs for the services under the TSA are determined using several billing methodologies as described in the agreement. The TSA, as amended, expires on December 31, 2027, unless earlier terminated by mutual consent or for breach of the agreement. Consideration for transition services provided to Point Wild is recorded within the Consolidated and Combined Statements of Comprehensive Loss based on the nature of the service and as an offset to expenses incurred to provide the services. In addition to the TSA, the Company has agreements related to the licensing of Point Wild's VPN and Antivirus products.

Pursuant to these arrangements, for the year ended December 31, 2025, the Company recognized $0.1 million as an offset to Sales and Marketing, $0.3 million as an offset to Research and Development, $0.6 million as an offset to General and Administrative Expense, and $0.9 million recorded to Cost of Revenue on the Consolidated and Combined Statements of Operations and Comprehensive Loss with a $0.9 million payable as of December 31, 2025 and included in amounts Due to Related Parties on the Consolidated Balance Sheets. For the year ended December 31, 2024, the Company recognized $0.9 million as an offset to Research and Development, $4.6 million as an offset to General and Administrative Expense, and $3.4 million recorded to Cost of Revenue on the Consolidated and Combined Statements of Operations and Comprehensive Loss with an $3.9 million receivable as of December 31, 2024 and included in amounts Due from Related Parties on the Consolidated Balance Sheets

Life360 - Life360, Inc. and its affiliates ("Life360") offer a technology platform to help keep families connected and safe. Life360. has invested in the Company in the form of a convertible unsecured note (see Note 10). The Company has a distribution agreement with Life360, granting the Company exclusive rights to distribute Life360's digital safety products in the U.S. employer channel and non-exclusive rights in the partnership channel. The agreement includes minimum annual payments to Life360 of $8.0 million, $10.0 million, and $12.0 million for 2025, 2026, and 2027, respectively, and establishes a multi-year marketing program through Life360's platform. Amounts recognized for marketing services for the year ended December 31, 2025 totaled $8.0 million and is included within sales and marketing expenses in the Consolidated and Combined Statement of Operations and Comprehensive Loss, with $5.4 million due as of December 31, 2025 included in Amounts Due to Related Parties on the Consolidated Balance Sheets.

10. Debt and Credit Facilities

Customer Investment Agreement

On May 16, 2024, the Company entered into a Customer Investment Agreement (the "Agreement"), with GC Customer Value Arranger, LLC (a General Catalyst company). Under the Agreement, up to $144.0 million of financing will be provided for the Company's sales and marketing growth efforts. The Agreement has a total commitment period of 16 months which initially expired on September 30, 2025, and was subsequently extended to September 30, 2026. Under the Agreement, subject to certain terms and conditions specified therein, at the start of each monthly commitment period, an Investment Amount of up to 80% of the Company's growth spend (the "Investment Amount") will be advanced by GC. During each monthly commitment period, the Company will repay each Investment Amount including a 16% rate of return based upon an agreed schedule which extends beyond the initial commitment period through January 2028. On a monthly basis, both parties agree to the Investment Amount and the amount to be repaid in that month from prior borrowings. The obligations under the Agreement are secured by incomes to be collected from consumers subscribed during each monthly commitment period. Once fully repaid, the Company will retain all future reference income related to each respective Investment Amount.

On August 22, 2025, the Company entered into a Second Amended and Restated Customer Investment Agreement under which GC will provide up to an additional $120.0 million of financing to the Company from September 30, 2025 through September 30, 2026 for sales and marketing growth efforts.

As of December 31, 2025 and 2024, the Company had $48.9 million and $37.3 million, respectively, of outstanding borrowings under the Agreement. The Company incurred interest expense of $4.5 million and $2.4 million for the years ended December 31, 2025 and 2024, respectively, and such interest is included in interest (expense) income, net on the Consolidated and Combined Statements of Comprehensive Loss.

Revolving Credit Agreement

On February 18, 2025, the Company entered into a $50.0 million revolving credit agreement with Bank of California that expires on February 17, 2028. Revolving loans under the agreement bear interest, on the outstanding daily balance thereof, at a variable annual interest rate equal to the greater of the Prime Rate then in effect or 5.0%. The agreement contains standard customary representations, warranties and covenants by the parties, and will continue in effect unless terminated by any party pursuant to its terms. There were no borrowings under the agreement at December 31, 2025. The obligations under this revolving credit agreement are secured by all personal property of the Company's subsidiary, Aura Sub, LLC, subject to limited exceptions.

Convertible Note Agreement

On May 12, 2025, the Company entered into a $25.0 million senior unsecured convertible note agreement with Life360. The note bears no interest and matures on May 12, 2030, unless earlier converted or repaid upon certain events. The note includes customary conversion features and a most-favored-nation clause. The note ranks senior to all other unsecured indebtedness of the Company and includes customary default provisions.

The convertible note is automatically converted if there is a qualified financing event, defined as a firm-commitment underwritten public offering of the Company's common stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, that results in aggregate gross proceeds to the Company of at least $75 million. If an automatic conversion were to occur, then the outstanding amount shall automatically convert into fully paid and nonassessable shares of common stock in connection with the qualified financing at a price per share equal to the lower of: (i) 85% of the lowest price per share of common stock paid by public investors in a qualified financing or preferred stock sold in a non-qualified financing, as applicable, or (ii) an amount obtained by dividing (x) $2.3375 billion (the "Valuation Cap") by (y) the fully diluted capitalization immediately prior to the qualified financing or non-qualified financing, as applicable, provided, however, that in no event will this price in a non-qualified financing be less than the price per share obtained by dividing (x) the $1.75 billion (the "Valuation Floor") by (y) the fully diluted capitalization as of immediately prior to the non-qualified financing (the "Conversion Price").

The convertible note may be voluntarily converted at the option of Life360 if there is a non-qualified financing event, defined as a bona fide financing transaction or series of related transactions in which the Company raises gross proceeds of at least $50 million, whether led by existing or new investors, and does not constitute a qualified financing. If a non-qualified financing occurs on or before the maturity date, then Life360 shall have the option, by delivering written notice to the Company prior to the closing of such non-qualified financing, to have the outstanding amount converted into fully paid and nonassessable shares of conversion preferred stock at the Conversion Price in connection with such non-qualified financing.

If the convertible note remains outstanding following the maturity date, Life360 may, (A) convert the outstanding amount into fully paid and nonassessable shares of the most senior series of the Company's preferred stock then outstanding at a price per share equal to (x) the Valuation Cap divided by (y) the fully diluted capitalization as of immediately prior to the maturity date, as adjusted for any stock dividend, stock split, combination, or similar recapitalization event (the "Maturity Conversion"), (B) demand repayment of the note in cash at the original principal amount plus accrued interest, or (C) amend the note to extend the maturity date by mutual agreement with the Company.

In the event of a change of control, prior to any distribution to any holders of the Company's equity securities or other existing unsecured indebtedness of the Company, Life360 shall receive the greater of: (i) a cash payment equal to the outstanding amount; or (ii) the amount Life360 would have received had the note converted immediately prior to such change of control into common stock at a price per share equal to the lesser of (x) 85% of price per share of common stock paid by the acquirer in the change of control and (y) a price per share equal to (x) the Valuation Cap divided by (y) the fully diluted capitalization as of immediately prior to the change of control.

The Company elected the fair value option to account for this note, with changes in value between reporting dates recorded in mark to market gain (loss) within the Consolidated Statement of Operations and Comprehensive Loss (see Note 17). As of December 31, 2025, the note is classified as noncurrent as the conditions allowing the holder of the note to convert has not been met and the notes are not redeemable until May 12, 2030.

11. Commitments and Contingencies

Legal Proceedings

The Company is not aware of any pending, or threatened, legal proceedings to which the Company is, or will be, a party to that, if successful, would result in a material adverse change in its business or financial condition. Legal proceedings are inherently unpredictable and, although the Company believes that accruals are adequate, and intends to vigorously defend itself against such matters, unfavorable resolution could occur, which could have a material effect in its Financial Statements, taken as a whole.

Other

The Company entered into various software licenses and operational commitments totaling approximately $39.8 million and $26.4 million as of December 31, 2025 and 2024, respectively, payable in monthly and annual installments through December 31, 2031. These amounts will be expensed on a pro-rata basis and recorded in cost of revenue, research and development, and general and administrative expenses in its Consolidated and Combined Statements of Comprehensive Loss.

12. Redeemable Preferred Stock

The Company's authorized capital stock consists of 176.7 million shares of common stock, par value $0.0001 per share ("Common Stock"), and 114.8 million shares of preferred stock, par value $0.0001 per share ("Preferred Stock"), 13.5 million shares of which are designated as "Series A-1 Preferred Stock", 21.0 million shares of which are designated as "Series A-2 Preferred Stock", 1.1 million shares of which are designated as "Series B Preferred Stock", 30.5 million shares of which are designated as "Series C Preferred Stock", 5.1 million shares of which are designated as "Series C-1 Preferred Stock", 12.0 million shares of which are designated as "Series D Preferred Stock", 10.8 million shares of which are designated as "Series E Preferred Stock", 12.1 million shares of which are designated as "Series F Preferred Stock" and 8.7 million of which are designated as "Series G Preferred Stock". As of December 31, 2025, there were approximately 21.1 million shares of Common Stock outstanding and 100.5 million shares of Preferred Stock outstanding. As of December 31, 2024, there were approximately 20.0 million shares of Common Stock outstanding and 97.9 million shares of Preferred Stock outstanding.

All series of Preferred Stock may be converted into Common Stock at any time, except that the Series C-1 Preferred Stock may not be converted into Common Stock until after the third anniversary of the date of issuance of any shares thereof. Holders of Common Stock are entitled to one vote per share and holders of Preferred Stock are entitled to one vote per share (on an as-converted to Common Stock basis) on all matters on which stockholders are entitled or permitted to vote. Holders of Series A Preferred Stock, voting as a separate class, are entitled to elect four directors of the Company, holders of Series C Preferred Stock, voting as a separate class, are entitled to elect one director of the Company, and holders of Series E Preferred Stock, voting as a separate class, are entitled to elect two directors of the Company. Three remaining directors are elected by individuals or a subset of each of the respective previously noted voting classes.

Holders of shares of Common Stock and Preferred Stock are entitled to dividends in amounts and at times as may be declared by the Board of Directors out of funds legally available after cumulative preferred dividends are paid.

Holders of shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock are entitled, from and after the date of issuance thereof, to cumulative compounding annual dividends at 6% of the original issue price per share thereof ("Series A Accruing Dividends"). Holders of Series E Preferred Stock are entitled, from and after the date issuance thereof, to cumulative compounding annual dividends at 6% of the original issue price per share thereof ("Series E Accruing Dividends"). Holders of Series G Preferred Stock are entitled, from and after the date issuance thereof, to cumulative compounding annual dividends at 10% of the sum of the original issue price per share ("Series G Accruing Dividends") plus the amount of all previously accrued but unpaid Series G Accruing Dividends as of each anniversary date of the date of issuance. The original issue price of the Series A-1 Preferred Stock is $1.26 per share, the original issue price of the Series A-2 Preferred Stock and the Series B Preferred Stock is $2.04 per share, the original issue price of the Series C Preferred Stock is $4.30 per share, the original issue price of the Series C-1 Preferred Stock is $4.08 per share, the original issue price of the Series D Preferred Stock is $2.04 per share, the original issue price of the Series E Preferred Stock is $7.74 per share, the original issue price of the Series F Preferred Stock is $9.79 per share and the original issue price of the Series G Preferred Stock is $10.28 per share (subject in each case to appropriate adjustment in the event of a stock dividend or stock split or combination or other similar recapitalization).

Holders of shares of Series D Preferred Stock are entitled, upon liquidation or dissolution of the Company, before payment of any liquidation preferences to holders of other series of Preferred Stock or any payment to holders of Common Stock, to an amount per share equal to the greater of (a) the original issue price per share thereof, plus any dividends declared but unpaid thereon, and (b) such amount per share as would have been payable if all shares of Series D Preferred Stock converted into Common Stock.
Upon liquidation or dissolution of the Company, after payment of any liquidation preferences to holders of Series D Preferred Stock, (a) holders of shares of Series G Preferred Stock are entitled to an amount per share equal to the greater of (i) the amount equal to (A) the sum of the original issuance price per share thereof, plus (B) any Series G Accruing Dividends declared but unpaid thereon, and (ii) such amount per share as would have been payable had all shares of Series G Preferred Stock then outstanding been converted into Common Stock; (b) holders of shares of Series F Preferred Stock are entitled to an amount per share equal to the greater of (i) the amount equal to (A) the sum of the original issuance price per share thereof, plus (B) any Series F Accruing Dividends declared but unpaid thereon, and (ii) such amount per share as would have been payable had all shares of Series F Preferred Stock then outstanding been converted into

Common Stock; (c) holders of shares of Series E Preferred Stock are entitled to an amount per share equal to the greater of (i) the amount equal to (A) the sum of the original issuance price per share thereof, plus (B) any Series E Accruing Dividends declared but unpaid thereon, and (ii) such amount per share as would have been payable had all shares of Series E Preferred Stock then outstanding been converted into Common Stock; (d) holders of shares of Series C Preferred Stock are entitled to an amount per share equal to the sum of (i) the amount equal to the excess of (A) the sum of the original issuance price per share thereof, plus any dividends declared but unpaid thereon, over (B) the quotient obtained by dividing (1) 23,275,258.37 by (2) the number of shares of Series C Preferred Stock then outstanding, plus (ii) 87.5% of the Liquidation Participation Amount; and (e) holders of shares of Series B Preferred Stock, Series A-1 Preferred Stock, and Series A-2 Preferred Stock are entitled to an amount per share equal to the greater of (i) the amount equal to (A) the applicable original issuance price thereof, plus (B) (x) in the case of Series A-1 Preferred Stock, Series A-2 Preferred Stock, any Series A Accruing Dividends accrued but unpaid thereon, together with any other dividends declared but unpaid thereon or (y) in the case of Series B Preferred Stock, any dividends declared but unpaid thereon, and (ii) such amount per share as would have been payable if all shares of Series B Preferred Stock, Series A-1 Preferred Stock, and Series A-2 Preferred Stock converted into Common Stock. For purposes of clauses (d) above, the "Liquidation Participation Amount" means the amount, if any, by which (A) the amount per share as would have been payable to the holders of Series C Preferred Stock had all shares of Series C Preferred Stock then outstanding been converted into Common Stock exceeds (B) the Series C Liquidation Preference Amount.

In August and October of 2024, the Company issued 6.1 million shares of its Series G Preferred Shares at $10.28 per share to existing investors and a single new investor (see Note 9) for gross proceeds of $63.0 million. The Company incurred $1.4 million of offering costs in connection with issuing the Series G Preferred Stock; the proceeds are presented net of offering costs on the Consolidated Balance Sheets. In January 2025, the Company issued (a) an additional 2.6 million shares of its Series G Preferred Stock at $10.28 per share to related parties for gross proceeds of $26.6 million and (b) warrants to purchase 2.6 million shares of common stock for an exercise price of $0.01; the proceeds recorded as Series G Preferred Stock are presented net of immaterial offering costs and of the amount allocated to the common share warrants issued on the same date which was recorded in additional paid-in capital on the Consolidated Balance Sheets. The investors which participated in the January 2025 issuance of Series G Preferred Stock had existing relationships with the Company at the time of issuance through various means inclusive of prior investments and business relationships with the Company.

13. Stockholders' Deficit

Outstanding Securities

Holders of shares of Common Stock are entitled, upon liquidation or dissolution of the Company, to share ratably in all net assets available for distribution to stockholders after payment of any liquidation preferences to holders of Preferred Stock. Holders of Common Stock have no redemption, conversion or preemptive rights.

Holders of shares of Common and Preferred Stock in the Former Parent on the date of the Spin-Off were distributed all of the equity interests of the Company on a pro-rata and 1:1 basis, where each share class received an equivalent number of shares in the Company as that they held in the Former Parent. In connection with the Spin-Off, the issuance price for each series of Preferred Stock distributed was determined on a relative fair value basis with that of the Former Parent. The value of Common and Preferred Stock was calculated based on the allocated issue price to the Company in proportion to the original issue price from the Former Parent, multiplied by number of Preferred or Common shares.

During the year ended December 31 2025, all 1.7 million restricted stock units previously issued and outstanding expired. These restricted stock units were held primarily by individuals who had provided service to an entity acquired by the Former Parent. In October 2025, the Company elected to issue 1.0 million common shares to holders of the expired restricted stock units and pay the individuals' required income tax withholdings. The Company recognized $5.2 million in expense associated with the issuance of these common shares which was recognized in other (expense) income, net on the Consolidated and Combined Statements of Comprehensive Loss.

Warrants

In March 2019, the Former Parent issued warrants to purchase 46,357 shares of common stock for an exercise price of $0.01. The warrants were fully vested and are exercisable for a period of 10 years. In connection with the Spin-Off, holders of the warrants were issued identical warrants to purchase shares of common stock in the Company.

In June and October 2021, the Former Parent issued warrants to purchase 6,270,176 shares of common stock for an exercise price of $0.01. The warrants were fully vested and are exercisable for a period of 10 years. In connection with the Spin-Off, holders of the warrants were issued identical warrants to purchase shares of common stock in the Company. The warrants are considered to be a derivative liability (see Note 17).

The distribution agreement with MetLife (see Note 9) provided that the Company would grant MetLife 50 warrants to purchase common stock for every $1,000 of revenue, as defined, at an exercise price of $7.26 per share pursuant to the distribution agreement (adjusted to $4.69 as part of the Spin-off), to be issued at the end of each calendar year in arrears for the prior 12-month period ("Revenue Warrants"). The Company records stock-based compensation related to the agreement as revenue is recognized based on the grant date fair value of the warrant, which the Company determined using the Black-Scholes option pricing model. For the year ended December 31, 2025 and 2024, the Company recognized $1.4 million and $1.7 million, respectively, in stock-based compensation expense reflected in sales and marketing expense on the consolidated and combined statements of operations and comprehensive loss. The Company issued warrants totaling 370,500 shares in 2025 for performance for the year ended December 31, 2024 and expects to issue warrants totaling approximately 308,150 shares in 2026 for performance for the year ended December 31, 2025. In addition, the distribution agreement provided for a true-up warrant to be granted if (i) by December 31, 2027, total revenue pursuant to the distribution agreement equals or exceeds $100.0 million since the inception of the arrangement or (ii) by December 31, 2027, the Company's non-employee channel revenue, in the aggregate, is less than $325.0 million for the calendar year 2027 ("True-up Warrants"). The number of true-up warrants to be issued is based on a formula as defined in the distribution agreement, subject to a cap of 13.5 million warrants. As of December 31, 2025 and 2024, the Company determined that clause (i) is not probable of being met however determined that clause (ii) was probable and accordingly, the Company recorded $7.0 million and $3.5 million of stock-based compensation expense, respectively, reflected in sales and marketing expense on the consolidated and combined statements of operations and comprehensive loss based on the grant date fair value and reflects the straight-line passage of time from the inception of the agreement through December 31, 2025 and 2024.

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions:

	Revenue Warrants	**True-Up Warrants**
Expected volatility	55.00 %	50.00 %
Expected term (in years)	10.00	8.60
Risk-free interest rate	2.00 %	4.12 %
Dividend yield	— %	— %

In connection with the Spin-Off, the Company issued warrants to purchase 1,250,000 shares of common stock for an exercise price of $4.27 to Robert Downey, Jr. The warrants were forfeited and terminated for no additional consideration in connection with the termination of the endorsement agreement with Robert Downey, Jr. during the year ended December 31, 2025 (see Note 9).

In October 2024, the Company issued warrants to purchase 972,762 shares of common stock for an exercise price of $0.01 to AT&T. The warrants vest quarterly over a period of 10 years based upon the number and type of subscriptions purchased by subscribers pursuant to the distribution agreement with AT&T (see Note 9) and are exercisable for a period of 10 years. There were 12 warrants vested as of December 31, 2025 and none vested as of December 31, 2024.

As discussed in Note 12 above, in January 2025, the Company issued warrants to purchase 2,592,410 shares of common stock for an exercise price of $0.01. The warrants vest in eight equal quarterly installments commencing on January 22, 2025 and are exercisable for a period of 10 years. The holders of these warrants had existing relationships with the Company at the time of issuance through various means inclusive of prior investments and business relationships with the Company. The Company allocated $6.7 million to the warrants based on a relative fair value allocation, which was recorded in additional paid-in capital on the Consolidated Balance Sheets.

Accumulated Other Comprehensive Loss, Net of Tax

The components of accumulated other comprehensive loss, net of related taxes, were as follows (in thousands):

	Unrealized Loss on Available-for-Sale investment	Foreign Currency Translation Adjustments	Total
Balance as of December 31, 2023	$ (337)	$ (82)	$ (419)
Reclassification of realized loss on investment securities	337	(11)	326
Balance as of December 31, 2024	$ —	$ (93)	$ (93)
Sale of foreign subsidiary		93	93
Balance as of December 31, 2025	$ —	$ —	$ —

Stock-Based Compensation

Prior to the Spin-Off, individuals were eligible to participate in the Former Parent's equity incentive plan and, in connection with the Spin-Off, the Company issued stock options and RSUs which entitle the holder to an equivalent number of shares of the Company's common stock upon vesting as those held in the Former Parent. Stock options and RSUs issued in connection with the Spin-Off retained the service and vesting conditions of those awards previously issued by the Former Parent. The Company recognized stock-based compensation expense of $2.1 million associated with awards granted in the Former Parent's equity incentive plan prior to the Spin-Off for the year ended December 31, 2024. The Company recognizes stock-based compensation expense for options granted under the Former Parent's equity incentive plan and under the 2024 plan for individuals providing service to the Company, and does not recognize stock-based compensation expense for individuals that hold awards under the 2024 Plan but provide service to the Former Parent.

As of December 31, 2025 and 2024, awards for approximately 26.9 million and 23.9 million shares, respectively, were outstanding under the Company's active plan. Total stock-based compensation expense recognized for stock options for the years ended December 31, 2025 and 2024, was $5.3 million and $5.8 million, respectively. The following inputs to the Black-Scholes option-pricing model were used to value options granted for the years ended December 31, 2025 and 2024.

Expected Dividend Yield. The Company does not expect to declare or pay dividends in the near future; therefore, the dividend yield was zero for 2025 and 2024.

Expected Volatility. Based on the historical equity volatilities of comparable publicly traded companies for a period that approximates the expected term, the expected volatility was estimated to be approximately 41.8% and 41.6% for 2025 and 2024, respectively.

Risk-free Interest Rate. Based on the risk-free rate as interpolated from the U.S. Constant Maturity Treasury rates for a term corresponding to the expected term, which was estimated to be approximately 4.10% and 4.28% for 2025 and 2024, respectively.

Expected Term. The expected term of options granted was determined by utilizing Simplified Method in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin Topic 14: Share Based Payment, which was estimated to be approximately 5.9 years and 6.0 years for 2025 and 2024, respectively.

Fair Value of Equity Shares. The fair value of equity shares for options granted was determined based on a valuation of the overall business enterprise and incorporates various methodologies in its analysis, including an estimation of the discounted cash flows based on projected earnings in the future (an income approach) and comparative analysis of revenue and EBITDA multiples of comparable companies (a market approach).

The following table summarizes the Company's stock option activity for the year ended December 31, 2025:

	2025			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, beginning of year	22,195,489	$ 2.83	7.0	$ 12,260,234
Granted	7,927,100	3.64		
Exercised	(153,881)	1.73		
Canceled or forfeited	(3,019,087)	3.75		
Outstanding, end of year	26,949,621	$ 2.97	6.7	$ 24,579,480
Exercisable at end of the year	17,946,777	$ 2.63	5.5	$ 23,118,161

At December 31, 2025, there were 26.9 million options outstanding and expected to vest. As of December 31, 2025, there was $11.5 million of total unrecognized compensation cost related to unvested stock option arrangements granted under the Plan which is expected to be recognized over a weighted-average period of 2.8 years. The weighted-average grant date fair value, based on the Black-Scholes option pricing model, of options granted during the years ended December 31, 2025 and 2024, was $1.19 and $1.79, respectively. The total fair value of options that vested in 2025 and 2024 was approximately $1.1 million and $25.1 million, respectively. The total intrinsic value of options exercised during 2025 and 2024 was $0.3 million and $0.2 million, respectively.

14. Leases

The Company leases office space under operating lease agreements expiring at various dates through 2032. Under the lease agreements, in addition to base rent, the Company is generally responsible for operating and maintenance costs and related fees.

These agreements include tenant improvement allowances, rent holidays, or rent escalation clauses. In connection with various lease agreements, the Company is required to maintain $0.7 million in letters of credit.

In connection with the Spin-Off, the Company entered into two sublease agreements with Point Wild pertaining to its office space in Mountain View, CA and Boston, MA. The Mountain View, CA lease was subsequently terminated in November 2024 and the Boston, MA sublease remains in effect as of December 31, 2025. The amount due from Point Wild annually in connection with the Boston, MA sublease is $0.2 million through the expiration date of the sublease on May 17, 2027. On February 28, 2025, the Company terminated its office lease in Austin, TX.

The following tables summarize the Company's primary office lease as of December 31, 2025 (in thousands):

Location	Lease Term (in years)	Future Minimum Lease Commitments	Letter of Credit Amount Required
Boston, MA	6.4	$ 9,041	$ 725

The following table summarizes the components of the Company's lease cost for the years ended 31 December (in thousands):

	2025	2024
Lease cost		
Operating lease cost	$ 1,172	$ 1,848
Sublease income	(204)	(224)
Total lease cost	$ 968	$ 1,624

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	1,284	1,958
Weighted-average remaining lease term-operating leases	6.4 Years	7.1 Years
Weighted-average discount rate-operating leases	3.67 %	4.23 %

Maturity of lease liabilities as of December 31, 2025, which related to the Company's leases was as follows (in thousands):

2026	$ 1,316
2027	1,349
2028	1,383
2029	1,417
2030 and thereafter	3,576
Total lease payments	9,041
Less: amount representing interest	(1,023)
Present value of lease liabilities	8,018
Less: current obligation	(1,316)
Long-term obligations under lease liabilities	$ 6,702

15. Employee Benefit Plan

The Company maintains a savings plan that is intended to be qualified under Section 401(a) of the Internal Revenue Code. Under this plan, employees may contribute a percentage of eligible compensation on both a before-tax and after-tax basis. The Company has historically matched a percentage of a participating employee's contributions. The cost of the match is determined by the level of eligible employee contributions made to the plan and the related expense is recognized as incurred. For each of the years ended December 31, 2025 and 2024, the Company recognized as expense employer contributions of $1.5 million to the plan.

16. Segments

Segments are defined by authoritative guidance as components of a company in which separate financial information is available and is evaluated by the chief operating decision maker (CODM), or a decision-making group, in deciding how to allocate resources and in assessing performance. The CODM of the Company is its Chief Executive Officer.

The Company operates as a single operating segment based on the Consolidated and Combined information reviewed and used by the CODM in evaluating the financial performance of the business and allocating resources. This single segment represents the Company's business, Aura Consolidated Group, Inc., which operates in the identity security market by providing an integrated and unified digital protection platform offering subscription-based services of personal identity and privacy protection. Subscriptions are offered to individual subscribers through its direct-to-consumer channel, and as an embedded service for its partners to offer to either its employees or other consumers. Accordingly, the Company has determined that it has a single reportable segment and operating segment structure and operates as one reporting unit for purposes of financial reporting and has prepared the Financial Statements on that basis.

The CODM assesses performance for the segment and decides how to manage the business, allocate resources, and make operating and investment decisions primarily based on consolidated and combined net loss which also is reported on the Consolidated and Combined Statements of Comprehensive Loss, guiding strategic decisions to align with company-wide goals.

The measure of segment assets is reported on the Balance Sheets as total consolidated assets. In addition, substantially all of the Company's revenues and long-lived assets are attributable to its operations in the United States for all periods presented.

The following table reflects certain financial data for our reportable segment for the year ended December 31 (in thousands):

	2025	2024
Revenue	$ 192,520	$ 146,650
Credit agency fees	(22,670)	(15,608)
External commissions	(38,516)	(28,753)
External marketing	(83,841)	(74,314)
Brand marketing	(16,568)	(32,590)
Research and development	(36,076)	(35,653)
Other segment items[1]	(134,940)	(98,203)
Interest (expense) income, net	(939)	2,048
Income tax benefit	247	213
Net loss	$ (140,783)	$ (136,210)

[1] Other segment items include other income, mark-to-market gains, distribution fees, general administration costs, depreciation, and amortization and other selling costs.

17. Fair Value Measurements

The Company measures and reports certain assets and liabilities at fair value on a recurring basis. The fair value of these instruments are classified as follows (in thousands):

	As of December 31, 2025			
		Level 1	Level 2	Level 3
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
Money market funds	$ 57,889	$ 57,889	$ —	$ —
Total assets:	$ 57,889	$ 57,889	$ —	$ —
Liabilities:				
Warrants	$ 29,783	$ —	$ —	$ 29,783
Convertible note	25,400	—	—	25,400
Total liabilities:	$ 55,183	$ —	$ —	$ 55,183

	As of December 31, 2024			
		Level 1	Level 2	Level 3
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
Money market funds	$ 78,574	$ 78,574	$ —	$ —
Total assets:	$ 78,574	$ 78,574	$ —	$ —
Liabilities:				
Warrants	$ 22,290	$ —	$ —	$ 22,290
Total liabilities:	$ 22,290	$ —	$ —	$ 22,290

The change in fair value of the Level 3 instruments were as follows (in thousands):

	Warrant Liability	Convertible Note
Fair value, June 1, 2024	$ 29,542	$ —
Changes in fair value	(7,252)	—
Fair value, December 31, 2024	$ 22,290	$ —
Issuance of convertible note	—	25,000
Changes in fair value	7,493	400
Fair value, December 31, 2025	29,783	25,400

The fair value of the liability-classified warrants (see Note 13) was $29.8 million and $22.3 million as of December 31, 2025 and 2024, respectively, and is presented as warrant liability, non-current on the Consolidated Balance Sheets. During the year ended December 31, 2025, a change in fair value measurement loss of $7.5 million is presented as mark-to-market gain (loss) on the Consolidated and Combined Statements of Comprehensive Loss. During the year ended December 31, 2024, a change in fair value measurement gain of $7.3 million, is presented as mark-to-market gain (loss) on the Consolidated and Combined Statements of Comprehensive Loss. The Company determined the fair value of the warrants using the Black-Scholes option pricing model with the most significant input being the fair value of the common stock, a Level 3 input to the valuation technique.

The Black-Scholes assumptions and inputs were as follows:

	Year Ended December 31,	
	2025	2024
Expected volatility	40.00 %	35.00 %
Expected term (in years)	2.00	1.75
Risk-free interest rate	3.47 %	3.77 %
Dividend yield	— %	— %

The fair value of the convertible note (see Note 10) was determined to be $25.4 million as of December 31, 2025 and is presented as convertible notes, non-current on the Company's Consolidated Balance Sheets. The Company elected to apply the fair value option in accordance with ASC 825, Financial Instruments, to account for the hybrid instrument as a single financial instrument. As a result, the entire instrument is measured at fair value, with changes in fair value recognized in mark-to-market gain (loss) on the Consolidated and Combined Statements of Comprehensive Loss. The Company classifies the convertible note as Level 3 due to the absence of relevant observable inputs. The fair value of the convertible note was estimated using a probability weighted expected return methodology. Significant assumptions include the discount rate as well as the timing and probability weighting of each settlement scenario.

18. Net Loss Per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows for the years ended December 31 (in thousands, except per share amounts):

	2025	2024
Numerator:		
Net loss	$ (140,783)	$ (136,210)
Less:		
Dividends on Series A-1 Preferred Stock	(1,434)	(1,353)
Dividends on Series A-2 Preferred Stock	(3,245)	(3,061)
Dividends on Series E Preferred Stock	(6,141)	(5,794)
Dividends on Series G Preferred Stock	(9,043)	(2,385)
Net loss attributable to common stockholders, basic and diluted	$ (160,646)	$ (148,803)
Denominator:		
Weighted-average shares - basic and diluted	29,538	26,006
Loss per share:		
Basic and diluted	(5.44)	(5.72)

While it is a participating security, the Company has not allocated losses to preferred stock and liability classified warrants as there is no requirement to fund losses. The table below details potentially dilutive outstanding securities that were excluded from the computation of diluted loss per share as their effect would have been anti-dilutive for the period presented (in thousands):

	2025	2024
Stock options outstanding	26,950	22,195
Unvested Restricted Stock Units	—	1,706
Warrants to purchase Common Stock(1)	474	1,354
Series A-1 Preferred Stock	13,240	13,240
Series A-2 Preferred Stock	18,793	18,793
Series B Preferred Stock	1,089	1,089
Series C Preferred Stock	30,334	30,334
Series D Preferred Stock	872	872
Series E Preferred Stock	10,768	10,768
Series F Preferred Stock	11,582	11,582
Series G Preferred Stock	8,721	6,128
	122,823	118,061

(1) The Company has excluded 9,882 and 7,299 warrants to purchase common stock for the years ended December 31, 2025 and December 31, 2024, respectively, with an exercise price of $0.01, from its anti-dilutive securities as these shares were included in our determination of basic loss per share as they represent shares issuable for little or no cash consideration upon the satisfaction of certain conditions pursuant to ASC 260-10-45-14.

The conversion feature of the Company's Convertible Note is subject to a performance condition, specifically the closing of a Qualified Financing (including an initial public offering). For purposes of computing diluted earnings per share, a convertible instrument with a performance condition is considered contingently convertible. Such contingent shares would be included in the denominator for computing diluted net earnings per share for the entire period once the performance condition is satisfied, to the extent the instrument is dilutive. For the periods presented, the performance condition was not satisfied because a Qualified Financing (including an initial public offering) had not occurred as of the reporting date. Accordingly, the Convertible Note was not considered a potentially dilutive security in the calculation of diluted earnings per share.

19. Subsequent Events

Subsequent events were evaluated through March 25, 2026, the date on which the Financial Statements were issued.

On February 2, 2026, the Company announced an agreement to acquire Qoria Limited ("Qoria") through an Australian scheme of arrangement, subject to the satisfaction of a number of conditions (the "Scheme") along with listing of the Company on the Australian Securities Exchange ("ASX"). The Scheme is subject to regulatory approval and shareholder vote. Qoria is a global provider of digital safety and student wellbeing solutions. Under the merger implementation deed, the Company will acquire all of the existing shares in Qoria in consideration for shares in common stock of Aura in the form of CHESS Depositary Interests (CDIs) and will apply for admission to the official list of the ASX of its CDIs in connection with the Scheme. In parallel, the Company has received binding commitments for the equity placement from existing shareholders for $75.0 million in CDIs.