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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission file number: 001-39417

_____

Evolv Technologies Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

_____

Delaware	**84-4473840**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

500 Totten Pond Road, 4th Floor
Waltham, Massachusetts 02451
(Address of Principal Executive Offices)

(781) 374-8100
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of Each Class	Trading symbol	Name of Exchange on which registered
Class A common stock, par value $0.0001 per share	EVLV	The Nasdaq Stock Market

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

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

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

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

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

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

As of November 5, 2026, there were 181,385,455 shares of Class A common stock, par value $0.0001 per share, outstanding.

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FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this Quarterly Report on Form 10-Q, other than statements of historical fact, including, without limitation, statements regarding our results of operations and financial position, business strategy, plans and prospects, our relationship with significant manufacturers and suppliers, our ability to obtain new customers and retain existing customers, and sell existing and prospective products, research and development costs, our ability to recruit, retain and train staff, the potential benefits of our pure subscription and purchase subscription models, timing and likelihood of success, macroeconomic, market and technology trends, the government regulations that we are subject to, potential exposure to litigation, and plans and objectives of management for future operations and results, are forward-looking statements. The words "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions are intended to identify forward-looking statements though not all forward-looking statements use these words or expressions.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, without limitation, the important factors discussed in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q, as any such factors may be updated from time to time in our other filings with the SEC. The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, it may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements are current only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

GENERAL

We may announce material business and financial information to our investors using our investor relations website at https://ir.evolvtechnology.com/. We therefore encourage investors and others interested in Evolv to review the information that we make available on our website, in addition to following our filings with the SEC, webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report on Form 10-Q.

EVOLV TECHNOLOGIES HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 61,910	$ 49,150
Marketable securities	4,951	19,885
Accounts receivable, net of allowance for expected credit losses of $750 and $600 as of September 30, 2026 and December 31, 2025, respectively	50,412	30,841
Inventory	5,793	9,317
Current portion of contract assets	1,561	878
Current portion of commission asset	5,726	6,062
Prepaid expenses and other current assets	19,685	35,169
Total current assets	150,038	151,302
Contract assets, noncurrent	13	15
Commission asset, noncurrent	8,141	7,867
Property and equipment, net	132,818	127,522
Operating lease right-of-use assets	10,974	12,303
Other assets	1,077	5,400
Total assets	$ 303,061	$ 304,409
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10,733	$ 9,770
Accrued expenses and other current liabilities	36,581	35,293
Current portion of deferred revenue	87,385	74,924
Current portion of operating lease liabilities	3,116	2,989
Total current liabilities	137,815	122,976
Deferred revenue, noncurrent	19,419	16,716
Long-term debt	28,811	28,596
Operating lease liabilities, noncurrent	9,230	10,654
Contingent earn-out liability, noncurrent	—	374
Contingently issuable common stock liability, noncurrent	—	1,809
Public warrant liability, noncurrent	—	3,862
Total liabilities	195,275	184,987
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 100,000,000 authorized at September 30, 2026 and December 31, 2025; no shares issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock, $0.0001 par value; 1,100,000,000 shares authorized at September 30, 2026 and December 31, 2025; 181,233,753 and 175,399,488 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	18	18
Additional paid-in capital	525,555	507,347
Accumulated other comprehensive loss	(114)	(141)
Accumulated deficit	(417,673)	(387,802)
Stockholders' equity	107,786	119,422
Total liabilities and stockholders' equity	$ 303,061	$ 304,409

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

EVOLV TECHNOLOGIES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue:				
Product revenue	$ 12,332	$ 9,242	$ 34,861	$ 14,092
Subscription revenue	24,488	22,685	72,421	62,122
Service revenue	9,509	7,808	27,060	21,224
License fee and other revenue	1,016	3,115	3,084	9,963
Total revenue	47,345	42,850	137,426	107,401
Cost of revenue:				
Cost of product revenue	11,253	7,960	33,206	16,495
Cost of subscription revenue	9,841	10,923	27,208	27,713
Cost of service revenue	2,605	2,338	7,323	5,753
Cost of license fee and other revenue	97	323	589	766
Total cost of revenue	23,796	21,544	68,326	50,727
Gross profit	23,549	21,306	69,100	56,674
Operating expenses:				
Research and development	6,126	5,608	17,792	15,207
Sales and marketing	13,168	11,715	38,534	34,494
General and administrative	18,657	12,579	46,199	44,789
Restructuring costs	—	—	—	2,662
Total operating expenses	37,951	29,902	102,525	97,152
Loss from operations	(14,402)	(8,596)	(33,425)	(40,478)
Other (expense) income, net				
Interest expense	(982)	(713)	(2,909)	(714)
Interest income	540	436	1,543	1,049
Other income (expense), net	(18)	(44)	(72)	117
Change in fair value of contingent earn-out liability	—	7,521	374	2,297
Change in fair value of contingently issuable/returnable common stock liability/asset	(255)	2,178	1,249	(69)
Loss on remeasurement of common stock receivable	(530)	—	(530)	—
Change in fair value of public warrant liability	83	(2,578)	3,862	(6,160)
Total other (expense) income, net	(1,162)	6,800	3,517	(3,480)
Loss before income taxes	(15,564)	(1,796)	(29,908)	(43,958)
(Benefit from) provision for income taxes	—	—	(37)	62
Net loss	$ (15,564)	$ (1,796)	$ (29,871)	$ (44,020)
Weighted average common shares outstanding – basic and diluted	181,158,098	172,790,098	179,454,691	166,327,570
Net loss per share – basic and diluted	$ (0.09)	$ (0.01)	$ (0.17)	$ (0.26)
Net loss	$ (15,564)	$ (1,796)	$ (29,871)	$ (44,020)
Other comprehensive (loss) income				
Cumulative translation adjustment	(1)	26	27	(105)
Total other comprehensive (loss) income	(1)	26	27	(105)
Total comprehensive loss	$ (15,565)	$ (1,770)	$ (29,844)	$ (44,125)

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

EVOLV TECHNOLOGIES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2025	175,399,488	$ 18	$ 507,347	$ (141)	$ (387,802)	$ 119,422
Issuance of common stock upon net exercise of stock options	482,435	—	322	—	—	322
Issuance of common stock upon vesting of restricted stock units	3,576,310	—	—	—	—	—
Stock-based compensation cost	—	—	5,911	—	—	5,911
Cumulative translation adjustment	—	—	—	28	—	28
Net loss	—	—	—	—	(5,009)	(5,009)
Balances at March 31, 2026	179,458,233	$ 18	$ 513,580	$ (113)	$ (392,811)	$ 120,674
Issuance of common stock upon net exercise of stock options	745,035	—	245	—	—	245
Issuance of common stock upon vesting of restricted stock units	636,132	—	—	—	—	—
Stock-based compensation cost	—	—	7,237	—	—	7,237
Net loss	—	—	—	—	(9,298)	(9,298)
Balances at June 30, 2026	180,839,400	$ 18	$ 521,062	$ (113)	$ (402,109)	$ 118,858
Issuance of common stock upon net exercise of stock options	260,564	—	280	—	—	280
Issuance of common stock upon vesting of restricted stock units	363,368	—	—	—	—	—
Stock-based compensation cost	—	—	7,279	—	—	7,279
Cumulative translation adjustment	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	(15,564)	(15,564)
Reclassification of common stock receivable	—	—	(3,596)	—	—	(3,596)
Receipt and retirement of common stock	(229,579)	—	(1,236)	—	—	(1,236)
Reduction of common stock receivable for shares received	—	$ —	$ 1,236	$ —	$ —	$ 1,236
Loss on remeasurement of common stock receivable	—	$ —	$ 530	$ —	$ —	$ 530
Balances at September 30, 2026	181,233,753	$ 18	$ 525,555	$ (114)	$ (417,673)	$ 107,786

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2024	159,602,069	$ 16	$ 472,331	$ (32)	$ (354,664)	$ 117,651
Issuance of common stock upon net exercise of stock options	281,709	—	20	—	—	20
Issuance of common stock upon vesting of restricted stock units	3,389,364	—	—	—	—	—
Stock-based compensation cost	—	—	5,125	—	—	5,125
Cumulative translation adjustment	—	—	—	(46)	—	(46)
Net loss	—	—	—	—	(1,689)	(1,689)
Balances at March 31, 2025	163,273,142	$ 16	$ 477,476	$ (78)	$ (356,353)	$ 121,061
Issuance of common stock upon net exercise of stock options	5,628,670	1	6,427	—	—	6,428
Issuance of common stock upon vesting of restricted stock units	1,724,550	—	—	—	—	—
Stock-based compensation cost	—	—	5,781	—	—	5,781
Cumulative translation adjustment	—	—	—	(85)	—	(85)
Net loss	—	—	—	—	(40,535)	(40,535)
Balances at June 30, 2025	170,626,362	$ 17	$ 489,684	$ (163)	$ (396,888)	$ 92,650
Issuance of common stock upon net exercise of stock options	2,130,280	—	1,973	—	—	1,973
Issuance of common stock upon vesting of restricted stock units	199,630	—	—	—	—	—
Issuance of common stock upon exercise of warrants	117,423	—	49	—	—	49
Issuance of common stock upon transfer of contingently issuable common stock	729,570	—	3,670	—	—	3,670
Stock-based compensation cost	—	—	5,664	—	—	5,664
Cumulative translation adjustment	—	—	—	26	—	26
Net loss	—	—	—	—	(1,796)	(1,796)
Balances at September 30, 2025	173,803,265	$ 17	$ 501,040	$ (137)	$ (398,684)	$ 102,236

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

EVOLV TECHNOLOGIES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (29,871)	$ (44,020)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	21,415	17,859
Write-off of inventory and change in inventory reserve	60	2,016
Loss on disposal of property and equipment	333	3,503
Stock-based compensation	19,369	15,816
Amortization of debt issuance costs	862	195
Amortization of premium on marketable securities, net of change in accrued interest	241	10
Non-cash lease expense	1,329	1,263
Change in allowance for expected credit losses	150	66
Change in fair value of earn-out liability	(374)	(2,297)
Change in fair value of contingently issuable/returnable common stock liability/asset	(1,249)	69
Loss on remeasurement of common stock receivable	530	—
Change in fair value of public warrant liability	(3,862)	6,160
Changes in operating assets and liabilities		
Accounts receivable	(19,721)	(20,557)
Inventory	6,472	11,079
Commission assets	62	(719)
Contract assets	(681)	(137)
Other assets	165	437
Prepaid expenses and other current assets	8,266	(17,331)
Accounts payable	7,244	1,845
Deferred revenue	15,164	11,596
Accrued expenses and other current liabilities	2,078	16,902
Operating lease liability	(1,297)	(657)
Net cash provided by operating activities	26,685	3,098
Cash flows from investing activities:		
Development of internal-use software	(4,081)	(4,311)
Purchases of property and equipment	(25,411)	(29,109)
Purchases of marketable securities	(14,833)	(34,481)
Proceeds from maturities of marketable securities	29,526	24,675
Net cash used in investing activities	(14,799)	(43,226)
Cash flows from financing activities:		
Proceeds from exercise of stock options	847	8,406
Proceeds from long-term debt	—	26,316
Net cash provided by financing activities	847	34,722
Effect of exchange rate changes on cash and cash equivalents	27	(105)
Net increase (decrease) in cash and cash equivalents	12,760	(5,511)
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	49,150	37,015
Cash and cash equivalents at end of period	$ 61,910	$ 31,504
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,812	$ 518
Supplemental disclosure of non-cash activities		
Transfer of property and equipment to inventory	$ 3,008	$ 5,058
Capital expenditures incurred but not yet paid	3,230	841
Capitalization of stock compensation	1,058	754
Conversion of contingently issuable common stock	—	3,671
Receipt and retirement of common stock	1,236	—

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

EVOLV TECHNOLOGIES HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of the Business and Basis of Presentation

Evolv Technologies Holdings, Inc. (the "Company"), a Delaware corporation, is a leading security technology company pioneering Artificial Intelligence ("AI")-powered screening solutions designed to help create safer environments while maintaining efficient visitor flow and a positive visitor experience. The Company serves customers across a range of end markets, including education, healthcare, sports, live entertainment, tourist attractions, houses of worship, and industrial workplaces.

The Company offers two primary products, Evolv Express® and Evolv eXpedite™, which are designed to efficiently screen high volumes of people and bags for concealed threats. These products and their associated services are designed to capture valuable visitor data customers can leverage to inform their security operations, while providing end-users with an approachable and non-intrusive security experience. The Company is headquartered in Waltham, Massachusetts.

As used in this Quarterly Report on Form 10-Q, unless otherwise indicated or the context otherwise requires, references to "we," "us," "our," the "Company" and "Evolv" refer to the consolidated operations of Evolv Technologies Holdings, Inc. and its wholly owned subsidiaries, which include Evolv Technologies, Inc., Evolv Technologies UK Ltd. ("Evolv UK") and Give Evolv LLC. References to "NHIC" refer to our legal predecessor, a special-purpose acquisition company, prior to the consummation of our business combination on July 16, 2021 (the "Merger"), and references to "Legacy Evolv" refer to Evolv Technologies, Inc. d/b/a Evolv Technology, Inc. prior to the consummation of the Merger. The Merger was contemplated by the Agreement and Plan of Merger, dated March 5, 2021, with NHIC Sub Inc., NHIC, and Legacy Evolv, as amended by that certain First Amendment to Agreement and Plan of Merger dated June 5, 2021 (as amended, the "Merger Agreement").

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

Liquidity and capital resources

The Company's financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. The Company's primary requirements for liquidity and capital are working capital, inventory management, capital expenditures, debt obligations, and general corporate needs. The Company expects these needs to continue as it develops and grows its business. As of September 30, 2026, the Company had $66.9 million in cash, cash equivalents, and marketable securities, with outstanding debt of $30.0 million and available additional borrowings of up to $45.0 million, as detailed below. We incurred a net loss of $29.9 million and $44.0 million for the nine months ended September 30, 2026 and 2025, respectively, and operating activities resulted in cash inflows of $26.7 million and $3.1 million during the nine months ended September 30, 2026 and 2025, respectively. The Company expects to continue to generate losses for the foreseeable future.

The Company maintains substantially all of its cash, cash equivalents, and marketable securities in accounts with U.S. and multi-national financial institutions and its cash deposits at these institutions exceed Federal Deposit Insurance Corporation insured limits. The Company does not believe it is exposed to any unusual credit risk or deposit concentration risk beyond the ordinary credit risk associated with commercial banking relationships.

On July 29, 2025 (the "Closing Date"), the Company entered into a $75.0 million credit, security, and guaranty agreement with MidCap Financial Trust and the other lenders party thereto (the "MidCap Credit Agreement"), the proceeds of which will be used for general corporate purposes, including to support growing long-term demand for the Company's pure subscription sales model. The MidCap Credit Agreement provided an initial $30.0 million term loan facility (the

"Initial Term Loan"), a $30.0 million delayed draw facility (the "Delayed Draw Term Loan") (available for drawdown during the two-year period following the Closing Date), and a $15.0 million revolving line of credit (the "Revolving Credit Facility"), each with a maturity date of July 1, 2030 (collectively, the "Senior Secured Credit Facilities"). On the Closing Date, the Company received net proceeds of $26.6 million, after deducting $3.4 million in debt issuance costs paid at closing. As of September 30, 2026, $30.0 million under the Initial Term Loan was drawn and outstanding, while the $30.0 million Delayed Draw Term Loan and $15.0 million Revolving Credit Facility remained undrawn and available. See Note 9, Long-term Debt, for additional information.

The Company expects its cash, cash equivalents, and marketable securities of $66.9 million as of September 30, 2026, together with cash it expects to generate from future operations and borrowing availability under the Senior Secured Credit Facilities, will be sufficient to fund its operating expenses and capital expenditure requirements for a period of at least twelve months from the date of this Quarterly Report on Form 10-Q. As the Company is in the growth stage of its business and operates in an emerging field of technology, the Company expects to continue to strategically and carefully invest in various areas of the business to support that growth.

Under the MidCap Credit Agreement, the Company is also required to comply with certain customary reporting requirements of periodic financial results and affirmative and negative covenants, including: (1) a minimum ending balance for annual recurring revenue ("ARR"), as defined, that began at $106.0 million on December 31, 2025 and increases quarterly thereafter; (2) minimum liquidity, as defined, of 50% of outstanding borrowings (this covenant would cease to apply following the resolution of certain litigation and regulatory matters); and (3) a minimum earnings before interest, taxes, depreciation, and amortization ("EBITDA") covenant that takes effect on June 30, 2027. As of September 30, 2026, the minimum required ARR is $110.0 million, and the Company is in full compliance with all applicable covenant requirements, and expects to remain in compliance for a period of at least twelve months from the date of this Quarterly Report on Form 10-Q.

There is significant uncertainty in the current geopolitical and macroeconomic environment due to various factors, including but not limited to inflationary pressures globally, conflicts in Europe and the Middle East, and foreign currency volatility and their impacts on the Company's business. If economic conditions were to worsen, the Company's results of operations, financial condition, and cash flows from operations may be materially and adversely impacted.

Additionally, there continues to be significant uncertainty regarding recent changes and potential future developments related to increased trade restrictions, tariffs or taxes on imports or exports relating to countries where we source or sell materials or products. The exact magnitude of any potential impact remains uncertain, as there may be further changes to tariffs and policies and, consequently, potential increased tension between the U.S. and targeted countries, and the Company's financial condition and results of operations could be adversely affected.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements as of September 30, 2026, and for the three and nine months ended September 30, 2026 and 2025 have been prepared on the same basis as the audited annual consolidated financial statements as of December 31, 2025 and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of September 30, 2026, the results of its operations for the three and nine months ended September 30, 2026 and 2025 and cash flows for the nine months ended September 30, 2026 and 2025. The results for the three and nine months ended September 30, 2026 are not necessarily indicative of results to be expected for the year ending December 31, 2026, any other interim periods, or any future year or period. These interim unaudited condensed consolidated financial statements should be read in conjunction with the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

EVOLV TECHNOLOGIES HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. Summary of Significant Accounting Policies

Significant Accounting Policies

The significant accounting policies and estimates used in preparation of the unaudited condensed consolidated financial statements are described in the Company's audited consolidated financial statements as of and for the year ended December 31, 2025, and the notes thereto, which are included in our 2025 Form 10-K. Except for the estimates used to determine the grant date valuation for certain performance stock units ("PSUs"), as described in Note 10, Stock-Based Compensation, and the retirement of common stock, as described below, there have been no material changes to the Company's significant accounting policies during the nine months ended September 30, 2026.

Retirement of Common Stock

The Company accounts for shares that are reacquired and legally or constructively retired in accordance with ASC 505, *Equity*. Upon legal or constructive retirement, the shares are canceled and returned to the status of authorized but unissued shares. The par value is removed from common stock, and the excess of the carrying amount over par is recorded as a reduction of additional paid-in capital to the extent available, with any remaining amount charged to accumulated deficit.

Recently Adopted Accounting Pronouncements

In July 2025, the FASB issued ASU 2025-05, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.*" ASU 2025-05 provides a practical expedient that allows entities to estimate expected credit losses by assuming that current conditions as of the balance sheet date will not change over the remaining life of the asset. The amendment is applied prospectively and is effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods. The Company adopted ASU 2025-05 effective January 1, 2026 and elected to adopt the practical expedient that permits entities to assume that current conditions as of the balance sheet date do not change over the remaining life of the asset when estimating expected credit losses. The adoption did not have a material impact on the Company's condensed consolidated financial statements or related disclosures.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,*" which includes amendments to require the disclosure of certain specific costs and expenses that are included in a relevant expense caption on the face of the income statement. Specific costs and expenses that would be required to be disclosed include: purchases of inventory, employee compensation, depreciation, and intangible asset amortization. Additionally, a qualitative description of other items is required, equal to the difference between the relevant expense caption and the separately disclosed specific costs. Further, in January 2025, the FASB issued ASU 2025-01, "*Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Clarifying the Effective Date)*" to clarify the effective date of ASU 2024-03. Early adoption is permitted. A public entity should apply the amendments in ASU 2024-03 and ASU 2025-01 prospectively to all annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of this standard on the disclosures within the condensed consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,*" which amends guidance on capitalization of software development costs and introduces a probable-to-complete recognition threshold, along with factors to consider for evaluating significant development uncertainty. The amendments are effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual periods. Early adoption is permitted and this amendment is applied prospectively. The Company is currently evaluating the impact of this ASU on its accounting policies and disclosures within the condensed consolidated financial statements.

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3. Marketable Securities

Marketable securities as of September 30, 2026 and December 31, 2025 consisted of the following:

	September 30, 2026		
	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
U.S. Treasury bills	$ 4,951	$ —	$ 4,951
Total marketable securities	$ 4,951	$ —	$ 4,951

	December 31, 2025		
	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
U.S. Treasury bills	$ 19,885	$ —	$ 19,885
Total marketable securities	$ 19,885	$ —	$ 19,885

Marketable securities at September 30, 2026 and December 31, 2025 are comprised solely of zero coupon U.S. treasury bills with maturities of greater than three months but less than one year that are classified as available-for-sale debt securities. Unrealized gains or losses were not material for each of the three and nine months ended September 30, 2026 and 2025. The amortization of premium on marketable securities is included in interest income on the condensed consolidated statements of operations and comprehensive loss.

4. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy used to determine such fair values (in thousands):

	Fair Value Measurements at September 30, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 45,803	$ —	$ —	$ 45,803
Treasury bills	—	14,912	—	14,912
	$ 45,803	$ 14,912	$ —	$ 60,715

	Fair Value Measurements at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 39,406	$ —	$ —	$ 39,406
Treasury bills	—	19,885	—	19,885
Contingently returnable common stock asset	—	—	4,094	4,094
	$ 39,406	$ 19,885	$ 4,094	$ 63,385
Liabilities:				
Contingent earn-out liability	$ —	$ —	$ 374	$ 374
Contingently issuable common stock liability	—	—	1,809	1,809
Public Warrant liability	3,862	—	—	3,862
	$ 3,862	$ —	$ 2,183	$ 6,045

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Money market funds are included in cash and cash equivalents on the condensed consolidated balance sheets. As of September 30, 2026, U.S. treasury bills with maturities less than three months, which totaled $10.0 million, are included in cash and cash equivalents, while treasury bills with maturities greater than three months, which totaled $5.0 million, are reflected as marketable securities. As of December 31, 2025, U.S. treasury bills with maturities greater than three months, which totaled $19.9 million, are reflected as marketable securities. The fair value of the treasury bills, which are classified as Level 2 securities, is calculated by a third-party pricing service and is based on estimates obtained from various sources.

The Company may also value its non-financial assets and liabilities, including items such as inventories and property and equipment, at fair value on a non-recurring basis if it is determined that impairment has occurred. Such fair value measurements use significant unobservable inputs and are classified as Level 3.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and other accrued expenses approximate fair value because of their short maturity.

The carrying value of the Company's long-term debt approximates its fair value (a Level 2 measurement) at each balance sheet date due to its variable interest rate, which approximates a market interest rate.

During each of the nine months ended September 30, 2026 and 2025, there were no transfers between Level 1, Level 2 and Level 3.

Valuation of Contingent Earn-out

Pursuant to the Merger Agreement, the Legacy Evolv stockholders, immediately prior to the Merger, were entitled to receive additional shares of the Company's common stock upon the Company achieving certain milestones as described in Note 2 of our consolidated financial statements of our 2025 Form 10-K. The Company's contingent earn-out shares were recorded at fair value as a contingent earn-out liability upon the closing of the Merger and were remeasured each reporting period through the expiration of the earn-out period. The earn-out period expired on March 8, 2026 without achievement of the required milestones. As a result, the Company has no remaining contingent earn-out liability as of September 30, 2026.

The fair value of the contingent earn-out was calculated using a Monte Carlo analysis in order to simulate the future path of the Company's stock price over the earn-out period.

The following table provides a rollforward of the contingent earn-out liability (in thousands):

Balance at December 31, 2025	$	374
Change in fair value		(374)
Balance at September 30, 2026	$	—

Valuation of Contingently Issuable/Returnable Common Stock Liability/Asset and Measurement of Common Stock Receivable

Prior to the Merger, certain NHIC stockholders owned 4,312,500 shares of NHIC Class B common stock which were converted into shares of the Company's stock in connection with the Merger (the "Founder Shares"). Of these shares, 1,897,500 shares vested at the closing of the Merger, 517,500 shares were transferred back to NHIC and then contributed to Give Evolv LLC, and the remaining 1,897,500 unvested shares were subject to vesting upon the Company achieving certain milestones as described in Note 2 of our consolidated financial statements of our 2025 Form 10-K ("Vesting Conditions"). The Company's contingently issuable common shares were recorded at fair value on the closing of the Merger and were remeasured each reporting period. None of the milestones were achieved prior to the expiration of the vesting period on July 16, 2026.

Under the Founder Shares arrangement, Founder Shares could be transferred to third parties, subject to certain conditions. The unvested shares are required to be returned to the Company for cancellation if the specified Vesting Conditions are not met. As of September 30, 2026, a total of 471,241 Founder Shares that had been previously transferred

to individual stockholders' brokerage accounts remained outstanding and are subject to recovery by the Company, while all the other Founder Shares had either been forfeited upon expiration of the vesting period, if held in directly registered form at the transfer agent, or retired upon their subsequent return by stockholders. Prior to the expiration of the vesting period, the contractual obligation of the holders to return unvested shares upon failure to meet the Vesting Conditions was accounted for as a freestanding financial asset in accordance with ASC 815-40. This asset was initially recognized at fair value and remeasured at each reporting period through the expiration of the vesting period on July 16, 2026. Upon the expiration of the vesting period with none of the milestones having been achieved, the Company reassessed the arrangement under ASC 815-40 as of July 16, 2026 and determined that it met the criteria for equity classification and reclassified it to equity. Certain holders have not yet returned their shares, and the Company has applied the accounting model to the shares prescribed by ASC 470-20 for equity-classified own-share lending agreements following the July 16, 2026 contractual expiration. Under this model, the Company measures its right to recover the unreturned shares (i.e., common stock receivable) at the end of each reporting period based on the fair value of the unreturned shares which are probable of recovery. Changes in the measurement of the common stock receivable are recognized as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss each reporting period, with the offset to additional paid-in capital.

Through March 31, 2026, the fair value of the contingently issuable common shares and the contingently returnable common stock asset was determined using a Monte Carlo analysis in order to simulate the future path of the Company's stock price over the vesting period. However, starting June 30, 2026 and through the expiration of the vesting period, the Company determined that the required milestones were not achieved within the remaining term, and as a result, concluded there are no remaining contingently issuable common shares. As of July 16, 2026, the Company had recognized a $3.6 million contingently returnable common stock asset, based on the estimated fair value of the underlying returnable shares. Upon expiration of the vesting period, the contingently returnable common stock asset was reclassified to equity as common stock receivable, which is included within additional paid-in capital in our condensed consolidated balance sheets and statements of stockholders' equity, with loss on remeasurement of common stock receivable recorded as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss. As of September 30, 2026, common stock receivable was $1.8 million.

The following table provides a rollforward of the contingently issuable common stock liability (in thousands):

Balance at December 31, 2025	$	1,809
Change in fair value		(1,809)
Balance at September 30, 2026	$	—

The following table provides a rollforward of the contingently returnable common stock asset (in thousands):

Balance at December 31, 2025	$	4,094
Change in fair value		(560)
Reclassification of common stock receivable		(3,596)
Other adjustments		62
Balance at September 30, 2026	$	—

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The following table provides a rollforward of the common stock receivable (in thousands), which is included within additional paid-in capital in our condensed consolidated balance sheets and statements of stockholders' equity:

Balance at December 31, 2025	$	—
Reclassification of common stock receivable		(3,596)
Reduction of common stock receivable for shares received		1,236
Loss on remeasurement of common stock receivable		530
Balance at September 30, 2026	$	(1,830)

Valuation of Public Warrant Liability

In connection with the closing of the Merger, the Company assumed warrants to purchase 14,325,000 shares of common stock (the "Public Warrants") at an exercise price of $11.50. The Public Warrants were immediately exercisable and were classified as a liability and remeasured to fair value at each reporting date based on the closing price reported by Nasdaq on the last date of the reporting period. On July 16, 2026, all Public Warrants expired. As a result, the Company has no remaining public warrant liability as of September 30, 2026.

The following table provides a rollforward of the public warrant liability (in thousands):

Balance at December 31, 2025	$	3,862
Change in fair value		(3,862)
Balance at September 30, 2026	$	—

5. Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification 606 – *Revenue from Contracts with Customers (*"ASC 606"). Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In order to achieve this core principle, the Company applies the following five steps when recording revenue: (1) identify the contract, or contracts, with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when, or as, performance obligations are satisfied.

The Company derives revenue from (1) subscription arrangements generally accounted for as operating leases, including SaaS and maintenance, (2) the sale of products, (3) SaaS and maintenance related to products sold to customers either by the Company or by Columbia Tech pursuant to the Distribution and License Agreement (as defined below), (4) license fees related to the Distribution and License Agreement (as defined below), and (5) professional services, including installation, training, and event support. Maintenance consists of preventative maintenance, technical support, bug fixes, and when-and-if available threat updates. Our arrangements are generally noncancelable and nonrefundable after shipment to the customer. Revenue is recognized net of sales tax.

Distribution and License Agreement

In March 2023, the Company entered into a distributor licensing agreement (the "Distribution and License Agreement") with Columbia Electrical Contractors, Inc. ("Columbia Tech"). Columbia Tech is a wholly-owned subsidiary of Coghlin Companies, which had served as the Company's primary contract manufacturer. Under this arrangement, the Company granted a license of its intellectual property to Columbia Tech, which contracted directly with certain of the Company's resellers to fulfill sales demand where the end-user customer preferred to purchase the hardware equipment as opposed to lease the equipment. Columbia Tech paid the Company a hardware license fee for each system it manufactured and sold under the agreement. In these instances, the Company still contracted directly with the reseller to provide a multi-year SaaS and maintenance subscription to the end-users. The Distribution and License Agreement expired on December 31, 2025, and the Company no longer offers the distributor license model.

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The Company previously assessed whether it operated as the principal or as an agent in relation to the sale of product made by Columbia Tech to the Company's resellers pursuant to the Distribution and License Agreement. The Company considered various factors, including but not limited to, inventory risk, discretion in establishing pricing, and which entity is primarily responsible for fulfillment. Based on an evaluation of the facts and circumstances, the Company concluded that Columbia Tech was the principal in the arrangement. The Company therefore did not recognize revenue in relation to sales of product pursuant to the Distribution and License Agreement, but did recognize revenue in relation to license fees received from Columbia Tech and the SaaS and maintenance subscription contracts.

Remaining Performance Obligations

The following table includes estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) as of September 30, 2026:

	Next 12 months	13 to 24 months	More than 24 months	Total
Product revenue	$ 3,409	$ —	$ —	$ 3,409
Subscription revenue	94,513	67,530	75,500	237,543
Service revenue	33,652	23,668	26,782	84,102
License fee and other revenue	211	182	354	747
Total revenue	$ 131,785	$ 91,380	$ 102,636	$ 325,801

Contract Balances from Contracts with Customers

Contract assets arise from unbilled amounts in customer arrangements when revenue recognized exceeds the amount billed to the customer and the Company’s right to payment is unconditional and only subject to the passage of time. As of September 30, 2026, the Company had $1.6 million in current portion of contract assets and less than $0.1 million in contract assets, noncurrent on the condensed consolidated balance sheets. As of December 31, 2025, the Company had $0.9 million in current portion of contract assets and less than $0.1 million in contract assets, noncurrent on the condensed consolidated balance sheets.

Contract liabilities represent the Company’s obligation to transfer goods or services to a customer for which it has received consideration (or the amount is due) from the customer. The Company has a contract liability related to subscription revenue and service revenue, which consists of amounts that have been invoiced but that have not been recognized as revenue. Amounts expected to be recognized as revenue within 12 months of the balance sheet date are classified as current deferred revenue and amounts expected to be recognized as revenue beyond 12 months of the balance sheet date are classified as deferred revenue, noncurrent. The Company recognized revenue of $15.0 million and $67.9 million during the three and nine months ended September 30, 2026 that was included in the December 31, 2025 deferred revenue balance. The Company recognized revenue of $13.9 million and $58.0 million during the three and nine months ended September 30, 2025 that was included in the December 31, 2024 deferred revenue balance.

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The following table provides a rollforward of deferred revenue (in thousands):

Balance at December 31, 2025	$ 91,640
Revenue recognized in relation to the beginning of the year contract liability balance	(67,874)
Revenue deferred	83,038
Balance at September 30, 2026	$ 106,804

The following table presents the Company's components of sales-type lease net profit (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue from sales-type leases	$ 856	$ —	$ 856	$ —
Interest income on lease receivables	25	24	52	80
Cost of revenue from sales-type leases	(481)	—	(481)	—
Net profit from sales-type leases	$ 400	$ 24	$ 427	$ 80

The revenue from sales-type leases is classified as product revenue in the condensed consolidated statements of operations and comprehensive loss. The interest income on lease receivables is classified under interest income in the condensed consolidated statements of operations and comprehensive loss. The cost of revenue from sales-type leases is classified as cost of product revenue in the condensed consolidated statements of operations and comprehensive loss.

Lease income from operating leases is related to the leased equipment under subscription arrangements and is classified as subscription revenue in the condensed consolidated statements of operations and comprehensive loss. During the three months ended September 30, 2026 and 2025, the Company recognized lease income from operating leases of $24.5 million and $22.7 million, respectively. During the nine months ended September 30, 2026 and 2025, the Company recognized lease income from operating leases of $72.4 million and $62.1 million, respectively.

Disaggregated Revenue

The following table presents the Company's revenue by revenue stream (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Product revenue	$ 12,332	$ 9,242	$ 34,861	$ 14,092
Subscription revenue	24,488	22,685	72,421	62,122
Service revenue	9,509	7,808	27,060	21,224
License fees	—	2,280	172	7,774
Professional services and other revenue	1,016	835	2,912	2,189
Total revenue	$ 47,345	$ 42,850	$ 137,426	$ 107,401

Partner Rebate Program

In 2025, the Company implemented a channel partner rebate program (the "Rebate Program") for eligible resellers. Under the Rebate Program, eligible resellers that attain at least 25% of their current fiscal year total contract value ("TCV") target ("Annual Target") in a given quarter are eligible for a rebate based upon a percentage of their TCV for that quarter. In addition, resellers that meet their Annual Target are eligible for a one-time rebate based upon a percentage of

their total fiscal year TCV, applied as a credit in the subsequent fiscal year. All rebates are issued as credits against future purchases, and no cash rebates are paid. Unused rebate credits are forfeited in the event of a reseller agreement termination.

As of September 30, 2026 and December 31, 2025, the Company has accrued $1.1 million and $1.2 million, respectively, related to the Rebate Program, which is included in accrued expenses and other current liabilities in our condensed consolidated balance sheets. As a substantial amount of the Company's revenue from eligible resellers is recognized over-time, rebate liabilities are recognized as a commission asset and amortized as reductions to revenue over time, consistent with the recognition of the underlying revenue. The Company recognized $0.3 million and $1.3 million of current portion of commission asset and commission asset, noncurrent in our condensed consolidated balance sheets, respectively, as of September 30, 2026, and recognized $0.1 million and $0.5 million as reduction of revenue for the three and nine months ended September 30, 2026, respectively. The Company recognized $0.2 million and $0.6 million of current portion of commission asset and commission asset, noncurrent in our condensed consolidated balance sheets, respectively, as of December 31, 2025, and recognized $0.2 million and $0.4 million as reduction of revenue for the three and nine months ended September 30, 2025.

Commissions

The Company incurs and pays commissions on sales of its products and services. The Company applies the practical expedient for contracts less than one year in duration to expense the commission costs in the period in which they were incurred. Commissions on product sales and services are expensed in the period in which the related revenue is recognized. Commissions on subscription arrangements and maintenance are expensed ratably over the life of the contract. The Company had a deferred asset related to commissions of $12.3 million and $13.1 million as of September 30, 2026 and December 31, 2025, respectively. During the three months ended September 30, 2026 and 2025, the Company recognized commission expense of $2.1 million and $2.1 million, respectively. During the nine months ended September 30, 2026 and 2025, the Company recognized commission expense of $6.3 million and $5.4 million, respectively.

Leases

The amount of minimum future leases is based on expected income recognition. As of September 30, 2026, total future minimum payments on noncancelable operating leases are as follows in the table below (in thousands). Future minimum payments on sales-type leases are not material.

Year Ending December 31:		
2026 (three months remaining)	$	25,823
2027		87,607
2028		61,784
2029		39,964
2030		18,966
Thereafter		3,399
	$	237,543

6. Accounts Receivable

Allowance for Expected Credit Losses

Changes in the allowance for expected credit losses were as follows (in thousands):

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	Allowance for Expected Credit Losses
Balance at December 31, 2025	$ (600)
Provision for expected credit losses	(150)
Balance at September 30, 2026	$ (750)

7. Inventory

Inventory consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 2,531	$ 3,273
Finished goods		
Finished goods inventory	3,175	5,317
Uninstalled inventory[1]	87	727
Total	$ 5,793	$ 9,317

[1]Uninstalled inventory is the cost of equipment that has been shipped to a customer, but for which revenue recognition has not started due to the timing of the transfer of control, until the point in time that the Company transfers control of the equipment to the customer, corresponding with the revenue recognition start date.

8. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Computers and telecom equipment	$ 2,446	$ 2,350
Lab equipment	6,398	6,274
Furniture and fixtures	148	111
Leasehold improvements	590	607
Leased equipment	166,008	140,981
Capitalized software	26,201	20,889
Sales demo equipment	2,977	3,038
Vehicles	604	604
Equipment held for lease[1]	5,761	10,628
Construction in progress	218	35
	211,351	185,517
Less: Accumulated depreciation and amortization	(78,533)	(57,995)
	$ 132,818	$ 127,522

[1] Represents equipment that has not yet been deployed to a customer and, accordingly, is not being depreciated.

As of September 30, 2026 and December 31, 2025, the net book value of capitalized software was $15.0 million and $13.6 million, respectively. These amounts include $3.8 million and $2.8 million of cumulative capitalized stock-based compensation costs, respectively. Depreciation and amortization expense related to property and equipment was $7.5 million and $6.5 million for the three months ended September 30, 2026 and 2025, respectively, which included amortization expense of capitalized software of $1.4 million and $1.0 million for the three months ended September 30,

2026 and 2025, respectively. Depreciation and amortization expense related to property and equipment was $21.4 million and $17.9 million for the nine months ended September 30, 2026 and 2025, respectively, which included amortization expense of capitalized software of $3.9 million and $2.8 million for the nine months ended September 30, 2026 and 2025, respectively.

Leased equipment and the related accumulated depreciation were as follows:

	September 30, 2026	December 31, 2025
Leased equipment	$ 166,008	$ 140,981
Accumulated depreciation	(59,881)	(44,653)
Leased equipment, net	$ 106,127	$ 96,328

Depreciation expense related to leased equipment was $5.5 million and $5.0 million during the three months ended September 30, 2026 and 2025, respectively. Depreciation expense related to leased equipment was $15.8 million and $13.4 million during the nine months ended September 30, 2026 and 2025, respectively. Depreciable lives are generally 7 years, consistent with the Company's planned and historical usage of the equipment subject to operating leases.

The Company recorded losses of less than $0.1 million and $0.3 million from disposals of property and equipment during the three and nine months ended September 30, 2026 related to the disposal of previously leased Evolv Express systems primarily in connection with customer upgrades to the second generation of Express systems, which were recorded in cost of subscription revenue. The Company recorded losses of $1.9 million and $3.5 million from disposal of property and equipment during the three and nine months ended September 30, 2025 primarily related to the disposal of leased Evolv Express systems, which were recorded in cost of subscription revenue and cost of product revenue.

9. Long-term Debt

The components of the Company's long-term debt consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Term loans payable	$ 30,000	$ 30,000
Less: Unamortized debt issuance cost	(1,189)	(1,404)
	28,811	28,596
Less: Current portion of long-term debt	—	—
Long-term debt	$ 28,811	$ 28,596

On July 29, 2025, the Company entered into the $75.0 million credit, security, and guaranty agreement with MidCap Financial Trust and the other lenders party thereto (the "MidCap Credit Agreement"), the proceeds of which will be used for general corporate purposes, including to support growing long-term demand for the Company's pure subscription sales model. The MidCap Credit Agreement provided for an initial $30.0 million term loan facility (the "Initial Term Loan"), a $30.0 million delayed draw facility (the "Delayed Draw Term Loan") (available for drawdown during the two-year period following the Closing Date), and a $15.0 million revolving line of credit (the "Revolving Credit Facility"), each with a maturity date of July 1, 2030 (collectively, the "Senior Secured Credit Facilities"). As of September 30, 2026, $30.0 million under the Initial Term Loan was drawn and outstanding, while the $30.0 million Delayed Draw Term Loan and $15.0 million Revolving Credit Facility remained undrawn and available.

On the Closing Date, the Company received net proceeds of $26.6 million, after deducting $3.4 million in debt issuance costs funded at closing. The total debt issuance costs of $3.7 million, which included $0.3 million of additional issuance costs paid by the Company, have been allocated to each component of the facility in accordance with ASC 835. The Senior Secured Credit Facilities are guaranteed by the Company, and in the future, may be guaranteed by certain

material subsidiaries. The Senior Secured Credit Facilities are secured by a first lien on substantially all of the assets of the Company.

The Senior Secured Credit Facilities bear interest at a fluctuating rate per annum equal to Term Secured Overnight Financing Rate ("Term SOFR") and an applicable margin calculated based on EBITDA. At closing, the applicable margin on Term SOFR loans was 5.25%. If the event described under the MidCap Credit Agreement related to Term SOFR occurs, a base rate is determined by reference to the higher of (1) the prime rate of Wells Fargo and (2) 2.00%. Interest and principal are payable monthly. Monthly interest payments are due in arrears on the first day of each month.

Under the MidCap Credit Agreement, the Company is also required to comply with certain customary reporting requirements of periodic financial results and affirmative and negative covenants, including: (1) a minimum ending balance for ARR, as defined, that began at $106.0 million on December 31, 2025 and increases quarterly thereafter; (2) minimum liquidity, as defined, of 50% of outstanding borrowings (this covenant would cease to apply following the resolution of certain litigation and regulatory matters); and (3) a minimum EBITDA covenant that takes effect on June 30, 2027. As of September 30, 2026, the minimum required ARR is $110.0 million, and the Company is in full compliance with all applicable covenant requirements.

Initial Term Loan

The borrowing under the $30.0 million Initial Term Loan is subject to principal repayments beginning in August 2029, following a 48-month interest-only period, and will be repaid in equal installments over the final 12 months of the loan term.

As of September 30, 2026, the unamortized debt issuance costs totaled $1.2 million, and are presented as a direct deduction from the carrying amount of the Initial Term Loan on the condensed consolidated balance sheet and are amortized as interest expense using the effective interest method in accordance with ASC 835. Interest expense related to the Initial Term Loan totaled $0.8 million and $2.2 million for the three and nine months ended September 30, 2026. The interest rate in effect as of September 30, 2026 was approximately 8.68%, which includes Term SOFR of 3.68% and an applicable margin of 5.00%. Interest expense related to the amortization of debt issuance costs totaled $0.1 million and $0.2 million for the three and nine months ended September 30, 2026. Interest expense related to the Initial Term Loan totaled $0.6 million for both the three and nine months ended September 30, 2025. Interest expense related to the amortization of debt issuance costs totaled less than $0.1 million for both the three and nine months ended September 30, 2025.

As of September 30, 2026, future principal payments on long-term debt are as follows (in thousands):

Year Ending December 31:	
2026 (remaining three months)	$ —
2027	—
2028	—
2029	12,500
2030	17,500
	$ 30,000

Delayed Draw Term Loan and Revolving Credit Facility

As of September 30, 2026, no amounts had been drawn under the Delayed Draw Term Loan or Revolving Credit Facility. Unused commitments amounted to $30.0 million and $15.0 million under the Delayed Draw Term Loan and Revolving Credit Facility, respectively, as of September 30, 2026. Debt issuance costs allocated to these facilities are paid regardless of whether the funds are drawn down. Such costs are capitalized as prepaid assets and amortized as interest expense on a straight-line basis over their respective access periods, which end on August 1, 2027 and July 1, 2030 for Delayed Draw Term Loan and Revolving Credit Facility, respectively. As of September 30, 2026, the Company recorded

$0.6 million in prepaid expenses and other current assets and $0.6 million in other assets in the condensed consolidated balance sheets for costs associated with Delayed Draw Term Loan and Revolving Credit Facility. As of December 31, 2025, the Company recorded $0.7 million in prepaid expenses and other current assets and $1.1 million in other assets in the condensed consolidated balance sheets for costs associated with Delayed Draw Term Loan and Revolving Credit Facility. Capitalized debt issuance cost is amortized as interest expense on a straight-line basis over the period each facility is available to be drawn. Interest expense related to the amortization of debt issuance costs totaled $0.2 million and $0.6 million for the three and nine months ended September 30, 2026. Interest expense related to the amortization of debt issuance costs totaled $0.2 million for both the three and nine months ended September 30, 2025.

The Revolving Credit Facility provides for an unused commitment fee of 0.25% on the undrawn portion of the facility. Interest expense related to the unused commitment fees totaled less than $0.1 million for both the three and nine months ended September 30, 2026. Interest expense related to the unused commitment fees totaled less than $0.1 million for both the three and nine months ended September 30, 2025.

10. Stock-Based Compensation

Stock Options

The following table summarizes the Company's stock option activity since December 31, 2025 (in thousands, except for share and per share data):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2025	8,184,004	$ 1.25		
Exercised	(1,488,034)	0.53		
Outstanding as of September 30, 2026	6,695,970	$ 1.41	4.1	$ 21,689
Vested and expected to vest as of September 30, 2026	6,695,970	$ 1.41	4.1	$ 21,689
Options exercisable as of September 30, 2026	6,281,112	$ 1.27	3.9	$ 21,206

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those options that had exercise prices lower than the fair value of the Company's common stock.

Restricted Stock Units

The following table summarizes the Company's restricted stock units activity since December 31, 2025:

	Number of Shares	Grant Date Fair Value
Nonvested as of December 31, 2025	10,660,163	$ 3.85
Granted	4,703,841	5.55
Vested	(4,575,810)	3.77
Forfeited	(781,721)	4.41
Nonvested as of September 30, 2026	10,006,473	$ 4.65

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Market-Condition Stock-Based Awards

Market-based Stock Units

During the nine months ended September 30, 2025, the Company granted market-based stock units ("MSUs") for which the vesting conditions consist of market-based vesting conditions, determined by the Company's level of achievement of pre-established parameters relating to the performance of the Company's stock price as set by the Board as well as service-based vesting conditions. No MSUs were granted during the nine months ended September 30, 2026. Vesting may range from 0% to 200% of the target MSUs granted, based on the achievement of specified market conditions. The awards will be measured at each anniversary of the grant date and will vest following the completion of a performance period, which is generally three years unless shortened in the event of a change in control.

Performance Stock Units

During the nine months ended September 30, 2026, the Company granted performance stock units ("PSUs") with market-based vesting conditions based on the Company's relative total shareholder return percentile ranking compared to the specified stock market index over the applicable performance period, subject to a continued service-based vesting requirement. No PSUs were granted during the nine months ended September 30, 2025. The number of PSUs that may vest ranges from 0% to 250% of the target PSUs granted, based on the achievement of the specified market-based measures. The awards vest following the completion of a performance period, which is generally three years, subject to continued service-based vesting requirement, except that the awards may provide for prorated vesting upon a termination by the Company without cause or by the participant for good reason (as defined in the applicable award agreements). The Company may, at its discretion, settle vested PSUs in shares of common stock or in cash equal to the fair value of the shares. The PSUs are accounted for as equity-classified awards.

Compensation expense for MSUs and PSUs is based on the estimated value of the awards on the grant date, and is recognized over the period from the grant date through the performance period, regardless of level of achievement of the market conditions. The fair value of the awards was estimated based on a Monte Carlo simulation model, on a weighted average basis:

	Nine Months Ended September 30,	
	2026	**2025**
Risk-free interest rate	3.4%	3.9%
Expected term (in years)	2.8	3.0
Expected volatility	82.9%	90.5%
Expected dividend yield	0.0%	0.0%

The following table summarizes the Company's market-condition stock-based awards activity since December 31, 2025:

	Number of Shares	**Grant Date Fair Value**
Nonvested as of December 31, 2025	1,670,143	$ 4.93
Granted	1,241,291	9.76
Nonvested as of September 30, 2026	2,911,434	$ 6.99

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Stock-Based Compensation

Stock-based compensation expense was classified in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 302	$ 269	$ 868	$ 770
Research and development	1,388	1,227	4,011	3,496
Sales and marketing	2,000	1,480	5,541	4,238
General and administrative	3,239	2,414	8,949	6,787
Restructuring costs	$ —	$ —	$ —	$ 525
Total stock-based compensation expense	$ 6,929	$ 5,390	$ 19,369	$ 15,816

11. Income Taxes

The Company regularly evaluates the realizability of its deferred tax assets by considering all available positive and negative evidence, including consideration of future taxable income. Primarily due to the Company's history of incurred net losses, the Company maintains a full valuation allowance against its deferred tax assets, as it is not more likely than not that these assets will be realized. Thus, the Company has not recognized material provisions for or benefits from income taxes.

The Company's tax provision and resulting effective tax rate for interim periods are determined using the estimated annual effective tax rate ("AETR"), which is updated each quarter and adjusted for discrete items recognized in the period. For the three and nine months ended September 30, 2026, the AETR reflects expected taxable income of Evolv UK, consistent with its intercompany transfer pricing policy. The forecast is consistent with year-to-date actual results through September 30, 2026, and excludes any mark-to-market adjustments. While the overall tax provision remains immaterial due to the Company's full valuation allowance, a portion of the prior-year net operating losses of Evolv UK expected to be utilized is subject to uncertainty. As a result, a corresponding unrecognized tax benefit has been included within the AETR.

The Company's income tax provision reflects an estimate of federal, state, and foreign income taxes based on enacted tax rates in the jurisdictions in which we operate. The provision is adjusted for the impact of allowable tax credits and deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in tax law. The Company has historically incurred net operating losses.

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12. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders are calculated as follows (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss attributable to common stockholders – basic and diluted	$ (15,564)	$ (1,796)	$ (29,871)	$ (44,020)
Denominator:				
Weighted average common shares outstanding - basic and diluted	181,158,098	172,790,098	179,454,691	166,327,570
Net loss per share attributable to common stockholders – basic and diluted	$ (0.09)	$ (0.01)	$ (0.17)	$ (0.26)

The following potentially dilutive outstanding securities were excluded from the computation of diluted net loss per share attributable to common stockholders because their effect would have been anti-dilutive or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Options issued and outstanding	6,695,970	9,500,489	6,695,970	9,500,489
Public Warrants to purchase common stock	—	14,324,893	—	14,324,893
Unvested restricted stock units	10,006,473	11,018,494	10,006,473	11,018,494
Unvested market-based and performance stock units*	2,911,434	1,670,143	2,911,434	1,670,143
Earn-out shares*	—	15,000,000	—	15,000,000
Contingently issuable common stock*	—	1,167,930	—	1,167,930
	19,613,877	52,681,949	19,613,877	52,681,949

* Issuance of MSUs, PSUs, Earn-out shares, and Contingently issuable common stock was contingent upon the satisfaction of certain conditions, which were not satisfied by the end of the period.

13. Commitments and Contingencies

At each reporting date, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses the costs related to such legal proceedings as incurred. Insurance proceeds, if any, will be recognized as reductions to the related expenses in the period the proceeds are probable. Below is a summary of the various types of matters subject to this guidance.

Indemnification Agreements

In the ordinary course of business, the Company provides indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board of Directors and certain of its executive officers and employees that require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their role, status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited.

Based on historical experience and evaluation of the agreements, we do not believe that any payments related to our indemnities will have a material impact on our financial condition or results of operations.

Legal Proceedings

We are from time to time subject to various claims, lawsuits, government and regulatory examinations, inquiries, information requests and investigations, and other legal and administrative proceedings arising in the ordinary course of business. The Company has identified certain claims as a result of which a loss may be incurred. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates. The pending proceedings involve complex questions of fact and law and may require the expenditure of significant funds and the diversion of other resources. The results of legal proceedings are inherently uncertain, and material adverse outcomes are reasonably possible.

General Litigation

Class Action Lawsuits

On March 25, 2024 and November 1, 2024, putative class action lawsuits were filed against the Company in the United States District Court for the District of Massachusetts. On December 13, 2024, the Court consolidated the two lawsuits into one action (the "Class Action"), pursuant to which a consolidated amended complaint was filed against the Company, certain former executives, a current director, and individuals associated with NewHold Investment Corp. Lead Plaintiff Robert Falk and additional plaintiffs Chris Williams, Tim R. Carrillo and Chris Swanson ("Class Action Plaintiffs") alleged that the Company violated federal securities laws by making false or misleading statements relating to the effectiveness of certain products and the Company's revenue recognition. The Class Action Plaintiffs sought various forms of relief, including compensatory damages, reasonable costs and expenses, attorneys' fees, and expert fees. The Company filed its motion to dismiss the Class Action on March 28, 2025, and the Class Action Plaintiffs filed their opposition to the motion to dismiss on June 24, 2025. On June 30, 2025, the Court issued an order staying the Class Action, including disposition on the motion to dismiss, pending settlement negotiations. On August 5, 2025, the parties to the Class Action engaged in mediation and reached a settlement in principle in the amount of $15.0 million, of which the Company estimated at that time that $14.0 million would be funded by the Company's Directors and Officers insurance coverage. On August 19, 2025, after receiving notice of the anticipated settlement agreement, the Court denied the motion to dismiss with leave to renew if warranted. During the three months ended March 31, 2026, the Company was subsequently notified that an additional $0.3 million would be funded by the Company's Directors and Officers insurance coverage. On April 13, 2026, Class Action Plaintiffs filed a motion for preliminary approval of the settlement agreement. On April 16, 2026, the Court granted preliminary approval of the settlement agreement, stayed all proceedings in the Class Action other than to carry out and enforce the settlement agreement, and scheduled a final fairness hearing for September 24, 2026. Following the fairness hearing on September 24, 2026, the Court issued Orders granting final approval of the proposed settlement in the amount of $15.0 million, entering a final judgment, and dismissing the Class Action with prejudice.

The Company previously recognized settlement accrual of $15.0 million and an estimated insurance recovery of $14.0 million, which were recorded in accrued expenses and other current liabilities and prepaid and other current assets, respectively, in the condensed consolidated balance sheets as of December 31, 2025, representing management's best estimate of the outcome at that time. The Company was subsequently notified that an additional $0.3 million would be recovered and adjusted the insurance recovery receivable to $14.3 million as of March 31, 2026. The related adjustment was recorded in general and administrative expense in the condensed consolidated statements of operations and comprehensive loss during the three months ended March 31, 2026. During the three months ended June 30, 2026, the $15.0 million settlement was funded by the Company and its insurance provider, amounting to $0.7 million and $14.3 million, respectively, and the settlement proceeds were placed into a court-approved settlement fund. The $0.7 million funded by the Company was classified as restricted cash in the condensed consolidated balance sheets as of June 30, 2026.

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During the three months ended September 30, 2026, following the final approval of the settlement by the Court and dismissal of the Class Action, the $0.7 million restricted cash and the related $15.0 million settlement accrual and $14.3 million insurance recovery receivable were derecognized from the condensed consolidated balance sheets.

Derivative Lawsuits

On November 12, 2024, a shareholder derivative lawsuit was filed in the United States District Court for the District of Massachusetts (the "Massachusetts Derivative Action"). The Massachusetts Derivative Action is a consolidation of two shareholder derivative lawsuits based on the same allegations in the Class Action, and filed against certain former and current officers and directors, and nominally against the Company. Plaintiff Bonnie Maas, derivatively on behalf of nominal defendant the Company, brought claims for breach of fiduciary duty, violation of federal securities law, unjust enrichment, waste of corporate assets, and gross mismanagement, seeking monetary damages, including restitution and fees, equitable relief, and an order directing the Company to take all necessary actions to reform and improve its corporate governance and internal procedures. The Massachusetts Derivative Action was stayed pending the outcome of the motion to dismiss in the Class Action or a final order dismissing the Class Action with prejudice, and was subsequently dismissed with prejudice as described below.

On March 10, 2025, a shareholder derivative lawsuit was filed in the Delaware Court of Chancery (the "First Delaware Derivative Action"). The First Delaware Derivative Action is based on the same allegations in the Class Action, and was filed against certain former and current officers, and nominally against the Company. Plaintiff Steve Bersch, derivatively on behalf of nominal defendant Evolv, brought claims for breach of fiduciary duty, unjust enrichment, and insider trading, seeking various forms of relief, including equitable relief, monetary damages, including restitution and fees, and a declaratory judgment. On June 30, 2026, the Court granted the parties' request to continue the stay of the First Delaware Derivative Action while the parties pursued informal resolution.

On October 2, 2025, another shareholder derivative lawsuit was filed in the Delaware Court of Chancery (the "Second Delaware Derivative Action"). The Second Delaware Derivative Action is based on the same allegations in the Class Action, and was filed against certain former and current officers and directors, NHIC directors and officers, and nominally against the Company. Plaintiff Robert Patrick, derivatively on behalf of nominal defendant Evolv, brought claims for breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets, seeking various forms of relief, including equitable relief directing reform of corporate governance and internal controls, monetary damages including restitution and other fees, and a declaration that the individual defendants breached or aided and abetted breaches of fiduciary duties. On June 30, 2026, the Court granted the parties' request to continue the stay of the Second Delaware Derivative Action while the parties pursue informal resolution.

On May 4, 2026, the Company reached an agreement in principle to settle the Massachusetts Derivative Action, the First Delaware Derivative Action, and the Second Delaware Derivative Action (together, the "Derivative Actions"). On August 5, 2026, the parties executed a Stipulation and Agreement of Settlement to fully and finally resolve the Derivative Actions, and the January 6, 2026 stockholder litigation demand (the "Stockholder Demand"). On August 6, 2026, the U.S. District Court for the District of Massachusetts preliminarily approved the parties' Stipulation and Agreement of Settlement and scheduled a final settlement hearing for October 21, 2026.

Under the Stipulation and Agreement of Settlement, the Company has agreed to implement certain corporate governance reforms within 30 days after the effective date of the settlement and to cause the Company's directors' and officers' liability insurance carriers to pay plaintiffs' counsel a fee of $ 1.3 million. The Company does not expect the settlement to have a material adverse effect on its condensed consolidated balance sheet, condensed consolidated statements of operations and comprehensive loss, and condensed consolidated statements of cash flows. During the three months ended March 31, 2026, the Company recognized a settlement accrual of $1.3 million and an estimated insurance recovery of $1.3 million, which remain included in accrued expenses and other current liabilities and prepaid and other current assets, respectively, in the condensed consolidated balance sheets, representing management's best estimate of the outcome as of September 30, 2026.

Following the fairness hearing on October 21, 2026, the Court issued a Final Order and Judgment granting final approval of the proposed settlement, awarding $1.3 million in attorneys' fees and expenses to plaintiffs' counsel in the

Derivative Actions and the Stockholder's counsel in the Stockholder Demand, dismissing the Massachusetts Derivative Action with prejudice, and requiring plaintiffs in the First Delaware Derivative Action and Second Delaware Derivative Action to file paperwork dismissing those actions within seven calendar days. On October 28, 2026, the parties in the First Delaware Derivative Action and Second Delaware Derivative Action filed stipulations to dismiss those two actions, which remain pending for the Court's approval.

Regulatory and Governmental Matters

As previously disclosed, since February 2024, the Company has been cooperating with the Securities and Exchange Commission's (the "SEC") investigations into issues relating to certain aspects of the Company's marketing practices and, also since 2024, the events leading to a previously disclosed internal investigation relating to the Company's sales practices, including whether certain sales of products and subscriptions to channel partners and end users were subject to extra-contractual terms and conditions that impacted revenue recognition and other metrics and if so, when senior Company personnel became aware of these issues, as well as the related restatement of prior period financial statements.

During the quarter ended September 30, 2026, the Company engaged in discussions with the Staff of the SEC regarding a potential resolution of the previously disclosed investigations. The Company has reached a settlement in principle with the Staff of the SEC to resolve the matter, subject to approval by the SEC. Under the terms of the settlement in principle, the Company would, among other things, pay a civil monetary penalty of $3.5 million in connection with alleged violations of the reporting, books and records, and internal accounting controls provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder arising from the events leading to the investigation. The settlement in principle does not allege any violations related to the Company's marketing practices.

Although the Company has determined its liability to be probable in connection with this matter, the settlement remains subject to final documentation and approval by the SEC. The Company cannot predict the timing of any final resolution, whether the SEC will approve the settlement, or whether the final terms of any resolution will differ from the terms agreed in principle.

In view of the inherent unpredictability of regulatory and governmental matters, the Company cannot determine with certainty the timing or ultimate resolution of such matters or the eventual loss, fines or penalties, if any, that may result from such matters. The Company establishes reserves for such matters when those matters present loss contingencies that are both probable and can be reasonably estimated. The actual costs of resolving such matters, however, may be substantially higher than the amounts reserved for those matters, and an adverse outcome in certain of these matters could have a material adverse effect on the consolidated financial statements in particular quarterly or annual periods. The Company accrues amounts for certain matters for which losses are considered to be probable of occurring based on its reasonable estimate of the most likely outcome. It is reasonably possible actual losses could be significantly different from the Company's current estimates. In addition, there are some matters for which it is reasonably possible that a loss will occur, however the Company cannot estimate a range of the potential losses for these matters.

Any resolution or litigation with the SEC or other parties could ultimately result in monetary and injunctive relief that may impose costs on the Company and/or require it to make changes to its business practices. These costs and requirements may be material both individually and in the aggregate. During the three months ended June 30, 2026, the Company had accrued $0.1 million as an estimated liability related to the SEC matter, which was recorded in other accrued liabilities in the condensed consolidated balance sheets and the associated expense was recorded in general and administrative expense in the condensed consolidated statements of operations. Under the terms of the settlement in principle, the Company adjusted the liability related to the SEC matter to $3.5 million as of September 30, 2026. The Company will not receive an insurance recovery for any cash settlement in the SEC matter. However, in addition to the expected insurance recovery discussed above related to the Class Action litigation, the Company's defense costs for counsel and consultants in connection with the securities litigation and the related SEC and DOJ matters, including certain expenses that have previously been paid, are also expected to be reimbursed. The Company recognized estimated loss recoveries related to insurance coverage for these matters of $1.6 million and $4.9 million for the three and nine months ended September 30, 2026 and $1.2 million and $6.8 million for the three and nine months ended September 30, 2025, respectively, which were recorded as reductions of general and administrative expense in the condensed consolidated statements of operations and comprehensive loss. These amounts reflect costs that have been confirmed covered by the

Company's insurance providers, as well as an estimate of other claims the Company has determined are probable of recovery. During the three and nine months ended September 30, 2026, $2.5 million and $5.8 million of these recoveries were paid out by the Company's insurance provider, respectively. $4.7 million and $5.6 million of insurance recoveries were paid out during the three and nine months ended September 30, 2025, respectively. As of September 30, 2026 and December 31, 2025, remaining estimated recoveries of $0.5 million and $1.3 million were included in prepaid and other current assets in the condensed consolidated balance sheets, respectively.

As it relates to these losses for which the Company has determined recovery to be probable, the Company cannot provide any assurance that additional costs related to these matters will not exceed the limits of its insurance policies, that other such claims, for which a loss recovery could not be estimated, are covered by the terms of its insurance policies or that its insurance carrier will be able to cover all related claims. There can be no assurance as to the timing or the terms of the ultimate outcome of these investigations or their potential effect, if any, on us or our results of operations. We expect to incur legal and professional services expenses associated with this litigation in future periods. We will recognize these expenses as services are received, net of estimated recoveries.

Contract manufacturers

The Company generally contracts with its contract manufacturers on a cancellable, purchase-order basis. The Company has a contract in the normal course of business with its contract manufacturers to provide manufacturing services for the Company's equipment sold or leased to customers. While these contracts are cancellable by the Company upon prior notice, payments due upon cancellation consist of payments for services provided or expenses incurred, including noncancelable obligations of our service providers, up to the date of cancellation. These payments are not determinable, but could result in a material purchase commitment if the Company were to cancel their open purchase orders.

14. Segment Information

The Company determined that it has one reportable segment after considering the Company's organizational structure and the information regularly reviewed and evaluated by the Company's Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and assess performance. The Company has determined that its CODM is its President and Chief Executive Officer. The CODM evaluates the performance of our segment based upon consolidated net income (loss) and considers budget-to-actual or forecast-to-actual variances to assess performance and make decisions about allocating resources. The CODM evaluates segment assets based on total assets on the consolidated balance sheets. Asset information is not presented here because its presentation here would be duplicative of the consolidated balance sheets. On the basis of these factors, the Company determined that it operates and manages its business as one reportable segment that develops, manufactures, markets and sells security screening products and specific services.

Information by reportable segment is as follows (in thousands):

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Segment revenue	$ 47,345	$ 42,850	$ 137,426	$ 107,401
Less:				
Employee expense	18,907	18,217	56,146	50,325
Stock-based compensation expense[1]	6,929	5,390	19,369	15,291
Other non-recurring expenses[2]	4,777	(30)	5,581	10,343
Consulting and contract staffing	3,268	2,216	9,026	8,539
Depreciation and amortization	7,477	6,540	21,415	17,859
Restructuring costs	—	—	—	2,662
Other cost of revenue	13,720	12,817	39,233	27,058
Other operating expenses	6,669	6,296	20,081	15,802
Other segment items[3]	1,162	(6,800)	(3,554)	3,542
Reportable segment net loss[4]	$ (15,564)	$ (1,796)	$ (29,871)	$ (44,020)

[1] For the nine months ended September 30, 2025, excludes incremental expense related to modified awards included in the Restructuring costs line. See Note 15, Restructuring Charges for additional information.

[2] For the three and nine months ended September 30, 2026, primarily includes legal fees incurred in connection with a previously disclosed investigation and restatement of prior period financial statements, net of estimated insurance recoveries, and expenses recognized for estimated legal settlements and ongoing legal and regulatory matters. For the three and nine months ended September 30, 2025, primarily includes consulting and legal fees and additional audit fees incurred in connection with a previously disclosed investigation and restatement of prior period financial statements, net of estimated insurance recoveries.

[3] Refer to Total other income (expense), net and provision for income taxes in the condensed consolidated statements of operations and comprehensive loss.

[4] Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported total segment net loss.

15. Restructuring Charges

In January 2025, the Company implemented a Board-approved reduction in force affecting 41 members of its workforce. This action was part of the Company's initiative to increase its profitability and cash flow as the Company seeks further flexibility to pursue its investment strategy with certain growth opportunities.

The Company incurred charges of $2.7 million for the reduction in force during the three months ended March 31, 2025. These charges consisted of termination charges arising from severance obligations of approximately $2.0 million, extended eligibility for the vesting of certain equity awards originally scheduled to vest on or before March 1, 2025, resulting in incremental non-cash expense of $0.5 million, and other customary employee benefit payments in connection with a reduction in force of $0.2 million. All of these restructuring costs are reported within restructuring costs in our condensed consolidated statements of operations and comprehensive loss.

All actions related to the reduction in force were completed by March 31, 2025, with the exception of certain severance obligations that were payable over various periods through November 2025 under the Company's Severance And Change In Control Plan. All amounts were paid out prior to December 31, 2025.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the "Risk Factors" section of this Quarterly Report on Form 10-Q and our 2025 Form 10-K and in other parts of this Quarterly Report on Form 10-Q.

As used in this Quarterly Report on Form 10-Q, unless otherwise indicated or the context otherwise requires, references to "we," "us," "our," the "Company" and "Evolv" refer to the consolidated operations of Evolv Technologies Holdings, Inc. and its subsidiaries. References to "NHIC" refer to the company prior to the consummation of our business combination (the "Merger") and references to "Legacy Evolv" refer to Evolv Technologies, Inc. dba Evolv Technology, Inc. prior to the consummation of the Merger. References to "Investigations" refer to the investigation commenced in September 2024 by an ad hoc committee of independent directors of our Board of Directors into our sales practices, as previously disclosed in prior filings.

Business Overview

Evolv, a Delaware corporation formed in 2021, is a leading security technology company pioneering Artificial Intelligence ("AI")-powered screening solutions designed to help create safer environments while maintaining efficient visitor flow and a positive visitor experience. We serve customers across a range of end markets, including education, healthcare, sports, live entertainment, tourist attractions, houses of worship, and industrial workplaces. Our mission is to make the world a safer and more enjoyable place to live, work, learn, and play. Our goal is to help facility operators address escalating gun violence, mass shootings and terrorist attacks while maintaining a positive visitor experience.

Our solutions are delivered through a Security-as-a-Service model that integrates our proprietary sensor platform and AI-powered software, cloud connectivity, and ongoing services. We deliver our solutions through two sales models: a pure subscription model and a purchase subscription model, each of which requires both hardware and an active, connected software subscription. We believe this integrated approach reflects the full scope of our offering and aligns our long-term interests with those of our customers.

Our hardware platforms are uniquely designed and purpose engineered for real world, high throughput security environments and are the foundational component of our solutions. Evolv Express® and Evolv eXpedite™ operate exclusively with Evolv's proprietary software and cloud services. When deployed together, the two products are designed to support improved operational efficiency through better threat identification and alarm performance. We believe our ability to deliver continuous improvement through software upgrades differentiates our platform from many legacy hardware only offerings.

Our platform was designed from inception around AI operating in physical environments. Our AI-powered software and services are central to the performance and long-term value of our platform. Through continuous operation across a large and growing installed base, our systems generate substantial volumes of anonymized screening data related to the movement of people and bags through physical spaces. We train our models on a proprietary real-world data set and can improve the system performance over time through new and updated algorithms, which customers receive from us through software updates.

We focus on weapons detection and offer two primary products that can be deployed independently or together and are supported by data and visual dashboards that provide actionable analytics and automated reports designed to help security teams make evidence-based decisions to strengthen security. Evolv Express is designed to screen high volumes of people for concealed threats, while Evolv eXpedite is designed to screen high volumes of bags automatically, without requiring a trained X-ray operator. When deployed together, these solutions provide a layered security approach that allows customers to operate at heightened sensitivity levels while seeking to maintain efficient throughput and a positive visitor experience.

In addition to screening capabilities, our subscription includes Evolv Insights®, our cloud-based analytics solution that provides customers with operational visibility into system performance across their venues or facilities. Available data includes throughput volumes, alarm statistics, detection settings, and system performance metrics, which customers can use to inform security operations, staffing decisions, and checkpoint configuration.

Our offering is bundled together by the services included in our subscription. We recognize that the primary mission of our customers is typically not security. Our customers' mission might be educating children, restoring patients to good health, or entertaining fans in their seats. Our subscription includes full onsite support and repair services for the full term, so that our customers can focus on what they do best while we make sure their equipment is operating as designed. We are security as a service, from the hardware to the software to the data to the support.

Our platform incorporates both hardware and software components that are deployed across a large number of operating venues. Each deployed unit functions not only as a detection device but also as a data collection mechanism, generating ongoing real-world operational data, including both threat and non-threat events. Some of this data is used to support the continued development and refinement of our algorithms. We believe the integration of our hardware and software creates operational interdependencies that are integral to our platform. As a result, the hardware and software components of our system are designed to operate together and are not intended to function as standalone offerings, which distinguishes our approach from cloud-only software solutions.

We believe our hardware-enabled, long-term subscription model differentiates our business from purely software-as-a-service offerings. We believe our platform is well positioned to benefit from ongoing advances in artificial intelligence, driving durable customer value and supporting predictable, recurring subscription revenue.

We are focused on delivering value in the spaces in and around the physical threshold of venues and facilities while offering the ability for connected layers of security. We believe that digitally transforming the visitor experience at the entry point to venues and facilities will be a critically important innovation in physical security. We believe that our solutions will not only help make venues and facilities safer and more enjoyable, but also more efficient, and more informed about their visitors' and security team needs.

Our customers include many iconic venues across a wide variety of industries, including major sports stadiums and arenas, notable performing arts and entertainment venues, major tourist destinations and cultural attractions, hospitals, large industrial workplaces, schools, and prominent houses of worship.

Key indicators of our performance, market acceptance, and customer adoption include Annual Recurring Revenue ("ARR"), a measure of annualized recurring subscription and related service revenue, and Remaining Performance Obligation ("RPO"), a measure of expected future revenue from active customer contracts. We believe these indicators reflect the scale, durability, and growth of our Security-as-a-Service model.

Key Factors Affecting Our Operating Results

We believe that our performance and future success depend on many factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the "*Risk Factors*" section of this Quarterly Report on Form 10-Q.

Supply Chain Strategy

On November 5, 2025, we entered into a non-exclusive contract manufacturing agreement with Plexus Corp. ("Plexus"). This shift is part of a broader supply chain strategy aimed at enhancing scalability, geographic diversification, creating long-term cost-saving opportunities, and operational resiliency. Plexus has been fully brought onboard, and we believe we maintain sufficient inventory and committed production capacity to meet our growth targets with our existing contract manufacturer, ensuring uninterrupted service and consistent delivery to customers.

We regularly evaluate our supply chain structure to mitigate risks, including supplier concentration and dependencies, global chipset and semiconductor supply constraints, including memory and compute components used in AI-enabled products, long and variable lead times, cost volatility, and supplier allocation practices. While we are actively managing the effects of these global market conditions on the supply of certain components, there can be no assurance that supplier capacity constraints, inventory availability, or supply-chain disruptions will not impact our ability to meet customer demand in future periods. We continue to monitor risks associated with supplier onboarding, logistics, and

supplier performance. These factors may influence cost of revenue, inventory levels, working capital, and our ability to meet customer demand in future periods.

General Economic and Market Conditions

We expect that our results of operations, including our revenue and cost of revenue, may fluctuate or continue to fluctuate based on, among other things, the impact of fluctuating inflation and interest rates on business spending; supply chain constraints, operational challenges, and the impacts on our manufacturing capabilities; public health emergencies; geopolitical conflicts and war, including the conflicts in Europe and the Middle East; and recessionary trends. See the risk factor titled *"Our operating results may fluctuate for a variety of reasons, including our failure to close large volume opportunity customer sales*" in Item 1A. Risk Factors of this Quarterly Report on Form 10-Q. While these factors continue to evolve, we plan to remain flexible and optimize our business as appropriate and allocate resources, as necessary.

Adoption of our Security Screening Products

We believe the world will continue to focus on the safety and security of people in the places where they gather. Many of these locations, such as professional sports venues, educational institutions, and healthcare facilities, are moving toward a more frictionless security screening experience. We are well-positioned to take advantage of this opportunity due to our proprietary technologies and distribution capabilities. Our products are designed to empower venues and facilities to realize the full benefits of advanced security screening, including rapid visitor throughput and minimal security staff to screened visitor physical contact. We expect that our results of operations, including revenue, will fluctuate for the foreseeable future as venues and facilities continue to shift away from conventional security screening processes towards touchless security screening or consider security screening processes for the first time. The degree to which potential and current customers recognize these benefits and invest in our products will affect our financial results.

Sales Mix, Pricing, Product Cost and Margins

We sell our solutions under two primary sales models. We offer a "pure subscription" model, where the customer leases hardware from us and we provide a multi-year security-as-a-service subscription. For end-user customers that prefer to purchase our hardware outright, we offer customers the option of purchasing our hardware outright directly from us through our "purchase subscription" model that also includes a multi-year security and software-as-a-service subscription. In addition to our two primary sales models, we previously offered our "distributor licensing" model based on the distributor and licensing agreement we entered into with Columbia Tech in March of 2023 (the "Distribution and License Agreement"). Under this arrangement, we had granted a license of our intellectual property to Columbia Tech, which contracted directly with certain of our resellers to fulfill sales demand where the end-user customer preferred to purchase the hardware equipment. Columbia Tech paid us a hardware license fee for each system it manufactured and sold under this agreement. In these instances, we still contracted directly with the reseller to provide a multi-year security-as-a-service subscription to the end-users. During the three months ended September 30, 2025, we discontinued quoting on this basis, and the agreement with Columbia Tech expired on December 31, 2025. All new quotes for end-user customers wishing to purchase the hardware equipment will be fulfilled through our purchase subscription model going forward. Thus, license revenue from this agreement has reduced to zero, and is now replaced by increased product revenue, which provides an increase in gross profit over the term of the related subscription contract. We regularly assess our sales and fulfillment models to ensure they align with customer preferences, operational scalability, and our long-term business objectives. We expect our revenue, gross profit, gross margin, and overall profitability in any given fiscal period to be influenced by customer demand for our various sales and fulfillment models, as well as any future strategic management decisions affecting our sales and fulfillment models that may result from such assessments.

Going forward, we expect our products to be adopted in a variety of vertical industry markets and geographic regions. While adoption of our products has primarily been within the United States to date, we expect increased adoption of our products in foreign markets in the near future as we explore expansion into international markets. Pricing may vary by region or vertical market due to market-specific dynamics. As a result, our financial performance depends, in part, on the mix of sales and business in different markets during a given period. In addition, we are subject to price competition, and our ability to compete in key markets will depend on the success of our investments in new technologies and cost improvements as well as our ability to efficiently and reliably introduce AI-powered security screening solutions to our customers.

Development and Commercialization of our Products

Since our inception, we have incurred significant operating losses. Our ability to generate revenue and achieve cost improvements sufficient to achieve profitability will depend on the successful further development and commercialization of our products. We generated revenue of $137.4 million and $107.4 million for the nine months ended September 30, 2026 and 2025, respectively. We generated a net loss of $29.9 million and $44.0 million for the nine months ended September 30, 2026 and 2025, respectively. We expect to continue to incur operating losses as we focus on growing and establishing recurring commercial sales of our products, including growing our sales and marketing teams, scaling the use of third-party contract manufacturers, and continuing research and development efforts to develop new products and further enhance our existing products.

Certain Key Metrics and Non-GAAP Financial Measures

Annual Recurring Revenue. We believe ARR is a useful metric for investors because it provides visibility into the scale and sustainability of our recurring revenue base. ARR reflects the annualized value of active subscription arrangements at a point in time and helps investors evaluate trends in customer and unit acquisition, retention, and expansion. As our business continues to shift toward pure subscription and purchase subscription sales models (and away from our legacy distribution subscription model), we believe ARR more accurately captures the recurring nature of our revenue compared to period based revenue measures alone. Management also uses ARR to assess operating performance, inform strategic decisions, and plan for future growth, because it is impacted by multiple dimensions of our business, including new customer and unit acquisition, customer pricing, renewal history, and renewal pricing.

We define ARR as the sum of subscription revenue and the recurring service revenue related to purchase subscriptions for the final month of the quarter all multiplied by twelve. The amount of revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly due to differences in our recurring and non-recurring revenue streams. To the extent that we are negotiating a renewal or upgrade with a customer after the expiration of the subscription and we are continuing to provide service to that customer, we may continue to include that associated revenue in ARR. If a customer notifies us that it is not renewing its subscription, we will continue to include associated revenue in ARR through the natural expiration of the subscription term. ARR should be viewed independently of, and not as a substitute for or forecast of, revenue or deferred revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

As of September 30, 2026, ARR was $140.5 million, compared to $117.2 million as of September 30, 2025, representing year over year growth of 20%. This increase was driven by the addition of about 230 new customers during the twelve month period ended September 30, 2026, expanded deployments by existing customers and increased demand for our pure subscription and purchase subscription sales models which generate a higher proportion of recurring revenue compared to our legacy distribution subscription sales model (see "Sales Models").

Remaining Performance Obligation. We believe RPO, a measure of expected future revenue under contract with active customers, to be a key indicator of our performance. As disclosed in Note 5 to our financial statements, RPO at September 30, 2026 was $325.8 million, an increase of approximately 11% from December 31, 2025, driven by continued market demand.

Adjusted EBITDA. We believe Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is a useful metric for investors because it provides insight into the underlying operating performance of our business by excluding items that are not indicative of our core operating results or that may vary significantly from period to period. Adjusted EBITDA facilitates period-to-period comparisons of our operating performance and enhances investors' ability to evaluate trends in profitability and operating leverage. In addition, Adjusted EBITDA helps investors better understand the impact of our cost structure and operating efficiency as we scale our business, independent of non-cash expenses, financing decisions, tax structure, and certain non-recurring or non-operational items. While Adjusted EBITDA should be considered in conjunction with our GAAP financial results, we believe it provides supplemental information that enhances investors' understanding of the performance of our business.

Management uses Adjusted EBITDA internally to assess operating performance, monitor cost discipline, and evaluate the efficiency of our business as we scale. Adjusted EBITDA is a key metric used by management to measure the profitability of our core operations and to assess the impact of operating decisions across the organization. Management reviews Adjusted EBITDA trends to inform strategic decisions related to expense management, investment prioritization, and resource allocation. Because Adjusted EBITDA excludes certain non-cash and non-recurring items, it allows

management to better evaluate underlying operating performance and comparability across reporting periods. By monitoring Adjusted EBITDA over time, management is able to assess progress toward profitability objectives and make informed decisions regarding long-term operational and financial planning.

Adjusted EBITDA is defined as net income (loss) plus depreciation and amortization, stock based compensation, interest expense (income), provision for income taxes, change in fair value of contingent earn out liability, change in fair value of contingently issuable/returnable common stock liability/asset, loss on remeasurement of common stock receivable, change in fair value of public warrant liability, loss on impairment of leased equipment, loss on impairment of intangible asset, loss on disposal of leased equipment, non-recurring employee restructuring and other separation costs, non-recurring inventory charges, and other non-recurring legal and regulatory costs, which management believes provides a more meaningful representation of operating results.

The following table presents a reconciliation of net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (15,564)	$ (1,796)	$ (29,871)	$ (44,020)
Depreciation and amortization	7,477	6,541	21,415	17,859
Stock-based compensation	6,929	5,390	19,369	15,816
Interest expense (income)	442	277	1,366	(335)
Provision for income taxes	—	—	(37)	62
Change in fair value of contingent earn-out liability	—	(7,521)	(374)	(2,297)
Change in fair value of contingently issuable/returnable common stock liability/asset	255	(2,178)	(1,249)	69
Loss on remeasurement of common stock receivable	530	—	530	—
Change in fair value of public warrant liability	(83)	2,578	(3,862)	6,160
(Gain) loss on disposal of leased equipment	(15)	1,870	255	3,503
Non-recurring employee restructuring and other separation costs	—	6	—	2,976
Other non-recurring legal and regulatory costs	4,778	(36)	5,582	9,504
Adjusted EBITDA	$ 4,749	$ 5,131	$ 13,124	$ 9,297

For the three months ended September 30, 2026, Adjusted EBITDA was $4.7 million, compared to $5.1 million for the three months ended September 30, 2025, representing a decrease of $0.4 million year-over-year. The decrease primarily reflected higher operating expenses associated with continued investments in research and development and sales and marketing to support our growth initiatives, as well as professional fees in general and administrative expense to support SOX remediation efforts. For the nine months ended September 30, 2026, Adjusted EBITDA was $13.1 million, compared to $9.3 million for the nine months ended September 30, 2025, representing an improvement of $3.8 million year-over-year. The improvement was primarily driven by revenue growth and increased operating leverage, partially offset by continued investments in research and development and sales and marketing to support our growth initiatives and in general and administrative functions, including to support SOX remediation efforts.

Liquidity and Capital Resources

Because of the numerous risks and uncertainties associated with product development and commercialization, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve or maintain profitability. Until such time, if ever, as we can generate substantial revenue sufficient to achieve profitability, we expect to finance our operations through cash generated from operations and our Senior Secured Credit Facilities. See "*Liquidity and Capital Resources*" as well as "*Risks Related to Our Financial Condition and Liquidity*" for more information. Additionally, as discussed in Note 13, Commitments and Contingencies, to our condensed consolidated financial statements for the three and nine months ended September 30, 2026, we are involved in certain legal proceedings, including a government investigation. Given the uncertainty of such matters, no assurance can be given regarding the final outcome of such matters. However, the ultimate amount or range of potential loss, which might result to the Company, may differ materially from our current estimates.

As described in Supply Chain Strategy above, we entered into a non-exclusive contract manufacturing agreement with Plexus, which is expected to enhance manufacturing scalability and operational efficiency. Volume production has fully transferred to Plexus, with remaining transition and optimization expected to continue into the first quarter of 2027. The Company continues to monitor cash flows and capital requirements associated with the transition to ensure sufficient resources are available to support ongoing operations and strategic initiatives.

Components of Results of Operations

Revenue

We derive revenue from (1) subscription arrangements generally accounted for as operating leases, including SaaS and maintenance, (2) the sale of products, (3) SaaS and maintenance related to products sold to customers either by Evolv or by Columbia Tech pursuant to the Distribution and License Agreement, (4) license fees related to the Distribution and License Agreement, and (5) professional services, including installation, training, and event support. Maintenance consists of preventative maintenance, technical support, bug fixes, and when-and-if available threat updates. Our arrangements are generally noncancelable and nonrefundable after shipment to the customer. Revenue is recognized net of sales tax. To the extent that we see an increase in demand for our pure subscription model, we would expect to see a reduction in upfront revenue recognition in favor of more recurring revenue.

Product Revenue

We derive a portion of our revenue from the sale of our Evolv Express and eXpedite equipment and related add-on accessories to customers. Revenue is recognized when control of the product has transferred to the customer, which follows the terms of each contract. We anticipate future growth in product revenue as more customers purchase systems through our purchase subscription model instead of through the now expired Distribution and License Agreement with Columbia Tech. Product revenue is also impacted by the pricing of the components included in our purchase subscription offerings. Pricing changes may affect the relative mix of product revenue and service revenue, with a differing amount of revenue from these arrangements recognized upfront as product revenue and recognized over the recognized over time as service revenue.

Subscription Revenue

Subscription revenue consists of revenue derived from leasing Evolv Express and eXpedite systems to our customers. Lease terms are typically four years and customers generally pay in advance either a quarterly or annual fixed payment for the lease, SaaS, and maintenance elements over the contractual lease term. At the end of the initial contractual lease term, customers generally have the option to renew their existing lease or upgrade, typically for a longer lease term, to our second generation Evolv Express system. Equipment leases are generally classified as operating leases and recognized ratably over the duration of the lease. There are no contingent lease payments as part of these arrangements.

Lease arrangements generally include both lease and non-lease components. The non-lease components relate to (1) distinct services, including professional services, SaaS, and maintenance, and (2) any add-on accessories. Professional services are included in license fees and other revenue as described below, and add-on accessories are included in product revenue as described above. Because the equipment lease, SaaS, and maintenance components of a subscription arrangement are recognized as revenue over the same time period and in the same pattern, the equipment lease and SaaS/maintenance performance obligations are classified as a single category of subscription revenue in our condensed consolidated statements of operations and comprehensive loss.

Service Revenue

Service revenue consists of subscription-based SaaS and maintenance revenue related to Evolv Express and eXpedite systems sold to customers. Customers generally pay in advance either a quarterly or annual fixed payment for SaaS and maintenance. SaaS and maintenance revenue is recognized ratably over the period of the arrangement, which is typically four years for the initial contractual lease. At the end of the initial contractual lease term, customers generally have the option to renew their existing lease or upgrade, typically for a longer lease term, to our second generation Evolv Express system. Additionally, pricing changes may affect the relative mix of product revenue and service revenue, with a differing amount of revenue from these arrangements recognized upfront as product revenue and recognized over the recognized over time as service revenue.

License Fee and Other Revenue

License fee and other revenue includes license fee revenue from professional services, other one-time revenue, and revenue from the Distribution and License Agreement. License fee revenue is recognized upon the shipment of product from Columbia Tech to the reseller. Revenue for professional services is recognized upon transfer of control of these services, which are normally rendered over a short duration. During the three months ended September 30, 2025, we discontinued quoting under this basis, and the agreement with Columbia Tech expired on December 31, 2025. All new quotes for end-user customers wishing to purchase the hardware equipment will be fulfilled through our purchase subscription model going forward. Thus, license revenue from this agreement has been reduced to zero, and is replaced by increased product revenue, which in turn provides an increase in gross profit over the duration of the contract.

Cost of Revenue

We recognize cost of revenue in the same manner that the related revenue is recognized.

Cost of Product Revenue

Cost of product revenue consists primarily of costs paid to our third-party manufacturer and other suppliers, labor costs (including stock-based compensation), and shipping costs.

Cost of Subscription Revenue

Cost of subscription revenue consists primarily of depreciation expense related to leased units, an allocated portion of internal-use software amortization expense, shipping costs, and maintenance costs related to leased units. Maintenance costs consist primarily of labor (including stock-based compensation), spare parts, shipping costs, field service repair costs, equipment, and supplies. Service-related costs reflected in cost of subscription revenue include, in part, the Company's decision to in-source certain technical and field services support functions that were previously outsourced to a third-party service provider.

Cost of Service Revenue

Cost of service revenue consists of maintenance costs related to units purchased by customers and an allocated portion of internal-use software amortization expense. Maintenance costs consist primarily of labor (including stock-based compensation), spare parts, shipping costs, field service repair costs, equipment, and supplies. Service-related costs reflected in cost of service revenue include, in part, the Company's decision to in-source certain technical and field services support functions that were previously outsourced to a third-party service provider.

Cost of License Fee and Other Revenue

Cost of license fee and other revenue consists primarily of internal and third-party costs related to professional services, such as installation, training, and event support. License fee revenue earned under our Distribution and License Agreement with Columbia Tech has no associated cost of revenue.

Gross Profit and Gross Profit Margin

Our gross profit is calculated based on the difference between our revenues and cost of revenues. Gross profit margin is the percentage obtained by dividing gross profit by our revenue.

We expect our gross margins to fluctuate over time based on the following factors:

- Mix of sales between our pure subscription and purchase subscription models;
- Market conditions that may impact our pricing;
- Pricing changes that affect the relative mix of product revenue recognized upfront and service revenue recognized over time;
- Product mix changes between established products and new products;

- Our cost structure for manufacturing operations, including contract manufacturers, relative to volume, and our product support obligations;
- Our ability to maintain our costs on the components that go into the manufacture of our products; and
- Write-offs of inventory.

We regularly assess our sales and fulfillment models to ensure they align with customer preferences, operational scalability, and our long-term business objectives. We expect our gross profit and gross profit margin in any given fiscal period to be influenced by customer demand for our various sales and fulfillment models, as well as any future strategic management decisions affecting our sales and fulfillment models that may result from such assessments.

Research and Development

Our research and development expenses represent costs incurred to support activities that advance the development of innovative security screening technologies, new product platforms, as well as activities that enhance the capabilities of our existing product platforms. Our research and development expenses consist primarily of salaries and bonuses, employee benefits, stock-based compensation, prototypes, design expenses, and consulting and contractor costs. We expect our research and development costs to increase for the year ending December 31, 2026 compared to the year ended December 31, 2025 as we continue to invest in product innovation.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses associated with our sales and marketing, customer success, business development, and strategy functions, as well as costs related to trade shows and events, and stock-based compensation. We expect our sales and marketing costs will increase for the year ending December 31, 2026 compared to the year ended December 31, 2025 as we expand our go to market efforts through both direct and channel investments.

General and Administrative

General and administrative expenses consist primarily of personnel related expenses associated with our executive, finance, investor relations, legal, information technology, and human resources functions, as well as professional fees for legal, audit, accounting and other consulting services, stock-based compensation, and insurance, net of any probable and reasonably estimable insurance recoveries or received insurance recoveries. During the first and second quarter of the year ended 2025, we experienced a significant increase in general and administrative expenses, primarily for legal fees and consulting expenses in connection with a previously disclosed investigation and restatement of prior period financial statements. Such costs began to decline in the second half of 2025 as certain of our legal and consulting expenses normalized. We expect our general and administrative expenses to increase for the year ending December 31, 2026 compared to the year ended December 31, 2025 primarily due to expansion of our general and administrative team and engagements with external consultants to enhance our systems and Sarbanes-Oxley Act compliance efforts, partially offset by a decrease in expenses related to a previously disclosed investigation and restatement of prior period financial statements incurred in 2025, which are believed to be substantially non-recurring.

Restructuring Costs

Restructuring costs consist of termination charges arising from severance obligations, incremental non-cash expense related to extended eligibility for the vesting of certain equity awards, and other customary employee benefit payments in connection with a reduction in force. See Note 15, Restructuring Charges for additional information.

Interest Expense

Interest expense includes interest on our long-term debt, amortization of debt issuance costs, and unused commitment fees.

Interest Income

Interest income relates primarily to interest earned on our money market funds and treasury bills.

Change in Fair Value of Contingent Earn-out Liability

In connection with the Merger and pursuant to the Merger Agreement, certain of Legacy Evolv's initial shareholders were entitled to receive additional shares of our common stock upon us achieving certain milestones. The earn-out arrangement with the Legacy Evolv shareholders was accounted for as a liability and subsequently remeasured at each reporting date with changes in fair value recorded as a component of other income (expense), net in the consolidated statements of operations and comprehensive (loss) income. The earn-out period expired on March 8, 2026 without achievement of the required milestones.

Change in Fair Value of Contingently Issuable/Returnable Common Stock Liability/Asset and Loss on Remeasurement of Common Stock Receivable

Prior to the Merger, certain NHIC stockholders owned 4,312,500 shares of NHIC Class B common stock, referred to as Founder Shares. Upon the closing of the Merger, NHIC Class A and Class B common stock became the Company's common stock. 1,897,500 Founder Shares vested at the closing of the Merger, 1,897,500 Founder Shares were contingently issuable and were to vest upon the Company achieving certain milestones by July 16, 2026, and 517,500 Founder Shares were contributed to Give Evolv LLC. Prior to the expiration of the vesting period, the 1,897,500 outstanding contingently issuable common shares were accounted for either as a liability, if still held at the Company's transfer agent, or as an asset as described below, and subsequently remeasured at each reporting date with changes in fair value recorded as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss.

Under the Founder Shares arrangement, Founder Shares could be transferred to third parties, subject to certain conditions. The unvested shares are required to be returned to the Company for cancellation if the specified vesting conditions are not met. As of September 30, 2026, a total of 471,241 Founder Shares that had previously been transferred to individual stockholders' brokerage accounts remained outstanding and are subject to recovery by the Company, while all other Founder Shares, had either been forfeited upon expiration of the vesting period, if held in directly registered form at the transfer agent, or retired upon their subsequent return by stockholders. Prior to the expiration of the vesting period, the contractual obligation of the holders to return the transferred shares upon failure to meet vesting conditions was accounted for as a freestanding financial asset. This asset was initially recognized at fair value and remeasured at each reporting period through the expiration of the vesting period on July 16, 2026 with changes in fair value recorded as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss. No milestones were achieved prior to the expiration of the vesting period on July 16, 2026. In accordance with ASC 815-40, upon expiration of the vesting period, the contingently returnable common stock asset was reclassified to equity as common stock receivable, which is included within additional paid-in capital in our condensed consolidated balance sheets and statements of stockholders' equity, with loss on remeasurement of common stock receivable recorded as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss. See Note 4, Fair Value Measurements for additional information regarding the Founder Shares accounting.

Change in Fair Value of Public Warrant Liability

In connection with the closing of the Merger, the Company assumed warrants to purchase 14,325,000 shares of common stock (the "Public Warrants") at an exercise price of $11.50. We assessed the features of these warrants and determined that they qualified for classification as a liability. Accordingly, we recorded the warrants at fair value upon the closing of the Merger as a component of other income (expense), net in the condensed consolidated statements of operations and comprehensive loss with the offset to additional paid-in capital. The liability was subsequently remeasured at each reporting date with changes in fair value recorded as a component of other income (expense), net in the condensed consolidated statements of operations and comprehensive loss. The Public Warrants expired on July 16, 2026.

Income Taxes

Our income tax provision consists of an estimate for federal, state, and foreign income taxes based on enacted rates in the jurisdictions in which we operate, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in tax law. We have historically incurred net operating losses and maintain a full valuation allowance against our deferred tax assets.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law in the United States. The OBBBA introduces various corporate and international tax law changes with staggered effective dates through 2027. Key provisions include immediate R&D expensing, permanent bonus depreciation, modifications to interest expense

limitations, and changes to certain international tax rules. The enacted legislation did not have a material impact on our financial position, results of operations, or effective tax rate for the nine months ended September 30, 2026, primarily due to our full valuation allowance position on U.S. deferred tax assets, immaterial current tax liabilities, and insignificant foreign earnings from Evolv UK. We will continue to monitor and evaluate all applicable provisions of the OBBBA and any potential future impact on our consolidated financial statements.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations for the three months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Revenue:				
Product revenue	$ 12,332	$ 9,242	$ 3,090	33 %
Subscription revenue	24,488	22,685	1,803	8
Service revenue	9,509	7,808	1,701	22
License fee and other revenue	1,016	3,115	(2,099)	(67)
Total revenue	47,345	42,850	4,495	10
Cost of revenue:				
Cost of product revenue	11,253	7,960	3,293	41
Cost of subscription revenue	9,841	10,923	(1,082)	(10)
Cost of service revenue	2,605	2,338	267	11
Cost of license fee and other revenue	97	323	(226)	(70)
Total cost of revenue	23,796	21,544	2,252	10
Gross profit	23,549	21,306	2,243	11
Operating expenses:				
Research and development	6,126	5,608	518	9
Sales and marketing	13,168	11,715	1,453	12
General and administrative	18,657	12,579	6,078	48
Total operating expenses	37,951	29,902	8,049	27
Loss from operations	(14,402)	(8,596)	(5,806)	(68)
Other (expense) income, net				
Interest expense	(982)	(713)	(269)	(38)
Interest income	540	436	104	24
Other expense, net	(18)	(44)	26	59
Change in fair value of contingent earn-out liability	—	7,521	(7,521)	(100)
Change in fair value of contingently issuable/returnable common stock liability/asset	(255)	2,178	(2,433)	(112)
Loss on remeasurement of common stock receivable	(530)	—	(530)	*
Change in fair value of public warrant liability	83	(2,578)	2,661	103
Total other (expense) income, net	(1,162)	6,800	(7,962)	(117)
Net loss	$ (15,564)	$ (1,796)	$ (13,768)	(767) %

Revenue, Cost of Revenue and Gross Profit

We believe there are several key trends that are continuing to drive increased adoption of our solutions and growth in our sales, including (i) escalating gun violence, which has created stronger demand for security screening solutions for customers and prospects in our key vertical markets, (ii) customer acquisition activities which led to the addition of 51 new end-users during the three months ended September 30, 2026, (iii) the expansion of our existing customers' initial Evolv Express deployments to other venues and locations, and (iv) growing momentum with our channel partners which helps us extend our reach in certain geographies or vertical markets.

Product Revenue

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Product revenue	$ 12,332	$ 9,242	$ 3,090	33 %
Cost of product revenue	$ 11,253	$ 7,960	$ 3,293	41 %
Gross profit - Product revenue	$ 1,079	$ 1,282	$ (203)	(16) %
Gross profit margin - Product revenue	9 %	14 %	N/A	(5) %

The increases in product revenue and cost of product revenue for the three months ended September 30, 2026 compared to the prior year period are driven by increased demand for our solutions and increased utilization of our purchase subscription model, partially offset by the impact of pricing changes, which resulted in a reduced proportion of revenue from purchase subscription arrangements being recognized upfront as product revenue, as compared to the prior year period. Product revenue in the prior year period also included approximately $2.5 million associated with a large contract with a U.S.-based education customer in Georgia. Product gross profit margin was also impacted by pricing changes, which resulted in less gross profit recognized upfront, as well as an increase in manufacturing expense of $0.5 million and outbound shipping costs of $0.2 million due to higher shipping volume, partially offset by a $0.3 million decrease in expense associated with adverse non-cancellable inventory purchase commitments, which related primarily to the transition of our manufacturing operations to the next generation of Evolv Express systems in the prior year.

Subscription Revenue

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Subscription revenue	$ 24,488	$ 22,685	$ 1,803	8 %
Cost of subscription revenue	$ 9,841	$ 10,923	$ (1,082)	(10) %
Gross profit - Subscription revenue	$ 14,647	$ 11,762	$ 2,885	25 %
Gross profit margin - Subscription revenue	60 %	52 %	N/A	8 %

The increase in subscription revenue is primarily due to expansion within our existing customer base and continued growth in our overall customer base as of September 30, 2026 compared to the prior year, with a higher number of active Evolv Express and Evolv eXpedite systems deployed under our pure subscription model during the three months ended September 30, 2026. The increase in subscription gross profit margin is driven by a decrease of $1.9 million of expense related to disposals of certain first generation Evolv Express systems during the three months ended September 30, 2026 as compared to the three months ended September 30, 2025, a $0.6 million estimated field services cost related to the replacement of certain Express system parts recognized in the prior period that did not recur in the current period, and a decrease in field services costs related to our subscription systems of $0.3 million, partially offset by an increase in outbound shipping costs of $0.4 million.

Service Revenue

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Service revenue	$ 9,509	$ 7,808	$ 1,701	22 %
Cost of service revenue	$ 2,605	$ 2,338	$ 267	11 %
Gross profit - Service revenue	$ 6,904	$ 5,470	$ 1,434	26 %
Gross profit margin - Service revenue	73 %	70 %	N/A	3 %

The increases in service revenue, cost of service revenue, and gross profit are primarily due to the growth in the number of active revenue-generating purchase subscription systems in the field during the three months ended September 30, 2026, compared to the prior year period. Service revenue and gross profit also increased due to pricing changes, which resulted in a greater proportion of revenue from purchase subscription arrangements being recognized as recurring service revenue over the contract term, as compared to the prior year period. The increase in service gross profit margin is also driven by a $0.5 million estimated field services cost related to the replacement of certain Express system parts recognized in the prior period.

License fee and other revenue

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
License fee and other revenue	$ 1,016	$ 3,115	$ (2,099)	(67) %
Cost of license fee and other revenue	$ 97	$ 323	$ (226)	(70) %
Gross profit - License fee and other revenue	$ 919	$ 2,792	$ (1,873)	(67) %
Gross profit margin - License fee and other revenue	90 %	90 %	N/A	— %

The decreases in license fee and other revenue and gross profit are primarily driven by the expiration and non-renewal of the Distribution and License Agreement effective December 31, 2025. As a result, there was no license fee revenue earned during the three months ended September 30, 2026 compared to $2.3 million earned during the prior year period. Following expiration of the agreement, all customers preferring to purchase Evolv systems do so directly from the Company, thus contributing to the increase in product revenue discussed above. The license fee and other gross profit margin was consistent with the prior period.

Research and Development Expenses

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 4,655	$ 4,239	$ 416	10 %
Materials and prototypes	127	233	(106)	(45) %
Professional fees	831	703	128	18 %
Other	513	433	80	18 %
	$ 6,126	$ 5,608	$ 518	9 %

The increase in personnel related expenses is primarily due to an increase in payroll costs and stock-based compensation of $0.5 million, which resulted primarily from new hires in our research and development functions to support continued product innovation.

Sales and Marketing Expenses

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 10,119	$ 9,135	$ 984	11 %
Advertising and direct marketing	809	446	363	81 %
Travel and entertainment	841	707	134	19 %
Professional fees	254	477	(223)	(47) %
Other	1,145	950	195	21 %
	$ 13,168	$ 11,715	$ 1,453	12 %

The increase in personnel related expenses is primarily due to an increase in payroll costs and stock-based compensation of $1.0 million, which resulted primarily from new hires in our sales and marketing functions to support increased sales volume. Stock-based compensation expense included in sales and marketing expenses was $2.0 million for the three months ended September 30, 2026 compared to $1.5 million for the three months ended September 30, 2025. The increase in advertising and direct marketing expense is primarily due to an increase in expenses related to trade shows and events of $0.3 million. Professional fees decreased due to a decrease in marketing consulting costs.

General and Administrative Expenses

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 7,517	$ 7,138	$ 379	5 %
Professional fees	3,033	2,193	840	38 %
Insurance costs	968	941	27	3 %
Non-recurring professional fees and other expenses	7,139	2,307	4,832	209 %
	$ 18,657	$ 12,579	$ 6,078	48 %

The increase in personnel related expenses is primarily due to an increase in stock-based compensation of $0.8 million, resulting from increased general and administrative headcount during the past twelve months, partially offset by a decrease in payroll costs of $0.5 million primarily due to a decrease in short term incentive compensation. Stock-based compensation expense included in general and administrative expenses was $3.2 million for the three months ended September 30, 2026 compared to $2.4 million for the three months ended September 30, 2025. Professional fees increased primarily due to an increase in outsourced accounting consultancy of $0.9 million, primarily related to SOX compliance remediation efforts. Non-recurring professional fees and other expenses increased primarily due to a $3.4 million increase in the estimated accrual for the SEC proposed settlement during the three months ended September 30, 2026 and a $1.8 million increase in legal fees incurred in connection with the ongoing legal and regulatory matters, partially offset by an increase in estimated insurance recoveries of $0.4 million.

Interest Expense

Interest expense of $1.0 million for the three months ended September 30, 2026 and $0.7 million for the three months ended September 30, 2025 related to interest on long-term debt, amortization of debt issuance costs, and unused commitment fees.

Interest Income

Interest income of $0.5 million for the three months ended September 30, 2026 and $0.4 million for the three months ended September 30, 2025 related primarily to interest earned on money market funds and the accretion of discounts on treasury bills.

Change in Fair Value of Contingent Earn-out Liability

No change in the fair value of the contingent earn-out liability was recognized for the three months ended September 30, 2026, due to the expiration of the earn-out period on March 8, 2026. Change in the fair value of the contingent earn-out liability resulted in a $7.5 million gain for the three months ended September 30, 2025, resulting from quarterly mark-to-market adjustments.

Change in Fair Value of Contingently Issuable/Returnable Common Stock Liability/Asset

Change in the fair value of the contingently issuable/returnable common stock liability/asset resulted in a $0.3 million loss and $2.2 million gain for the three months ended September 30, 2026 and 2025, respectively, resulting from quarterly mark-to-market adjustments.

Loss on Remeasurement of Common Stock Receivable

Remeasurement of the common stock receivable resulted in a $0.5 million loss for the three months ended September 30, 2026, resulting primarily from changes in the fair value of the unreturned shares which are probable of recovery. No loss on remeasurement of common stock receivable was recognized for the three months ended September 30, 2025, as there was no common stock receivable during the period.

Change in Fair Value of Public Warrant Liability

Change in the fair value of the public warrant liability resulted in a $0.1 million gain for the three months ended September 30, 2026, due to the expiration of the Public Warrant on July 16, 2026. Change in the fair value of the public warrant liability resulted in a $2.6 million loss for the three months ended September 30, 2025, resulting from quarterly mark-to-market adjustments.

Income Taxes

Our income tax provision consists of an estimate for federal, state, and foreign income taxes based on enacted rates in the jurisdictions in which we operate, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in tax law. We have historically incurred net operating losses and maintain a full valuation allowance against our deferred tax assets.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations for the nine months ended September 30, 2026 and 2025 (in thousands):

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Revenue:				
Product revenue	$ 34,861	$ 14,092	$ 20,769	147 %
Subscription revenue	72,421	62,122	10,299	17
Service revenue	27,060	21,224	5,836	27
License fee and other revenue	3,084	9,963	(6,879)	(69)
Total revenue	137,426	107,401	30,025	28
Cost of revenue:				
Cost of product revenue	33,206	16,495	16,711	101
Cost of subscription revenue	27,208	27,713	(505)	(2)
Cost of service revenue	7,323	5,753	1,570	27
Cost of license fee and other revenue	589	766	(177)	(23)
Total cost of revenue	68,326	50,727	17,599	35
Gross profit	69,100	56,674	12,426	22
Operating expenses:				
Research and development	17,792	15,207	2,585	17
Sales and marketing	38,534	34,494	4,040	12
General and administrative	46,199	44,789	1,410	3
Restructuring costs	—	2,662	(2,662)	(100)
Total operating expenses	102,525	97,152	5,373	6
Loss from operations	(33,425)	(40,478)	7,053	17
Other income (expense), net				
Interest expense	(2,909)	(714)	(2,195)	(307)
Interest income	1,543	1,049	494	47
Other (expense) income, net	(72)	117	(189)	(162)
Change in fair value of contingent earn-out liability	374	2,297	(1,923)	(84)
Change in fair value of contingently issuable/returnable common stock liability/asset	1,249	(69)	1,318	1,910
Loss on remeasurement of common stock receivable	(530)	—	(530)	*
Change in fair value of public warrant liability	3,862	(6,160)	10,022	163
Total other income (expense), net	3,517	(3,480)	6,997	201
Loss before income taxes	$ (29,908)	$ (43,958)	$ 14,050	32 %
(Benefit from) provision for income taxes	$ (37)	$ 62	$ (99)	(160) %
Net loss	$ (29,871)	$ (44,020)	$ 14,149	32 %

Revenue, Cost of Revenue and Gross Profit

We believe there are several key trends that are continuing to drive increased adoption of our solutions and growth in our sales, including (i) escalating gun violence, which has created stronger demand for security screening solutions for customers and prospects in our key vertical markets, (ii) customer acquisition activities which led to the addition of 169 new end-users during the nine months ended September 30, 2026, (iii) the expansion of our existing customers' initial Evolv Express deployments to other venues and locations, and (iv) growing momentum with our channel partners which helps us extend our reach in certain geographies or vertical markets.

Product Revenue

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Product revenue	$ 34,861	$ 14,092	$ 20,769	147 %
Cost of product revenue	$ 33,206	$ 16,495	$ 16,711	101 %
Gross profit (loss) - Product revenue	$ 1,655	$ (2,403)	$ 4,058	169 %
Gross profit margin - Product revenue	5 %	(17)%	N/A	22 %

The increases in product revenue and cost of product revenue for the nine months ended September 30, 2026 compared to the prior year period are driven by increased demand for our solutions and increased utilization of our purchase subscription model, partially offset by the impact of the pricing changes, which resulted in a reduced proportion of revenue from purchase subscription arrangements being recognized upfront as product revenue, as compared to the prior year period. Product revenue in the prior year period also included approximately $2.5 million associated with a large contract with a U.S.-based education customer in Georgia. The increase in product gross profit margin for the nine months ended September 30, 2026 compared to the prior year period was primarily driven by our ability to leverage our fixed costs over a higher revenue base, a $1.9 million decrease in charges taken related to our inventory reserves on first generation Evolv Express parts and a $0.3 million decrease in expense associated with adverse non-cancellable inventory purchase commitments, which related primarily to the transition of our manufacturing operations to the next generation of Evolv Express systems in the prior year, partially offset by pricing changes, which resulted in less gross profit recognized upfront, as well as an increase in manufacturing expense of $1.5 million and increase in outbound shipping costs of $1.0 million due to higher shipping volume.

Subscription Revenue

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Subscription revenue	$ 72,421	$ 62,122	$ 10,299	17 %
Cost of subscription revenue	$ 27,208	$ 27,713	$ (505)	(2) %
Gross profit - Subscription revenue	$ 45,213	$ 34,409	$ 10,804	31 %
Gross profit margin - Subscription revenue	62 %	55 %	N/A	7 %

The increase in subscription revenue is primarily due to expansion within our existing customer base and continued growth in our overall customer base as of September 30, 2026 compared to the prior year, with a higher number of active Evolv Express and Evolv eXpedite systems deployed under our pure subscription model during the nine months ended September 30, 2026. The increase in subscription gross profit margin is driven by a $2.9 million decrease in loss on disposals of certain first generation Evolv Express systems compared to the prior year, a $1.7 million decrease in field services cost related to our subscription systems, a $0.4 million estimated field services cost related to the replacement of certain Express system parts recognized in the prior period that did not recur in the current period, partially offset by an increase in outbound shipping costs of $0.5 million due to higher shipping volume and manufacturing expense of $0.3 million.

Service Revenue

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Service revenue	$ 27,060	$ 21,224	$ 5,836	27 %
Cost of service revenue	$ 7,323	$ 5,753	$ 1,570	27 %
Gross profit - Service revenue	$ 19,737	$ 15,471	$ 4,266	28 %
Gross profit margin - Service revenue	73 %	73 %	N/A	— %

The increases in service revenue, cost of service revenue, and gross profit are primarily due to the growth in the number of active revenue-generating purchase subscription systems in the field for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. Service revenue and gross profit also increased due to pricing changes, which resulted in a greater proportion of revenue from purchase subscription arrangements being recognized as recurring service revenue over the contract term, as compared to the prior year period. The service gross profit margin was consistent with the prior period.

License fee and other revenue

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
License fee and other revenue	$ 3,084	$ 9,963	$ (6,879)	(69) %
Cost of license fee and other revenue	$ 589	$ 766	$ (177)	(23) %
Gross profit - License fee and other revenue	$ 2,495	$ 9,197	$ (6,702)	(73) %
Gross profit margin - License fee and other revenue	81 %	92 %	N/A	(11) %

The decreases in license fee and other revenue and gross profit are primarily driven by $0.2 million of license fees earned during the nine months ended September 30, 2026 compared to $7.8 million earned during the prior year period under the Distribution and License Agreement due to the expiration and non-renewal of the agreement effective December 31, 2025. The decrease in gross profit margin is primarily due to the reduction in license fee revenue, which has no associated cost of revenue, partially offset by a decrease in personnel and overhead costs of $0.2 million.

Research and Development Expenses

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 13,316	$ 11,633	$ 1,683	14 %
Materials and prototypes	655	473	182	38 %
Professional fees	2,241	2,033	208	10 %
Other	1,580	1,068	512	48 %
	$ 17,792	$ 15,207	$ 2,585	17 %

The increase in personnel related expenses is primarily due to an increase in payroll costs and stock-based compensation of $1.7 million, which resulted primarily from new hires in our research and development functions to support continued product innovation. Other expense increased primarily due to an increase in software subscription costs of $0.3 million and $0.1 million in supplies costs.

Sales and Marketing Expenses

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 29,364	$ 26,773	$ 2,591	10 %
Advertising and direct marketing	2,433	1,722	711	41 %
Travel and entertainment	2,521	1,907	614	32 %
Professional fees	1,025	1,706	(681)	(40) %
Other	3,191	2,386	805	34 %
	$ 38,534	$ 34,494	$ 4,040	12 %

The increase in personnel related expenses is due to an increase in payroll costs and stock-based compensation of $2.4 million, which resulted primarily from new hires in our sales and marketing functions to support increased sales volume. Stock-based compensation expense included in sales and marketing expenses was $5.5 million for the nine months ended September 30, 2026 compared to $4.2 million for the nine months ended September 30, 2025. The increase in advertising and direct marketing expense is primarily due to an increase in expenses related to trade shows and events of $0.7 million. The increase in travel and entertainment expense is due to an increase in travel costs for in-person sales meetings. Professional fees decreased due to a decrease in marketing consulting costs. Other expense increased primarily due to increase in shipping costs related to demonstration units of $0.4 million and software subscription costs of $0.4 million.

General and Administrative Expenses

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
Personnel related (including stock-based compensation)	$ 22,235	$ 18,648	$ 3,587	19 %
Professional fees	8,074	7,042	1,032	15 %
Insurance costs	2,506	2,447	59	2 %
Non-recurring professional fees and other expenses	13,384	16,652	(3,268)	(20) %
	$ 46,199	$ 44,789	$ 1,410	3 %

Personnel related expenses increased due to an increase in payroll costs and stock-based compensation of $3.4 million, resulting from increased general and administrative headcount during the past twelve months while reducing the use of outsourced contractors. Stock-based compensation expense included in general and administrative expenses was $8.9 million for the nine months ended September 30, 2026 compared to $6.8 million for the nine months ended September 30, 2025. Professional fees increased primarily due to an increase in outsourced accounting consultancy of $0.5 million, primarily related to SOX compliance remediation efforts, and audit and tax fees of $0.4 million. Non-recurring professional fees and other expenses decreased primarily due to an $8.0 million decrease in consulting and legal fees and audit fees incurred in connection with a previously disclosed investigation and restatement of prior period financial statements and a $1.3 million change in estimated losses, net of estimated insurance recoveries, related to class action lawsuits, driven by $1.0 million of estimated net losses recognized during the nine months ended September 30, 2025, compared to a $0.3 million decrease in estimated net losses recognized during the nine months ended September 30, 2026. These were partially offset by a $3.5 million estimated accrual for the SEC proposed settlement during the nine months ended September 30, 2026, a decrease in estimated insurance recoveries of $1.9 million, and an increase in property tax expenses of $0.2 million.

Restructuring Costs

No restructuring costs were recognized for the nine months ended September 30, 2026. Restructuring costs of $2.7 million for the nine months ended September 30, 2025 resulted from the reduction in force in January 2025. Stock-based compensation expense included in restructuring costs was $0.5 million for the nine months ended September 30, 2025.

Interest Expense

Interest expense of $2.9 million and $0.7 million for the nine months ended September 30, 2026 and 2025, respectively, related to cash interest paid on long-term debt and amortization of deferred financing fees and costs.

Interest Income

Interest income of $1.5 million and $1.0 million for the nine months ended September 30, 2026 and 2025, respectively, related primarily to interest earned on money market funds and the accretion of discounts on treasury bills. The interest earned increased primarily due to higher average balances in interest-bearing accounts during the nine months ended September 30, 2026 compared to during the nine months ended September 30, 2025.

Change in Fair Value of Contingent Earn-out Liability

Change in the fair value of the contingent earn-out liability resulted in a $0.4 million gain for the nine months ended September 30, 2026, resulting from the expiration of the earn-out period. Change in the fair value of the contingent earn-out liability resulted in a $2.3 million gain for the nine months ended September 30, 2025, resulting from quarterly mark-to-market adjustments.

Change in Fair Value of Contingently Issuable/Returnable Common Stock Liability/Asset

Change in the fair value of the contingently issuable/returnable common stock liability/asset resulted in a $1.2 million gain and $0.1 million loss for the nine months ended September 30, 2026 and 2025, respectively, resulting from quarterly mark-to-market adjustments.

Loss on Remeasurement of Common Stock Receivable

Remeasurement of the common stock receivable resulted in a $0.5 million loss for the nine months ended September 30, 2026, resulting primarily from changes in the fair value of the unreturned shares which are probable of recovery. No loss on remeasurement of common stock receivable was recognized for the nine months ended September 30, 2025, as there was no common stock receivable during the period.

Change in Fair Value of Public Warrant Liability

Change in the fair value of the public warrant liability resulted in a $3.9 million gain for the nine months ended September 30, 2026, resulting from quarterly mark-to-market adjustments and the expiration of the Public Warrants on July 16, 2026. Change in the fair value of the public warrant liability resulted in a $6.2 million loss for the nine months ended September 30, 2025, resulting from quarterly mark-to-market adjustments.

Liquidity and Capital Resources

Our financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. Our primary requirements for liquidity and capital are working capital, inventory management, capital expenditures, debt obligations, and general corporate needs. We expect these needs to continue as we develop and grow our business. As of September 30, 2026, we had $66.9 million in cash, cash equivalents, and marketable securities, with outstanding debt of $30.0 million and available additional debt of up to $45.0 million, as detailed below. We incurred a net loss of $15.6 million and $1.8 million for the three months ended September 30, 2026 and 2025, respectively, and incurred a net loss of $29.9 million and $44.0 million for the nine months ended September 30, 2026 and 2025, respectively. Operating activities resulted in cash inflows of $26.7 million and $3.1 million during the nine months ended September 30, 2026 and 2025, respectively. We expect to continue to generate net losses for the foreseeable future.

We maintain substantially all of our cash, cash equivalents, and marketable securities in accounts with U.S. and multi-national financial institutions and our cash deposits at these institutions exceed Federal Deposit Insurance Corporation insured limits. We do not believe we are exposed to any unusual credit risk or deposit concentration risk beyond the ordinary credit risk associated with commercial banking relationships.

As described below, on July 29, 2025 (the "Closing Date"), Evolv Technologies, Inc. entered into a $75.0 million credit, security, and guaranty agreement with MidCap Financial Trust and the other lenders party thereto (the "MidCap Credit Agreement"), the proceeds of which will be used for general corporate purposes, including to support growing long-term demand for the Company's pure subscription sales model. The MidCap Credit Agreement provided for an initial $30.0 million term loan facility (the "Initial Term Loan"), a $30.0 million delayed draw facility (the "Delayed Draw Term Loan") (available for drawdown during the two-year period following the Closing Date), and a $15.0 million revolving line of credit (the "Revolving Credit Facility"), each with a maturity date of July 1, 2030 (collectively, the "Senior Secured Credit Facilities"). On the Closing Date, the Company received net proceeds of $26.6 million, after deducting $3.4 million in debt issuance costs. As of September 30, 2026, $30.0 million under Initial Term Loan was drawn and outstanding, while the $30.0 million Delayed Draw Term Loan and $15.0 million Revolving Credit Facility remained undrawn and available.

We expect our cash, cash equivalents, and marketable securities of $66.9 million as of September 30, 2026, together with cash we expect to generate from future operations and our borrowing availability under our Senior Secured Credit Facilities, will be sufficient to fund our operating expenses and capital expenditure requirements for a period of at least twelve months from the date of this Quarterly Report on Form 10-Q. As we are in the growth stage of our business and operate in an emerging field of technology, we expect to continue to strategically and carefully invest in various areas of the business to support that growth.

Under the MidCap Credit Agreement, we are also required to comply with certain customary reporting requirements of periodic financial results and affirmative and negative covenants, including: (1) a minimum ending balance for ARR, as defined, that began at $106.0 million on December 31, 2025 and increases quarterly thereafter; (2) minimum liquidity, as defined, of 50% of outstanding borrowings (this covenant would cease to apply following the resolution of certain litigation and regulatory matters); and (3) a minimum earnings before interest, taxes, depreciation, and amortization ("EBITDA") covenant that takes effect on June 30, 2027. As of September 30, 2026, the minimum required ARR is $110.0 million, and we are in full compliance with all applicable covenant requirements and expect to remain in compliance for a period of at least twelve months from the date of this Quarterly Report on Form 10-Q.

Financing Arrangement

On July 29, 2025, the Company entered into the MidCap Credit Agreement, the proceeds of which will be used for general corporate purposes, including to support growing long-term demand for the Company's pure subscription sales model. The MidCap Credit Agreement provides for the $30.0 million "Initial Term Loan", $30.0 million "Delayed Draw Term Loan" (available for drawdown during the two-year period following the Closing Date), and the $15.0 million "Revolving Credit Facility", each with a maturity date of July 1, 2030.

The Senior Secured Credit Facilities are guaranteed by the Company, and in the future, may be guaranteed by certain material subsidiaries. The Senior Secured Credit Facilities are secured by a first lien on substantially all of the assets of the Company. The borrowings under the Senior Secured Credit Facilities bear interest at a fluctuating rate per annum equal to the Term Secured Overnight Financing Rate ("Term SOFR") and an applicable margin calculated depending on EBITDA. At closing, the applicable margin on Term SOFR loans was 5.25%. If the event described under the MidCap Credit Agreement related to Term SOFR occurs, a base rate is determined by reference to the higher of (1) the prime rate of Wells Fargo and (2) 2.00%. Monthly interest payments are due in arrears on the first day of each month. Principal repayments for the Initial Term Loan begin in August 2029, following a 48-month interest-only period, and will be repaid in equal monthly installments over the final 12 months of the loan term. The Revolving Credit Facility provides for an unused commitment fee of 0.25% on the undrawn portion of the facility.

Under the MidCap Credit Agreement, the Company is also required to comply with certain customary affirmative and negative covenants, including a minimum ARR covenant, a minimum EBITDA covenant that takes effect on June 30, 2027, and a minimum liquidity covenant that would cease to apply following the resolution of certain litigation and regulatory matters, in addition to customary reporting requirements of periodic financial results. As of September 30, 2026, we were in full compliance with all covenant requirements. See Note 9, Long-term Debt for additional information related to the Senior Secured Credit Facilities.

Material Cash Requirements for Known Contractual and Other Obligations

The following is a description of commitments for capital expenditures and other known and reasonably likely cash requirements as of September 30, 2026. We anticipate fulfilling such commitments with our existing cash, cash equivalents, and marketable securities, as well as cash and cash equivalents obtained through operations and the proceeds

from our Senior Secured Credit Facilities. Cash, cash equivalents, and marketable securities amounted to $66.9 million as of September 30, 2026.

We are party to a lease agreement for office space at our headquarters in Waltham, MA. During the three months ended March 31, 2024, we amended the lease agreement to extend the term through October 31, 2025, with the option to further extend through June 30, 2031 with written notice. Additionally, in August 2024, we amended the lease agreement again to expand our footprint in our headquarters and extend the term of the lease through May 2031. Per the second lease amendment, we are no longer required to maintain a minimum cash balance of $0.3 million as a security deposit on the leased space. Total future minimum lease payments under this noncancelable operating lease amount to $15.2 million as of September 30, 2026.

Our contract with our new contract manufacturer includes provisions under which order volumes that fall short of our forecasts may result in purchase commitments. These payments are not determinable but could result in a material purchase commitment if we were to cancel our open purchase orders.

Cash Flows

The following table sets forth a summary of cash flows for the periods presented:

	Nine Months Ended September 30,	
	2026	**2025**
Net cash provided by operating activities	$ 26,685	$ 3,098
Net cash used in investing activities	(14,799)	(43,226)
Net cash provided by financing activities	847	34,722
Effect of exchange rate changes on cash and cash equivalents	27	(105)
Net increase (decrease) in cash and cash equivalents	$ 12,760	$ (5,511)

Operating Activities

	Nine Months Ended September 30,	
	2026	**2025**
Net loss	$ (29,871)	$ (44,020)
Adjustments to reconcile net loss to net cash provided by operating activities	38,804	44,660
Changes in operating assets and liabilities	17,752	2,458
Net cash provided by operating activities	$ 26,685	$ 3,098

Net loss decreased from $44.0 million for the nine months ended September 30, 2025 to $29.9 million for the nine months ended September 30, 2026, as discussed in “Results of Operations” above.

Adjustments to reconcile net loss to net cash provided by operating activities for the nine months ended September 30, 2026 include $21.4 million of depreciation and amortization, $19.4 million of stock-based compensation expense, and $(5.0) million of an aggregate (i) change in fair value of the earn-out liability, contingently issuable/returnable common stock liability/asset, and public warrant liability, and (ii) loss on remeasurement of common stock receivable. For the nine months ended September 30, 2025, such adjustments included $3.9 million of an aggregate change in fair value of the earn-out liability, contingently issuable/returnable common stock liability/asset, and public warrant liability, $15.8 million of stock-based compensation expense, and $17.9 million of depreciation and amortization.

Changes in operating assets and liabilities for the nine months ended September 30, 2026 are primarily related to the following:

- $15.2 million increase in deferred revenue primarily due to a higher volume of sales;

- $8.3 million decrease in prepaid expenses and other current assets primarily due to the final settlement of Class Action lawsuits of $14.3 million, partially offset by an increase in vendor deposits and estimated insurance recoveries;
- $7.2 million increase in accounts payable (excluding the non-cash portion related to capital expenditures incurred but not yet paid) due primarily to the timing of vendor payments;
- $6.5 million decrease in inventory primarily due to an increased focus on efficient inventory management;
- $2.1 million increase in accrued expenses and other current liabilities primarily due to the increase in accrued vendor payables, $3.5 million settlement accrual for the SEC matter, and $1.3 million settlement accrual for the derivative matters, partially offset by the final settlement of Class Action lawsuits of $15.0 million and the payment of 2025 bonuses and commissions during the nine months ended September 30, 2026; and
- $0.2 million decrease in other assets primarily due to amortization of debt issuance costs associated with Delayed Draw Term Loan and Revolving Credit Facility; *partially offset by*
- $19.7 million increase in accounts receivable primarily due to higher sales and the timing of billings to customers; and
- $1.3 million decrease in operating lease liability primarily due to payments made on our operating lease obligations.

Changes in operating assets and liabilities for the nine months ended September 30, 2025 are primarily related to the following:

- $16.9 million increase in accrued expenses and other current liabilities primarily due to a legal settlement offer accrual and bonus accrual, partially offset by a decrease in accrued vendor payables;
- $11.6 million increase in deferred revenue due to a higher volume of sales;
- $11.1 million decrease in inventory primarily due to an increased focus on efficient inventory management, partially offset by a decrease in products expected to be leased to customers; and
- $1.8 million increase in accounts payable (excluding the non-cash portion related to capital expenditures incurred but not yet paid) due primarily to the timing of vendor payments; *partially offset by*
- $20.6 million increase in accounts receivable primarily due to higher sales and the timing of billings to customers;
- $17.3 million increase in prepaid expenses and other current assets primarily due to estimated outstanding insurance recoveries and capitalization of costs associated with the Delayed Draw Term Loan and Revolving Credit Facility, partially offset by a decrease in vendor deposits; and
- $0.7 million increase in commission assets due to a higher volume of sales.

Investing Activities

During the nine months ended September 30, 2026, cash used in investing activities was $14.8 million, consisting of $25.4 million for the purchase of property and equipment, primarily related to the purchase of Evolv Express systems to be leased to customers and $4.1 million for the development of internal-use software and software embedded in products to be sold or leased, partially offset by $14.7 million of net cash provided by redemptions of marketable securities.

During the nine months ended September 30, 2025, cash used in investing activities was $43.2 million, consisting of $29.1 million for the purchase of property and equipment, primarily related to the purchase of Evolv Express systems to be leased to customers, $4.3 million for the development of internal-use software and software embedded in products to be sold or leased and $9.8 million of net cash used for purchases and redemptions of marketable securities.

Financing Activities

During the nine months ended September 30, 2026, cash provided by financing activities was $0.8 million, consisting of proceeds from the exercise of stock options.

During the nine months ended September 30, 2025, cash provided by financing activities was $34.7 million. The increase was primarily driven by $30.0 million in proceeds from debt issuance under the drawn Initial Term Loan, partially offset by total debt issuance costs of $3.7 million. Additional sources of financing cash flows included proceeds from the exercise of stock options.

Recent Accounting Pronouncements

There have been no new accounting pronouncements issued since the issuance of the 2025 Form 10-K that may have a material impact on our consolidated financial position, results of operations or cash flows. There has been one accounting pronouncement that became effective since the issuance of the 2025 Form 10-K. See Note 2, Summary of Significant Accounting Policies for additional information.

Critical Accounting Estimates

Our critical accounting estimates are described in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition" of our 2025 Form 10-K. Other than disclosures related to estimating the fair value of performance stock units, as discussed below, there have been no material changes to our critical accounting estimates during the nine months ended September 30, 2026.

Performance Stock Units

Beginning in 2026, the Company began granting PSUs to certain of its employees. These PSUs are subject to certain market-based vesting conditions based on the Company's relative total shareholder return percentile ranking compared to the specified stock market index over the applicable performance period, subject to a continued service-based vesting requirement. The estimated grant date fair value of PSUs granted by the Company is determined using a Monte Carlo simulation that simulates the future path of the Company's stock price throughout the performance period. The assumptions utilized in the calculation are based on the achievement of certain performance measurement including expected stock price volatility, risk-free rate of return, and remaining term.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Effective beginning in the first quarter of 2026, we are no longer a smaller reporting company. However, pursuant to Item 305(c) of Regulation S-K, we are not required to provide the disclosures required by this Item until the first fiscal year end in which Item 305 becomes applicable to us.

ITEM 4. CONTROLS AND PROCEDURES

Limitations on effectiveness of controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of our controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2026, due to the material weaknesses in our internal control over financial reporting as described below.

Material weaknesses in internal control over financial reporting

We identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable

possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of personnel with an appropriate level of internal controls and accounting knowledge, training and experience commensurate with our financial reporting requirements. The limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions;

- We did not design and maintain effective controls in response to the risks of material misstatement as changes to existing controls or the implementation of new controls were not sufficient to respond to changes to the risks of material misstatement to financial reporting;

- We did not design and maintain effective controls over the period-end financial reporting process to achieve complete, accurate, and timely financial accounting, reporting and disclosures, including the classification of various accounts in the financial statements and the presentation and disclosure of items in the consolidated statements of cash flows;

- We did not design and maintain effective controls to analyze, account for and disclose non-routine, unusual or complex transactions. Specifically, we did not design and maintain controls to timely analyze and account for debt modifications and extinguishments, convertible notes, warrant instruments, non-routine complex revenue transactions including the leasing of products and transfer of inventory for leased assets into property, plant and equipment, merger transactions, and the accounting and valuation of earn-out liabilities; and

- We did not design and maintain formal accounting policies, procedures, and controls to achieve complete, accurate, and timely financial accounting, reporting and disclosures, including controls over the preparation and review of account reconciliations and journal entries, and control activities related to all significant accounts and disclosures.

The material weaknesses in the control environment and risk assessment resulted in the restatement of the consolidated financial statements for the annual periods ended December 31, 2022 and 2023, and the quarterly periods included in such fiscal years beginning with the second quarter of 2022, and for the quarterly periods as of and for the periods ended March 31, 2024 and June 30, 2024, as well as adjustments to the consolidated annual financial statements for the year ended December 31, 2024, and the consolidated financial statements for the quarterly period ended September 30, 2024, that were recorded prior to the issuance of those financial statements.

The material weaknesses related to the control environment, risk assessment, lack of effective controls over the period-end financial reporting process, lack of effective controls related to non-routine, unusual or complex transactions, and the lack of effective control activities related to all significant accounts and disclosures resulted in:

- the restatement of the Company’s financial statements as of and for the three and six months ended June 30, 2023;

- the revision of the Company's previously issued 2020 annual financial statements, 2021 quarterly and annual financial statements, and quarterly financial statements for the three months ended March 31, 2022; and

- adjustments and certain immaterial misstatements in the consolidated financial statements to prepaid and other current assets, accounts payable and accrued liabilities, long-term and short-term debt, convertible notes, contingent earn-out liabilities, change in fair value of contingent earn-out liability, equity, commission assets, contract assets, to-be-leased assets, revenue, deferred revenue, accounts receivable, inventory, property, plant and equipment, cost of sales, Founders Shares and various expense line items and related financial statement disclosures as of and for the years ended December 31, 2019, 2020, 2021, 2022, 2023, 2024 and 2025, as well as certain quarterly periods within those years.

Additionally, the material weaknesses could result in a misstatement of the consolidated financial statements and disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In addition to the foregoing, we did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of our consolidated financial statements, specifically, with respect to: (i) program change management controls for financial systems to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized, and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored; and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements. These IT deficiencies did not result in a misstatement to the consolidated financial statements; however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

Remediation Plan for the Remaining Material Weaknesses

We continue to be focused on designing and implementing effective internal controls to improve our internal control over financial reporting and remediate the material weaknesses. Actions taken to date include:

- We have hired additional accounting personnel to bolster our reporting, technical accounting, and internal control capabilities during 2025, and will continue to monitor and evaluate our personnel requirements based on future company growth and our ability to successfully achieve our objectives. Additionally, we designed and implemented new controls as well as re-designed existing controls to formalize roles and review responsibilities to align with our team's skills and experience and enhanced controls over segregation of duties;

- We have enhanced the competencies of our accounting function including the hiring of a new Chief Accounting Officer ("CAO") in January 2025. Our CAO has extensive public company experience and has strengthened our internal accounting team by providing technical accounting oversight over our financial reporting and disclosure processes and controls. Additionally, we hired a new Chief Revenue Officer in February 2025 to provide leadership and accountability over our sales agreement and revenue recognition accounting processes;

- We have designed and implemented additional review and training procedures within Evolv's accounting and finance functions to enhance knowledge and understanding of internal control over financial reporting;

- We have performed, and will continue to perform, a financial statement risk assessment in order to identify material financial statement line items for which key controls are needed in order to ensure complete and accurate financial reporting and have incorporated this risk assessment into our ongoing internal control evaluation process.

- In January 2025, we engaged a large national advisory firm to assist in the design and implementation of control activities and to strengthen the skills of personnel involved in the business processes supporting the Company's significant accounts and disclosures.

- Over the past year, we continued to design and implement controls related to, among other items, (i) the period-end financial reporting process and classification of various accounts in our consolidated financial statements, including the presentation and disclosure of items in the consolidated statements of cash flows, (ii) timely identification and accounting for non-routine, unusual and complex transactions, including controls over the preparation and review of accounting memoranda addressing these matters, (iii) revenue recognition, including non-routine complex revenue transactions that may also include the leasing of products and the recording of revenue transactions in the appropriate period, (iv) completeness and accuracy of accounts payable and accrued liabilities, and (v) the preparation and review of journal entries and account reconciliations to ensure proper segregation of duties.

In addition to the remedial actions taken to date, our ongoing efforts include:

- We are in the process of designing, implementing, and testing formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures.
- We are in the process of designing, implementing, and testing information technology general controls for all relevant information systems, including controls over program change management, the review, approval and update of user access rights and privileges, controls over batch jobs and data backups, and program development approvals and testing for new systems; and
- During 2025 we made significant investments in our technology platforms including a commitment to implement new systems related to quoting, commissions and order processing in 2026 as well as to implement a new instance of our financial Enterprise Resource Planning Tool ("ERP") during 2027 to further automate processes and reduce the risk of manual errors. We have developed and commenced execution on a project plan with release dates for the new quoting functionality which was released in Q3 2026 and have contracted additional resources to begin designing a project plan for the new ERP system.

The process of designing and maintaining effective internal control over financial reporting is a continuous effort that requires management to anticipate and react to changes in our business, economic, and regulatory environments and to expend significant resources. As we continue to evaluate our internal control over financial reporting, we may take additional actions to remediate the material weaknesses or modify the remediation actions described above.

While we continue to devote significant time and attention to these remediation efforts, the material weaknesses will not be considered remediated until management completes the design and implementation of the actions described above and the controls operate for a sufficient period of time, and management has concluded, through testing, that these controls are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 13, Commitments and Contingencies in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Our business involves significant risks and uncertainties, some of which are described below. You should carefully consider the risks and uncertainties described below as well as in Management's Discussion and Analysis of Financial Condition and Results of Operations, Legal Proceedings, and Controls and Procedures of this Quarterly Report on Form 10-Q. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth, and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Summary Risk Factors

The principal risks and uncertainties affecting our business include, among other things, the following:

- Material weaknesses in our internal control over financial reporting, which contributed to a previously disclosed restatement of our prior period financial statements, expose us to significant risks and uncertainties.
- We have not been profitable historically and may not achieve or maintain profitability in the future.

- Our operating results may fluctuate for a variety of reasons.
- If we fail to maintain successful relationships with our reseller partners, or if our partners fail to perform, our ability to market, sell and distribute our products will be limited.
- Increases in component costs, long lead times, supply shortages and changes, or volatility in tariffs and trade restrictions could disrupt our supply chain.
- Delays in production, increases in prices charged or the loss of a limited or sole source supplier could have an adverse effect on our business, financial condition and operating results.
- Defects and poor quality which require rework, replacement parts or systems and associated costs of service could have an adverse effect on our business and results of operations.
- We recognize a substantial portion of our revenue ratably over the term of our agreements with customers and, as a result, downturns or upturns in sales may not be immediately reflected in our operating results.
- If we are unable to compete effectively with new entrants and other potential competitors, our sales and profitability could be adversely affected.
- A portion of our revenue is generated by sales to government entities, which are subject to challenges and risks.
- We may acquire or invest in other companies or technologies in the future, which brings with it risks.
- If our products fail or are perceived to fail to detect threats, or if our products contain undetected errors or defects, this could have an adverse effect on our business and results of operations.
- Customers may be unable to implement our products successfully, or we may fail to effectively assist our customers in installing our products and provide effective ongoing support and training.
- We face the risk of losing recurring revenue and forecasting certainty if customers choose not to renew following their initial subscription term, whether through an extension of their existing arrangement or an upgrade to a new system, or if renewal terms result in lower revenue than expiring agreements, and significant losses if returned systems cannot be profitably redeployed.
- The loss of designation of our Evolv Express system as a Qualified Anti-Terrorism Technology under the Homeland Security SAFETY Act could result in adverse reputational and financial consequences.
- The AI-based weapons detection for security screening market is new and evolving and may not grow as expected or may develop more slowly or differently than we expect.
- We use AI and machine learning in our development process and in our AI-based weapon detection products.
- Our expansion into international markets exposes us to additional operational, regulatory, and compliance risks that could adversely affect our business.
- Our growth potential outside the U.S. may be limited or vary due to differences in security threats, customer perceptions, regulatory environments, and international market dynamics, as well as our own expansion and investment priorities.
- We may not successfully anticipate market needs and enhance our existing products or develop new products that meet those needs on a timely basis.
- We incorporate technology and components from third parties into our products, and our inability to obtain or maintain rights to the technology could harm our business.
- Our use of "open source" software could subject our proprietary software to disclosure obligations, expose us to security risks, and negatively affect our ability to offer our products and subject us to possible litigation.

- Our business depends on the reliability, availability, and performance of our information technology systems, including key internal enterprise software solutions, and any failure or disruption of these systems could materially and adversely affect our business.
- Our products and operations collect and store personal data about individuals, which exposes us to privacy, cybersecurity, and regulatory risks.
- If we do not effectively expand, train, and retain qualified sales and marketing personnel, we may be unable to acquire new customers or sell additional products to successfully pursue our growth strategy.
- We are dependent on the continued services and performance of our senior management and other key employees, as well as on our ability to successfully hire, train, manage, and retain qualified personnel.
- Our intellectual property rights are valuable and any inability to protect our proprietary technology and intellectual property rights could substantially harm our business and operating results.
- Assertions by third parties of infringement or other violations by us of their intellectual property rights, whether or not correct, could result in significant costs and harm to our business and operating results.
- We are subject to government regulation and other legal obligations related to, among other things, data privacy, anti-corruption legislation, export controls, economic sanctions, tax laws, and use of AI.
- We are and may in the future be subject to investigations, regulatory enforcement proceedings, and litigation, including by the SEC, which could result in enforcement actions, penalties, or other adverse consequences.
- There are risks related to our ability to utilize net operating loss carryforwards as well as research and development tax credit carryforwards to offset future taxable income.
- We may require additional capital to support business growth, which might not be available.
- Our debt instrument contains affirmative and negative covenants, including financial covenants, that may limit our operating flexibility.
- The market price of our common stock has been and may continue to be highly volatile.
- Loss on remeasurement of our common stock receivable and efforts to enforce the return and cancellation of Forfeited Founder Shares could materially affect our financial results.
- Securities or industry analysts do not publish research or reports about us, or publish negative reports.
- Our business operations are vulnerable to disruption due to natural or other disasters.

Risks Related to Our Restatement and Internal Controls

Material weaknesses in our internal control over financial reporting, which contributed to the previously disclosed restatement of our prior period financial statements, expose us to significant risks and uncertainties.

As disclosed in Part I, Item 4 “Controls and Procedures”, of this Quarterly Report on Form 10-Q, material weaknesses in our internal control over financial reporting contributed to the restatement of our consolidated financial statements for the annual periods ended December 31, 2022 and 2023, and the quarterly periods included in such fiscal years beginning with the second quarter of 2022, and for the quarterly periods as of and for the periods ended March 31, 2024 and June 30, 2024.

The material weaknesses will not be considered remediated until management completes the design and implementation of corrective measures, the controls operate for a sufficient period of time, and we have concluded, through testing, that these controls are operating effectively. As detailed in Part I, Item 4 “Controls and Procedures”, of this Quarterly Report on Form 10-Q, we are working to remediate the material weaknesses, and at this time, we cannot predict the success of our remediation efforts or the outcome of our assessment of such efforts. Further, such remediation efforts may be difficult, time consuming and involve substantial costs, which could adversely affect our business, results of operations and financial condition. We can give no assurance that our efforts will remediate these material weaknesses in our internal control over financial reporting, or that additional material weaknesses will not be identified in the future. The

effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If we are unable to remediate the material weaknesses, our ability to record, process, and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and regulations of the SEC, could continue to be adversely affected which, in turn, may result in future misstatements, revisions, and/or restatements or adversely affect our reputation and business and the trading price of our common stock. In addition, any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, which could further result in loss of investor confidence, a decline in the price of our common stock, delisting of our securities, harm to our reputation and financial condition and/or diversion of financial and management resources from the operation of our business.

Risks Related to Our Business and Operations

We have a history of losses. We have not been profitable historically and may not achieve or maintain profitability in the future.

We have a history of losses. We have incurred net losses of $29.9 million and $44.0 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $417.7 million. Our ability to forecast our future operating results is subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from expectations, our business could suffer, and the trading price of our stock may decline.

We are not certain whether or when we will obtain a high enough volume of sales of our products to sustain or increase our growth or achieve or maintain profitability in the future. We expect our costs to increase in future periods, which could negatively affect our future operating results if our revenue does not increase. In particular, we expect to continue to expend substantial financial and other resources on:

- research and development related to our products, including investments in expanding our research and development team;
- sales and marketing, including a significant expansion of our sales organization, both direct and through reseller partners;
- continued expansion of our business into new and adjacent vertical markets and the launch of new product offerings; and
- general administration expenses, including legal and accounting expenses related to being a public company and transitioning to large accelerated filer status and remediation of our material weaknesses.

These investments may not result in increased revenue or growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position, and results of operations will be harmed, and we may not be able to achieve or maintain profitability over the long term. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed.

Our operating results may fluctuate for a variety of reasons, including our failure to close large volume opportunity customer sales.

A meaningful portion of our revenue is generated by product sales to new customers and sales of additional products to existing customers. The timing of certain large volume opportunities can impact our results from quarter to quarter. In addition, the sales cycle can last several months from initial engagement to contract negotiation and execution, culminating in delivery of our products to our customers, and this sales cycle can be even longer, less predictable and more resource-intensive for both larger volume sales as well as sales to customers in certain market segments. Customers may also require additional internal approvals or seek to pilot our products for a longer trial period before deciding to purchase

our solutions. As a result, the timing of individual sales can be difficult to predict. In some cases, sales have occurred in a quarter subsequent to when anticipated, or have not occurred at all, which can significantly impact our quarterly financial results and make it more difficult to meet market expectations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Results of Operations — Revenue.*"

We also regularly assess our sales and fulfillment models to ensure they align with customer preferences, operational scalability, and long-term business objectives. We expect our revenue, gross profit, gross margin, and overall profitability in any given fiscal period to be influenced by customer demand for our various sales and fulfillment models as well as any future strategic management decisions affecting our sales and fulfillment models that may result from such assessments. Any failure to successfully adjust to changes in customer demand for our various sales and fulfillment models or implement strategic decisions relating to these models could have a material adverse impact on our financial results.

In addition to the sales cycle- and sales model-related fluctuations noted above, our financial results, including our billings and deferred revenue, may continue to vary from period to period as a result of numerous factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract and retain new customers;
- our ability to sell additional Evolv products to existing customers;
- unforeseen changes or delays in our supply chain or third-party manufacturing partners;
- our ability to expand into adjacent and complementary markets;
- changes in customer or reseller partner requirements or market needs;
- changes in the growth rate of the next-generation security screening market;
- the timing and success of new product introductions by us or our competitors, or any other change in the competitive landscape of the next-generation security screening market, including consolidation among our customers or competitors or significant price competition;
- a disruption in, or termination of, any of our relationships with reseller partners;
- our ability to successfully expand our business globally;
- reductions in customer retention rates, especially at subscription term expiration;
- changes in our pricing policies or those of our competitors;
- changes in financial markets or macroeconomic conditions, including, for example, due to the effects of recessionary trends, slow economic growth, political elections, or changes in fiscal, monetary, or trade policy in the U.S. and abroad, inflation and high interest rates, fuel prices, international currency fluctuations, tariffs, trade restrictions, corruption, political instability, continuing social concerns and divisions in the U.S. and abroad, acts of war, including the conflicts in Europe and the Middle East, and acts of terrorism, both domestic and international;
- future accounting pronouncements or changes in our accounting policies or practices;
- the amount and timing of our operating costs, including cost of goods sold;
- the impact of any pandemic, epidemic, or future outbreak of disease or similar public health concern on our existing and new customers, partners, employees, and supply chain; and
- increases or decreases in our revenue and expenses caused by fluctuations in foreign currency exchange rates.

Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other operating results from period to period. These fluctuations could result in our failure to meet our operating plan

or the expectations of investors or analysts for any period. If we fail to meet such expectations for these or other reasons, the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

If we fail to maintain successful relationships with our reseller partners, or if our partners fail to perform, our ability to market, sell and distribute our products will be limited.

In addition to our direct sales force, we rely on our reseller partners to sell our products. We expect to continue to focus on generating sales to new and existing customers through our reseller partners as a part of our growth strategy. These partners may not be successful in marketing, selling, and supporting our products.

If we are unable to develop and maintain effective sales incentive programs for our third-party reseller partners, we may not be able to incentivize these partners to sell our products to customers and, in particular, to high profile public and private venues and institutions. Our agreements with our reseller partners are generally non-exclusive and these partners may also market, sell and support products that are competitive with us and may devote more resources to the marketing, sales and support of such competitive products. These partners may have incentives to promote our competitors' products to the detriment of ours or may cease selling our products altogether. Our reseller partners may cease or de-emphasize the marketing of our products with limited or no notice and with little or no penalty. Our agreements with our reseller partners may generally be terminated for any reason by either party with advance notice prior to each annual renewal date. It cannot be certain that we will retain these reseller partners or that we will be able to secure additional or replacement reseller partners. The loss of one or more of our significant reseller partners or a decline in the number or size of orders from them could harm our operating results. In addition, any new reseller partner requires extensive training and may take several months or more to achieve productivity. Our reseller partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our reseller partners misrepresent the functionality of our products, subscriptions or services to customers, or violate laws or our corporate and marketing policies.

If we fail to effectively manage our existing resellers, or if our reseller partners are unsuccessful in fulfilling the orders for our products, or if we are unable to enter into arrangements with, and retain a sufficient number of, high quality reseller partners in each of the regions in which we sell products and keep them motivated to sell our products, our ability to sell our products and operating results will be harmed. The termination of our relationship with any significant reseller partner may also adversely impact our sales and operating results.

Increases in component costs, long lead times, supply shortages, supply changes, tariffs, and trade restrictions could disrupt our supply chain and have an adverse effect on our business, financial condition, and operating results.

We acquire certain of our materials, which are critical to the ongoing operation and future growth of our business, from several third parties, both foreign and domestic. Generally, our third-party contract manufacturers contract directly with component suppliers, and we rely on our contract manufacturers to manage their supply chains. Our contract manufacturers have experienced, and may in the future experience, supply chain disruptions as a result of health crises, geopolitical tensions, trade restrictions, as well as other global economic impacts or other changes in macroeconomic trends. In the event our contract manufacturers are unable to adequately manage their supply chain or our relationships with our contract manufacturers terminate or are restricted, we could experience delays, which could negatively impact our business, customer relationships, and margins. We also source some materials and components directly from suppliers. While most components and materials for our products are available from multiple suppliers, certain of those items are only available from limited or sole sources. Should any of these suppliers become unavailable or inadequate, or impose terms unacceptable to us, such as increased pricing terms, we could be required to spend a significant amount of time and expense to develop alternate sources of supply, and may not be successful in doing so on terms acceptable to us, or at all. In addition, global acceleration in the adoption of AI technologies has increased worldwide demand for semiconductor components, including memory and computer components, which has strained manufacturing capacity and supplier availability and may exacerbate existing supply shortages, lead times, allocation practices, and cost volatility affecting components used in our products.

Recent changes and uncertainty in U.S. trade policy, including judicial, legislative, and executive actions, have created significant uncertainty with respect to the imposition, scope, and duration of tariffs and other trade restrictions. New tariffs, duties, trade restrictions or taxes could be imposed, expanded, modified, or withdrawn under existing or future statutory authorities, as a result of congressional action, trade negotiations, or retaliatory measures by foreign governments. Increased trade restrictions, tariffs or taxes on imports or exports relating to countries where we manufacture, source, or sell materials or products, could have a material adverse effect on our business and financial results. If we cannot find ways

to mitigate the potential impacts from tariffs or trade restrictions successfully or in a timely manner, including through pricing actions, sourcing changes or other measures, these additional tariffs and policies could have a significant impact on our business and results of operations.

Delays in production, increases in prices charged or the loss of a limited or sole source supplier could have an adverse effect on our business, financial condition and operating results.

We depend on our third-party contract manufacturers for the production of our security screening systems. While there are several potential contract manufacturers for most of these products, all our systems are currently manufactured, assembled, tested, and packaged by Columbia Tech or Plexus. On November 5, 2025, we entered into a non-exclusive contract manufacturing agreement with Plexus which we expect will help us diversify contract manufacturers. While we anticipate reduced product costs and improved gross margin over time, such results may not materialize. Working with a new supplier involves various inherent risks that could adversely affect our production capacity and product quality, and negatively impact revenue, gross profits and field service costs.

In most cases, we rely on contract manufacturers to procure components and, in some cases, provide manufacturing engineering work. Our current and future reliance on these contract manufacturers involves several risks, including:

- unexpected increases in manufacturing and repair costs;
- inability to control the quality and reliability of finished systems;
- inability to control delivery schedules;
- potential liability for expenses incurred by the third-party contract manufacturer in reliance on our forecasts that later prove to be inaccurate;
- potential lack of adequate capacity to manufacture all components or parts of the products we require;
- potential labor unrest or unavailability affecting the ability of the third-party manufacturers to produce our systems;
- the occurrence of unforeseen force majeure events affecting the third-party manufacturer.

We also use a third-party contract manufacturer located in Massachusetts and the U.K. as a second source for the production of a key sensor component used in our security screening systems. If our third-party contract manufacturers experience a delay, disruption, or quality control problems in their operations or if the third-party contract manufacturers do not renew or terminate our agreement with them, our operations could be significantly disrupted and our product shipments could be delayed. Qualifying new manufacturers and commencing volume production is expensive and time consuming. Ensuring that a contract manufacturer is qualified to manufacture our products or components to our standards is time consuming. In addition, if our contract manufacturers cannot scale their production of our products or components at the volumes and in the quality that we require, we may have to move production for the products or components to a new or existing third-party manufacturer, which would take significant effort and our business, results of operations and financial condition could be materially and adversely affected.

As we contemplate moving manufacturing into different jurisdictions, we may be subject to additional and significant challenges in ensuring that quality, processes, and costs, among other issues, are consistent with our expectations. For example, we may not be able to collect reimbursements from our third-party contract manufacturers for penalties assessed on us because of excessive failures of products or warranty claims, which causes us to take on additional risk for potential failures of our products. Additionally, the benefits of diversifying contract manufacturers may not materialize and any such transition involves inherent onboarding risks and potential shifts in pricing dynamics and cost allocations.

Defects and poor quality which require rework, replacement parts or systems and associated costs of service could have an adverse effect on our business and results of operations.

We may experience defects or quality issues in our products or components, including those manufactured by third-party suppliers. Such defects or quality issues could require rework, repairs, replacement parts or systems, or additional service and support efforts. These issues could result in increased costs, including warranty and service expenses, delays in product delivery, and potential customer dissatisfaction or reputational harm. If such defects or quality issues are significant or recurring, they could adversely affect our business and results of operations.

We recognize a substantial portion of our revenue ratably over the term of our agreements with customers and, as a result, downturns or upturns in sales may not be immediately reflected in our operating results.

We recognize a substantial portion of our revenue ratably over the terms of our agreements with customers, which generally occurs over a four-year period. As a result, a substantial portion of the revenue that we report in each period will be derived from the recognition of deferred revenue relating to agreements entered into during previous periods. Consequently, a decline in new sales or renewals in any one period may not be immediately reflected in our revenue results for that period. This decline, however, would negatively affect our revenue in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of our products, and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our model also makes it difficult to rapidly increase our revenue through additional sales in any period, as revenue from new customers generally will be recognized over the term of the applicable agreement.

We also intend to make strategic investments in research and development, sales and marketing, and general and administrative functions and other areas to grow our business. These costs are generally expensed as incurred (with the exception of sales commissions), as compared to our revenue, a substantial portion of which is recognized ratably in future periods. We are likely to recognize the costs associated with these increased investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our operating results.

If we are unable to compete effectively with new entrants and other potential competitors, our sales and profitability could be adversely affected.

The sales prices for our products and services may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products and services, anticipation of the introduction of new products or promotional programs. Competition continues to increase in the market segments in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of our products that compete with theirs or may bundle them with other products and services. Further, if we are not able to maintain and enhance our brand or reputation as an industry leader, our business and operating results may be adversely affected. Additionally, currency fluctuations in certain countries and regions may negatively impact prices that partners and customers are willing to pay in those countries and regions. We cannot be certain that we will be successful in developing and introducing new products with enhanced functionality on a timely basis, or that our new product offerings, if introduced, will enable us to maintain our prices and gross profits at levels that will allow us to maintain positive gross margins and achieve profitability.

A portion of our revenue is generated by sales to government entities and such sales are subject to a number of challenges and risks.

Selling to government entities can be highly competitive, expensive, and time-consuming, and often requires significant upfront time investment and expense without any assurance of winning a sales contract. Government demand and payment for our solutions may also be impacted by changes in fiscal or contracting policies, changes in government programs or applicable requirements, lapses or changes in appropriations, the adoption of new laws or regulations or changes to existing laws or regulations, public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions. Accordingly, increasing sales of our products to government entities may be more challenging than selling to commercial organizations, especially given extensive certification, compliance, clearance, and security requirements. U.S. government contracts generally permit the government to terminate the contract without prior notice, at the government's convenience. Government agencies may also have statutory, contractual, or other legal rights to terminate contracts with us or reseller partners for cause, irrespective of our performance. Sales to the US government and its contractors, as well as foreign military and government customers, either directly or as a subcontractor to other contractors, often use a competitive bidding process and have unique purchasing and delivery requirements, which often makes the timing of sales to these customers unpredictable. Further, in the course of providing our solutions to government entities, our employees and those of our reseller partners may be exposed to

sensitive government information. Any failure by us or our reseller partners to safeguard and maintain the confidentiality of such information could subject us to liability and reputational harm, which could materially and adversely affect our results of operations and financial performance. Governments routinely investigate and audit government contractors' administrative processes, and maintaining compliance with government regulations, including audit requirements, could require us to put in place controls and procedures to monitor compliance with applicable regulations that may be costly or burdensome to implement. Any unfavorable audit may cause the government to shift away from our solutions and may result in a reduction of revenue, fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely impact our results of operations.

We could lose customers and revenue if there are changes in the spending policies or budget priorities for government funding of colleges, universities, K-12 schools and other education providers.

Our customers include colleges, universities, K-12 schools and other education providers, many of which depend substantially on government funding. Accordingly, any general decrease, delay or change in federal, state or local funding for colleges, universities, schools and other education providers could cause our current and potential customers to reduce their purchases of our products, or decide not to renew their subscriptions, any of which could cause us to lose customers and revenue.

We may acquire or invest in other companies or technologies in the future, which could divert management's attention, fail to meet our expectations, result in additional dilution to our stockholders, increase expenses, disrupt our operations or otherwise harm our operating results.

We may in the future acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses related to identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. Even if they are consummated, we may not be able to fully realize the anticipated benefits of any future acquisitions or anticipated benefits may not transpire.

There are inherent risks in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations, products, services, and technologies successfully or effectively manage the combined business following the acquisition and our management may be distracted from operating our business. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including, without limitation:

- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs, which would be recognized as a current period expense;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- inability to maintain relationships with customers and partners of the acquired business;
- difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- delays in customer purchases due to uncertainty related to any acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business and diversion of management and employee resources;
- inability to recognize acquired deferred revenue in accordance with our revenue recognition policies; and
- use of substantial portions of our available cash and equity or the incurrence of debt to consummate the acquisition.

Acquisitions also increase the risk of unforeseen legal liability, including potential shareholder suits or potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process or new regulatory restrictions at the federal, state, or local levels. Generally, if an acquired business fails to meet our expectations, our operating results, business, and financial condition may suffer. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, results of operations and financial condition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not ultimately yield expected returns, we may be required to take charges to our operating results based on our impairment assessment process, which could harm our results of operations.

Risks Related to Our Industry and Products

If our products fail or are perceived to fail to detect threats such as a firearm or other potential weapon or explosive device, or if our products contain undetected errors or defects, this could have an adverse effect on our business and results of operations.

If our products fail or are perceived to fail to detect and prevent attacks or if our products fail to identify and respond to new and increasingly complex and unpredictable methods of attacks, our business and reputation may suffer. There is no guarantee that our products will detect and prevent all attacks, especially in light of the rapidly changing security landscape to which we must respond, as well as unique factors that may be present in our customers' operating environments. Additionally, our products may falsely detect items that do not actually represent threats. These false positives may impair the perceived reliability of our products and may therefore adversely impact market acceptance of our products, which could, in turn, result in negative publicity and damage to our brand and reputation, loss of customers and sales, and increased costs to remedy any problem.

Our products, which are complex, may also contain undetected errors or defects when first introduced or as new versions are released. We have experienced these errors or defects in the past in connection with new products and product upgrades. We expect that these errors or defects will be found from time to time in the future in new or enhanced products after commercial release. Defects may result in increased vulnerability to attacks, cause our products to fail to detect security threats, or temporarily interrupt our products' ability to screen visitors in a customer's location. Any errors, defects, disruptions in service or other performance problems with our products may damage our customers' business and could harm our reputation. If our products fail to detect security threats for any reason, including failures due to customer personnel or security processes, it may result in significant costs, the attention of our key personnel could be diverted and our customers may delay or withhold payment to us, elect not to renew or cause other significant customer relations problems to arise.

We may also be subject to liability claims for damages related to errors or defects in our products. For example, if our products fail to detect weapons or explosive devices that can be used to cause casualties at a high profile, public venue, we could incur financial damages and our reputation could also be significantly harmed. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our products may harm our business and operating results. The limitation of liability provisions in our terms and conditions of sale may not fully or effectively protect us from claims as a result of federal, state, or local laws or ordinances, or unfavorable judicial decisions in the U.S. or other countries. The sale and support of our products also entails the risk of product liability claims. Our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation, divert or distract management's time and other resources, and harm our business and reputation.

If our customers are unable to implement our products successfully, or if we fail to effectively assist our customers in installing our products and provide effective ongoing support and training, customer perceptions of our products may be impaired, or our reputation and brand may suffer.

Our products are deployed in a wide variety of indoor and outdoor environments, including large venues with multiple entry points. Some of our customers have experienced difficulties implementing our products in the past and may experience implementation difficulties in the future. If our customers are unable to implement our products successfully, customer perceptions of our products may be impaired, or our reputation and brand may suffer.

Any failure by our customers to appropriately implement our products or any failure of our products to effectively integrate and operate within our customers' operating environments could result in customer dissatisfaction, impact the perceived reliability of our products, result in negative press coverage, negatively affect our reputation, and harm our financial results.

Successful deployment and operation of our products depend on the knowledge and skill of the customer security personnel or implementation contractors charged with setting up, configuring, monitoring, and troubleshooting the equipment in their own environment. Many of our customers experience relatively high turnover in their security personnel, creating opportunities for knowledge and skill gaps that can result, and have resulted, in configuration, sensitivity setting, or operational errors that allow prohibited threats into customer facilities. In these situations, customers can perceive, and have perceived, that our products have failed to perform as designed until and unless we have been able to demonstrate otherwise. We or our implementation partners may not successfully isolate and identify failures due to customer error in the future, and this could result in customer dissatisfaction, impact the perceived reliability of our products, result in negative press coverage, negatively affect our reputation, and harm our financial results.

Our customers depend in large part on customer support delivered by us to resolve issues relating to the use of our products. However, even with our support, our customers are ultimately responsible for effectively using our products and ensuring that their staff is properly trained in the use of our products. The failure of our customers to correctly use our products, or our failure to effectively assist customers in installing our products and provide effective ongoing support and training, may result in an increase in the vulnerability of our customers' facilities and visitors to security threats. It can take significant time and resources to recruit, hire and train qualified technical support and service employees and contractors. We may not be able to keep up with demand, particularly if the sales of our products exceed our internal forecasts. To the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide adequate and timely support to our customers may be negatively impacted, and our customers' satisfaction with our products may be adversely affected. Additionally, in unusual circumstances, if we needed to rely on our sales engineers to provide post-sales support while growing our service organization, our sales productivity may be negatively impacted. Accordingly, any failure by us to provide satisfactory maintenance and technical support services could have a material and adverse effect on our business and results of operations.

We face the risk of losing recurring revenue and forecasting certainty if customers choose not to continue their subscriptions following their initial subscription term, whether by renewing on their existing equipment or entering into a new subscription in connection with an upgrade to new equipment, or if renewal terms result in lower revenue than expiring agreements, and significant losses if returned systems cannot be profitably redeployed.

Our customer agreements typically include an initial subscription term of approximately four years, and our customers have no obligation to renew their subscriptions after the expiration of that period. Following the initial term, customers typically either renew their subscription for a shorter term, generally two years, on their existing equipment, or enter into a new subscription term, generally four years, in connection with an upgrade to new equipment. We cannot assure that renewal rates will continue to remain high, or that customers will renew their subscriptions at the same prices, on the same terms, or for the same level of products, solutions, or number of units. Customers may also elect not to renew their subscriptions at all. Any such non-renewals or renewals on less favorable terms could adversely affect our recurring revenue, our ability to forecast future results, and our overall financial performance. Even when we successfully renew customer contracts, the revenue associated with the renewal may be lower than the expiring rate, which could result in a loss of recurring revenue. In addition, because renewals on existing equipment are generally shorter in duration than initial terms, we may have less visibility into future recurring revenue and may need to renew a larger share of our customer base more frequently. Because a decline in new or renewed subscription contracts in any single quarter may only have a modest immediate impact on revenue recognized in that quarter, the negative effects of reduced renewal activity may be more pronounced in future periods.

In recent years, we have experienced significant growth in both customers and units under subscription. As an increasing number of customers reach the end of their initial subscription terms, renewals have become an increasingly important driver of our recurring revenue and operating results. We have limited historical experience managing renewals at the current and growing scale of our customer base. As a result, we face increased exposure to customer or unit churn, including customers electing not to renew subscriptions, renewing fewer subscribed units, or renewing on terms that generate lower recurring revenue. Increased churn or lower renewal rates could adversely affect our recurring revenue, forecasting certainty, and overall financial performance, with impacts that may become more pronounced in future periods.

In addition, some customers may choose not to renew their existing subscriptions and instead upgrade to our latest product offerings under a new subscription term, which may result in the return of prior-generation systems. While we expect to refurbish and redeploy the majority of returned systems, our ability to do so depends on market demand, which is still emerging and not proven at scale, refurbishment economics, and operational execution. If returned systems cannot be redeployed on favorable terms or at all, we may incur non-cash losses for the impairment of the value of such assets, which could adversely affect our business, financial condition, and results of operations.

The loss of designation of our Evolv Express system as a Qualified Anti-Terrorism Technology under the Homeland Security SAFETY Act could result in adverse reputational and financial consequences.

Our Evolv Express system has been awarded the DHS SAFETY Act Designation as a Qualified Anti-Terrorism Technology. Any amendments or interpretive guidance related to the SAFETY Act may affect our ability to retain our SAFETY Act Designation, may increase the costs of compliance, and/or may negatively impact our ability to attract new customers. The SAFETY Act Designation provides us with certain liability protections for claims relating to, arising out of or resulting from an act of terrorism, and the loss of these protections could materially impact our risk and our business. Because we view our SAFETY Act Designation as a differentiating factor among our industry peers, if laws and regulations change relating to the SAFETY Act or if we fail to comply with the SAFETY Act's requirements, our business, financial condition, results of operations, customer retention and stock price could be materially and adversely affected.

The AI-based weapons detection for security screening market is new and evolving and may not grow as expected or may develop more slowly or differently than we expect.

We believe our future success will depend in large part on the growth in the market for AI-based weapons detection for security screening solutions. This market is new and evolving, and as such, it is difficult to predict important market trends. To date, enterprise and corporate security budgets have allocated a majority of dollars to conventional security solutions, such as lower priced walk-through metal detectors. Organizations that use these security products may be satisfied with them or slow to adapt to technological advances and, as a result, these organizations may not adopt our solutions in addition to, or in lieu of, security products they currently use.

Further, sophisticated attackers are skilled at adapting to new technologies and developing new methods of breaching organizations' security systems, and changes in the nature of security threats could result in a shift in budgets away from products such as ours. In addition, while recent high visibility attacks at publicly and privately-owned venues and schools have increased market awareness of mass shootings, terrorist, or other attacks, if such attacks were to decline, or enterprises or governments perceived that the general level of attacks has declined, our ability to attract new customers and expand our sales to existing customers could be materially and adversely affected. If products such as ours are not viewed by organizations as necessary, or if customers do not recognize the benefit of our products as a critical element of an effective security strategy, our revenue may not grow as quickly as expected, or may decline, and the trading price of our stock could suffer.

In addition, it is difficult to predict customer adoption and retention rates, customer demand for our products, the size and growth rate of the market for AI-based weapons detection for security screening, the entry of competitive products, or the success of existing competitive products. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our products and those of our competitors. If these products do not achieve widespread adoption or there is a reduction in demand for products in our market caused by a lack of customer acceptance, technological challenges, regulatory restrictions, competing technologies or products, decreases in corporate spending, weakening economic conditions or otherwise, it could result in reduced customer orders, early terminations, reduced customer retention rates or decreased revenue, any of which would adversely affect our business operations and financial results.

We use AI and machine learning in our development process and in our AI-based weapon detection products, which could present risks and challenges to our business.

We use machine learning technologies and artificial intelligence ("AI"), including generative AI, in the development and operation of our AI-based weapons detection products for security screening. There are significant risks involved in developing, maintaining, and deploying AI and machine learning technologies and there can be no assurance that the usage of such technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. Furthermore, the rapid pace of AI development may require the continued investment of significant resources for us to remain competitive, and we may not receive commensurate returns if we are not successful

in achieving the outcomes we expect, either on the timelines we expect or at all. In addition, our competitors may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

Some uses of AI pose emerging ethical issues and present a number of risks that cannot be fully mitigated. Using AI while the technology is still developing may expose us to additional liability, reputational harm and threats of litigation, in particular, if these AI or machine learning models are incorrectly designed, developed or implemented, produce errors, AI bias, discrimination or AI hallucinations, result in intellectual property infringement or misappropriation or are adversely impacted by unforeseen defects, technical challenges, open source software issues, data privacy issues, cybersecurity threats, material performance issues, or otherwise do not function as intended. For example, AI technologies are highly reliant on the collection and analysis of large amounts of data, which may be overbroad, incomplete, inadequate, inaccurate, biased, or otherwise of poor quality. The accuracy of these data inputs and their subsequent effects on the outputs of AI technologies cannot always be verified, potentially leading to outputs that incorporate or are based on inaccurate or erroneous information. If any of the foregoing were to occur, the performance of our products, services, and business, as well as our reputation and the reputations of our customers, could suffer or we could be subject to claims (including product liability claims), litigation (including class actions) or incur liability.

Because AI is a developing technology, legal frameworks for AI governance are unsettled, quickly developing, and unpredictable. The use of AI could also lead to legal and regulatory investigations and enforcement actions, or may give rise to specific obligations, including required notices, consents and opt-outs, under various data privacy, protection and cybersecurity laws and regulations in a number of jurisdictions. Further, there is no assurance that new laws and regulations will not restrict the ways we can use the AI we have adopted, including by limiting or changing global AI adoption trends that may impede our strategy. Moreover, regulations relating to AI technologies may also impose certain obligations on organizations, and the costs of monitoring and responding to such regulations, as well as the consequences of non-compliance, could have an adverse effect on our operations or financial condition. Unfavorable legal and regulatory developments could also impact our vendors, suppliers and industry as a whole, and we may be exposed to increased risk of liability, reputational harm, and other significant costs if we need to make business and operational changes in response to such developments.

In particular, many U.S. federal, state, and foreign government bodies and agencies have introduced, and are currently considering, additional laws and regulations, including related to the development and integration of AI, machine learning, and additional emerging data technologies while mitigating or controlling for bias and discrimination in the context of AI and machine learning. For example, in the U.S., while the White House signed an Executive Order Removing Barriers to American Leadership in Artificial Intelligence which prioritizes deregulation, several states are considering enacting or have already enacted regulations concerning the use of AI technologies. These include the California Generative Artificial Intelligence: Training Data Transparency Act, the Utah Artificial Intelligence Consumer Protection Amendments, the updated California Consumer Privacy Act and the Colorado Consumer Protections for Artificial Intelligence Act (effective June 30, 2026). Furthermore, in Europe, the Artificial Intelligence Act ("EU AI Act"), which entered into force on August 1, 2024, provides rights and duties designed to ensure the safe and ethical deployment of AI. The EU AI Act categorizes AI systems based on their level of risk, prohibiting certain uses of AI, introduces strict requirements for high-risk AI applications (which provisions apply from August 2, 2027), and includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security and accuracy and introduces significant fines for non-compliance. In addition, AI regulations may require us to conduct complex impact assessments, risk evaluations or other compliance reviews and audits prior to deploying AI tools for certain high-risk applications, including automated decision-making that affects individuals, and may also require us to disclose information regarding data sets used to train AI tools or regarding users who are interacting with AI or to obtain consents or provide opt-out rights to individuals. We will likely incur additional expenses and costs associated with complying with existing and evolving laws, as well as face heightened potential liability if we are unable to comply with such laws. While we strive to minimize any physical bias in our product's identification of threats because our product's AI does not process or analyze an individual's physical characteristics, we may not be able to identify such issues in advance, or if identified, we may not be able to identify mechanisms for effectively mitigating such issues.

Our failure, or perceived failure, to comply fully with developing interpretations of AI laws and regulations or meet evolving and varied stakeholder expectations and industry standards, could harm our business, reputation, financial condition and results of operations. See – *"We are subject to government regulation and other legal obligations, particularly related to privacy, data protection, information security, and product marketing and our actual or perceived failure to comply with such obligations could harm our business."*

Further, our ability to continue to develop or use such technologies may be dependent on access to specific third-party software and infrastructure, such as processing hardware or third-party AI models, and we cannot control the availability or pricing of such third party software and infrastructure, especially in a highly competitive environment. In addition, market acceptance and consumer perceptions of AI and machine learning technologies are uncertain. Further, our usage of open source AI technologies may lead to compliance issues, obligations to disclose the source code of our software, and security risks. See – *"Our use of "open source" software could subject our proprietary software to certain disclosure obligations, expose us to security risks, and negatively affect our ability to offer our products and subject us to possible litigation."*

A number of aspects of intellectual property protection in the field of AI and machine learning are currently under development, and there is uncertainty and ongoing litigation in different jurisdictions as to the degree and extent of protection warranted for the output of AI and machine learning systems. See – "*Our intellectual property rights are valuable and any inability to protect our proprietary technology and intellectual property rights could substantially harm our business and operating results.*"

Our expansion into international markets exposes us to additional operational, regulatory, and compliance risks that could adversely affect our business.

As we pursue opportunities to expand our business outside of the United States, we will become subject to additional risks and uncertainties inherent in international operations. Selling, deploying, and supporting our security screening systems in foreign jurisdictions may require us to comply with local product certification regimes, import and export controls, cybersecurity requirements, government procurement rules, and other regulatory frameworks that differ substantially from those in the U.S. Some countries impose stringent testing, safety, or security-technology approvals before products similar to ours may be marketed or deployed, and obtaining these approvals can be costly, time-consuming, or ultimately unsuccessful. We may also be required to modify our products to meet local technical, privacy, data handling, or operational standards, and such modifications may increase our costs or impair product performance.

International expansion also exposes us to increased compliance obligations under foreign data protection, privacy, and AI-related laws, many of which are more restrictive or impose greater penalties than comparable U.S. laws. For example, certain jurisdictions impose limitations on the cross-border transfer, localization, or processing of personal data, and compliance with these rules may require significant investment in technical or organizational measures or the establishment of local infrastructure. Additionally, enforcement of anti-corruption, antibribery, and trade sanction laws may present heightened risks as we engage foreign distributors, resellers, installers, and agents. If these third parties fail to comply with applicable laws or our policies, we could be subject to regulatory inquiries, penalties, or reputational harm.

Further, international operations may involve greater operational challenges, including foreign currency fluctuations, longer sales cycles, local business practices that differ from those of U.S. markets, increased costs related to global logistics and supply chains, and geopolitical instability. If we are unable to manage these risks effectively, or if international demand for our products does not develop as anticipated, our ability to successfully expand outside the U.S. could be limited, and our business, financial condition, and results of operations could be adversely affected. In addition, expansion into foreign jurisdictions introduces tax compliance exposure, as differing and evolving international tax regimes, audit practices, and standards may result in unexpected liabilities, penalties, or requirements to collect and remit taxes in markets where we have not historically done so.

Our growth potential outside the U.S. may be limited or vary due to differences in security threats, customer perceptions, regulatory environments, and international market dynamics, as well as our own expansion and investment priorities.

While our immediate focus is on the U.S. market, our long-term growth prospects depend in part on international expansion. Customer demand for AI-based weapons detection systems varies significantly by country and is influenced by factors such as the nature of security threats, cultural attitudes toward security screening, regulatory frameworks, and whether firearms and weapons-related risks are perceived to be sufficiently prevalent in public venues to justify adoption of our solutions. If customers in other countries do not perceive these risks to warrant the purchase of our products, we may be unable to establish a meaningful business outside the U.S., which could limit our long-term revenue growth potential. As a result, our international expansion efforts are expected to be selective and measured, and we may prioritize investment in markets where customer demand, regulatory frameworks, and perceived security threats align most closely with our solutions, while continuing to direct a substantial portion of our resources toward domestic priorities.

If we do not successfully anticipate market needs and enhance our existing products or develop new products that meet those needs on a timely basis, we may not be able to compete effectively and our ability to generate revenues will suffer.

Our customers face evolving security risks that require them to adapt to increasingly complex infrastructures that incorporate a variety of security solutions. We face significant challenges in ensuring that our products effectively identify and respond to these security risks without disrupting the performance of our customers' infrastructures. As a result, we must continually modify and improve our products in response to changes in our customers' infrastructures.

We cannot guarantee that we will be able to anticipate future market needs and opportunities or be able to develop product enhancements or new products to meet such needs or opportunities in a timely manner, if at all. There can be no assurance that enhancements or new products will achieve widespread market acceptance.

New products, as well as enhancements to our existing products, could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing new products or product enhancements;
- failure to accurately predict market demand and to supply products that meet this demand in a timely fashion;
- inability to protect against new types of attacks or techniques used by terrorists or other threat sources;
- defects in our products, errors or failures of our products;
- negative publicity or perceptions about the performance or effectiveness of our products;
- introduction or anticipated introduction of competing products by our competitors;
- installation, configuration, sensitivity setting, or usage errors by our customers; and
- easing or changing of regulatory requirements at the federal, state, and/or local levels related to security or other aspects of our business.

If we fail to anticipate market requirements or fail to develop and introduce product enhancements or new products to meet those needs in a timely manner, it could cause us to lose existing customers and prevent us from gaining new customers, which would significantly harm our business, financial condition, and results of operations.

While we continue to invest significant resources in research and development to enable our products to continue to address the security risks that our customers face, the introduction of products embodying new technologies could also render our existing products or services obsolete or less attractive to customers. If we spend significant time and effort on research and development and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

We incorporate technology and components from third parties into our products, and our inability to obtain or maintain rights to the technology could harm our business.

We have incorporated, and may in the future incorporate, technology and components from third parties into our products. We cannot be certain that our suppliers and licensors are not infringing the intellectual property rights of third parties or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may sell our products. We may not be able to rely on indemnification obligations of third parties, to the extent they offer them. If our implementation or ongoing use of such technology is limited because of intellectual property infringement claims brought by third parties against our suppliers or licensors or against us, or if we are unable to continue to obtain such technology or enter into new agreements therefor on commercially reasonable terms, our ability to develop and sell products, subscriptions, and services containing such technology could be severely limited, and our business could be harmed. Disputes with suppliers, licensors, or intellectual property owners could result in the payment of additional royalties or penalties by us, infringement damages, cancellation or non-renewal of the underlying license or litigation, or require us to indemnify third parties (including our customers). In the event that we cannot renew existing licenses, or enter into new licenses of comparable technology, we may be required to discontinue or limit our use of the operations, products, or offerings that include or incorporate the licensed intellectual property. Any such discontinuation or limitation could have

a material and adverse impact on our business, financial condition, and results of operation. Additionally, if we are unable to obtain necessary technology and components from third parties at all, including certain sole suppliers, we may be forced to acquire or develop alternative technology or components, which may require significant time, cost, and effort and may be of lower quality or performance standards. This could limit or delay our ability to offer new or competitive products and increase our costs of production. If alternative technology or components cannot be obtained or developed, we may not be able to offer certain functionality as part of our products, subscriptions, and services. As a result, our margins, market share and results of operations could be significantly harmed.

Our use of "open source" software could subject our proprietary software to certain disclosure obligations, expose us to security risks, and negatively affect our ability to offer our products and subject us to possible litigation.

We have used "open source" software in connection with the development and deployment of our software products, and we expect to continue to use open source software in the future. Open source software is licensed by its authors or other third parties under open source licenses, which in some instances may subject us to certain unfavorable conditions, including requirements with respect to proprietary software that incorporates, is based on or that links to the open source software, to (i) distribute such software for no cost, (ii) make publicly available all or part of its source code, or (iii) license such software under the terms of the particular open source license. Additionally, the AI technologies used to develop or write software used in our product offerings and operations may be trained on data sets that include open source software or may draw from sources that might subject such software developed using AI technologies to certain license restrictions or other obligations.

Companies that incorporate or use open source software in their products have, from time to time, faced claims challenging the use of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with open source licensing terms. While we monitor our use of open source software and strive to ensure that none is used in a manner that would subject our proprietary software to unfavorable open source license obligations or breach the terms of an open source agreement, we cannot guarantee that we will be successful, or that all open source software used in our products, services, or internal systems will be identified, reviewed, or used in compliance with applicable license terms. Developers may incorporate open source software, including through third-party components or AI-assisted coding tools, that is not detected through our review processes. Further, use of open source AI technologies poses additional risks relating to the underlying training data sets, including an increased risk in intellectual property infringement or non-compliance with open source license terms as a result of such training data sets potentially derived from data sourced without permission or outside the scope of the underlying open source license.

Furthermore, there are an increasing number of open source software license types, almost none of which have been interpreted by U.S. or foreign courts, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. As a result, there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our products and services. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement claims or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, if at all, to re-engineer all or a portion of our products, to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code. Further, in addition to risks related to license requirements, use of certain open source software carries greater technical and legal risks than does the use of third-party commercial software. For example, open source software is generally provided without any support or warranties or other contractual protections regarding infringement or the quality of the code. Additionally, open source software often contains undetected errors or other defects, which could prevent the deployment or impair the functionality of our systems, delay the introduction of new solutions, and injure our reputation. In addition, the public availability of such software may make it easier for others to compromise our products. Moreover, open source software may also contain security vulnerabilities, malware and other exploits, which may render our software and product offerings more vulnerable to breaches or security attacks. Any of the foregoing risks could materially and adversely affect our business, financial condition, and results of operations.

Our business depends on the reliability, availability, and performance of our information technology systems, including key internal enterprise software solutions, and any failure or disruption of these systems could materially and adversely affect our business.

Our operations rely on the performance, availability, scalability, and security of complex information technology systems, including cloud-based and internal infrastructure, third-party service providers, and key enterprise software

solutions that support the management and operation of our business. These systems include platforms used for enterprise risk management, customer relationship management, customer billing and revenue operations, human capital management, financial reporting and controls, analytics, and other internal business functions, as well as customer-facing portals used to operate, monitor, manage, and analyze our products.

These systems are critical to our ability to operate efficiently, manage risk, maintain accurate records, support employees, serve customers, and meet contractual, regulatory, and reporting obligations. Our information technology systems may experience outages, interruptions, performance degradation, or other failures due to software or hardware defects, system capacity constraints, cyber incidents, human error, power or telecommunications failures, natural disasters, or disruptions experienced by third-party service providers, many of which are outside of our direct control.

Any failure or disruption of our internal systems or enterprise software solutions could impair our ability to manage our operations, process transactions accurately and timely, support employees, produce reliable financial information, bill customers, or otherwise operate our business effectively. In addition, failures affecting customer-facing systems could impair service delivery, system visibility, or customer operations.

If we fail to adequately maintain, update, upgrade, enhance, or timely restore our information technology systems, including our internal enterprise platforms and customer-facing portals, we could experience operational inefficiencies, customer dissatisfaction, reputational harm, contractual disputes, regulatory or compliance issues, and loss of revenue, which could materially and adversely affect our business, financial condition, and results of operations.

Our products and operations collect and store personal data about individuals, including our customers, their visitors, and our employees, as well as other proprietary business and confidential information, which exposes us to cybersecurity risks that could result in additional costs and liabilities or inhibit sales of our products.

In the ordinary course of our business, we collect, store and otherwise process personal data about individuals, such as our customers, our customers' visitors and our employees, as well as proprietary business and confidential information and intellectual property of ours and that of our customers. Additionally, we rely on third parties and their security procedures for the storage, processing, maintenance, and transmission of information that is critical to our operations. Remote and hybrid working arrangements also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks.

Cybersecurity threats as well as the tools (including AI) used to breach security safeguards, circumvent security controls, evade detection, and remove forensic evidence, are constantly evolving and may originate from remote areas increasing the difficulty of detecting and successfully defending against them. For instance, cyber criminals or insiders may target us or third parties with which we have business relationships to gain access to data, or in a manner that disrupts our operations or compromises our products or the systems into which our products are integrated. Protecting against such threats may require us to spend additional resources to further strengthen our defenses. In addition, events such as power losses, telecommunications failures, earthquakes, fires and other natural disasters could result in failures of our, or our third-party vendors' systems.

Cybersecurity incidents affecting us or our third-party vendors can vary widely, from errors on the part of our personnel, to uncoordinated individual attempts to gain unauthorized access to information technology ("IT") systems, to sophisticated and targeted measures known as advanced persistent threats. These incidents could be caused by insiders (acting inadvertently or maliciously) or malicious third parties (including nation-states or nation-state supported actors). Attack methods can include sophisticated, targeted methods to circumvent firewalls, encryption, and other security defenses, including hacking, fraud, trickery (such as phishing or social engineering), or other forms of deception. Despite measures designed to prevent, detect, address, and mitigate cybersecurity incidents (including our cybersecurity risk management program and processes, such as our policies, controls, or procedures), we cannot guarantee that such measures will be implemented, complied with or be effective in protecting our systems and information. We or our third-party providers may experience cybersecurity incidents and, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including personal data of our customers, our customers' visitors and our employees) and the disruption of our business operations.

In fact, we and our third-party vendors have experienced, and expect to continue to experience, cyber-attacks, such as through phishing scams and ransomware attempts, and such incidents could have a material adverse impact on our operations or financial condition in the future.

Due to concerns about data security and integrity, a growing number of legislative and regulatory bodies have adopted breach notification and other requirements in the event that information subject to such laws is accessed by unauthorized persons and may continue to adopt additional regulations regarding the use, access, accuracy, and security of such data. For example, in the U.S., we are subject to laws in all states and numerous territories that require notification of a qualifying data breach, which may require us to notify governmental authorities and/or affected individuals of data breaches involving certain personal data or other unauthorized or inadvertent access to or disclosure of such information. These state laws are not uniform and may impose conflicting requirements, and compliance in the event of a widespread data breach may be difficult and costly, and failure to comply with these regulations could subject us to regulatory scrutiny and additional liability. Any actual or perceived security breach could harm our reputation and brand, expose us to potential liability or require us to expend significant resources.

In addition, any actual or alleged security breaches could result in mandated user notifications, litigation (including class actions), government investigations, regulatory action, significant fines, and expenditures; divert management's attention from operations; deter people from using our platform; damage our brand and reputation; and materially and adversely affect our business, results of operations, and financial condition. Defending against claims or litigation based on any security breach or incident, regardless of their merit, would be costly and may cause reputational harm. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers, employees, and business partners. The successful assertion of one or more large claims against us that exceed available insurance coverage, denial of coverage as to any specific claim, or any change or cessation in our insurance policies and coverages, including premium increases or the imposition of large deductible requirements, could have a material adverse effect on our business, results of operations, and financial condition.

Risks Related to Our Human Capital

If we do not effectively expand, train, and retain qualified sales and marketing personnel, we may be unable to acquire new customers or sell additional products to successfully pursue our growth strategy.

We depend significantly on our sales force to attract new customers and expand sales to existing customers. As a result, our ability to grow our revenue depends in part on our success in recruiting, training, and retaining sufficient numbers of sales personnel to support our growth, particularly in the U.S. and, to a more limited extent, internationally. We expect to selectively expand our sales and marketing personnel and may face a number of challenges in achieving our hiring and integration goals. There is intense competition for individuals with sales training and experience. In addition, the training and integration of sales and marketing personnel requires the allocation of significant internal resources. We invest significant time and resources in training new sales force personnel to understand our products, platform, and our growth strategy. Based on our past experience, it may take approximately six to 12 months before a new sales force member operates at target performance levels, depending on their role. However, we may be unable to achieve or maintain our target performance levels with large numbers of new sales personnel as quickly as we have done in the past. Our failure to hire a sufficient number of qualified sales force members and train them to operate at target performance levels may materially and adversely impact our projected growth rate.

We are dependent on the continued services and performance of our senior management and other key employees, as well as on our ability to successfully hire, train, manage, and retain qualified personnel, especially those in sales and marketing and research and development.

Our future performance depends on the continued services and contributions of our senior management, particularly John Kedzierski, our President and Chief Executive Officer, and other key employees to execute on our business plan and to identify and pursue new opportunities and product innovations. We do not maintain keyman insurance for any of our executive officers or key employees. From time to time, there may be changes in our senior management team resulting from the termination or departure of our executive officers and key employees. Our senior management and key employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The loss of the services of our senior management, particularly Mr. Kedzierski and other key employees for any reason could significantly delay or prevent our development or the achievement of our strategic objectives and harm our business, financial condition, and results of operations.

Our ability to successfully pursue our growth strategy will also depend on our ability to attract, motivate, and retain our personnel, especially those in sales and marketing and research and development. We face escalating compensation demands from new and prospective employees, as well as intense competition for these employees from numerous technology, software, and other companies, especially in certain geographic areas in which we operate, and we cannot ensure that we will be able to attract, motivate and/or retain additional qualified employees in the future. If we are unable to attract new employees and retain our current employees, we may not be able to adequately develop and maintain new products, or market our existing products at the same levels as our competitors, which may lead us to lose customers and market share. Our failure to attract and retain personnel, especially those in sales and marketing, research and development, and engineering positions, could have an adverse effect on our ability to execute our business objectives. Even if we are able to identify and recruit a sufficient number of new hires, these new hires will require significant training before they achieve full productivity and they may not become productive as quickly as we would like, or at all. Any of these factors may adversely impact our ability to compete and cause our revenue to decrease and our operating results to suffer.

Risks Related to Our Intellectual Property

Our intellectual property rights are valuable and any inability to protect our proprietary technology and intellectual property rights could substantially harm our business and operating results.

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright, and trade secret laws and contractual protections in the U.S. and other jurisdictions, all of which provide only limited protection and may not now or in the future provide us with a competitive advantage. We maintain a program of identifying technology appropriate for patent protection. Our practice is to require employees and consultants to execute non-disclosure and proprietary rights agreements upon commencement of employment or consulting arrangements. Where applicable, these agreements acknowledge our exclusive ownership of, and assign to us, all intellectual property developed by such individuals or third parties in connection with their work for us and require that all proprietary information disclosed to them by us (or on our behalf) will remain confidential. Such agreements may not be enforceable in full or in part in all jurisdictions and any breach could have a negative effect on our business and our remedy for such breach may be limited. See – *"The measures we take to protect our trade secrets may not adequately prevent disclosure of trade secrets and other proprietary information."*

We own or co-own a number of issued U.S. and foreign patents and have a number of pending or allowed patent applications relating to our products. It cannot be certain that any patents will issue from any patent applications, that patents that issue from such applications will give us the protection that we seek or that any such patents will not be challenged, invalidated, or circumvented. Any patents that may issue in the future from our pending or future patent applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers. Further, our use of AI technologies in connection with the creation or development of intellectual property, including software, may present challenges in asserting ownership over the resulting output given the position of courts and intellectual property offices in the U.S. and in some other jurisdictions that human inventorship is required for patent protection of an AI-generated invention and sufficient human authorship is required for copyright protection of an AI-generated work of authorship. Additionally, inventions or works of authorship created through the use of AI may be based or rely on, or contain, materials that were used in the training of such AI technologies and which are subject to third-party intellectual property, which could further limit our ability to obtain intellectual property protection in such inventions or works of authorship.

We have registered the Evolv®, Evolv Express®, Evolv Insights®, Evolv Cortex AI®, and Evolv Edge® trademarks in the U.S. and/or certain other countries. We also have registrations and/or pending applications for additional marks in the U.S. and other countries. We cannot be certain that any pending or future applications will issue as registered trademarks or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights.

If we are unable to maintain sufficient intellectual property protection for our proprietary technologies or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors and other third parties could develop and commercialize technologies similar or identical to ours, and our ability to successfully commercialize our technologies may be impaired.

The steps we take to protect our intellectual property may be inadequate to prevent infringement, misappropriation, or other violations of our intellectual property rights. We will not be able to protect our intellectual

property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Any of our patents or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our offerings may be unenforceable under the laws of certain jurisdictions and foreign countries. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the U.S., and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. Changes in the law or adverse court rulings may also negatively affect our ability to prevent others from using our technology. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase.

We may be required to spend significant resources to monitor and protect our intellectual property rights. From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results, and financial condition. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights.

Any such significant impairment of our intellectual property rights or our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation, could delay further sales or the implementation of our products and offerings, impair the functionality of our products and offerings, delay introductions of new features or enhancements, result in our substituting inferior or more costly technologies into our products and offerings, or injure our reputation.

Assertions by third parties of infringement or other violations by us of their intellectual property rights, whether or not correct, could result in significant costs and harm to our business and operating results.

Third parties may in the future assert claims of infringement, misappropriation, or other violations of intellectual property rights against us. There can be no assurance that we will not be found to infringe or otherwise violate any third-party intellectual property rights or to have done so in the past.

If we are not successful in defending any such claims, we may be required to:

- pay substantial damages, including treble damages, if we are found to have willfully infringed a third party's patents or copyrights;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- cease selling, making, licensing, or using products that are alleged to infringe or misappropriate the intellectual property of others;
- expend additional development resources to attempt to redesign our products or otherwise develop non-infringing technology, which may not be successful;
- enter into potentially unfavorable royalty or license agreements to obtain the right to use necessary technologies or intellectual property rights (which may be unavailable on terms acceptable to us, or at all, may require significant royalty payments and other expenditures and may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us);
- defend against any allegations of infringement; and
- indemnify our partners and other third parties.

As the number of products and competitors in our market increase and overlaps occur, claims of infringement, misappropriation, and other violations of intellectual property rights may increase. Furthermore, future assertions of patent rights by third parties, and any resulting litigation, may involve patent holding companies or other adverse patent owners who have no relevant product revenues and against whom our own patents may therefore provide little or no deterrence or

protection. In addition, the use of AI technologies in our operations may result in claims by third parties of infringement, misappropriation or other violations of intellectual property, including based on the use of large datasets to train the AI technologies, or the use of output generated by AI technologies, in either case which may contain or be substantially similar to third-party material protected by intellectual property, including patents, copyrights or trademarks.

Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results. Moreover, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. We expect that the occurrence of infringement claims is likely to grow as the market for our products and solutions grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

The measures we take to protect our trade secrets may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology, business operations, and business plans. We cannot guarantee that our physical, technical or administrative security measures will be sufficient to prevent disclosure of our trade secrets. For example, we cannot guarantee that we have entered into confidentiality arrangements with each party that may have or has had access to our trade secrets or proprietary technology and processes. These efforts may also not be effective to prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. For example, our employees or others with whom we have shared confidential information or trade secrets could input such information into AI applications, resulting in such information becoming accessible by third parties, including our competitors or in a loss of trade secret status of such information. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our technologies that we consider proprietary. In addition, if others independently develop equivalent knowledge, methods, and know-how, we would not be able to assert trade secret rights against such parties, and our competitive position could be materially and adversely harmed. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary information will be effective.

Moreover, enforcing a claim that a party illegally disclosed or misappropriated a trade secret would be difficult, expensive, time-consuming, and the outcome is unpredictable. In addition, effective trade secret protection may not be available in every country in which our products are available or where we have employees or independent contractors as some courts inside and outside the U.S. are less willing or unwilling to protect trade secrets. In addition, any changes in, or unexpected interpretations of, the trade secret and employment laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Legal and Regulatory Risks

We are subject to government regulation and other legal obligations, particularly related to privacy, data protection, information security, and product marketing and our actual or perceived failure to comply with such obligations could harm our business.

We, our reseller partners, and our customers are subject to a number of domestic and international laws and regulations that apply to the processing of certain types of information as well as cloud services and the internet generally. These laws, rules, and regulations address a range of issues including data privacy and cybersecurity, breach notification and restrictions or technological requirements regarding the processing of personal data. The regulatory framework for online services, data privacy and cybersecurity issues worldwide can vary substantially from jurisdiction to jurisdiction, is rapidly evolving and is likely to remain uncertain for the foreseeable future. New laws and regulations that apply to our business are being introduced at every level of government in the U.S., as well as internationally. As we seek to expand our business, we are, and may increasingly become subject to various laws, regulations, and standards in the jurisdictions in which we operate, and may be subject to contractual obligations relating to data privacy and security in the jurisdictions in which we operate.

For example, in the U.S., there are numerous data privacy and security laws, rules, and regulations governing the collection, use, disclosure, retention, security, transfer, storage, and other processing of personal data (as defined in such

laws), including state data privacy laws, and federal and state consumer protection laws. The U.S. Federal Trade Commission (the "FTC") and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. Such standards require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue or inaccurate, we may be subject to claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Moreover, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal data secure may constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices.

Several U.S. states have enacted comprehensive privacy laws, including California, Virginia, Colorado, Connecticut, Utah and others, which impose obligations regarding consumer rights, data processing transparency, consent or opt-out requirements and privacy assessments.

Internationally, virtually every jurisdiction in which we operate, have customers or have prospective customers has established its own data security and privacy legal frameworks with which we, our reseller partners or our customers must comply.

For example, in the European Union, the General Data Protection Regulation ("GDPR") imposes requirements on controllers and processors of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals, a strong individual rights regime, shortened timelines for data breach notifications and restrictions on the transfer of personal data outside of the European Economic Area. Following its departure from the European Union, the United Kingdom has adopted a separate regime based on the GDPR ("UK GDPR") that imposes similarly onerous requirements. Companies that violate the EU or UK regime can face regulatory investigations, private litigation, prohibitions on data processing, and fines. Other EU and UK data protection laws and evolving regulatory guidance restrict the ability of companies to market electronically, including through the use of cookies and similar technologies, and companies are increasingly subject to strict enforcement action including fines for non-compliance.

Certain data privacy legislation restricts the cross-border transfer of personal data and some countries have introduced data localization into their laws. Specifically, the GDPR, the UK GDPR and other European and UK data protection laws generally prohibit the transfer of personal data from Europe, including the European Economic Area, United Kingdom and Switzerland, to third countries, unless the transfer is to a country deemed to provide adequate protection or the parties to the transfer have implemented specific safeguards to protect the transferred personal data. European case law and guidance have imposed additional onerous requirements in relation to data transfers, and we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue in Europe and globally. If we do not implement the relevant transfer mechanism to transfer personal data, we may violate or infringe data privacy legislation requirements, and we may be exposed to regulatory proceedings or litigation and increased exposure to fines, penalties, or commercial liabilities, as well as reputational damages.

We strive to comply with all applicable laws, policies, legal obligations relating to privacy, and data protection. Because the interpretation and application of privacy and data protection laws are still uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, and which makes our compliance requirements and the enforcement of those requirements ambiguous, uncertain, and potentially inconsistent. Any significant change to applicable laws, regulations or industry practices, or how each is interpreted, regarding the use or disclosure of personal data, or regarding the manner in which the express or implied consent of customers for the use and disclosure of personal data is obtained, could require us to modify our products and features, possibly in a material manner and subject to increased compliance costs, which may limit our ability to develop new products and features that make use of the personal data that our customers voluntarily share. Any failure or perceived failure by us to comply with our privacy policies, privacy-related obligations to customers or other third parties, applicable privacy-related laws and regulations, or any compromise of security that results in the unauthorized access to or unintended release or access of personal data or other customer data, may result in governmental enforcement actions, imprisonment of company officials and public censure, litigation, claims for damages by customers and other affected individuals, public statements against us by consumer advocacy groups or others, inhibit adoption of our products by current and future customers, or adversely impact our ability to attract and retain workforce talent. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant fines or damages. Further, these proceedings and any subsequent adverse outcomes may cause our customers to lose trust in us, which could have an adverse effect on

our reputation and business. We may also have costs associated with engaging with stakeholders, including investors, insurance providers, and other capital providers, on such issues.

Failure to comply with applicable anti-corruption legislation, export controls, economic sanctions and tax laws could result in fines and criminal penalties and materially and adversely affect our business, financial condition, and results of operations.

We are required to comply with anti-corruption and anti-bribery laws in the jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act 2010 (the "Bribery Act"), and other similar laws in other countries in which we do business. The FCPA prohibits us or any third party acting on our behalf from corruptly promising, authorizing, making, offering, or providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. The FCPA further requires us to keep and maintain books and records that accurately reflect transactions and dispositions of assets and to maintain a system of internal accounting controls. The Bribery Act also prohibits "commercial" bribery not involving foreign officials, facilitation payments, and the receipt of bribes, while providing a defense to a charge of failure to prevent bribery to companies that demonstrate they had in place adequate procedures to prevent bribery. We may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. Some of the international locations in which we will operate have developing legal systems and may have higher levels of corruption than more developed nations. As a result of doing business in foreign countries, including through reseller partners and agents, we will be exposed to a risk of violating anti-corruption laws.

We are also required to comply with applicable export controls and economic and trade sanctions laws and regulations, such as those administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, and the U.S. Department of Commerce. Our global operations expose us to the risk of violating or being accused of violating these laws.

Our policies or procedures may not work effectively at all times or protect us against liability under these or other laws for actions taken by our employees, reseller partners, and other third parties who are acting on our behalf with respect to our business. If we are not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities and/or officials (including local laws) or export controls and economic and trade sanction laws and regulations, we may be subject to criminal and civil penalties and other remedial measures, which could harm our business, financial condition, results of operations, cash flows, and prospects. In addition, investigations of any actual or alleged violations of such laws or policies related to us could harm our business, financial condition, results of operations, cash flows, and prospects.

Taxing jurisdictions, including state, local and foreign taxing authorities, have differing rules and regulations governing sales and use or other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. While we believe that we are in material compliance with our obligations under applicable taxing regimes, one or more states, localities or countries may seek to impose additional sales or other tax collection obligations on us, including for past sales by us or our reseller partners. It is possible that we could face sales tax audits and that such audits could result in tax-related liabilities for which we have not accrued. A successful assertion that we should be collecting additional sales or other taxes in jurisdictions where we have not historically done so could result in substantial tax liabilities for past sales, discourage customers from purchasing our products or otherwise harm our business and operating results.

In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus and jurisdictional mix of profits at varying statutory tax rates, by changes in foreign currency exchange rates or by changes in the valuation of our deferred tax assets and liabilities. The final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period or periods for which a determination is made.

We are subject to government investigations, regulatory enforcement proceedings and litigation relating to our business conduct, marketing practices, financial restatement and investigation, which could result in significant penalties, injunctive relief and harm to our business.

We are, and may in the future become, subject to various legal proceedings, claims and investigations that arise in or outside the ordinary course of business as discussed in Part II, Item 1, "Legal Proceedings" and Note 13, Commitments and Contingencies, to our condensed consolidated financial statements for the three and nine months ended September 30, 2026.

For example, as previously disclosed, the Company has been cooperating with SEC investigations into issues relating to certain aspects of the Company's marketing practices and the events leading to a previously disclosed internal investigation relating to the Company's sales practices. The Company has reached a settlement in principle with the SEC staff to resolve the matter, subject to approval by the SEC.

In addition, as a result of the internal investigation and subsequent restatement of prior period financial statements we were subject to securities class action litigation and shareholder derivative lawsuits, which we settled in September 2026 and October 2026, respectively.

We may in the future become subject to other enforcement proceedings brought by the SEC or other regulatory or governmental authorities, and actions and proceedings could also be brought against our current and former employees, officers or directors. In addition, securities class action litigation has often been brought against a company following a decline in the market price of its securities or the completion of a merger.

Lawsuits and other administrative or legal proceedings that may arise can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. In addition, lawsuits and other legal proceedings may be time consuming to defend or prosecute and may require a commitment of management and personnel resources that will be diverted from our normal business operations. Also, our insurance coverage may be insufficient, our assets may be insufficient to cover any amounts that exceed our insurance coverage, and we may have to pay damage awards or otherwise may enter into settlement arrangements in connection with such claims. We may also be subject to fines or penalties that are not covered by insurance. Moreover, we may be unable to continue to maintain our existing insurance at a reasonable cost, if at all, or to secure additional coverage, which may result in costs associated with lawsuits and other legal proceedings being uninsured. Any such payments or settlement arrangements in current or future litigation could have a material adverse effect on our business, operating results or financial condition. Even if the plaintiffs' claims are not successful, current or future litigation could result in substantial costs and significantly and adversely impact our reputation and divert management's attention and resources, which could have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our common stock. In addition, such lawsuits may make it more difficult to finance our operations.

Risks Related to Our Financial Condition and Liquidity

There are risks related to our ability to utilize net operating loss carryforwards as well as research and development tax credit carryforwards to offset future taxable income or tax liabilities.

As of December 31, 2025, we had federal net operating loss carryforwards of $20.1 million, which begin to expire in 2033, and federal net operating loss carryforwards of $248.0 million as of December 31, 2025 which do not expire but are generally limited to offsetting up to 80% of taxable income in any given year.

We had state net operating loss carryforwards of $248.0 million as of December 31, 2025 which may be available to offset future state taxable income and which begin to expire in 2033, depending on jurisdiction-specific rules. Additionally, as of December 31, 2025, we had United Kingdom net operating loss carryforwards of approximately $1.4 million, which do not expire under current UK tax law.

As of December 31, 2025, we had gross U.S. federal and state research and development and other tax credit carryforwards of $2.4 million and $1.4 million, respectively, which may be available to offset future tax liabilities and the majority of which begin to expire in 2035 and 2032, respectively.

Utilization of the U.S. federal and state net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, and corresponding provisions of state law, due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset

future taxable income or tax liabilities. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50% over a three-year period. If we have experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments. Any limitation may result in the expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization.

The Company believes that an ownership change within the meaning of Section 382 occurred on July 16, 2021 (the "Change Date"), in connection with the Merger. Based on the estimated annual limitation, the Company would have been able to fully utilize all of its Section 382-limited net operating losses and tax credit carryforwards in the 2022 tax year. The Company has not performed an analysis of ownership changes since the Merger, and does not anticipate utilization of net operating losses or credit carryforwards in the near term.

We considered the evidence of our history of cumulative net operating losses incurred since inception, as well as other positive and negative evidence bearing upon our ability to realize the deferred tax assets, in respect of our net operating loss carryforwards, and have concluded that it is more likely than not that we will not realize the benefits of deferred tax assets. Accordingly, a full valuation allowance has been established against the net deferred tax assets as of December 31, 2025. If or when recognized, the tax benefits related to any reversal of the valuation allowance on deferred tax assets as of December 31, 2025, will be accounted for as follows: approximately $117.1 million will be recognized as a reduction of income tax expense and $2.2 million will be recorded as an increase in equity. The Company reevaluates the positive and negative evidence each fiscal year.

Refer to Note 11, Income Taxes, in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our products, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. Additionally, events related to a previously disclosed investigation and restatement of prior period financial statements may expose us to higher interest rates for additional indebtedness, whether as a result of credit rating downgrades or otherwise, and could restrict our ability to obtain additional or replacement financing on acceptable terms or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected.

Our existing and future debt obligations may adversely affect our financial condition and future financial results.

As of September 30, 2026, the $30.0 million Initial Term Loan under our Senior Secured Credit Facilities, was drawn and outstanding, while the $30.0 million Delayed Draw Term Loan and $15.0 million Revolving Credit Facility remained undrawn and available. Our ability to make payments on, repay or refinance the debt in the future will depend on our future performance which is subject to a variety of risks and uncertainties, many of which are beyond our control.

This debt or future additional indebtedness may adversely affect our financial condition and future financial results by, among other things:

- requiring the dedication of a portion of our expected cash flows from operations to service our debt, thereby reducing the amount of expected cash flows available for other purposes, including capital expenditures and acquisitions;
- increasing our vulnerability to adverse changes in our business and general economic and industry conditions, including, but not limited to, increases in interest rates;
- limiting our ability to obtain future financing for working capital, capital expenditures, future acquisitions, general corporate or other purposes, which may also impact our ability to service and repay outstanding indebtedness as it becomes due;
- restricting our ability to create or incur liens and engage in other transactions and activity; or
- placing us at a competitive disadvantage compared to our less leveraged competitors.

In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with a refinancing of our debt. Downgrades in our credit ratings could also restrict our ability to obtain additional financing in the future and affect the terms of any such financing.

Our Senior Secured Credit Facilities contain affirmative and negative covenants, including financial covenants, that may limit our operating flexibility.

Our Senior Secured Credit Facilities contain affirmative and negative covenants, including, among other things, limitations on us and our subsidiaries with respect to liens, incurrence of indebtedness, certain fundamental changes, restricted payments, investments and transactions with affiliates, in each case, subject to exceptions. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lenders or terminate the Senior Secured Credit Facilities, which may limit our operating flexibility. In addition, our Senior Secured Credit Facilities are secured by a first lien on substantially all of our assets and require the Company to comply with a minimum ARR covenant, a minimum EBITDA covenant that takes effect on June 30, 2027, and a minimum liquidity covenant that would cease to apply following the resolution of certain litigation and regulatory matters, in addition to reporting requirements of periodic financial results. If we do not meet the financial covenants as specified in the Senior Secured Credit Facilities, we may require forbearance or relief from our financial covenant violations from the lenders or be required to arrange alternative financing.

There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financings will be available to repay or refinance any such debt. A breach of any of these covenants or the occurrence of certain other events specified in the MidCap Credit Agreement governing the Senior Secured Credit Facilities and/or the related collateral documents could result in an event of default under the MidCap Credit Agreement. If an event of default has occurred and is continuing, the lenders could elect to declare all amounts outstanding under the Senior Secured Credit Facilities immediately due and payable. If we are unable to repay those amounts, the lenders could foreclose on the collateral granted to them to secure our obligations under our Senior Secured Credit Facilities. If the lenders accelerate the repayment of borrowings, if any, we may not have sufficient funds to repay our existing debt.

Our ability to meet the financial covenants could be affected by events beyond our control. Any inability to make scheduled payments or meet the financial covenants of our Senior Secured Credit Facilities would adversely affect our business.

Risks Related to Our Common Stock

The market price of our common stock has been and may continue to be highly volatile, and you may lose some or all of your investment.

The trading price of our common stock has been highly volatile since its initial listing on the Nasdaq and may continue to fluctuate widely in response to a variety of factors, including the following:

- actual or anticipated fluctuations in our financial condition and results of operations;

- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our Company, changes in financial estimates or ratings by any securities analysts who follow our Company, or our failure to meet these estimates or the expectations of investors;
- changes in financial markets, macroeconomic conditions, or global instability;
- changes in market valuations of similar companies;
- the impact of a pandemic, epidemic or a similar future outbreak of disease or public health concern on our business;
- competition in our industry, our ability to grow and manage growth profitably, and our ability to retain our key employees;
- lawsuits threatened or filed against us;
- anticipated or actual changes in laws, regulations or government policies applicable to our business;
- announcements that our previously issued financial statements cannot be relied upon or that our financial statements must be restated;
- delays in the filing of our required SEC reports;
- the announcement of restructuring activities;
- changes in executive leadership;
- compliance or enforcement inquiries and government inquiries or investigations and any resulting enforcement actions (such as the ongoing SEC matter);
- risks related to the organic and inorganic growth of our business and the timing of expected business milestones;
- short sales, hedging, and other derivative transactions involving our common stock;
- unanticipated substantial costs; and
- the other factors described in this “Risk Factors” section of this Quarterly Report on Form 10-Q.

Furthermore, short sellers or those that directly or indirectly assist short sellers may attempt to engage in manipulative activity intended to drive down the market price of a target company's stock. We have in the past been the subject of negative public attacks by certain non-governmental entities purporting to be objective media outlets, and we may in the future become subject to similar attacks, which may lead to increased volatility in the price of our common stock.

In addition, the stock market has experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies.

Loss on remeasurement of our common stock receivable and efforts to enforce the return and cancellation of Forfeited Founder Shares could materially affect our financial results.

On July 16, 2026, 1,897,500 contingently returnable shares of NHIC Class B common stock owned by certain NHIC stockholders that were converted into shares of our common stock in connection with the Merger were forfeited and must be returned to us for cancellation pursuant to the agreements governing such shares (the “Forfeited Founder Shares”).

To date, a portion of these shares has not been returned to us. We measure our right to recover the unreturned shares (i.e., common stock receivable) at the end of each reporting period based on the fair value of the unreturned shares which are probable of recovery. See Note 4, Fair Value Measurements, in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

We have commenced litigation to enforce our contractual rights and compel the return of certain of those Forfeited Founder Shares. These efforts may be time-consuming and costly and may divert management's attention and resources from our operations. Efforts to secure the return and cancellation of Forfeited Founder Shares could result in significant legal and other expenses. Any delay in the return and cancellation of such shares, or costs incurred in connection with enforcing our rights, could adversely affect our business, financial condition and results of operations.

In our future quarterly and annual financial statements, any Forfeited Founder Shares that have not been returned for cancellation prior to the end of each reporting period will continue to be recorded as common stock receivable, with loss on remeasurement of common stock receivable each period reported in earnings. As a result, we may recognize significant non-cash gains or losses on any unreturned Forfeited Founder Shares each reporting period, which could materially affect our results of operations.

General Risk Factors

Increasing attention to, and evolving expectations for, sustainability initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business.

Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their sustainability practices. Changing rules, regulations as well as customer, employee and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on evolving sustainability reporting standards, including California's climate-related disclosure laws, and the European Union's Corporate Sustainability Reporting Directive as well as customer requirements may be costly, difficult and time consuming. These initiatives and goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and ensuring the accuracy, adequacy, or completeness of the disclosure of our sustainability initiatives can be costly, difficult and time consuming. This and other regulations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Moreover, changing federal enforcement priorities and legal interpretations regarding diversity, equity, and inclusion programs present unknown and evolving risks, particularly the new focus on federal contractors and DEI certifications. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us. In addition, we could be criticized by stockholders, stakeholders, regulators, or other interested parties for the scope or nature of our sustainability practices.

If securities or industry analysts do not publish research or reports about us, or publish negative reports, our stock price and trading volume could decline.

The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us. We do not have any control over these analysts' reports. If our financial performance fails to meet analyst estimates or one or more of the analysts who cover us downgrade our common stock, change their opinion, or reduce their target stock price on us, our stock price would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports about us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

Our business operations are vulnerable to disruption due to natural or other disasters, including climate-related events, strikes and other events beyond our control.

A major earthquake, fire, tsunami, hurricane, cyclone, or other disaster, such as a major flood, seasonal storms, drought, extreme temperatures, nuclear event, or terrorist attack affecting our facilities or the areas in which we are located, or affecting those of our customers or third-party manufacturers or suppliers, could significantly disrupt our or their operations and delay or prevent product shipment or installation during the time required to repair, reinforce, rebuild or replace our or their damaged manufacturing facilities. These delays could be lengthy and costly. Additionally, customers may delay purchases of our products until operations return to normal. Climate change may contribute to increased frequency or intensity of certain of these events that may impair the operating conditions of these facilities, or otherwise

adversely impact our operations. Climate-related events, including the increasing frequency of extreme weather events and their impact on critical infrastructure in the U.S. and elsewhere, have the potential to disrupt businesses in general and may cause us to experience higher attrition, losses, and additional costs to maintain and resume operations.

In addition, concerns about terrorism, the effects of a terrorist attack, political turmoil, strikes or other labor unrest, war, including in Europe and the Middle East, and the related geopolitical impacts, or the outbreak of epidemic diseases could have a negative effect on the operations of our facilities and those of our contract manufacturers, suppliers and customers, resulting in delays or other challenges in the deployment of our products and services, among others, and thereby negatively impact our sales.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

During the three months ended September 30, 2026, we did not sell any securities that were not registered under the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors.

None.

(c) Insider trading arrangements.

During the quarter ended September 30, 2026, the following director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

- On September 11, 2026, Michael Ellenbogen, Director, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of 750,140 shares of the Company's common stock underlying 750,140 stock options. The trading arrangement is scheduled to expire on the earlier of July 23, 2027 or the date that all transactions under the trading arrangement are completed.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Second Amended and Restated Certificate of Incorporation	10-Q	001-39417	3.1	November 15, 2021	
3.2	Amended and Restated Bylaws	8-K	001-39417	3.1	January 31, 2024	
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)					*
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350					**
10.1#	Form of Performance-Based Stock Unit Award Agreement under the 2021 Incentive Award Plan	10-K	001-39417	10.19	March 10, 2026	
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.
** Furnished herewith.
# Management contract or compensatory plan, contract or arrangement.

SIGNATURES

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

Date: November 10, 2026

EVOLV TECHNOLOGIES HOLDINGS, INC.

By:	/s/ George C. Kutsor
Name:	George C. Kutsor
Title:	Chief Financial Officer
	(Principal Financial Officer and Principal Accounting Officer)