

Intellicheck
Q4 and Year End 2025 Earnings Call
March 19, 2026

Presenters

Gar Jackson, IR
Bryan Lewis, CEO
Adam Sragovicz, CFO

Q&A Participants

Daniel Hibshman - Craig-Hallum Capital Group
Clark Wright - D.A. Davidson
Scott Buck - H.C. Wainwright
Kris Tuttle - Blue Caterpillar

Operator

Greetings and welcome to today's conference call. At this time, all participants are in a listen only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. Please note that this conference is being recorded. I will now turn the conference over to Gar Jackson. Thank you. You may begin.

Gar Jackson

Thank you, operator. Good afternoon and thank you for joining us today for the Intellicheck Fourth Quarter and Full Year 2025 Earnings Call. Before we get started, I will take a few minutes to read the forward-looking statement. Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended. When used in this conference call, words such as will, believe, expect, anticipate, encourage, and similar expressions as they relate to the company or its management as well as assumptions made by and information currently available to the company's management identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the company undertakes no obligation to and expressly disclaims any obligation to update or alter its forward-looking statements whether resulting from such changes as new information, subsequent events, or otherwise.

Additional information concerning forward-looking statements is contained under the headings of Safe Harbor Statement and risk factors listed from time to time in the company's filings with the Securities and Exchange Commission. Statements made on today's call are as of today, March 19, 2026. Management will use the financial term adjusted EBITDA in today's call. Please

refer to the company's press release issued this afternoon for further definition, reconciliation, and context for the use of this term. We will begin today's call with Bryan Lewis, Intellicheck's Chief Executive Officer, and then Adam Sragovicz, Intellicheck's Chief Financial Officer, who will discuss the Q4 and full year 2025 financial results. Following their prepared remarks, we will take questions from our analysts and institutional investors. Today's call will be limited to one hour, and I will now turn the call over to Bryan.

Bryan Lewis

Thank you, Gar, and good afternoon, everyone. I appreciate you all joining us today to review Intellicheck's fourth quarter and full year 2025 results. I've been with Intellicheck for about eight years now, and this call today has me the most excited I have been since I joined the company. We've come a long way over that time. To reach the milestone of annual profitability and to be well on our way to being a Rule of 40 SaaS company are significant milestone achievements. We'll talk about more of this in a few minutes. First, I'll share a summary of the quarter, then spend some time discussing how we think about growth, our key verticals, and what we believe to be the pivot point to profitability in our operating model. Then I'll turn the call over to Adam for a deeper review of the financials.

For the fourth quarter of 2025, total revenue grew 12% to a record 6.6 million, and for the full year, we grew 13% and finished the year at 22.7 million, another company record. The investments we made transitioning over to AWS are working on a number of fronts. Gross margin for this quarter increased to 91.4% compared to 91.1% in Q4 of last year, underscoring the continued strength and leverage of our software-driven SaaS model. The AWS platform is also much more versatile and provides better reporting metrics for both us and our clients. I am very excited to report that we achieved annual operating profitability for the first time since becoming a public company. We generated cash during the quarter and ended the year with 9.6 million, a clean cap table, and a strong debt-free balance sheet. Since I came on board, I committed to you that we would remain laser-focused on revenue growth and delivering value for our shareholders and stakeholders alike. With net income of 1.3 million for the year and an EPS of \$0.06, I'm very pleased we have succeeded in delivering on this commitment.

We also set a goal to be adjusted EBITDA positive while still investing in the business. We more than achieved this objective with three consecutive quarters of adjusted EBITDA positive results for the year. Adjusted EBITDA in Q4 of 2025 was a record 1.9 million, and we finished the year at 2.6 million, another record. With the realization of this goal, we demonstrated with consistency the operating leverage inherent in the business model and profitability at these revenue levels. I am proud of the Intellicheck team for the hard work and dedication that allowed us to succeed. At the same time, I want to make it clear that our commitment doesn't end with these successes. We're going to continue our efforts to create new opportunities for growth and profitability as we build on our relationships with our clients and expand our presence in an increasing number of market verticals.

Our contract renewals over the past two years have been very successful. Sandra Bauer is doing a fantastic job working with our partners to secure renewals along with an expansion of those partnerships use cases. A great example of this is the renewal and expansion of our partnership with a leading national U.S. bank that is a top three client. They are using Intellicheck's innovative technology to facilitate customer onboarding, account name verification, and account modifications. We anticipate the year-over-year increase in revenue from this client to be approximately 15%. We exceeded those expectations and grew by approximately 33% when comparing 2024 to 2025. This growth is another testament that our product is effectively stopping fraud and is very appropriate for multiple use cases within the banking environment. More recently, another top financial client that is a recognized preeminent regional bank signed a three-year agreement. It too is expanding its use of Intellicheck's technology to include teller workstation transactions in their 1,900 branches. This is an area where we continue to see incremental interest. This client went live with us with this new use case in Q3 of 2025, so the revenue will be up significantly in 2026 with a full year run rate. Additionally, this client is looking at increasing the use cases beyond what they are currently doing. The total contract value over three years is currently in the high seven-figure range. This has made this client a top revenue generator for the company and another significant growth driver.

Another area of growth that I believe is often overlooked is via our clients' active M&A and branch expansion growth. Three of our largely regional banks are expanding their branch presence, particularly in the Southeast region of the country. These are areas that are seeing significant population migration. More branches lead to more transactions and quick and easy implementations for our clients. We are very pleased that they continue to give us positive feedback on our product offerings. This work to drive record revenues and profitability hasn't come easy. Sandra's efforts have had a significant impact on Intellicheck, and as a result, she was recently promoted into the newly created role of Chief Commercial Officer. In addition to customer success, Sandra will now have sales reporting to her, as well. Along with this new alignment, we are continuing to refine our sales team to meet the changes we are seeing in the rapidly evolving marketplace.

Our channel partner program remains a strong focus for us. We believe it will drive significant growth across a number of verticals. We are making great progress with providers of third-party services. Our recent partnership with Alloy is an example of how our program is growing with great partners. They have incorporated our technology into their banking-focused software platform. As a result of this partnership, any of their customers can now utilize us. For those not on the Alloy platform who depend on third-party providers, we have a technology solution that is getting serious market interest. With the rollout of our enriched desktop application, any sized organization can immediately implement us with no system integration needed. You may remember that we shared with you that many industry businesses rely on core provider platforms. This typically results in long deployment delays because these providers have lengthy development queues. We believe that we are ideally suited to serve these businesses, and we know they are solving a serious pain point. Partnerships like this allow us to scale distribution more efficiently, reach new markets faster, and remain true to our

capital-light operating model. Sandra will also be overseeing the growth of these important relationships in her new role. We are very excited about the opportunities they create to stop fraud on a broader level.

Throughout the year, we scaled up our marketing and public relations efforts to build awareness of Intellicheck and our state-of-the-art technology solutions. We participated in key industry conferences including FinovateFall 2025. My keynote presentation was hidden threat in identity verification, why the first step is everything. I also spoke about the key role of the barcode. It provided a great platform to directly speak to misconceptions such as why facial recognition alone is not sufficient as an authentication strategy. FinovateFall 2025 is a highly regarded conference hosted by Finovate. Finovate is a leading research and events firm focused on innovation in finance and banking technology. It consistently attracts a large, high-impact audiences including senior financial and banking executives and investors. At the Association of Certified Anti-Money Laundering Specialists Conference, I presented an innovative session on the innovation blind spot, why identity starts with real verification. Here, I spoke about why every system is only as strong as its entry point. It also gave me the opportunity to explain why the smartest fight against fraud starts before it begins.

Technology with real-time ID verification defeats bad actors at the very first step. Drawing on the latest fraud trends, I discussed rapidly evolving threats, reviewed synthetic identity fraud and deep fake-driven schemes that are undermining traditional identity verification methods. This was an important event for us because it is recognized as the premier global gathering for professionals fighting financial crime. The conference brings together thousands of compliance officers, regulators, law enforcement officials, and industry leaders to explore the latest strategies and technologies that are shaping the future of anti-financial crime. We were also very active in building our efforts related to Investor Relations. Programs we participated in included the Sidoti Micro-Cap Virtual Conference, the Ladenburg Thalmann Technology EXPO25, D.A. Davidson Technology Conference, the Craig-Hallum Alpha Select Conference, and the Planet MicroCap Conference. These interactions are very valuable because they allow us to communicate our strategic goals and ensure that you, our shareholders, and the investment community are kept current as we grow.

There was another important sign of the growing recognition we are achieving as a leader in providing ID verification in the financial services market. I hope that all of you have now seen the IDC Marketscape report on worldwide identity verification in financial services. Their 2025 vendor assessment named Intellicheck a leader. As I said in our press release, and I believe it is worth noting again, we believe this recognition affirms that Intellicheck is not just one in the pack. We are a leader with the state-of-the-art technology solutions that secure trust while preserving a seamless customer experience. Although banking and lending continue to be our primary verticals and growth drivers at this time, we are continuing to focus on new verticals we've been targeting. Many of these new verticals are dependent on interest rates to drive volume, particularly in the automotive and title insurance verticals. While there is recent volatility in interest rates, waning of consumer confidence, and fear of inflation increasingly

concerning consumers, we believe we are well positioned in these markets when the interest rate environment changes. I'm excited to see what will happen when rates go down.

In the meantime, we are succeeding in the banking, which is not so dependent on interest rates or consumer confidence we all need to bank. As a reminder, over the past several years, we've been very deliberate about diversifying away from lower-value transactional use cases such as age verification focused transactions. We've been targeting verticals where identity theft is expensive, pricing per transaction is stronger, and customer relationships tend to be stickier and grow with additional use cases while generating significantly less churn. Among the targeted verticals in addition to banking are title insurance, automotive, specialty finance, background screening, logistics, and digital account security. Driven in part by these new categories and contract renewals at higher rates, our average price per transaction increased 25% in Q4 versus the previous fourth quarter. This further illustrates that we continue to have pricing power for our unique product, a product that delivers a decision our customers can rely on for their business processes greater than 99% of the time in under a second. And typically, our software works with the existing hardware a prospect has for in-person validation and on any person's phone or device for digital validation.

With this in mind, I want to reiterate the benefits of our operating model. We continue to operate with very high gross margins and limited incremental cost to support additional revenue growth. Our platform today is capable of handling significantly more activity than it does currently, which provides structural operating leverage as revenue scales. While we don't provide formal revenue or earnings guidance, our objective remains straightforward: to build a durable, differentiated high-margin business by expanding with our existing customers and onboarding new customers, improving our revenue mix, and maintaining disciplined execution. I also want to respond to those of you who have been asking about AI. AI can mimic an ID. AI is no match for a barcode. AI can figure out how an ID is supposed to look, making visual inspection and templating outdated and ineffectual. We do not rely on AI to authenticate an ID. We use AI to make our clients' customers' journey easier. We use intelligence to see what our clients' customers are doing. If they do it wrong, we correct it. Our clients tell us we help them onboard good customers faster. At the same time, a byproduct of speedy onboarding is we stop fraud. One simple process, two great solutions. With that overview, I will now turn the call over to Adam to walk you through the financials in more detail.

Adam Sragovicz

Thank you, Bryan. 2025 was a transformational year for Intellicheck both financially and operationally. The initiatives we have been discussing with you over the past several quarters are now delivering meaningful results. As Bryan mentioned, our fourth quarter revenues were 12% higher versus the prior year, and for the full year, we grew revenue 13% to a record 22.7 million. We also achieved a milestone that I'm particularly proud of, our first full year of GAAP profitability from operations with net income of \$1.3 million compared to a GAAP net loss of \$918,000 in 2024. Our adjusted EBITDA for the full year was \$2.6 million, nearly 5x the \$520,000 we reported in 2024. This reflects the operating leverage we have been building in

this business and the discipline we have maintained around expenses. We are also pleased to see the continued growth of SaaS revenue, which represented 99% of total revenue in 2025. New business pricing continues to hold firm, and we believe the demand environment remains strong, particularly in financial services and retail where identity fraud continues to escalate. Our recently published North America identity verification threat report based on nearly 100 million verification transactions in 2025 underscores the critical nature of the problem we solve and the scale of our platform.

Starting with quarterly results. Revenue for the fourth quarter of 2025 increased 12% to a record \$6,635,000 compared to \$5,936,000 in the same period of 2024. Our SaaS revenue for the fourth quarter of 2025 grew 12% to \$6,620,000 from \$5,913,000 during the same period of 2024 and represented over 99% of our fourth quarter revenue. Gross profit as a percentage of revenues was 91.4% for the fourth quarter of 2025 compared to 91.1% for the same period of 2024. On an adjusted basis, excluding noncash amortization of capitalized software costs, our adjusted gross profit margin was 93.5% in Q4 of 2025 compared to 93% in the prior year period. The improvement in adjusted gross margin reflects the efficiency we are achieving in our cloud infrastructure. Azure spend has declined more than 55% from its peak levels in mid-2024, and AWS is now our primary hosting platform, which positions us well for maintaining strong margins going forward. Operating expenses, which consist of selling, general, and administrative research and development expenses, decreased \$357,000 or 7% to 4.6 million for the fourth quarter of 2025 compared to 4.9 million for the same period of 2024. SG&A expenses decreased 604,000 or 15% year-over-year, reflecting the benefits of our continued cost discipline and the efficiency initiatives we implemented over the course of 2024 and 2025.

On an accounting basis, R&D expenses were higher in Q4 2025 at 1.3 million compared to 1 million in Q4 of 2024. However, I would like to provide some context on this. Cash R&D spend remains well controlled. The GAAP increase is driven by two factors, first, the amortization of previously capitalized software development costs that are now in production, and second, the fact that we capitalized essentially zero software costs in the back half of 2025. For the full year, we capitalized only \$213,000 in 2025 compared to over \$2 million in 2024, a 90% reduction as our major platform projects moved into production. Going forward, we expect R&D spend to grow at a rate below our revenue growth rate. The fourth quarter of 2025 was our strongest quarter of the year, capping a second half in which both Q3 and Q4 were profitable at the GAAP level. We reported operating income of \$1.5 million compared to \$480,000 in Q4 of 2024 and net income of 1.55 million or \$0.08 per fully diluted share compared to net income of \$488,000 or \$0.03 per fully diluted share in the same period of 2024. Adjusted EBITDA for the fourth quarter was \$1,877,000 compared to \$860,000 in Q4 of 2024, more than doubling year-over-year. The weighted average diluted common shares were 20.2 million for the fourth quarter of 2025 compared to 19.3 million for the same period of 2024.

Now turning to our full year 2025 results. Total revenue for the full year of 2025 increased 2.7 million or 13% to a record 22.67 million compared to 19.997 million for 2024. SaaS revenue for the full year of 2025 grew \$2.6 million or 13% to 22.4 million from 19.8 million for 2024. Gross

profit as a percentage of revenues was approximately 90% for the full year of 2025 compared to 91% for the full year of 2024. This modest compression is primarily attributable to higher noncash amortization of software costs flowing through the cost of revenue, which increased to approximately \$499,000 in 2025 from 181,000 in 2024 as our platform investments moved into production. Excluding this amortization, our adjusted gross profit margin was approximately 93% for the full year compared to about 92% from the prior year. Importantly, our underlying cloud computing costs grew at a rate below revenue growth, and we expect further efficiencies as the Azure to AWS migration is now substantially complete. Total operating expenses were essentially flat year-over-year at 19.4 million for both 2025 and 19.3 million for 2024. This was a significant accomplishment given our 13% revenue growth. SG&A expenses decreased about 1.4 million or 9% to 14.1 million for the full year of 2025 compared to 15.5 million in 2024. This reduction was primarily driven by lower sales and marketing and personnel-related costs including a reduction of \$820,000 in marketing expense in 2025 compared to 2024. Our outsourcing and marketing drove a reduction of almost 40% in marketing spend year-over-year, which, as Bryan has mentioned in the past, has still resulted in substantially better results.

As we discussed previously, we expect our total noncash expenses to comprise approximately 5% to 10% of our expenses with stock-based compensation comprising the majority of that figure. R&D expenses on a GAAP basis increased \$1.5 million to \$5.3 million, reflecting the near elimination of software capitalization and the amortization of prior year capitalized costs. To put the capitalization trend in perspective, we capitalized over \$2 million of software costs in 2024 and just 213,000 in 2025. We expect de minimis level going forward. The GAAP R&D line now more closely reflects our cash engineering spend. The company reported net income of \$1,273,000 for the full year of 2025 compared to a net loss of \$918,000 for 2024, a swing of over 2.2 million. Net income per fully diluted share for the full year of 2025 was a gain of \$0.06 compared to a net loss per fully diluted share of \$0.05 in 2024. The weighted average diluted common shares were 20.2 million for 2025 compared to 19.3 million for 2024. Adjusted EBITDA for the full year of 2025 improved to 2.566 million, nearly 5x the 520,000 we reported for 2024.

Turning to income taxes. We recognized \$58,000 in tax expense for 2025, entirely state income and franchise taxes. No federal cash taxes are owed because our NOL carryforwards fully sheltered 2025 taxable income, resulting in an effective rate of approximately 4%. We carry a full valuation allowance of approximately \$6.7 million against our deferred tax assets. GAAP requires this allowance as long as our three-year cumulative taxable income position remains negative. Despite our \$1.3 million pretax gain in 2025, the prior two years losses keep that cumulative tax negative. If profitability continues and the three-year window improves, we could release some or all of the allowance, producing a noncash benefit of up to \$6.7 million. We are not providing timing guidance, but investors should understand this as a meaningful potential future benefit. As to the company's liquidity and capital resources, at December 31, 2025, the company had cash and cash equivalents that totaled \$9.65 million, more than doubling from 4.7 million at December 31, 2024. This improvement reflects strong cash generation from operations during the year with operating cash flow of approximately 4.5 million in 2025. At year-end, there was working capital of approximately \$10.1 million, total

assets of approximately \$24.5 million, and stockholders' equity of approximately \$20.7 million. I would also note that the significant decline in software capitalization from over \$2 million in 2024 to just 213,000 in 2025 means that our GAAP operating results and our cash generation are now much more closely aligned. This is a cleaner financial profile that we expect to maintain going forward.

2025 we executed on a number of key initiatives that we believe set us well for continued strong performance in 2026 and beyond. We believe that our more efficient marketing approaches are already yielding dividends for the sales pipeline. We anticipate that our improved go-to-market strategy combined with the growing threat landscape that our threat report highlights including the 158% year-over-year growth in password reset verification use cases will continue to drive demand for our platform. For 2026, we expect to see continued gross margins of approximately 90% to 91% with potential for future improvements as we realize the full benefit of our completed AWS migration. We also expect to see continued leverage in our operating expenses because of the expense discipline we have maintained, and we do not expect that expenses will grow as quickly in 2026 as our revenue. Our FY '26 operating plan targets continued revenue growth and further improvement in profitability. We remain focused on several strategic priorities, continued investment in customer success and the customer experience, disciplined hiring in engineering and sales, and deepening our presence in key verticals including financial services and banking where the market data show that fraud rates remain elevated. I'll now turn the call over to the operator who will take your questions.

Operator

Thank you. And with that, we will now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. Press star two if you would like to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. One moment while we poll for questions. [Technical Difficulty] with Northland Securities. Please proceed with your question.

Unknown

Hey, guys. Congratulations on another strong quarter. On the third quarter call, you gave us like bank lending channel was 50% of revenue, and it grew 80% year-over-year and the retail channel and a couple of others. Do you have that data for 4Q?

Bryan Lewis

I have it for the year. And what I'll say, Mike -- and by the way, thank you. Q4 came in -- Christmas came is what I'd say, right? The holidays came. So, retail did bump up, but I think that that's going to be something interesting to watch overall. It went up probably about 10%, 15% as the whole breakout across our different revenue, but it was still down Q4 2024 versus Q4 2025. So, the banking and lending continues to grow. The percentage change year-over-year for bank and lending, it's nearly double, whereas retail is down 1%.

Unknown

Got it. But did -- I think you said retail grew year-over-year for the fourth quarter.

Bryan Lewis

It was down 13% Q4 2024 versus Q4 2025. It was up 25% over Q3 2025. So, the seasonal lift came in. And remember, we still have -- we don't have every one of our customers on the new kind of pricing model that allows us to straight line it. So, that's why we saw a lift in that, right? So, a couple of the -- I'd say, big four customers we have that do a lot in retail in that credit card space are still on a more transactional model than a straight-line model. So, that brought in seasonality from them.

Unknown

Got it. And how does the pipeline look for new customers or customers you're rolling out here in the first half of 2026?

Bryan Lewis

I think it's looking really good. And I'm going to say part of that is due to that new desktop solution, the delivery method that we've been talking about because there are a lot of, I'd say, midsized credit unions and banking institutions that want to use us, but they have been held bound by their core banking platforms. Now they don't have to worry about that. So, there is a ton of interest in that. And then also this partnership with Alloy is already producing a lot of good names that are saying, hey, how do we get this going? How do we get it on board? So, -- and then I'm also going to say that the marketing is truly paying off in ways that we haven't seen in the past. And I love the fact we're spending less on marketing but getting a heck of a lot more out of it. Like year-over-year, even our followers on LinkedIn is up like 3x. So, those are the things that help drive pipeline, make cold calls warm, and everybody loves a really good inbound lead, and they're getting that for us.

Unknown

Great. And one more question. You have a relationship -- a commercial relationship with, I think, Ping Identity, and they seem to be connected to a couple of global social media companies. What's the opportunity there? Are they facilitating you guys?

Bryan Lewis

Not to the point that I would like. And it's one of the reasons that we continue to refine our channel partnership model and how do we make sure that we are helping their sales force kind of light us up. And that's one where I think that we need some -- we need to do better on that particular one. We're doing great in title. We're doing really well in automotive, and we're doing well in background. But that particular channel partner, we need to do a better job on.

Unknown

Got it. Okay. Hey, thanks, Bryan.

Bryan Lewis

Thank you.

Operator

And our next question comes from the line of Jeff Van Rhee.

Daniel Hibshman

Hey. This is Daniel Hibshman on for Jeff Van Rhee. Congrats on the quarter, Bryan, Adam. On the retail backdrop, maybe if you could just explain a little bit more on that and your outlook in retail. I know that generally improved across 2025, and it sounds like -- I think going into Q4, we had thought maybe it would be a light quarter in terms of retail, and it sounds like it ended up being better than expected. Maybe just your thoughts a little bit more looking forward. I mean, is this -- 2025 in general was a down-ish year for retail. Are your expectations that maybe a plateau, a flattening, actually return to some growth? What are your thoughts there?

Bryan Lewis

Yeah, 2025 was a down year in terms of basically a lot of retail sales, credit card issuance, people maxing out their cards, those types of things. So, what I always like to point out is, even though it was down, right -- and like I said, even Q4 of this year, right, was down 13% from Q4 2024. Even with that, because we have expanded into a lot of other markets, we still grew. Now, the whole retail world, consumer confidence, consumer sentiment, those types of things are probably going to drive it. I like the fact that our customers are bringing on more retailers. And they use us to help bring them on board because they can go and say I'm going to give you better rates on your credit card program if you put this process in place because they know that the fraud is going to go away. So, I look at it as we are building a pipe for the economy, if you will, so that when interest rates reduce -- because you look at some of the interest rate on credit cards out there running at like 39%, that's hard for people. But when they come down, I look at it as what has been, again, a headwind will become a major tailwind.

Daniel Hibshman

Okay. That's helpful. And then maybe just in terms of the strength in the quarter and the beat on the street, just your thoughts maybe narrowing in a little bit more color on the source of that whether you attribute that primarily to the retail backdrop in the quarter or more so the new verticals coming in, whether that's automotive or title insurance, et cetera. Just source of the beat.

Bryan Lewis

Yeah. I'd say a combination of, in a way, all of the above. Retail certainly came in stronger, I think, than we were anticipating. But again, through our channel partners in automotive, that space is growing a lot, increased just straight-up banking use cases with new and existing clients. So, it's sort of like all of the above. I would expect to see -- again, there's always the seasonality in retail. And since we still have some folks who are not on the straight-line model

yet, Q4 retail and Q1 retail, there's always a drop. And so, that's how I'm looking at the numbers. But we've been, like Adam said, very smart on costs. And I'm excited about where we're going, but retail still is one of those things. It's just like when will it come back to life.

Daniel Hibshman

Yeah. Last question for me would just be, do you have any update on the status of the large global social media customer that was getting implemented?

Bryan Lewis

Look, they are 100% implemented. They tell us how much they love us. They are one of the strangest companies I've ever dealt with, and I'm hearing that from many other companies that work with them. So, I have taken the revenue out of our internal forecast. And I think I've said this on calls before. Just because they're too unpredictable. I have no idea. So, we're in. We have a great contract. They renewed it. Sometimes the pipe turns on really big, and then sometimes it goes away, and they almost can't even explain why that is. So, I just kind of leave them -- to me, they're gravy on our revenue numbers, and we'll just -- we'll see where it is. But fully implemented. 100% contract signed. 100% contract renewed. Actually signed on for more services. It's just up to them to figure out when and how they want to use it.

Daniel Hibshman

That's helpful, Bryan. Thanks and congrats on the quarter.

Bryan Lewis

Thank you very much.

Operator

Thank you. And our next question comes from the line of Rudy Kessinger with D.A. Davidson.

Clark Wright

Hi there. Thank you. This is Clark Wright on for Rudy Kessinger. Could you provide any additional parameters to frame growth expectations for 2026 given the step-up in revenue from the financial client that went live in 3Q?

Bryan Lewis

Look, we don't give guidance as sort of company policy. But the one thing that I've tried to make clear to people, for that particular client, remember, they rolled out from 0 to 100 over the course of a year. And what we ended up doing with them is straight-lining revenue. So, you figured year one of what they were spent was 50% of what they'll spend in year two, right? So, there's built-in growth there. The rest of it, it's a matter of how fast can we get things implemented, and there's all sorts of things going on with implementations that I'll point out to the point that we've got banks that know they want to use us. They know that they're running on really, really old technology, and they want to buy new and better scanners to get it working because they don't want to have to do two implementations. But some of these scanner

companies are running on six- to eight-month backlogs on being able to deliver product. So, I'm feeling comfortable about our growth. I like the amount of built-in growth that we have. And then the rest of it is sort of, again, how fast can we implement and will supply chain shortages impact us.

Clark Wright

Got it. That's helpful. And then I also appreciated the additional color you provided on the trajectory of gross margins and operating expenses going forward. Should we expect to see EBITDA margins expand from where they're at currently given some of the dynamics that you previously allocated with the conversion to the cloud, or should we expect effectively flat or down from 2025 levels?

Bryan Lewis

Well, the way I kind of look at -- a lot of the savings that we got from moving from one cloud to another. A part of that savings is going into buying the smart machines, right, that our data team is using and that kind of stuff. I will probably be looking to expand our marketing because it really is doing well and again, like I said, bringing in prospects. And the thing I love about prospects coming in and us talking to them, we don't lose what I'd call a scan off. When somebody compares us head-to-head, we win. So, the more of that I can bring in, the better for the whole company. But my other thing is, as Adam pointed out, we don't want expenses to grow at the same rate as revenue, and I think that we can easily accomplish that.

Clark Wright

Got it. In terms of how we should imply that going forward with headcount, should we expect headcount to remain relatively flat then going forward based off of the reinvestment of cost savings, or should we expect that line item to increase over time?

Bryan Lewis

Look, I think that we're going to add -- just to help get things out the door, we're going to swap out some expense that was in the dev team where we were using consultants. We'll probably bring -- swap that out for full-time employees. So, not a huge increase in that. What I always say is like if I see a phenomenal salesperson, we're going to hire them, right? Because that's hard to find, and they're great, and you bring them on board, and they pay for themselves. And then we might see a slight increase in marketing expense. The only other stuff is, as we start to bring on more clients, we would probably need more customer success people. But again, they pay for themselves because, when you spend time with the customer, you find new use cases. So, again, headcount should go up but not in any way that is at the same rate as revenue.

Clark Wright

Got it. Thank you.

Operator

Thank you. And our next question comes from the line of Scott Buck with H.C. Wainwright. Please proceed with your question.

Scott Buck

Hi. Good afternoon, guys. Thanks for the time. Bryan, I think you mentioned in the prepared remarks that you like the way you're positioned in automotive, and once there's a rebound there, you guys should be able to ride that wave. I'm curious, are there any metrics you can give us around that? How many dealerships you have exposure to or some way for us to, I don't know, kind of wrap our heads around the opportunity?

Bryan Lewis

Yeah. I could say automotive revenue grew 125% year-over-year. A lot of that is through channel partners. And we have what it is about, I think, 19,000 rooftops out there. We're nowhere near fully penetrated into that. So, I look at that as a lot of growth. We brought on another channel partner that is now incorporated into one of the largest automotive software providers out there as part of the F&I experience. So, I expect that that should bring in a bunch more rooftops. So, that gives us a couple of different angles that we're going after automotive. One is compliance, starts at the front end, and the other is F&I, which is sort of at the back end. So, I really like the automotive space because there's so many rooftops out there. But knocking on each individual door, I don't want to do that. That's why we're doing it with partners.

Scott Buck

Right. Right. No, that makes a ton of sense. I appreciate that. And then my second one, just given the expansion of business with some of the financial institutions, is there anything on the customer concentration front that we should just be keeping an eye on?

Bryan Lewis

No. And I don't know, Adam, feel free to chime in on that if you've got a thought on customer concentration. But as we bring on more financial institutions of all different sizes, I think the concentration will probably lessen.

Adam Sragovicz

I mean, I guess the other thing I would say is that, as we've expanded into the different use cases that we have in these various customers, it feels like it's stickier. I mean, there's always risk, right? I can't say there's not risk, but it feels like they're getting more and more integrated using our platform. And you feel better when you say, oh, now -- like Bryan was mentioning the M&A opportunities when banks are emerging and they say, oh, now we have a few hundred more branches to roll you out in. It's -- on the one hand, it's concentration. On the other hand, it's expanded opportunities.

Scott Buck

Yeah. No, that's helpful. I appreciate it, guys, and congrats on the year.

Bryan Lewis

Thank you.

Operator

Thank you. And our next question comes from the line of Kris Tuttle with Blue Caterpillar. Please proceed with your question.

Kris Tuttle

Hey, Bryan and Adam. Just a couple of things that weren't covered yet that I wanted to ask you about are really end market related. One you've talked about in the past was the employment verification area, which still has a lot of fraud in it. And then, of course, we hear a lot about there's some initiatives -- a lot of initiatives around reducing healthcare fraud. And last and [inaudible] in terms of probability but potentially size would be the opposite would be the chances we might get a voter ID law in the next couple of years. Just kind of your thoughts on -- the diverse one is probably the most realistic, but just kind of getting a feel for you on those in addition to the ones that you're already penetrating.

Bryan Lewis

Yeah. So, unemployment is -- I still love that market almost as much as I love automotive. And it's funny because the two of them are kind of interrelated. We have two automotive manufacturers that use us to verify all of their employees and anybody who comes on into the factory. And one of them realized that -- one got shut down because they had undocumented people -- one of their contractors had undocumented people working on building out the plant. And then they realized, well, wait a minute. If we were up and running -- and one of them said to me that they lose \$49,000 a minute if the assembly line isn't running. So, they are now requiring their suppliers to use us to authenticate all of their employees. So, I think we're going to see more things like that happening. So, it's been a great market, and they have 200 suppliers. I'll take every one of those. So, that's a big area. I think it's also going to happen more and more. The retail stores or whomever who's hiring people, you got to approve. And we already know in the remote hiring world that we've got bad actors from countries like North Korea pretending to be developers working and living in the U.S. and getting access to systems, and I know that that is scaring people, as well.

Voter ID has me very excited. I have been -- I have spoken with multiple states about what they think that they need to do. I think we have an elegant solution that works for in-person already and another solution that could do authentication for mail-in ballots. And now it's just a matter of we got to see where the law goes and who do we talk to. But I can tell you that has been a big push within senior management of the company to figure out how do we play in this game, because the easiest thing is most people have a driver's license or a state ID. And a lot of places now already have a machine that will take a photo of the license or do some scanning on it only to parse the data, right, but not to authenticate it. I know that South Carolina does it. I know that New Jersey does it. So, embedding us in that process would be quick, easy, and simple and then authenticate it, as well. Did I answer your questions, Kris?

Kris Tuttle

Yeah. Absolutely. I just -- those definitely sound like -- not in the numbers, of course, but I just love those [inaudible] for you because it just makes so much sense, right? So, much sense. So, thanks a lot. I'm looking forward to seeing you guys soon.

Bryan Lewis

Sounds good. I look forward to it, Kris.

Operator

Thank you. And with that, ladies and gentlemen, this does conclude our question-and-answer session. I would now like to turn the call back over to Bryan Lewis for any closing remarks.

Bryan Lewis

Hey. I just again want to thank everybody for joining us today, and I want to highlight that I believe we're at an important juncture with the historic achievement of annual operating profitability and sustained EBITDA positive growth, right? And I want to be clear, folks. We believe we are positioned to build on these successes, right? We look to expanded opportunities with current clients, and I look at the pipeline and I go, yes, I think we're going to be doing well, right? And particularly, again, I'm going to say banks, autos, and title insurance. Two I think are somewhat dependent upon the economy. One it doesn't matter because it's a great spot to go rob. That's why there's so many bank robbers, and we can help stop that kind of crime. So, I look forward to updating you all on our progress on our next call, and everybody have a great evening and thank you again.

Operator

And with that, ladies and gentlemen, this does conclude today's teleconference. We thank you for your participation, and you may disconnect your lines at this time and have a wonderful day.