AudioEye Reports Record Third Quarter 2026 Results

Third quarter GAAP net income profitability of $1 million with expectation of increased profitability in the fourth quarter

Third quarter adjusted EBITDA up 58% year over year, and the fourth quarter expected to be up 56% year over year

Sequential annualized fourth quarter revenue growth expected of approximately 20%

TUCSON, Ariz., Oct 26, 2026 /PRNewswire/ -- **AudioEye, Inc. (Nasdaq: AEYE) ("AudioEye" or the "Company")**, an industry-leading digital accessibility company, reported financial results for the third quarter ended September 30, 2026.

"Starting in 2025 we set an aspirational goal of producing 30-40% annual growth over three years in adjusted EBITDA and adjusted EPS. In the second year, we are on track to exceed this goal with approximately 50% year-over-year growth while also generating GAAP profitability in the third quarter. In Q3 gross margins also improved by over 550 basis points to 83%, with an adjusted gross margin of 88%. We are increasing adjusted EBITDA guidance, and we now expect to generate over $17 million of annualized adjusted EBITDA in the fourth quarter with continued GAAP profitability. We also expect to generate significant cash going forward and recently announced a stock repurchase program of $15 million, which represents 15% of the outstanding shares at current prices," said Kelly Georgevich, Chief Executive Officer of AudioEye. "The business is strong, and we expect annualized sequential revenue growth of approximately 20% in the fourth quarter, contributing to increased operating leverage."

Georgevich continued, "In October, we launched two new AI products, Agentic Audits and the AudioEye SDK MCP, both powered by AudioEye Intelligence, our proprietary dataset built from more than one million human reviews over a decade. We expect that these new tools will improve our industry leading legal protection rate even further."

Third Quarter 2026 Financial Results

- Total revenue increased 7% to a record $11.0M from $10.2M in the same prior year period. During 2026, the Company has reduced its emphasis on non-recurring revenue to focus on growing Annual Recurring Revenue ("ARR"), which grew 12% in the third quarter over the same prior year period.
- Gross profit increased to $9.1M (83% of total revenue) from $7.9M (77% of total revenue) in the same prior year period. The increase in gross profit was driven by higher sales and efficiencies including AI use.
- Adjusted gross margin was 88% in the third quarter of 2026 compared to 83% in the same prior year period. Adjusted gross margin is defined as gross margin adjusted for non-cash items such as stock-based compensation and depreciation and amortization expenses in cost of revenue.
- Operating expenses were $7.8M, a decrease of 5% from the comparable prior year period. The decrease was primarily due to lower sales and marketing expenses as well as reduced research and development expenses driven by AI efficiencies.
- Net income was $1.0M, or $0.08 per diluted share, compared to a net loss of $(0.6M), or $(0.04) per diluted share, in the same prior year period. The change was primarily due to higher gross profit and lower operating expenses.
- Adjusted EBITDA was $3.9M, and adjusted EPS was $0.30 per diluted share, compared to adjusted EBITDA of $2.5M and adjusted EPS of $0.19 per diluted share in the same prior year period. For Q3 2026, the adjusted EBITDA and adjusted EPS results reflect adjustments primarily for stock-based compensation expense, depreciation and amortization, litigation expense, and interest expense.
- ARR as of September 30, 2026 increased sequentially to $43.3M from $42.3M as of June 30, 2026.
- At September 30, 2026 the Company had $9.3M in cash and cash equivalents.

Other Updates

- On October 20, 2026, AudioEye announced that its Board of Directors authorized the repurchase of up to $15 million of the Company's outstanding common stock through October 18, 2027. The new program replaces the Company's prior share repurchase authorization and is expected to be funded with working capital and cash from operations.
- On October 8, 2026, AudioEye launched two new AI products, Agentic Audits and the AudioEye SDK MCP, both powered by AudioEye Intelligence, the Company's proprietary accessibility dataset built from over one million human reviews across more than 100,000 sites. Agentic Audits deploy an AI agent that navigates a site the way a person would and can find up to 50% more high-severity issues than automation alone, while the SDK MCP brings AudioEye Intelligence directly into the AI coding tools developers already use.
- On September 30, 2026, AudioEye published research showing that leading AI coding tools failed to build accessible websites, with 91% of the issues found rated medium or high severity.
- On September 24, 2026, AudioEye published research showing that AI agents completed up to 68% fewer tasks and used 43% more tokens on average on inaccessible websites, demonstrating that digital accessibility is the foundation for AI readiness.
- On August 27, 2026, AudioEye released UK findings from its 2026 Digital Accessibility Index, which scanned over 14,400 pages across 475 UK websites and found an average of 66 accessibility issues per page, with AI search increasingly routing users to less accessible interior pages.
- As of September 30, 2026, AudioEye had approximately 130,000 customers, up 7,000 year-over-year from September 30, 2025, driven by increases in both the Partner and Marketplace channel and Enterprise channel.

Financial Outlook

AudioEye expects revenue of between $11.4M and $11.6M for the fourth quarter of 2026, which is expected to result in revenue of between $43.6M and $43.8M for the full year 2026. The Company expects adjusted EBITDA of between $4.2M and $4.4M for the fourth quarter of 2026, which raises expected full year 2026 adjusted EBITDA to between $13.4M and $13.6M, representing approximately 50% year-over-year growth. The Company expects adjusted EPS of between $0.32 and $0.33 per share for the fourth quarter of 2026 and at least $1.04 per share for the full year 2026.

Conference Call Information

AudioEye management will hold a conference call today, October 26, 2026, at 4:30 p.m. Eastern time (1:30 p.m. Pacific time) to discuss these results, followed by a question-and-answer period.

Date: Monday, October 26, 2026
Time: 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time)
U.S. dial-in number: 877-407-8289
International number: 201-689-8341
Webcast: **Q326 Webcast Link**

Please call the conference telephone number 5-10 minutes prior to the start time. If you have any difficulty connecting with the conference call, please contact Gateway Group at 949-574-3860.

The conference call will also be webcast live and available for replay via the investor relations section of the Company's website. The audio recording will remain available via the investor relations section of the Company's website for 90 days.

A telephonic replay of the conference call will also be available after 7:30 p.m. Eastern Time on the same day through November 9, 2026 via the following numbers:

Toll-free replay number: 877-660-6853
International replay number: 201-612-7415
Replay passcode: 13763375

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

About AudioEye

AudioEye exists to ensure the digital future we build is accessible for people with disabilities and AI agents. AudioEye's comprehensive solution for over 130,000 customers combines industry-leading AI automation technology with expert fixes informed by the disability community. This powerful combination delivers industry-leading protection against lawsuits and readiness for AI agents. With 25 US patents, AudioEye's solution includes 24/7 accessibility monitoring, automated WCAG issue testing and fixes, expert testing, developer tools, and legal protection, empowering organizations to confidently create accessible digital experiences for all.

Forward-Looking Statements

All statements in this press release about AudioEye's expectations, beliefs, plans, objectives, prospects, financial condition, assumptions or future events or performance are not historical facts and are "forward-looking statements" as that term is defined under the federal securities laws. Forward-looking statements are often, but not always, made through the use of words or phrases such as "believe", "anticipate", "should", "confident", "intend", "plan", "will", "expects", "estimates", "projects", "positioned", "strategy", "outlook" and similar words. You should read the statements that contain these types of words carefully. Such forward-looking statements contained herein include, but are not limited to, statements regarding future cash flows of the Company, anticipated contributions from new sales channels, long-term growth prospects, opportunities in the digital accessibility industry, our revenue, adjusted EBITDA, adjusted EPS and ARR guidance, and our expectation of investments in marketing and sales. These statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied in such forward-looking statements, including the variability of AudioEye's revenue and financial performance; sales channels and offerings; product development and technological changes; the acceptance of AudioEye's products in the marketplace; the effectiveness of our integration efforts; competition; inherent uncertainties and costs associated with litigation; and general economic conditions. These and other risks are described more fully in AudioEye's filings with the Securities and Exchange Commission. There may be events in the future that AudioEye is not able to predict accurately or over which AudioEye has no control. Forward-looking statements reflect management's view as of the date of this press release, and AudioEye urges you not to place undue reliance on these forward-looking statements. AudioEye does not undertake any obligation to update such forward-looking statements to reflect events or uncertainties after the date hereof.

About Key Operating Metrics

We consider annual recurring revenue ("ARR") as a key operating metric and a key indicator of our overall business. We also use ARR as one of the primary methods for planning and forecasting overall expectations and for evaluating, on at least a quarterly and annual basis, actual results against such expectations.

We manage customers through two primary channels, Enterprise and Partner and Marketplace. Enterprise channel consists of our larger customers and organizations, including those with non-platform custom websites, who generally engage directly with AudioEye sales personnel for custom pricing and solutions. This channel also includes federal, state and local government agencies. The Partner and Marketplace channel consists of our CMS partners, platform & agency partners, authorized resellers and our marketplace. This channel serves small and medium sized businesses who are on a partner or reseller's web-hosting platform or who purchase an AudioEye solution from our marketplace.

We define ARR as the sum of (i) for our Enterprise channel, the total of the annualized recurring fee at the date of determination under each active contract, plus (ii) for our Partner and Marketplace channel, the annual or monthly recurring fee for all active customers at the date of determination, in each case, assuming no changes to the subscription, multiplied by 12 if applicable. Recurring fees are defined as revenues expected to be generated from services typically offered as a subscription service or annual service offering such as our automation and platform,

periodic auditing, human-assisted technological fixes, legal support and professional service offerings and other services that reoccur on a multi-year contract. This determination includes both annual and monthly contracts for recurring products. Some of our contracts are terminable prior to the expected term, which may impact future ARR. ARR excludes non-recurring fees, which are defined as revenue expected to be generated from services typically not offered as a subscription service or annual service offering such as our PDF remediation services business, one-time website and mobile application reports, and other miscellaneous services that are offered as non-subscription services or are expected to be one-time in nature.

Use of Non-GAAP Financial Measures

From time to time, we review adjusted financial measures that assist us in comparing our operating performance consistently over time, as such measures remove the impact of certain items, as applicable, such as our capital structure (primarily interest charges), certain non-cash items, including stock compensation and depreciation and amortization expense, and other expenses that do not relate to our core operations, including significant transaction and litigation-related expenses and other costs that are expected to be non-recurring. In order to provide investors with greater insight and allow for a more comprehensive understanding of the information used in our financial and operational decision-making, the Company has supplemented the consolidated financial statements presented on a GAAP basis in this press release with the following non-GAAP financial measures: Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings (loss) per diluted share (adjusted EPS) and Adjusted gross margin.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Company results as reported under GAAP. The Company compensates for such limitations by relying primarily on our GAAP results and using non-GAAP financial measures only as supplemental data. We also provide a reconciliation of non-GAAP to GAAP measures used. Investors are encouraged to carefully review this reconciliation. In addition, because these non-GAAP measures are not measures of financial performance under GAAP and are susceptible to varying calculations, these measures, as defined by us, may differ from and may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Earnings (Loss) per Diluted Share

We define: (i) Adjusted EBITDA as net income (loss), plus interest expense, plus depreciation and amortization expense, plus stock-based compensation expense, less change in fair value of contingent consideration, plus certain litigation expense, plus certain acquisition expense, plus certain severance expense, plus loss on disposal or impairment of long-lived assets, plus loss on extinguishment of debt, and plus lost deposit on alternative financing; (ii) Adjusted EBITDA margin as Adjusted EBITDA as a percentage of GAAP revenue; and (iii) Adjusted earnings (loss) per diluted share (EPS) as net income (loss) per diluted common share, plus interest expense, plus depreciation and amortization expense, plus stock-based compensation expense, less change in fair value of contingent consideration, plus certain litigation expense, plus certain acquisition expense, plus certain severance expense, plus loss on disposal or impairment of long-lived assets, plus loss on extinguishment of debt, and plus lost deposit on alternative financing, each on a per share basis. Adjusted earnings per diluted share includes incremental shares in the share count that are considered anti-dilutive in a GAAP net loss position.

Adjusted Gross Margin

We define Adjusted gross margin as gross profit, plus stock-based compensation expense and depreciation and amortization expense allocated to cost of revenue, expressed as a percentage of total revenue.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings (loss) per diluted share, and Adjusted gross margin are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone. All of the items adjusted in these calculations are either recurring non-cash items or items that management does not consider in assessing our ongoing operating performance. In the case of the non-cash items, such as stock-based compensation expense and valuation adjustments to assets and liabilities, management believes that

investors may find it useful to assess our comparative operating performance because the measures without such items are expected to be less susceptible to variances in actual performance resulting from expenses that do not relate to our core operations and are more reflective of other factors that affect operating performance. In the case of items that do not relate to our core operations, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

Adjusted EBITDA is not a measure of liquidity under GAAP, or otherwise, and is not an alternative to cash flow from continuing operating activities, despite the advantages regarding the use and analysis of these measures as mentioned above. Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings (loss) per diluted share, and Adjusted gross margin, as disclosed in this press release, have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP; nor are these measures intended to be measures of liquidity or free cash flow.

To properly and prudently evaluate our business, we encourage readers to review the consolidated GAAP financial statements included in this press release and not rely on any single financial measure to evaluate our business. Reconciliations of Adjusted EBITDA to net income (loss), the most directly comparable GAAP-based measure, Adjusted earnings (loss) per diluted share to net income (loss) per diluted share, the most directly comparable GAAP-based measure, and Adjusted gross margin to gross margin, the most directly comparable GAAP-based measure are provided in tables later in this press release. We strongly urge readers to review these reconciliations, along with the financial statements included in this press release.

Forward-Looking Non-GAAP Financial Measures

This press release and statements made in our conference call today also include the forward-looking non-GAAP financial measures of adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and free cash flow guidance for the fourth quarter and full year 2026. We calculate forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. We have not provided quantitative reconciliations of these forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because the excluded items are not available on a prospective basis without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. It is probable that these forward-looking non-GAAP financial measures may be materially different from the corresponding GAAP financial measures.

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AUDIOEYE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share data)	**2026**	**2025**	**2026**	**2025**
Revenue	$ 10,963	$ 10,227	$ 32,232	$ 29,817
Cost of revenue	1,871	2,312	6,439	6,545
Gross profit	9,092	7,915	25,793	23,272
Operating expenses:				
Selling and marketing	3,304	3,649	10,806	11,169
Research and development	889	1,118	2,848	3,471
General and administrative	3,644	3,506	13,365	10,998
Change in fair value of contingent consideration	-	(40)	-	(1,350)
Total operating expenses	7,837	8,233	27,019	24,288
Operating income (loss)	1,255	(318)	(1,226)	(1,016)
Other expense:				
Interest expense, net	(265)	(236)	(763)	(709)
Loss on extinguishment of debt	-	-	-	(300)
Total other expense	(265)	(236)	(763)	(1,009)
Net income (loss)	$ 990	$ (554)	$ (1,989)	$ (2,025)
Net income (loss) per common share - basic	$ 0.08	$ (0.04)	$ (0.16)	$ (0.16)
Net income (loss) per common share - diluted	$ 0.08	$ (0.04)	$ (0.16)	$ (0.16)
Weighted average common shares outstanding - basic	12,583	12,414	12,512	12,417
Weighted average common shares outstanding - diluted	12,971	12,414	12,512	12,417

AUDIOEYE, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	(unaudited) September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,327	$ 5,288
Accounts receivable, net	5,772	6,557
Prepaid expenses and other current assets	878	777
Total current assets	15,977	12,622
Property and equipment, net	105	146
Right of use assets	297	168
Intangible assets, net	10,826	12,515
Goodwill	6,682	6,682
Other	41	97
Total assets	$ 33,928	$ 32,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,442	$ 4,851
Operating lease liabilities	57	218
Deferred revenue	8,350	8,619
Contingent consideration	300	225
Term loan, current	850	503
Total current liabilities	12,999	14,416
Long term liabilities:		
Term loan, net	15,380	12,479
Operating lease liabilities	254	-
Deferred revenue	81	5
Contingent consideration, long term	-	300
Other	138	226
Total liabilities	28,852	27,426
Stockholders' equity:		
Preferred stock, $0.00001 par value, 10,000 shares authorized		
Common stock, $0.00001 par value, 50,000 shares authorized, 12,676 and 12,383 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	1	1
Additional paid-in capital	110,937	108,201
Accumulated deficit	(105,862)	(103,398)
Total stockholders' equity	5,076	4,804
Total liabilities and stockholders' equity	$ 33,928	$ 32,230

AUDIOEYE, INC.
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share data)	**2026**	**2025**	**2026**	**2025**
Adjusted EBITDA Reconciliation				
Net income (loss) (GAAP)	$ 990	$ (554)	$ (1,989)	$ (2,025)
Change in fair value of contingent consideration	-	(40)	-	(1,350)
Interest expense, net	265	236	763	709
Stock-based compensation expense	1,191	1,281	3,678	3,693
Acquisition expense [1]	21	-	123	33
Litigation expense [2]	492	607	3,398	1,936
Severance expense [3]	-	-	344	304
Lost deposit on alternative financing	-	-	-	50
Depreciation and amortization	927	918	2,901	2,581
Loss on disposal or impairment of long-lived assets	-	5	5	61
Loss on extinguishment of debt	-	-	-	300
Adjusted EBITDA	$ 3,886	$ 2,453	$ 9,223	$ 6,292
GAAP Net income (loss) as a percent of revenue	9 %	(5) %	(6) %	(7) %
Adjusted EBITDA margin [4]	35 %	24 %	29 %	21 %
Adjusted Earnings per Diluted Share Reconciliation				
Net income (loss) per common share (GAAP) - diluted	$ 0.08	$ (0.04)	$ (0.16)	$ (0.16)
Change in fair value of contingent consideration	-	-	-	(0.10)
Interest expense, net	0.02	0.02	0.06	0.06
Stock-based compensation expense	0.09	0.10	0.29	0.29
Acquisition expense [1]	-	-	0.01	-
Litigation expense [2]	0.04	0.05	0.26	0.16
Severance expense [3]	-	-	0.03	0.02
Lost deposit on alternative financing	-	-	-	-
Depreciation and amortization	0.07	0.07	0.23	0.20
Loss on disposal or impairment of long-lived assets	-	-	-	-
Loss on extinguishment of debt	-	-	-	0.02
Adjusted earnings per diluted share [5]	$ 0.30	$ 0.19	$ 0.72	$ 0.50
Diluted weighted average shares (GAAP)	12,971	12,414	12,512	12,417
Includable incremental shares (Non-GAAP) [5]	-	229	348	174
Adjusted diluted shares (Non-GAAP)	12,971	12,643	12,860	12,591

(1) Represents professional fees incurred in connection with acquisitions and dissolutions.

(2) Represents legal expenses related primarily to non-recurring litigation.

(3) Represents severance expense for an employee from a previously acquired business and for employees impacted by a reduction in force in 2026.

(4) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of GAAP revenue.

(5) Adjusted earnings per adjusted diluted share for our common stock is computed using the treasury stock method.

AUDIOEYE, INC.
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES
(unaudited)

	Three months ended September 30,				Nine months ended September 30,			
(in thousands)	**2026**		**2025**		**2026**		**2025**	
Adjusted Gross Margin Reconciliation								
Revenue	$ 10,963		$ 10,227		$ 32,232		$ 29,817	
Less: Cost of revenue	1,871		2,312		6,439		6,545	
Gross profit (GAAP)	$ 9,092		$ 7,915		$ 25,793		$ 23,272	
Gross margin (GAAP)	**83**	%	**77**	%	**80**	%	**78**	%
Add expenses included in cost of revenue:								
Depreciation and amortization	$ 466		$ 494		$ 1,458		$ 1,432	
Stock-based compensation	56		61		202		198	
Adjusted gross profit (non-GAAP)	$ 9,614		$ 8,470		$ 27,453		$ 24,902	
Adjusted gross margin (non-GAAP)	**88**	%	**83**	%	**85**	%	**84**	%

SOURCE AudioEye, Inc.

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