

SRI International

E.I.N. #941160950

**Reports on Financial Statements and
Federal Award Programs in Accordance with
OMB Uniform Guidance
December 26, 2025 and December 27, 2024**

SRI International
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SRI International

Report on the audit of the financial statements**Opinion**

We have audited the financial statements of SRI International (a nonprofit organization) ("SRI") which comprise the balance sheets as of December 26, 2025 and December 27, 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SRI as of December 26, 2025 and December 27, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SRI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

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

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended December 26, 2025 taken as a whole. The schedule of expenditures of federal awards for the year ended December 26, 2025, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 2025 financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2025 financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the 2025 financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 2025 financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026 on our consideration of SRI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SRI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SRI's internal control over financial reporting and compliance.

Grant Thornton LLP

Arlington, Virginia
June 25, 2026

SRI International
Balance Sheets
December 26, 2025 and December 27, 2024

(in thousands of dollars)

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 31,787	\$ 35,049
Restricted cash and cash equivalents	1,377	1,228
Investments	24,833	19,796
Receivables and contract assets, net	66,924	83,425
Notes receivable - related party, current portion	1,429	1,049
Inventory	7,204	9,590
Prepaid expenses and other assets	6,188	7,206
Total current assets	139,742	157,343
Property and equipment, net	93,006	99,342
Deferred tax asset	4,705	6,229
Operating lease right-of-use assets	103,944	116,908
Notes receivable - related party, net of current portion	7,174	7,529
Investment in Ravenswood	2,826	3,560
Other noncurrent assets	18,445	18,714
Total assets	<u>\$ 369,842</u>	<u>\$ 409,625</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 49,386	\$ 57,837
Contract liabilities	23,741	24,807
Operating lease liabilities, current portion	12,429	9,628
Current installments of long-term debt	6,960	2,166
Total current liabilities	92,516	94,438
Long-term debt, net of current installments	2,968	10,061
Operating lease liabilities, net of current portion	96,291	108,720
Other noncurrent liabilities	19,791	18,371
Total liabilities	211,566	231,590
Commitments and contingencies (Note 15)	-	-
Net assets without donor restrictions	158,276	178,035
Total liabilities and net assets	<u>\$ 369,842</u>	<u>\$ 409,625</u>

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

SRI International
Statements of Activities
Years Ended December 26, 2025 and December 27, 2024

<i>(in thousands of dollars)</i>	2025	2024
Project revenue	\$ 357,972	\$ 404,791
Contributed services revenue	2,471	-
Royalty revenue	6,020	32,763
Net revenue	366,463	437,554
Direct project costs	(180,491)	(199,041)
Excess of net revenue over direct project costs	185,972	238,513
Indirect expenses		
Salaries, wages, and benefits	128,270	144,669
Property and equipment	47,368	52,395
Materials, services, travel, and other	32,383	39,263
Internal research programs	4,142	7,605
Total indirect expenses	212,163	243,932
Other income (expense)		
Interest income	2,701	1,923
Interest expense	(747)	(633)
Stanford University separation expense	(1,027)	-
Realized gain (loss) on investments	5,625	(379)
Credit loss expense	-	(172)
Loss from sale of subsidiary	-	(5,626)
Loss from equity method investment	(734)	-
Other, net	1,846	12,794
Total other income	7,664	7,907
(Loss) Income from operations	(18,527)	2,488
Unrealized gain on investments	320	27
(Loss) Income before income taxes	(18,207)	2,515
Income tax (expense) benefit	(1,552)	338
Foreign currency translation loss	-	(882)
Change in net assets without donor restrictions	(19,759)	1,971
Net assets without donor restrictions		
Beginning of year	178,035	176,064
End of year	\$ 158,276	\$ 178,035

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

SRI International
Statements of Cash Flows
December 26, 2025 and December 27, 2024

(in thousands of dollars)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (19,759)	\$ 1,971
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	13,952	17,018
Accretion expense related to ARO liability	753	592
Provision for doubtful accounts and indirect rate reserve	101	(2,327)
Gain on investments	(323)	(444)
Unrealized loss from investment in affiliates	-	439
Realized (gain) loss from investment in affiliates	(5,622)	357
Loss on sale/disposal of property and equipment	484	561
Change in deferred tax asset	1,524	330
Loss from sale of subsidiary	-	5,626
Loss from equity method investment	734	-
Changes in operating assets and liabilities		
Receivables and notes receivable - related party	16,355	1,942
Inventory	2,386	1,130
Prepaid expenses and other assets	1,007	1,967
Other noncurrent assets	(585)	6,212
Accounts payable and accrued expenses	(8,357)	(13,848)
Contract liabilities	(1,600)	3,272
Operating lease assets and liabilities, net	3,336	1,228
Other noncurrent liabilities	(83)	(284)
Net cash provided by operating activities	<u>4,303</u>	<u>25,742</u>
Cash flows from investing activities		
Purchase of investments	(18,392)	(5,771)
Sale and maturity of investments	13,697	7,921
Capital expenditures	(6,682)	(16,966)
Affiliate company investments	(25)	-
Sale of investment in affiliates	6,306	-
Payment for divestiture of a subsidiary	-	(853)
Net cash used in investing activities	<u>(5,096)</u>	<u>(15,669)</u>
Cash flows from financing activities		
Principal payments of long-term debt	<u>(2,320)</u>	<u>(1,998)</u>
Net cash used in financing activities	<u>(2,320)</u>	<u>(1,998)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(3,113)	8,075
Cash, cash equivalents, and restricted cash		
Beginning of year	<u>36,277</u>	<u>28,202</u>
End of year	<u>\$ 33,164</u>	<u>\$ 36,277</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest, net of amount capitalized	\$ 623	\$ 539
Non-cash acquisition of equity method investment through issuance of equity	\$ -	\$ 3,560
Change in accounts payable related to capital expenditures	\$ (94)	\$ 113
Change in contract liabilities related to other noncurrent assets	\$ 534	\$ 667
Non-cash increase in asset retirement obligation with corresponding capitalized asset retirement cost	\$ 750	\$ -

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

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

1. Nature of Organization and Summary of Significant Accounting Policies

Description of Business

SRI International ("SRI") is a non-profit, independent research and innovation organization serving government and industry by providing basic and applied research, laboratory and advisory services, technology development and licenses, deployable systems, products, and venture opportunities. The U.S. government, foreign governments, and some of the world's largest companies have been long-standing, major clients of SRI. SRI is headquartered in Menlo Park, California, with facilities in Arlington and Harrisonburg, Virginia; Princeton, New Jersey; Ann Arbor, Michigan; Boulder, Colorado and other offices throughout the United States and overseas.

Fiscal year 2025 ended on December 26, 2025 and included 52 weeks of operation. Fiscal year 2024 ended on December 27, 2024 and included 52 weeks of operation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of SRI.

Effective September 18, 2024, SRI sold its interest in Ravenswood Solutions. Consequently, the financial statements for the fiscal year ended December 26, 2025 are presented on a standalone basis, while the comparative figures for the prior year reflect the consolidated results through the date of sale.

Net Assets Without Donor Restrictions

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions that expire with specific actions to be undertaken by SRI and/or the passage of time. Upon the satisfaction of donor-imposed stipulations and/or the passage of time, the associated net assets are released from the donor restricted classification and recognized as net assets without donor restrictions. As of December 26, 2025 and December 27, 2024, donor restricted net assets are immaterial. Further, net assets are not subject to additional limitations such as internal board designations or significant limits resulting from contractual agreements.

Measure of Operations

SRI considers all revenue and expenses related to operations except unrealized gains or losses, from investments, income tax expense or benefit and foreign currency translation loss. The separation agreement transactions with Stanford University, refer to Note 16, are included in the operations.

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

Revenue and Receivables

SRI recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("Topic 606") and Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities* ("Topic 958") *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). Project revenue consists principally of services performed from contracts with the U.S. government, state and local governments, private foundations and subcontracts with other contractors engaged in such work. SRI performs services under various types of contracts, including cost reimbursable ("CP"), fixed-price ("FP"), time-and-materials ("T&M"), and grants.

SRI analyzes all agreements to determine if the transaction meets the definition of an exchange or nonexchange transaction. Exchange transactions are transactions in which commensurate value is exchanged and there is a reciprocal flow of benefits between parties. Nonexchange, or contribution, arrangements exist if no commensurate benefits are received in exchange for the resources transferred. When government grants are received, the arrangement is analyzed to determine if SRI's obligations are for the ultimate benefit of the general public. If the primary benefit is received by the general public, as opposed to the government itself, the arrangements are concluded to be nonexchange. The guidance in ASC 606 is applied to all exchange transactions and Topic 958, *Not-for-Profit Entities*, guidance is applied to all other revenue transactions.

The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. SRI determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer (Step 1)
- Identification of the performance obligations in the contract (Step 2)
- Determination of the transaction price (Step 3)
- Allocation of the transaction price to the performance obligations in the contract (Step 4)
- Recognition of revenue when, or as, a performance obligation is satisfied (Step 5)

To determine the proper revenue recognition, SRI first evaluates whether it has a duly approved and enforceable contract with a customer, in which the rights of the parties and payment terms are identified, and collectability is probable. SRI also evaluates whether two or more contracts should be combined and accounted for as a single contract.

SRI then assesses contract modifications to determine whether the changes to existing contracts should be accounted for as part of the original contract or as a separate contract. SRI considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications are accounted for as a separate contract if the modification adds distinct goods or services and increases the contract value by its standalone selling price. Modifications that are not determined to be a separate contract are accounted for either as a prospective adjustment to the original contract if the goods or services in the modification are distinct from those transferred before the modification or as a cumulative adjustment if the goods and services are not distinct and are part of a single performance obligation that is partially satisfied.

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

At contract inception, SRI determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. This evaluation requires professional judgment, and it may impact the timing and pattern of revenue recognition. Most of SRI's contracts consist of multiple promises that are highly integrated and as such, SRI typically accounts for them as having a single performance obligation. If the promises are distinct, both individually and in the context of the contract, SRI accounts for the promises as separate performance obligations. When contracts have multiple performance obligations, SRI allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation. SRI generally provides customized solutions in which the pricing is based on specific negotiations with each client, and, in these cases, SRI uses a cost-plus margin approach to estimate the standalone selling price of each performance obligation. Certain contracts contain award fees, incentive fees, or other provisions that can either increase or decrease the transaction price. These variable amounts are generally awarded at the completion of a contractually stipulated performance assessment period based on the achievement of performance metrics, program milestones or cost targets, and the amount awarded may be subject to client discretion.

Variable consideration is estimated primarily by using the most likely amount method based on prior history in providing the services to the customer or, if no history exists, the variable consideration is constrained until the initial determination by the customer. Once SRI selects a method to estimate variable consideration, it applies that method consistently over the performance assessment periods with changes in estimates resulting in cumulative catch-up adjustments in the period. Estimates of variable consideration will be constrained only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The changes in estimates result in cumulative catch-up adjustments.

SRI generally recognizes revenue over time as control is transferred to a client, based on the extent of progress towards satisfaction of the performance obligation. The selection of the method used to measure progress requires judgment and is dependent, among other factors, on the contract type and the nature of the services provided.

For T&M contracts, SRI uses the right-to-invoice practical expedient to recognize revenue earned based on hours worked in contract performance at negotiated billing rates as SRI believes this amount is commensurate with the value transferred to the customer.

For certain CP contracts that meet the criteria for the right-to-invoice practical expedient to be used as SRI believes this amount is commensurate with the value transferred to the customer, SRI recognizes revenue based on the amount to which SRI has a contractual right to invoice which is typically costs incurred plus contractually-stipulated fixed fees. CP contracts may include variable consideration which is allocated to the distinct periods in which they relate to and recognized in that period.

For series-services performance obligations, SRI measures progress using either a cost input measure, a time-elapsd output measure, or the right to invoice practical expedient.

For certain FP contracts requiring the delivery of a product or service, SRI uses the percentage-of-completion method to estimate the amount of revenue, based on the ratio of actual costs incurred to total estimated costs, provided that costs incurred (an input method) represents a reasonable measure of progress towards the satisfaction of a performance obligation and transfer of control to the customer. This method provides a faithful depiction of the transfer of value to the client when

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

SRI is satisfying a performance obligation that entails integration of tasks for a combined output, which requires SRI to coordinate the work of employees, subcontractors and delivery of other contract costs. Contract costs that are not reflective of SRI's progress toward satisfying a performance obligation are not included in the calculation of the measure of progress. When this method is used, the changes in estimated costs to complete the obligations result in adjustments to revenue on a cumulative catch-up basis, which causes the effect of revised estimates for prior periods to be recognized in the current period.

In some FP service contracts, SRI performs services of a recurring nature, such as maintenance and other services of a "stand ready" nature. For these contracts, SRI has the right to consideration in an amount that corresponds directly with the value that the client has received. Therefore, SRI records revenue on a time-elapsed basis to reflect the transfer of control to the client throughout the contract.

Contracts may be modified to reflect changes in contract specifications and requirements, and these changes may create new enforceable rights and obligations. Modifications that are for services that are not distinct from the existing agreement due to the significant integration service that SRI provides are accounted for as part of an existing performance obligation. The effect of these modifications on the transaction price and SRI's measure of progress in fulfilling the performance obligation to which they relate is recognized as an adjustment to revenue on a cumulative catch-up basis. Revenue from modifications that create new, distinct performance obligations is recognized based on SRI's progress in fulfilling the requirements of the new obligations.

For performance obligations that are satisfied over time, SRI recognizes the cost to fulfill contracts when incurred, unless the costs are within the scope of another topic in which case the guidance of that topic is applied.

Long-term contracts typically contain billing terms that provide for invoicing monthly or upon completion of milestones, and payment on a net 30-day basis.

SRI records royalty revenue on the licensing and sales of intellectual property as of a point in time. Royalty revenue is recorded under the applicable technology transfer agreements which generally contain minimum royalty amounts as a stated dollar or a stated amount plus a percentage of sales. Royalty related expenses are included in indirect expenses in the statements of activities.

Contract Assets

Contract assets are rights to consideration that are conditional upon factors other than the passage of time. Contract assets include milestone-based revenue, revenue pending final rate determinations and contract retention and fee withhold receivables. Billed and unbilled receivables are rights to consideration that are unconditional other than the passage of time.

Contract Liabilities

SRI receives advances and milestone payments from customers on selected contracts that exceed revenue earned to date, resulting in contract liabilities. Contract liabilities typically are not considered a significant financing component because they are used to meet working capital demands that can be higher in the early stages of a contract and to protect SRI from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are reported in the balance sheets on a net contract basis at the end of each reporting period.

SRI International
Notes to Financial Statements
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(in thousands of dollars, unless otherwise noted)

Contract balances for the years ending December 26, 2025 and December 27, 2024 are as follows:

	2025	2024	2023
Billed receivables	\$ 26,579	\$ 29,924	\$ 44,965
Unbilled receivables	29,454	41,785	44,122
Contract assets	<u>15,247</u>	<u>16,173</u>	<u>3,968</u>
	71,280	87,882	93,055
Less: Allowance for uncollectible accounts and rate reserve	<u>(4,356)</u>	<u>(4,457)</u>	<u>(2,129)</u>
Receivables and contract assets, net	<u>\$ 66,924</u>	<u>\$ 83,425</u>	<u>\$ 90,926</u>
Contract assets - contractual retention and fee withhold receivables (Note 6)	\$ 7,152	\$ 5,861	\$ 6,347
Contract liabilities - client advances and credits	23,741	24,807	20,868

SRI does not have a material credit risk exposure as a majority of receivables are associated with the U.S. government. Remaining receivables consist primarily of contracts with private entities and foreign governments and is widely diversified. While SRI believes there is minimal credit risk given the nature of its customers, significant changes in levels of federal research funding could impact SRI. When events or conditions indicate that amounts outstanding from customers may become uncollectible, an allowance is estimated and recorded.

Revenue on federal government contracts was recorded using the forward pricing rates for 2025 because they were in excess of actual rates. For 2024, revenue was recognized using the actual rates when they were lower than forward pricing rates and modified rates where actual rates exceeded forward pricing rates. In cases where the final indirect rate settlement is expected to result in a change to recorded revenues, management has established an allowance for these indirect rate variances. As of December 26, 2025, and December 27, 2024, SRI recorded a reserve of \$2.9 million.

Contract assets - contractual retention and fee withhold receivables is included in the other noncurrent assets line of the consolidated balance sheets.

Contributions

In accordance with ASC 958-605, Not-for-Profit Entities—Revenue Recognition, unconditional contributions are recognized as revenue when received. There were no unconditional contributions recognized in 2025 or 2024.

SRI conducts research pursuant to grants and contracts with the federal government, private corporations, foundations, and other organizations. These arrangements are evaluated to determine whether they represent exchange transactions within the scope of ASC 606 or contributions within the scope of ASC 958-605. Based on this assessment, a significant portion of these grants and contracts are accounted for as conditional contributions.

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

Conditional contributions are recognized as revenue as conditions are substantially met, primarily based on costs incurred, achievement of specified milestones, or other contractual requirements.

For the years ended December 26, 2025 and December 27, 2024, SRI recognized \$116.8 million and \$119.8 million, respectively, of conditional contribution revenue, which is included in project revenues in the statements of activities.

As of December 26, 2025 and December 27, 2024, SRI had approximately \$167.4 million and \$145.8 million, respectively, of conditional contributions awarded but not yet recognized as revenue.

SRI classifies donor-restricted or conditional contributions as net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

Contributed Services

SRI received contributed services from third-party professional service providers assisting in the organization's program services. Contributed services are recognized as revenue and expenses in the accompanying financial statements if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the years ended December 26, 2025 and December 27, 2024, recognized contributed services consisted of research and development services totaling \$2.5 million and \$0, respectively.

These recognized contributed services were utilized to satisfy cost-sharing requirements under certain government grant agreements. These services are valued based on rates commensurate with those charged for similar work in the local labor market by the service providers. SRI did not receive any unrecognized contributed services during the periods presented.

Cash and Cash Equivalents

SRI considers all cash and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities, which are readily convertible into cash.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of funds that are contractually restricted for certain purposes, including unspent bond proceeds and funds deposited for future bond redemption.

SRI International

Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

The following table provides a reconciliation of cash and cash equivalents, as reported on the balance sheets, to cash, cash equivalents, and restricted cash, as reported on the statements of cash flows:

	2025	2024
Cash and cash equivalents	\$ 31,787	\$ 35,049
Restricted cash and cash equivalents	<u>1,377</u>	<u>1,228</u>
Cash, cash equivalents and restricted cash	<u>\$ 33,164</u>	<u>\$ 36,277</u>

Investments

Investments are recorded at fair value. Net realized and unrealized gains and losses on investments are reflected in the statements of activities (Note 3). The investment portfolio may be exposed to various risks, including, but not limited to, interest rate, market, sovereign, concentration, counterparty, liquidity and credit risk.

Investments, Cost

SRI holds investments in certain privately held entities. SRI accounts for these investments using the cost method when it is determined that the investment provides SRI with little or no influence over the investee. Under the cost method of accounting, the investment is measured at cost, adjusted for impairments which would be recognized in income. The investments are subject to qualitative assessment for indicators of impairment.

Investments, Equity Method

SRI accounts for investments in other affiliated companies over which it has the ability to exercise significant influence under the equity method accounting and presents investments separately in the balance sheets. Under the equity method, SRI recognizes its proportionate share of the affiliate entities' net income or loss. SRI's share of loss was \$0.7 million for the year ended December 26, 2025 which is recorded within loss from equity method investment on the statements of activities.

Fair Value of Financial Assets and Liabilities

ASC 820, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Notes to Financial Statements

December 26, 2025 and December 27, 2024

(in thousands of dollars, unless otherwise noted)

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SRI's financial instruments include cash and cash equivalents, receivables, investments, accounts payable, and long-term debt.

The carrying amounts of cash and cash equivalents, receivables, and accounts payable are approximate fair value because of the short-term maturity of these financial instruments. Long-term debt and long-term leases are determined using Level 2 inputs. The carrying value of SRI's long-term debt and leases approximates fair value because interest rates reflect current market rates offered by lending institutions for loans and leases with similar terms to companies with comparable credit risk.

Inventory

Inventory consists of product in inventory for sale to customers, as well as supplies used in research activities. Product inventory consists of raw material parts, work-in-process and finished goods. Inventories are valued at the lower of cost or market value, cost being determined by a method that approximates the first-in, first-out method.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their fair value at date of gift.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over various lives, ranging from 10 to 40 years, principally by the straight-line method. Equipment is depreciated over various lives, ranging from 3 to 20 years, by the straight-line method. Leasehold improvements are amortized over the shorter of the term of the respective lease by the straight-line method or their economic life.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets and are not material for the years ended December 26, 2025 and December 27, 2024. Repairs and maintenance expenditures are expensed as incurred.

Internal Software – Cloud Computing Arrangements

SRI capitalizes certain costs incurred in the development of internal-use software in accordance with ASC 350-40, *Internal-Use Software*. Costs incurred during the preliminary project stage and post-implementation/operation stages are expensed as incurred. Costs incurred during the application development stage, including external direct costs of materials and services and payroll costs for employees directly associated with the development effort, are capitalized.

Capitalized internal-use software costs are amortized on a straight-line basis over the software's estimated useful life. SRI evaluates the recoverability of these assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment losses for the years ended December 26, 2025 and December 27, 2024.

Asset Retirement Costs and Obligations

SRI reports legal obligations associated with the retirement of long-lived assets in accordance with ASC 410-20, *Asset Retirement Obligations* ("ARO"). The ARO is measured at fair value at the time the obligation is incurred. Upon initial recognition of a liability, SRI capitalizes the cost as part of the cost basis of the related long-lived asset and depreciates the asset over the useful life. AROs of \$19.3 million and \$17.8 million are included in other noncurrent liabilities (Note 10) in the balance sheets at December 26, 2025 and December 27, 2024, respectively.

Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability are recognized by increasing or decreasing the carrying amount of the ARO liability and the related long-lived asset. Changes due solely to the passage of time are recognized as an increase in the carrying amount of the liability as an accretion expense. Accretion expenses for years ended December 26, 2025 and December 27, 2024 were \$0.8 million and \$0.6 million, respectively, and are included in property and equipment expense in the statement of activities.

Income Taxes

SRI is a non-profit corporation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Activities that generate unrelated business income, as defined by the Internal Revenue Service, are subject to income taxes. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided whenever it is more likely than not that a deferred tax asset will not be realized.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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Liquidity

The following information provided references the liquidity over the 12 months following the balance sheet date, December 26, 2025 and December 27, 2024, respectively. SRI's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2025	2024
Cash and cash equivalents	\$ 31,787	\$ 35,049
Investments	24,833	19,796
Notes receivable - related party	1,429	1,049
Receivables, net	66,924	83,425
	<u>\$ 124,973</u>	<u>\$ 139,319</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet. Receivables are subject to implied time restrictions that are expected to be collected within one year. SRI has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, SRI invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. As described in Note 9, SRI also has an available line of credit in the amount of \$13.5 million as of December 26, 2025, which it could draw upon in the event of an unanticipated liquidity need.

Concentration of Credit Risks

Financial instruments that potentially subject SRI to concentrations of credit risk consist primarily of cash and cash equivalents, and receivables. SRI's cash transactions are processed through U.S. commercial banks, and the accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. SRI has not experienced any losses on these accounts and believes it is not exposed to significant credit risk on its cash deposits. SRI's cash equivalents are generally invested in U.S. money market funds.

SRI's receivables consist principally of amounts due from agencies and departments of the federal government, state and local governments, and international governments, as well as from commercial organizations. The credit risk with respect to federal and other government clients is limited. Receivables from commercial clients generally pose a greater credit risk, and, as a result, are subject to ongoing credit evaluations and monitoring. As of December 26, 2025, and December 27, 2024, no individual customer accounted for more than 10% of total receivables, net.

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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. The standard provides practical expedients that simplify the measurement of expected credit losses for current trade accounts receivable and contract assets. SRI elected to early adopt this standard for the fiscal year ended December 26, 2025. The adoption streamlined calculation methodologies and did not have an impact on SRI's financial condition or results of operations.

New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which requires disclosure of disaggregated information about an entity's effective tax rate reconciliation as well as information on income taxes paid by jurisdiction. The standard is effective for fiscal periods beginning after December 15, 2025. SRI plans to adopt this standard prospectively in fiscal 2026 and the expected impact will be on its disclosures only with no impact to its financial condition and results of operations.

Other recent accounting pronouncements issued during fiscal 2025 and through the filing date are not expected to have a material impact on SRI's present or historical financial statements.

2. Revenue Recognition

The majority of SRI's project revenue is from contracts with the U.S. government either directly or as a subcontractor and is recognized over time as the services are performed. These contracts are primarily cost plus, cost reimbursable or fixed price. SRI also earns royalty revenues from the licensing and sales of intellectual property which is recognized at a point in time.

The following table disaggregates revenue from exchange transactions based on the timing of revenue recognition for the years ending December 26, 2025 and December 27, 2024:

	2025	2024
Over time	\$ 229,847	\$ 272,596
Point in time	13,838	45,162
	<u>\$ 243,685</u>	<u>\$ 317,758</u>

3. Investments

SRI's investments consist of Corporate Bonds that are carried at fair value, totaling \$24.8 million and \$19.8 million as of December 26, 2025 and December 27, 2024, respectively, and were measured using Level 2 inputs.

Consistent with ASC 958-320-55-5, *Not-for-Profit Entities, Investments – Debt and Equity Securities*, SRI reports realized investment returns as operating income and unrealized investment returns as nonoperating income. As gains/losses are realized, the unrealized gains/losses from previous years are reversed.

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The following table represents unrealized and realized gains and losses associated with marketable investments included above as well as investments in affiliates:

	2025	2024
Unrealized gain (loss)		
Corporate bonds	\$ 320	\$ 466
Affiliate equity securities (Note 6)	<u>-</u>	<u>(439)</u>
	320	27
Realized gain (loss)		
Corporate bonds	3	(22)
Affiliate equity securities (Note 6)	<u>5,622</u>	<u>(357)</u>
	5,625	(379)
Net gain (loss) on investments	<u>\$ 5,945</u>	<u>\$ (352)</u>

A realized gain of \$5.6 million on affiliate equity securities was recognized for the year ended December 26, 2025, which consisted of a \$6.3 million gain on the sale of LeoLabs shares, offset by a loss from the dissolution of three affiliate entities. For the year ended December 27, 2024, a realized loss of \$0.4 million on affiliate equity securities was recognized due to the dissolution of two affiliate entities.

4. Property and Equipment

Property and equipment consist of the following:

	2025	2024
Land and improvements	\$ 25,804	\$ 25,804
Buildings	247,616	244,927
Equipment	144,755	150,691
Leasehold improvements	20,899	16,004
Construction-in-progress	<u>8,515</u>	<u>15,503</u>
	447,589	452,929
Less: Accumulated depreciation and amortization	<u>(354,583)</u>	<u>(353,587)</u>
	<u>\$ 93,006</u>	<u>\$ 99,342</u>

Depreciation and amortization expense for the years ended December 26, 2025 and December 27, 2024 was \$13.1 million and \$16.1 million, respectively. During the year ended December 26, 2025, SRI disposed of property and equipment with a book value of \$12.6 million, the majority of which were fully depreciated. Net book value of \$0.5 million was written off and recognized as a loss on disposal of assets.

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SRI acquires government property under federal contracts. Government property is expensed as incurred as a direct project cost and does not appear on SRI's balance sheets.

5. Internal Software – Cloud Computing Arrangements

Internal software consists of the following:

	2025	2024
Internal software	\$ 8,088	\$ 8,013
Less: Accumulated amortization	(3,646)	(2,811)
	<u>\$ 4,442</u>	<u>\$ 5,202</u>

Internal software - cloud computing arrangements relate to the capitalized internally developed software costs and are generally amortized on a straight-line basis over a period of 10 years. The current portion of \$0.8 million as of the fiscal years ended December 26, 2025 and December 27, 2024, is presented within the prepaid expenses and other assets on the accompanying balance sheets. The non-current portion of \$3.6 million and \$4.4 million as of the fiscal years ended December 26, 2025 and December 27, 2024, respectively, are presented within the other noncurrent assets on the accompanying balance sheets. Amortization expense was \$0.8 million for each of the years ended December 26, 2025 and December 27, 2024.

6. Other Noncurrent Assets

Other noncurrent assets consist of the following:

	2025	2024
Contractual retention and fee withhold receivable	\$ 7,152	\$ 5,861
Cost method investments	4,832	4,431
Internal software - cloud computing arrangements	3,628	4,377
Other	2,833	4,045
	<u>\$ 18,445</u>	<u>\$ 18,714</u>

Cost method investments represent investments in certain privately held entities. SRI recorded impairment of \$0.1 million for the year ended December 26, 2025, and \$0.4 million for the year ended December 27, 2024.

A \$2.5 million investment in Simple Agreement for Future Equity (SAFE) in the form of cash, in-kind services and/or license agreements is included in the other line for the year ended December 26, 2025. Contingent payment receivables of \$1.1 million obtained as part of Ravenswood Transaction and a \$2.9 million investment in Simple Agreement for Future Equity (SAFE) in the form of cash, in-kind services and/or license agreements were included in the other line for the year ended December 27, 2024.

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7. Notes Receivable – Related Party

The notes receivable – related party balance consists of the following:

	2025	2024
Secured Promissory Note ("\$5.7M Promissory Note"); interest at 7.5% per annum issued for prior intercompany receivable in Ravenswood	\$ 5,520	\$ 5,762
Secured Promissory Note ("\$3M Promissory Note"); interest at 7.5% per annum consideration received for sale of Ravenswood, net of discount	<u>3,083</u>	<u>2,816</u>
Total principal amounts	8,603	8,578
Less: Current installments	<u>(1,429)</u>	<u>(1,049)</u>
Long-term notes receivable, net of current portion	<u>\$ 7,174</u>	<u>\$ 7,529</u>

\$5.7 million Promissory Note

As part of the sale of Ravenswood, a Secured Promissory Note in the amount of \$5.7 million was issued to settle the existing intercompany receivable balance. The note is secured by a pledge of all Ravenswood assets and carries an annual interest rate of 7.5%. The outstanding balance is to be repaid in monthly installments over the 5-year term.

\$3 million Promissory Note

As part of the sale of Ravenswood, another Secured Promissory Note in the amount of \$3 million was issued as part of the consideration for the sale. The note is secured by a pledge of all Ravenswood assets and carries an annual interest rate of 7.5%. The outstanding balance is to be repaid in full on October 10, 2029.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	2025	2024
Accounts payable	\$ 13,139	\$ 20,721
Accrued payroll, vacation and other employee related accruals	34,005	36,006
Stanford separation payment	1,027	-
Accrued insurance	674	536
Other	<u>541</u>	<u>574</u>
	<u>\$ 49,386</u>	<u>\$ 57,837</u>

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Included in the accrued payroll, vacation and other employee related accruals line is employee royalty and equity sharing (RES) obligations of \$5.7 million and \$7.0 million at December 26, 2025 and December 27, 2024, respectively.

9. Debt

Debt consists of the following:

	2025	2024
California Infrastructure and Development Bank Revenue Bond Series 2018 Tax-exempt Variable Rate Bonds ("Series 2018 Bonds"); interest at 5.23948% and 5.75919% at December 26, 2025 and December 27, 2024, respectively.	\$ 5,574	\$ 6,543
California Infrastructure and Development Bank Revenue Bond Series 2012 Tax-exempt Fixed Rate Bonds ("Series 2012 Bonds") payable through 2028 interest coupon 3% to 5% and weighted average interest 3.858%.	4,354	5,684
Total principal amounts	9,928	12,227
Less: Current installments	(6,960)	(2,166)
Long-term debt, net of current installments	\$ 2,968	\$ 10,061

Series 2012 Bonds

In June 2012, the California Infrastructure and Economic Development Bank issued \$18.6 million Tax-Exempt Fixed Rate Bonds (the "Series 2012 Bonds") on behalf of SRI. The proceeds from this bond issuance refinanced the Series 2003A Bonds. US Bank, N.A., operates as Trustee on these bonds. The bonds are subject to a continuing disclosure annual report due May 31 annually and reporting of significant events as and when they occur. Principal and interest payments are due monthly to US Bank, N.A., and those payments are accrued in a sinking fund that is used for bi-annual payments of the bonds. The bonds are scheduled to mature on September 1, 2028.

Series 2018 Bonds

In November 2018, the California Infrastructure and Economic Development Bank issued \$10.9 million Tax-Exempt Variable Rate Revenue Bonds (the "Series 2018 Bonds") on behalf of SRI. The proceeds from this bond issuance extinguished the Series 2010 Bonds. Wells Fargo Bank, N.A. direct purchased these bonds as part of an overall refinancing initiative, and in turn issued SRI a term loan that carried the same tax-exempt benefit to SRI as the bonds. The put option on the 2018 bonds is tied to the maturity date of the continuing credit agreement between Wells Fargo Bank, N.A. and SRI, which is August 31, 2026. Additionally, principal and interest payments are due monthly to Wells Fargo Bank, N.A. for the term loan, and they in turn make required bi-annual payments of the bonds. The covenants in this agreement include affirmative financial covenants which require the maintenance of liquidity and leverage, as well as negative covenants limiting loans, advances and investments. At December 26, 2025, SRI was in compliance with its covenants related to the Series 2018 Bonds.

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Revolving Credit Facility

As of December 26, 2025 and December 27, 2024, SRI has an available line of credit of \$13.5 million and \$13.5 million, respectively, with Wells Fargo Bank, N.A. SRI renewed its line of credit on November 28, 2018 in conjunction with the issuance of the Series 2018 Bonds and extinguishment of the Series 2010 Bonds. There was no amount outstanding as of December 26, 2025 and December 27, 2024. The interest rate on the line of credit was SOFR plus 2.00% as of December 26, 2025 and December 27, 2024. The line of credit expires on August 31, 2026. This credit facility is covered by the same credit agreement underlying the Series 2018 Bonds with the same covenant requirements as discussed under the Series 2018 Bonds.

Based on the borrowing rates currently available to SRI for loans with similar terms and average maturities, the carrying value of long-term debt approximated fair value as of December 26, 2025 and December 27, 2024, respectively.

Maturities of debt as of December 26, 2025 are as follows:

2026	\$	6,960
2027		1,447
2028		1,521
2029		-
2030		-
Thereafter		-
	\$	<u>9,928</u>

10. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following:

	2025	2024
Long term asset retirement obligations (Note 1)	\$ 19,291	\$ 17,787
Other	<u>500</u>	<u>584</u>
	<u>\$ 19,791</u>	<u>\$ 18,371</u>

Included in the other line is \$0.5 million of the unamortized portion of the advance rent payment received from SRI Federal Credit Union for the year ended December 26, 2025 and \$0.6 million for the year ended December 27, 2024.

11. Leases

SRI's leases are generally for office space. SRI accounts for its leases in accordance with ASC 842, *Leases* ("Topic 842"). SRI determines at inception whether an arrangement that provides it control over the use of an asset is a lease. Substantially all of SRI's leases are long-term operating leases for facilities with fixed payment terms. SRI recognizes a right-of-use ("ROU") asset and a lease liability upon commencement of an operating lease. The initial lease liability is equal to the

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future fixed minimum lease payments discounted using the risk-free discount rate. The lease term includes option renewal periods and early termination payments when it is reasonably certain that SRI will exercise those rights. The initial measurement of the ROU asset was equal to the initial lease liability plus any initial direct costs and prepayments, less any lease incentives.

SRI recognizes lease costs on a straight-line basis over the remaining lease term, except for variable lease payments that are expensed in the period in which the obligation for those payments is incurred.

For its leases, SRI combined and accounted for lease and non-lease components together as a single component. SRI did not recognize lease liabilities and ROU assets for leases with original terms of 12 months or less.

Total operating lease cost is comprised of the following:

	2025	2024
Operating lease cost	\$ 16,068	\$ 16,190
Sublease income	(887)	(701)
Total operating lease cost	<u>\$ 15,181</u>	<u>\$ 15,489</u>

The table below summarizes future minimum payments under operating leases, recorded on the balance sheet as of December 26, 2025:

	Operating Lease Payments
2026	\$ 16,470
2027	15,873
2028	15,786
2029	13,999
2030	14,411
Thereafter	<u>50,651</u>
Minimum lease payments	127,190
Less: imputed interest	<u>(18,470)</u>
Present value of minimum lease payments	108,720
Less: current portion of lease liabilities	<u>(12,429)</u>
Long-term lease liabilities	<u>\$ 96,291</u>

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Supplemental cash flow information related to leases was as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities	\$ 14,118	\$ 15,235
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 7,321
Weighted-average remaining lease term	7.80 years	8.71 years
Weighted-average discount rate	3.92%	3.91%

SRI leases office space to venture entities. All of SRI's lessor arrangements are operating leases. Operating lease revenue is recognized on a straight-line basis over the term of the lease.

During the twelve months ended December 26, 2025 and December 27, 2024, operating lease income was \$2.6 million and \$3.2 million respectively. Operating lease income is reported as other income on the statements of activities.

12. Expenses

Natural Presentation

SRI classifies its expenses according to the kinds of economic benefits received in incurring those expenses. Examples of natural expense classifications include salaries and wages, employee benefits, subcontractors, materials and supplies including, travel, interest expense, facilities, and depreciation.

Functional Presentation

SRI classifies its expenses according to the purpose for which costs are incurred. The primary functional classifications used are program activities and supporting activities.

Program activities are defined as the activities which result in goods and services being distributed to beneficiaries and are identifiable with a specific project. SRI's program activities can be further segregated into activities generated for the benefit of its clients and partners, and activities for the benefit of SRI.

The second primary functional classification is supporting activities, which consist of general & administrative expenses.

The analysis of SRI's expenses, include all direct project costs, indirect expenses and the Stanford University separation expense, refer to Note 16. The costs are allocated between program and supporting activities either as costs directly attributable to projects or allocated based on overhead function. All general and administrative functions are classified as supporting activities.

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Expenses, grouped by function and natural expense classification, were incurred for the following programs and supporting services for the years ended December 26, 2025 and December 27, 2024, as follows:

December 26, 2025				
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 167,121	\$ 3,557	\$ 57,322	\$ 228,000
Property and equipment expense	87,273	36	34,896	122,205
Materials, services, travel, and other	23,210	549	19,717	43,476
	<u>\$ 277,604</u>	<u>\$ 4,142</u>	<u>\$ 111,935</u>	<u>\$ 393,681</u>

December 27, 2024				
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 176,845	\$ 6,771	\$ 66,969	\$ 250,585
Property and equipment expense	95,413	83	39,993	135,489
Materials, services, travel, and other	32,108	751	24,040	56,899
	<u>\$ 304,366</u>	<u>\$ 7,605</u>	<u>\$ 131,002</u>	<u>\$ 442,973</u>

13. Income Taxes

Income tax (expense) benefit consists of:

	2025	2024
Current		
U.S. federal	\$ -	\$ -
State	(19)	(16)
Foreign	(9)	(9)
	<u>(28)</u>	<u>(25)</u>
Deferred		
U.S. federal	(1,435)	(189)
State	(89)	552
Foreign	-	-
	<u>(1,524)</u>	<u>363</u>
Total income tax (expense) benefit	<u>\$ (1,552)</u>	<u>\$ 338</u>

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The income tax benefit attributable to pre-tax income differs from the amounts computed by applying the U.S. federal income tax rate of 21% for 2025 and 2024 to pretax income primarily as a result of the portion of SRI income exempt from income taxes and changes in the deferred tax valuation allowance.

Deferred tax assets and deferred tax liabilities consist of the following as of December 26, 2025 and December 27, 2024:

	2025	2024
Net operating loss carryforwards	\$ 5,248	\$ 6,752
Accruals and other	-	-
Total gross deferred tax assets	5,248	6,752
Valuation allowance	(543)	(523)
Deferred tax assets	4,705	6,229
Deferred tax liabilities	-	-
Net deferred tax assets	\$ 4,705	\$ 6,229

SRI has net operating loss carryforwards for federal and state income tax purposes of approximately \$20.4 million and \$13.9 million, respectively, which are available to offset future taxable income, if any, and expire in varying amounts between 2029 and 2035.

SRI has determined based upon the weight of available evidence, that it is more likely than not that the full gross deferred tax assets will not be realized and, accordingly, have provided a valuation allowance. The valuation allowance decreased immaterially for the year ended December 26, 2025 and decreased by \$1.3 million for the year ended December 27, 2024.

SRI recognizes interest and penalties as incurred within income tax expense in the statements of activities. SRI's 2022, 2023 and 2024 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes. Certain significant state tax jurisdictions are also either currently under examination or remain open under the statutes of limitation and subject to examination for the tax years from 2021, 2022, 2023 and 2024.

14. Benefit Plans

Certain employees who meet eligibility requirements are covered by defined contribution plans pursuant to Sections 401(a), 401(k) and/or 403(b) of the Internal Revenue Code. Additionally, certain amounts are paid or reserved for foreign plans. The obligations under the plans are funded by SRI as necessary each year. Total retirement plan costs were \$12.5 million and \$14.1 million during the years ended December 26, 2025 and December 27, 2024, respectively.

15. Commitments and Contingencies

Letter of Credit

SRI has outstanding standby letters of credit in the amount of \$1.5 million and \$1.5 million as of December 26, 2025 and December 27, 2024, respectively. These are drawn against the overall

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line of credit held with Wells Fargo which has a \$5 million sub-limit for letters of credit under the overall ceiling (Note 9). These letters of credits are renewed annually. The outstanding standby letters of credit are not reflected in the financial statements.

Government Contracting Matters

Contracts with the U.S. government are subject to extensive legal and regulatory requirements and, from time to time and in the ordinary course of business, agencies of the U.S. government investigate whether SRI's operations are conducted in accordance with these requirements and terms of the relevant contracts. Given the inherent complexities in administering federal awards, it is possible that the aforementioned matters could result in disallowances which could be material.

Payments to SRI on cost-plus-fee and time-and-materials contracts are subject to adjustment upon audit by the DCAA. DCAA has issued final indirect rate agreements relating to SRI's incurred cost submissions through the years ended 2022. In the opinion of management, adjustments that may result from audits not yet completed or started are not expected to have a material effect on SRI's financial position, results of operations, or cash flows as SRI has accrued its best estimate of potential disallowances.

Litigation Matters

SRI is also involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on SRI's financial position.

Other

SRI provides limited indemnifications in the ordinary course of business. The impact of these agreements, individually or in the aggregate, is not expected to be material to the financial statements. As a result, no liabilities related to guarantees and indemnifications have been recorded as of December 26, 2025 and December 27, 2024.

16. Related Party Transactions

SRI had no material receivables from Stanford as of December 26, 2025 and December 27, 2024. For the year ended December 26, 2025, awards amounting to \$1.0 million and \$1.4 million were made to and received from Stanford, respectively. For the year ended December 27, 2024, awards amounting to \$0.3 million and \$0.5 million were made to and received from Stanford, respectively.

Under a separation agreement with Stanford University ("Stanford"), SRI was required to pay Stanford 0.5% of its (and its subsidiaries') gross revenue from operations, less certain exclusions. On December 8, 2023, the separation agreement was amended to cancel the payments for the years of 2022, 2023 and 2024. Starting 2025 and thereafter, SRI is to pay 0.4% of its (and its subsidiaries') gross revenue from operations, less certain exclusions. After SRI has made ten annual payments to Stanford, the separation agreement is terminated. Expense to Stanford under the separation agreement amounted to \$1.0 million for the year ended December 26, 2025.

17. Investment, Equity Method

On September 18, 2024, SRI sold Ravenswood and received 190 shares of Series A preferred stock, representing a 19% interest in Ravenswood. Because SRI holds significant influence over

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(in thousands of dollars, unless otherwise noted)

Ravenswood by its 19% ownership and ability to participate in Ravenswood's policy-making decisions, SRI accounts for its investment using the equity method. The carrying value of the equity method investment was \$2.8 million as of December 26, 2025 and \$3.6 million as of December 27, 2024. These amounts are reflected in investment in Ravenswood line on the balance sheets. SRI's share of loss from the equity method investment was \$0.7 million for the year ended December 26, 2025.

Condensed financial information for Ravenswood is as follows:

	2025	2024
Current assets	\$ 4,593	\$ 3,475
Noncurrent assets	14,886	18,872
Current liabilities	5,317	4,049
Noncurrent liabilities	7,505	9,273
Mezzanine Equity	969	219
Equity	<u>\$ 5,688</u>	<u>\$ 8,806</u>

	2025	2024
Revenue	\$ 12,571	\$ 4,894
Loss from operations	(996)	(597)
Net loss	(2,368)	(1,202)

18. Subsequent Events

SRI has evaluated subsequent events through June 22, 2026, which is the date the financial statements were available to be issued.

On May 14, 2026, SRI entered into a definitive purchase and sale agreement (the "PSA") with LPGS Menlo, LLC ("LPGS") to sell certain real property located in Menlo Park, California (the "Property").

Under the terms of the Agreement, the SRI has agreed to sell its entire right, title, and interest in the Property to the Purchaser for a purchase price of approximately \$280.0 million, subject to certain adjustments as specified in the Agreement. LGPS is required to fund approximately \$72.0 million in staged pre-closing deposits, which are released to SRI and applied toward the purchase price, with the remaining consideration funded through a combination of a seller-provided promissory note which is approximately 65% of the purchase price, and cash paid at closing.

The carrying amount of the Menlo Park property subject to the PSA was approximately \$33.8 million as of December 26, 2025.

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(in thousands of dollars, unless otherwise noted)

Pursuant to the PSA, SRI is obligated, prior to closing, to perform specified environmental remediation, cleanup, detoxification, and decontamination activities at the property, including decontamination of laboratory facilities, removal of hazardous materials, and satisfaction of regulatory closure requirements imposed by applicable environmental agencies. Completion of remediation is defined, in part, by obtaining written concurrence from the California Department of Public Health ("CDPH") for termination of the applicable radioactive materials license, as well as confirmation from other regulatory authorities that hazardous waste closure requirements have been satisfied.

In connection with the above, management evaluated its potential obligation related to the retirement and decontamination of assets associated with the property. Based on this evaluation, SRI determined that a legal obligation exists under ASC 410-20, *Asset Retirement and Environmental Obligations*, as the remediation and decontamination requirements are associated with the retirement of long-lived assets and are enforceable through regulatory provisions and as a result of SRI's contamination of the property.

Accordingly, SRI recorded an additional asset retirement obligation ("ARO") liability of \$750,000, representing the estimated fair value of the obligation as of the recognition date. The estimate reflects management's assessment of the scope and extent of decontamination activities required to achieve regulatory closure, including compliance with CDPH requirements for license termination and applicable environmental remediation standards.

The ARO will be subsequently adjusted for accretion expense over time and for revisions to estimated future cash flows as additional information becomes available. Changes in estimated costs or timing of remediation activities will be recognized prospectively in accordance with ASC 410-20.

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
Research and Development Cluster								
Department of Defense								
AFRL								
APOGEE RESEARCH, LLC	12.U03	-	398,627		APOGEE RESEARCH, LLC	SWAT SUB-001	398,627	-
Leidos, Inc	12.V11	-	47,627		Leidos, Inc	P010295042	47,627	-
AIR FORCE RESEARCH LAB	12.V31	1,755,303	-	FA8750-24-C-B047			1,755,303	1,478,903
California Polytechnic St	12.800	-	59,025		California Polytechnic St	2025-18-47937	59,025	-
AIR FORCE RESEARCH LAB	12.V62	82,404	-	FA805125C0002			82,404	50,000
ARL								
University of Illinois	12.630	-	190,962		University of Illinois	088831-19225	190,962	-
LOCKHEED MARTIN	12.V29	-	1,222,051		LOCKHEED MARTIN	4106197983	1,222,051	-
Semi	12.431	-	1,286,755		Semi	PNT22-24-024	1,286,755	175,000
CIA								
OIM	12.U06	49,012	-	2020-20031700001			49,012	-
DARPA								
DARPA	12.U22	2,913,880	-	HR001120C0099			2,913,880	594,607
DARPA	12.U23	1,665,831	-	HR001121C0211			1,665,831	-
DARPA	12.U18	848,668	-	HR001122C0032			848,668	62,399
DARPA	12.U29	24,744	-	HR001120C0086			24,744	21,969
DARPA	12.U31	85,344	-	HR001120C0124			85,344	75,066
DARPA	12.U32	550,479	-	HR001120C0147			550,479	-
US ARMY RDECOM	12.U50	2,372,825	-	W911NF-22-C-0048			2,372,825	684,089
NWC Pacific	12.U47	4,741,441	-	N6600122C4034			4,741,441	3,346,020
AFRL	12.U07	23,008	-	FA8750-23-C-1001			23,008	11,279
USAF	12.U51	1,169,289	-	FA8750-23-C-0519			1,169,289	185,312
DARPA	12.U40	701,457	-	HR001123C0104			701,457	10,028
Department of Interior	12.910	178,269	-	D23AP00226-00			178,269	-
NWC Atlantic	12.V12	6,658	-	N6523624C8005			6,658	-
Barnstorm Research Corp	12.V22	-	151,425		Barnstorm Research Corp	23-1227a	151,425	-
DARPA	12.V25	2,473,709	-	HR001124C0394			2,473,709	702,034
DARPA	12.V33	682,192	-	HR001124C0433			682,192	-
DARPA	12.V34	4,119,403	-	HR001124C0437			4,119,403	2,315,810
NWC Pacific	12.V35	776,090	-	N6600124C4017			776,090	291,356
DARPA	12.V39	2,367,721	-	HR001124C0409			2,367,721	900,361
RAYTHEON BBN TECHNOLOGIES	12.V40	-	191,669		RAYTHEON BBN TECHNOLOGIES	4202953835	191,669	-
DARPA	12.V44	1,044,595	-	HR001124C0511			1,044,595	371,324
Johns Hopkins University	12.V65	-	479,213		Johns Hopkins University	190463	479,213	-
DARPA	12.V51	1,225,377	-	HR001125C0001			1,225,377	-
New York University	12.V52	-	126,433		New York University	SA00001278	126,433	-
DARPA	12.V66	5,484,243	-	HR001120C0099			5,484,243	707,500
DARPA	12.V67	2,020,050	-	HR001125C0043			2,020,050	336,927

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DARPA	12.V68	198,680	-	HR001125CE020			198,680	200,000
DARPA	12.V69	193,364	-	HR001125CE024			193,364	184,494
RAYTHEON BBN TECHNOLOGIES	12.V70	-	330,646		RAYTHEON BBN TECHNOLOGIES	4203164849	330,646	-
DARPA	12.V71	828,677	-	HR001125CE063			828,677	-
DARPA	12.V46	172,261	-	HR001122C0009			172,261	129,685
DARPA	12.V47	705,971	-	HR001122C0031			705,971	363,720
Defense Logistics Agency								
DLA Land & Maritime	12.U56	(50,968)	-	SPE7MX-19-D-0025			(50,968)	-
DLA Land & Maritime	12.U54	12,652,487	-	SPE7MX-21-D-0032			12,652,487	56,905
Defense Logistics Agency	12.V24	1,665,010	-	SP4701-24-C-0023			1,665,010	565,450
Dept. of Defense								
USAMRAA	12.U65	220,779	-	W81XWH19C0096			220,779	100,426
CACI, Inc. - Federal	12.U55	-	597		CACI, Inc. - Federal	P000116412	597	-
HQ USSOCOM	12.U58	70,873	-	H9244220C0006			70,873	-
HQ USSOCOM	12.U59	1,698,317	-	H9244222C0001			1,698,317	127,192
National Geospatial Intel	12.U62	103,626	-	HM047623C0013			103,626	-
CACI TECHNOLOGIES, INC.	12.V09	-	4,696,080		CACI TECHNOLOGIES, INC.	P000165129	4,696,080	-
National Geospatial Intel	12.V21	738,957	-	HM047624C0010			738,957	200,000
Parsons Government Servic	12.V27	-	334,052		Parsons Government Servic	PO-0016202	334,052	-
NORTHROP GRUMMAN MISSION	12.V28	-	1,778,922		NORTHROP GRUMMAN MISSION	IDIQ-NP-2023-006	1,778,922	-
Northrop Grumman Systems	12.V30	-	778,681		Northrop Grumman Systems	5300084946	778,681	-
Lockheed Martin Corp.	12.V32	-	488,611		Lockheed Martin Corp.	26093	488,611	-
Booz Allen Hamilton	12.V72	-	66,826		Booz Allen Hamilton	A67385	66,826	-
Parsons Government Servic	12.V73	-	235,944		Parsons Government Servic	PO-0019432	235,944	-
Dept. of the Army								
US ARMY CONTRACT COMMAND	12.431	277,279	-	W911NF-22-2-0137			277,279	-
SAGE TECHNOLOGIES	12.V45	-	190,992		SAGE TECHNOLOGIES	240911	190,992	-
DARPA CMO	12.V57	904,185	-	W912CG25CA004			904,185	386,102
Dept. of the Navy								
NWC Pacific	12.U75	603,543	-	N6600122C4507			603,543	216,721
OFFICE OF NAVAL RESEARCH	12.300	153,740	-	N000142412328			153,740	16,000
DTRA								
DOD/CDMRP	12.420	137,450	-	W81XWH2210978			137,450	-
Virginia Tech	12.351	-	225,991		Virginia Tech	450888-19546	225,991	-
Pennsylvania State Univer	12.V43	-	937,809		Pennsylvania State Univer	S24-40	937,809	-
Eglin AFB								
Valkyrie Enterprises, LLC	12.V18	-	3,472,537		Valkyrie Enterprises, LLC	VEEP001760	3,472,537	583,080
IARPA-Intelligence Advanced Research Projects Activity								
ARMY CONTRACTING COMMAND	12.U78	515,710	-	W911NF20C0038			515,710	450,378
Department of Interior	12.U79	3,941,721	-	140D0423C0034			3,941,721	1,290,771

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IARPA	12.U80	2,322,924	-	2023-23060200002			2,322,924	643,973
IARPA	12.U84	545,145	-	N66001-23-C-4515			545,145	455,036
IARPA	12.V17	3,346,212	-	140D0424C0007			3,346,212	1,505,903
NWPC Pacific	12.V19	4,118,591	-	N6600124C4505			4,118,591	1,981,265
DOI, Interior Business	12.V53	2,511,758	-	140D0424C0070			2,511,758	554,073
Navy/Office of Naval Reserve, NRL								
NAVAL RESEARCH LABORATORY	12.U90	444,357	-	N00173-19-C-6000			444,357	-
OFFICE OF NAVAL RESEARCH	12.U93	383,763	-	N00014-19-C-1007			383,763	-
NAVAL RESEARCH LAB.	12.U89	34,973	-	N0017322D6000			34,973	-
OFFICE OF NAVAL RESEARCH	12.U98	2,125,943	-	N00014-22-C-2012			2,125,943	-
OFFICE OF NAVAL RESEARCH	12.V14	309,843	-	N0001424C2402			309,843	-
OFFICE OF NAVAL RESEARCH	12.V15	595,287	-	N0001424C2403			595,287	-
OFFICE OF NAVAL RESEARCH	12.300	75,027	-	N000142412411			75,027	-
NAVAL RESEARCH LAB.	12.V54	249,856	-	N0017322D6000			249,856	-
NAVAL RESEARCH LAB.	12.V60	65,709	-	N0017325C0006			65,709	-
NAVAL RESEARCH LABORATORY	12.V61	691,025	-	N0017325C0005			691,025	-
U.S. Air Force								
L3Harris	12.V03	-	124,168		L3Harris	A000609753	124,168	-
Booz Allen Hamilton	12.V37	-	172,978		Booz Allen Hamilton	A56923 / PGSC-SC-111401-25	172,978	-
AFRL	12.V42	1,144,265	-	FA237724DB006			1,144,265	181,683
L3Harris	12.V55	-	881,959		L3Harris	A000807906	881,959	8,525
NextGen Aeronautics, Inc.	12.V63	-	378,248		NextGen Aeronautics, Inc.	PO 24-04	378,248	-
PSI TECHNOLOGIES, INC.	12.V64	-	27,045		PSI TECHNOLOGIES, INC.	ATP#20250714A	27,045	-
Total Department of Defense		82,058,332	19,275,873				101,334,205	22,521,366
Department of Education								
RTI INTERNATIONAL	84.U12	-	43,403		RTI INTERNATIONAL	1-312-0215020-52348L	43,403	-
Amira Learning	84.305T	-	224,647		Amira Learning	1002	224,647	-
US Dept Of Education	84.326M	356,035	-	H326M210002			356,035	22,000
US Dept Of Education	84.305A	435,871	-	R305A200292			435,871	96,405
US Dept Of Education	84.373Z	612,173	-	H373Z190002			612,173	369,828
US Dept Of Education	84.305A	424,151	-	R305A180013			424,151	204,680
ERIKSON INSTITUTE	84.U05	-	101,106		ERIKSON INSTITUTE	EDD 17-122	101,106	-
US Dept Of Education	84.U15	1,851,402	-	91990022C0008			1,851,402	336,748
New Teacher Center	84.411A	-	97,955		New Teacher Center	U411A190003	97,955	-
Ctr Future of Arizona	84.411C	-	153,007		Ctr Future of Arizona	2019-11-AZPTP	153,007	-
University of Kansas	84.411B	-	210,143		University of Kansas	BSA20071	210,143	-
Touro College & Universit	84.U13	-	96,176		Touro College & Universit	120120-SC01	96,176	-
University of Missouri	84.U14	-	175,664		University of Missouri	00072654-2	175,664	-
Education Development Cnt	84.295A	-	882,747		Education Development Crit	12557	882,747	-
Johns Hopkins University	84.U07	-	118,202		Johns Hopkins University	Work Order dated 03/06/2023	118,202	-

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New Teacher Center	84.411B	-	235,431		New Teacher Center	Sub award dtd 01/01/2021	235,431	-
Digital Promise Global	84.411C	-	271,804		Digital Promise Global	1713	271,804	-
Department of Education	84.305C	1,814,169	-	R305C210003			1,814,169	830,264
Department of Education	84.324R	802,914	-	R324R210005			802,914	178,617
Department of Education	84.305N	704,838	-	R305N220012			704,838	11,210
Department of Education	84.327V	368,078	-	H327V220001			368,078	431
Univ of North Carolina	84.326P	-	421,843		Univ of North Carolina	5126640	421,843	-
University of Oregon	84.411C	-	48,943		University of Oregon	226000-05697-PSC	48,943	-
Department of Education	84.305A	333,094	-	R305A230392			333,094	40,752
American Institutes for R	84.U17	-	5,463		American Institutes for R	0529500503	5,463	-
University of Oregon	84.326S	-	108,086		University of Oregon	225340E	108,086	-
Department of Education	84.305N	671,570	-	R305N240054			671,570	7,936
Department of Education	84.373Z	6,772,258	-	H373Z240001			6,772,258	1,909,237
Transcend, Inc.	84.411B	-	280,750		Transcend, Inc.	Agreement dtd 02/06/2025	280,750	-
University of Virginia	84.305A	-	35,220		University of Virginia	GR105247.SUB00001331	35,220	-
Department of Education	84.305J	64,397	-	R305J250019			64,397	-
Digital Promise Global	84.305N	-	33,631		Digital Promise Global	00004340	33,631	-
Total Department of Education		15,210,950	3,544,221				18,755,171	4,008,108
Dept. of Energy								
Department of Energy	81.089	4,211,968	-	DE-FE0031588			4,211,968	507,731
ARPA-E/DOE	81.135	1,525,177	-	DE-AR0001443			1,525,177	29,926
New York University	81.008	-	22,061		New York University	F2232-04	22,061	-
Structured Materials Indu	81.049	-	37,876		Structured Materials Indu	42199	37,876	-
DOE	81.086	39,391	-	DE-EE0011027			39,391	20,217
ARPA-E/DOE	81.135	1,308,255	-	DE-AR0001947			1,308,255	213,193
DOE	81.086	246	-	DE-EE0009420			246	-
Department of Energy	81.087	327,832	-	DE-EE0009808			327,832	105,206
ARPA-E/DOE	81.135	241,180	-	DE-AR0001583			241,180	60,672
DOE	81.086	68,532	-	DE-EE0010223			68,532	-
DOE	81.086	5,303	-	DE-EE0009128			5,303	-
Department of Energy	81.089	492,296	-	DE-FE0031868			492,296	118,829
Department of Energy	81.089	1,159,582	-	DE-FE0032350			1,159,582	-
Department of Energy	81.089	1,148,200	-	DE-FE0032251			1,148,200	-
DOE	81.087	1,531,457	-	DE-EE0010745			1,531,457	-
DOE	81.086	1,127,130	-	DE-EE0010851			1,127,130	18,327
DOE	81.086	1,782,980	-	DE-EE0009682			1,782,980	31,782
Total Department of Energy		14,969,529	59,937				15,029,466	1,105,883

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
Department of Health and Human Services								
NIH/NAAA	93.273	943,789	-	R01 AA05965			943,789	301,467
NIH/NIAD/DMID	93.U25	61,766	-	HHSN2722018000011			61,766	-
Dept of Health & Human Sv	93.U02	161,881	-	47QRAA21D002R			161,881	-
Stanford University	93.273	-	440,084		Stanford University	61034433-14741-E	440,084	-
NIH/NIDA	93.279	1,241,618	-	U01DA041022			1,241,618	-
NIH/NAAA	93.273	733,666	-	U01AA021696			733,666	-
NIH/NAAA	93.273	1,069,958	-	R01AA017347			1,069,958	238,622
NIH/NHLBI	93.233	145	-	2R01HL059658-16A1			145	-
Pennsylvania State Univer	93.865	-	14,823		Pennsylvania State Univer	S002904-DHHS	14,823	-
US Dept of Health & Human	93.U65	227,418	-	HHSP2332015000411			227,418	22,413
NIH/NIDA	93.U55	1,007	-	HHSN271201600006I			1,007	-
NIH/NIAD	93.U18	1,338,242	-	75N93020D00011			1,338,242	-
NIH/NIAD	93.U19	1,856,384	-	75N93020D00011			1,856,384	828,089
NIH/NICHD	93.U42	337,887	-	75N94020D00003			337,887	-
THE REGENTS OF UNIV CA.	93.U64	-	28,005		THE REGENTS OF UNIV CA.	704061	28,005	-
NIH/Natl Cancer Inst	93.395	32,736	-	R21CA254048			32,736	-
NIH/NIAD	93.855	570,712	-	9R01AI160719-17A1			570,712	-
NIH/NIAD	93.U20	2,571,109	-	75N93020D00011			2,571,109	34,814
NIH/NIAD	93.U21	691,816	-	75N93020D00011			691,816	156,321
NIH	93.U12	151,018	-	75N94020D00003			151,018	-
NIH/NIDA	93.U57	38,668	-	HHSN271201800019I			38,668	-
NIH/NIDA	93.U58	262,223	-	HHSN271201600006I			262,223	-
NIH	93.U13	48,555	-	75N94020D00003			48,555	12,100
Laureate Institute	93.242	-	332,896		Laureate Institute	2022-017-SRI-Y2	332,896	-
Oregon Health & Science U	93.173	-	64,645		Oregon Health & Science U	1021055_SRI	64,645	-
Stanford University	93.273	-	896,789		Stanford University	63040549-236353	896,789	-
NIH/NIAD	93.U22	3,105,974	-	75N93020D00011			3,105,974	67,942
NIH/NIAD/DMID	93.U33	639,556	-	HHSN272201800001I			639,556	-
NIH/NIAD	93.U23	3,651,004	-	75N93020D00011			3,651,004	2,831,432
DHHS/ACF	93.600	2,627	-	90YR0137			2,627	-
Oregon Health & Science U	93.U62	-	42,807		Oregon Health & Science U	1022269_SRI	42,807	-
Stanford University	93.279	-	31,110		Stanford University	63048260-254722	31,110	-
NIH/NICHD	93.U53	740,326	-	75N94020D00003			740,326	190,537
NIH/NIA	93.866	1,036,354	-	R01AG081144			1,036,354	494,548
NIH/NIDA	93.279	141,007	-	1R21DA058903-01			141,007	-
NIH/NIDA	93.U60	92,906	-	HHSN271201600006I			92,906	-
Stanford University	93.853	-	74,765		Stanford University	63197822-268237	74,765	-
Oregon Health & Science U	93.242	-	16,818		Oregon Health & Science U	1023381_SRI	16,818	-
NIH/NICHD	93.U54	2,277	-	75N94020D00003			2,277	-
DHHS/ACF	93.600	897	-	90YR0162-01-00			897	-

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
NIH/Natl Cancer Inst	93.396	164,952	-	R21CA274598			164,952	29,246
NIH/NICHHD	93.U66	292,322	-	75N94020D00003			292,322	66,975
NIH/NIAD	93.U75	3,786,845	-	75N93020D000011			3,786,845	986,611
Dept of Health & Human Se	93.859	1,584,698	-	1R24GM150703-01			1,584,698	105,374
DLA CONTRACTING SERVICES	93.U74	3,199,845	-	SP4701-23-C-0073			3,199,845	159,304
NIH/NICHHD	93.U69	289,233	-	75N94023D00006			289,233	-
NIH/NICHHD	93.U70	15,077	-	75N94023D00006			15,077	-
NIH/NICHHD	93.U71	118,744	-	75N94023D00006			118,744	104,657
NUMENTUS TECHNOLOGIES	93.U73	-	1,663		NUMENTUS TECHNOLOGIES	R43AI174576	1,663	-
UCSF	93.242	-	54,020		UCSF	1482sc	54,020	-
NIH/NIAD	93.U76	824,195	-	75N93024C00006			824,195	-
NIH/NINDS	93.853	980,022	-	1R01NS136808-01			980,022	-
NIH/Natl Cancer Inst	93.394	332,509	-	1R21CA288900			332,509	-
NIH/NIAD/DMID	93.U78	1,052,181	-	HHSN2722018000011			1,052,181	-
NIH/NICHHD	93.U79	453,240	-	75N94020D00003			453,240	-
NIH/Natl Cancer Inst	93.396	227,751	-	1R61CA281785-01A1			227,751	-
NIH/NICHHD	93.U80	413,482	-	75N94023D00006			413,482	-
NIH/NIAD	93.U81	442,825	-	75N93022D00007			442,825	-
NIH/NIAD/DMID	93.U82	97,293	-	HHSN2722018000011			97,293	-
RTI INTERNATIONAL	93.865	-	64,861		RTI INTERNATIONAL	1-312-0219667-70058L	64,861	-
NIH/NICHHD	93.U85	140,893	-	75N94020D00003			140,893	34,583
NIH/NIDA	93.U83	343,227	-	75N95023D000023			343,227	-
NIH/NIAD/DMID	93.U84	181,281	-	HHSN2722018000011			181,281	-
NIH/NICHHD	93.U86	1,428,866	-	75N94020D00003			1,428,866	-
NIH/NIAD	93.U87	1,154,189	-	75N93020D000011			1,154,189	-
NIH/NICHHD	93.U91	841,476	-	75N94020D00003			841,476	-
NIH/NICHHD	93.U92	30,182	-	75N94020D00003			30,182	-
NIH/NICHHD	93.U93	2,031	-	75N94020D00003			2,031	-
NIH/NICHHD	93.U94	106,907	-	75N94020D00003			106,907	-
NIH/NICHHD	93.U95	16,531	-	75N94023D00006			16,531	-
NIH/NIAD	93.U88	22,728	-	75N93020D000011			22,728	-
NIH/NICHHD	93.U96	27,191	-	75N94020D00003			27,191	-
NIH/NICHHD	93.U97	2,554	-	75N94020D00003			2,554	-
NIH	93.866	15,053	-	1R21AG096957			15,053	-
NIH/NIAD	93.866	7,991	-	1R21AG093284			7,991	-
NIH/NIAD	93.U89	417,925	-	75N93020D000011			417,925	-
NIH/NIAD/DAIDS	93.U90	41,687	-	75N93021D00001			41,687	-
UCSF	93.279	-	45,254		UCSF	16299sc	45,254	-
Total Department of Health and Human Services		40,809,452	2,108,540				42,917,992	6,665,035

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
Department of Homeland Security								
DHS Science and Technolo	97.U02	1,488,790	-	47QRAA21D002R			1,488,790	95,071
Manhattan Strategy Group	97.U01	-	4,548		Manhattan Strategy Group	MC-615-2023-05-01	4,548	-
Manhattan Strategy Group	97.U03	-	2,386		Manhattan Strategy Group	MC-947-2023-09-28	2,386	-
Manhattan Strategy Group	97.U04	-	626		Manhattan Strategy Group	MC-839-2023-09-20	626	-
Total Department of Homeland Security		1,488,790	7,560				1,496,350	95,071
Department of Justice								
Office of Justice Program	16.842	313,819	-	15PJDP-23-GG-02131-JJOP			313,819	-
Office of Justice Program	16.839	362,193	-	15PBJA-23-GG-04358-STOP			362,193	116,512
US Dept of Justice	16.560	298,772	-	15PNJ-23-GG-04220-RESS			298,772	-
Total Department of Justice		974,784	-				974,784	116,512
Department of State								
U.S. Dept of State	19.345	228,553	-	SAQMIP24GR5149			228,553	67,638
Total Department of State		228,553	-				228,553	67,638
Federal Reserve Bank								
Federal Reserve Bank	21.U07	87,457	-	C50801			87,457	-
Federal Reserve Bank	21.U08	424,691	-	C50801			424,691	-
Total Federal Reserve Bank		512,148	-				512,148	-
National Aeronautics & Space Administration								
University of Michigan	43.U07	-	242,642		University of Michigan	SUBK00016000	242,642	-
Embry-Riddle Aeronautical	43.001	-	47,297		Embry-Riddle Aeronautical	61684-02	47,297	-
NJ Institute of Tech	43.001	-	41,154		NJ Institute of Tech	(NP) 997650	41,154	-
NASA SHARED SERVICES CTR.	43.001	88,142	-	80NSSC22K0172			88,142	-
NASA	43.001	28,047	-	80NSSC21K0302			28,047	-
NASA-AMES RESEARCH CENTE	43.001	110,085	-	80NSSC21K0458			110,085	-
NASA SHARED SERVICES CTR.	43.001	104,357	-	80NSSC21K0664			104,357	10,748
DePaul University	43.001	-	62,664		DePaul University	501732SG2236	62,664	-
University of Alaska	43.001	-	48,620		University of Alaska	UA-22-0109	48,620	-
NASA	43.001	323,405	-	80NSSC23K0694			323,405	-
NASA-AMES RESEARCH CENTE	43.U08	61,323	-	80ARC023DA005			61,323	-
Lunar Resources Inc.	43.012	-	11,802		Lunar Resources Inc.	FarView2003	11,802	-
Dartmouth College	43.001	-	5,423		Dartmouth College	R1814	5,423	-
Caltech	43.U09	-	1,129,876		Caltech	S641964	1,129,876	-
University of Illinois	43.001	-	81,834		University of Illinois	115672-19962	81,834	-
JPL	43.U10	-	114,268		JPL	1715915	114,268	24,751
NASA-AMES RESEARCH CENTE	43.U11	130,131	-	80ARC023DA005			130,131	-
University of Missouri	43.001	-	63,255		University of Missouri	C00091071-1	63,255	-
CASIS	43.007	-	168,260		CASIS	GA-2022-8867	168,260	-
Total National Aeronautics & Space Administration		845,490	2,017,095				2,862,585	35,499

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
National Science Foundation								
National Science Fdn	47.050	4,067,217	-	AGS-1840962			4,067,217	493,269
National Science Fdn	47.076	121,136	-	DRL-1906490			121,136	3,486
National Science Fdn	47.074	1,347	-	2109898			1,347	-
National Science Fdn	47.050	57,604	-	AGS-1933013			57,604	-
National Science Fdn	47.076	89,151	-	DRL-2010591			89,151	-
National Science Fdn	47.070	11,357	-	2016597			11,357	-
National Science Fdn	47.076	119,428	-	DRL-2055609			119,428	42,209
Education Development Cnt	47.076	-	103		Education Development Cnt	2021-0107	103	-
National Science Fdn	47.076	524,414	-	DRL 2201051			524,414	-
National Science Fdn	47.070	104,226	-	2229455			104,226	-
National Science Fdn	47.070	202,050	-	2308981			202,050	-
National Science Fdn	47.076	279,545	-	DRL-2300444			279,545	7,224
National Science Fdn	47.050	90,388	-	2329981			90,388	-
National Science Fdn	47.050	174,647	-	2312191			174,647	-
National Science Fdn	47.084	1,757,925	-	2326882			1,757,925	747,666
National Science Fdn	47.076	1,098,845	-	EES2320947			1,098,845	437,613
National Science Fdn	47.U02	346,985	-	49100421D0020			346,985	88,066
University of Alabama	47.070	-	15,337		University of Alabama	A23-0432-S001	15,337	-
National Science Fdn	47.U16	370,675	-	49100421D0014			370,675	-
National Science Fdn	47.076	108,285	-	EES-2404855			108,285	48,271
National Science Fdn	47.076	48,989	-	DRL-2405799			48,989	-
National Science Fdn	47.049	39,615	-	PHY-2452520			39,615	-
Illinois Inst. of Tech.	47.070	-	157,648		Illinois Inst. of Tech.	A25-0016-S002	157,648	-
National Science Fdn	47.050	171,204	-	AGS-2426523			171,204	-
National Science Fdn	47.050	95,015	-	AGS-2432701			95,015	24,100
Ctr Future of Arizona	47.070	-	27,414		Ctr Future of Arizona	Sub recipient agreement dtd 10/0	27,414	-
National Science Fdn	47.050	9,756	-	AGS-2526839			9,756	-
National Science Fdn	47.076	124,779	-	2500927			124,779	16,053
National Science Fdn	47.076	12,216	-	2500509			12,216	-
Transcend, Inc.	47.U18	-	243		Transcend, Inc.	Letter Agreement dated 10/1/2025	243	-
Total National Science Foundation		10,026,799	200,745				10,227,544	1,907,957
Client Private								
US GOV'T/DNP	NA.U20	3,901,221	-	17-C-3157			3,901,221	-
US GOV'T/DNP	NA.U08	404,414	-	17-C-3160			404,414	75,033
US GOV'T/DNP	NA.U09	174,957	-	21-C-8162			174,957	83,067
US GOV'T/DNP	NA.U11	4,448,320	-	19-C-0405			4,448,320	-
GEORGIA INSTITUTE OF TECH	NA.U02	-	448,901		GEORGIA INSTITUTE OF TECH	D9104-S12	448,901	-
US GOV'T/DNP	NA.U24	394,188	-	2022-22033000001			394,188	-
US GOV'T/DNP	NA.U17	698,060	-	21-C-0060			698,060	-

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
Systems & Technology	NA.U07	-	4,531		Systems & Technology	2021-0016	4,531	-
US GOV'T/DNP	NA.U18	748,539	-	Classified			748,539	-
US GOV'T/DNP	NA.U19	564,034	-	Classified			564,034	-
Leidos, Inc	NA.U03	-	40,463		Leidos, Inc	P010279949	40,463	-
US GOV'T/DNP	NA.U21	1,038,847	-	Classified			1,038,847	-
CLIENT PRIVATE	NA.U01	263,646	-	23C5401			263,646	-
US GOV'T/DNP	NA.U22	2,239,250	-	23-C-1955			2,239,250	1,124,458
US GOV'T/DNP	NA.U25	284,313	-	24-C-8457			284,313	-
LOCKHEED MARTIN	NA.U26	-	434,301		LOCKHEED MARTIN	26104	434,301	-
US GOV'T/DNP	NA.U27	29,658	-	25-C-8658			29,658	-
Total Client Private		15,189,447	928,196				16,117,643	1,282,558
Total - Research and Development Cluster		182,314,274	28,142,167				210,456,441	37,805,627
Other Programs								
Department of Defense								
ARL								
Leidos, Inc	12.U02	-	451,421		Leidos, Inc	P010252030	451,421	-
Defense Logistics Agency								
DLA Land & Maritime	12.U09	88,683	-	SPE7MX-19-D-0025			88,683	-
DLA Land & Maritime	12.V41	18,037,906	-	SPE7MX-24-D-0030			18,037,906	61,931
Dept. of Army								
MISSION & INSTALLATION CO	12.U08	360,671	-	W9115121D0008			360,671	-
CACI TECHNOLOGIES, INC.	12.V38	-	2,351,290		CACI TECHNOLOGIES, INC.	P000184982	2,351,290	-
Dept. of the Navy								
Hill Mission Technologies	12.V23	-	577,600		Hill Mission Technologies	P000049256	577,600	-
Eglin AFB								
USAF AFTC/PZIE	12.U11	1,103,193	-	FA2487-18-D-0001			1,103,193	-
Total Department of Defense		19,590,453	3,380,311				22,970,764	61,931
Department of Education								
Dept of Education								
Santa Clara University	84.365Z	-	50,140		Santa Clara University	2204180	50,140	-
Transcend, Inc.	84.411C	-	148,777		Transcend, Inc.	Letter Agreement dated 3/2/22	148,777	-
WestEd	84.411B	-	304,383		WestEd	S-00018031	304,383	-
Westat, Inc.	84.U04	-	22,638		Westat, Inc.	6907-S-002	22,638	-
Vanderbilt University	84.411B	-	657,748		Vanderbilt University	P24011998	657,748	-
Research For Action Inc	84.U18	-	4,371		Research For Action Inc	Agreement dtd 10/17/2024	4,371	-
Westat, Inc.	84.U19	-	27,841		Westat, Inc.	2098-00-S011	27,841	-
Total Department of Education		-	1,215,898				1,215,898	-

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Pass to Sub Recipients (\$)
Department of Health and Human Services								
DHHS								
DHHS/ACF	93.575	425,139	-	90YE0289-01-00			425,139	145,289
DHHS/ACF	93.600	87,160	-	90YR0179-01-00			87,160	-
DHHS/ACF	93.575	70,639	-	90YE0335-01			70,639	-
Total Department of Health and Human Services		<u>582,938</u>	<u>-</u>				<u>582,938</u>	<u>145,289</u>
Department of Justice								
Dept of Justice								
Office of Justice Program	16.842	143,444	-	15PJDP-24-GG-01660-JJOP			143,444	58,932
Total Department of Justice		<u>143,444</u>	<u>-</u>				<u>143,444</u>	<u>58,932</u>
Federal Reserve Bank								
Federal Reserve Bank								
Federal Reserve Bank	21.U06	24,228	-	C50801			24,228	-
Total Federal Reserve Bank		<u>24,228</u>	<u>-</u>				<u>24,228</u>	<u>-</u>
National Aeronautics & Space Administration								
NASA								
RAYTHEON	43.U02	-	253,109		RAYTHEON	4202853789	253,109	-
Total National Aeronautics & Space Administration		<u>-</u>	<u>253,109</u>				<u>253,109</u>	<u>-</u>
National Science Foundation								
NSF								
UCLA	47.U17	-	164,897		UCLA	197606542	164,897	-
Total National Science Foundation		<u>-</u>	<u>164,897</u>				<u>164,897</u>	<u>-</u>
Client Private								
Client Private								
The Stratagem Group LLC	NA.U02	-	732,669		The Stratagem Group LLC	23-0107	732,669	-
Total Client Private		<u>-</u>	<u>732,669</u>				<u>732,669</u>	<u>-</u>
Total - Other Programs		<u>20,341,063</u>	<u>5,746,884</u>				<u>26,087,947</u>	<u>266,152</u>
Total - Expenditures of Federal Awards		<u>202,655,337</u>	<u>33,889,051</u>				<u>236,544,388</u>	<u>38,071,779</u>

SRI International

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 26, 2025

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of SRI International ("SRI") under programs of the federal government for the year ended December 26, 2025. For purposes of this Schedule, SRI has determined Other Transaction Agreements do not meet the criteria to include on the Schedule. SRI uses a fiscal year that ends on the last Friday in December. The fiscal year ended December 26, 2025 included 52 weeks of operations. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). The purpose of the Schedule is to present a summary of those activities of SRI for the year ended December 26, 2025 which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between SRI and the federal government or federal subrecipient. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Title 48 U.S. Code of Federal Regulations Federal Acquisition Regulations System and the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of SRI, it is not intended to and does not present the financial position, changes in net assets, or the cash flows of SRI. Assistant listing and pass-through numbers have been included when available. Negative amounts represent adjustment to amounts reported in prior years in the normal course of business.

2. Indirect Costs

SRI applies its negotiated indirect rates when charging indirect costs to federal awards rather than the 15% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

Indirect costs included in this Schedule have been calculated using the lesser of allowable ceiling rates or anticipated final rates. Therefore, the amounts presented in this Schedule include direct expense charges and indirect costs at anticipated final rates.

3. Classified Contracts

During the year ended December 26, 2025, SRI expended \$16,850,312 of funds under classified contracts that are designated as Client Private or Do Not Publish ("DNP") on the Schedule. These contracts have national security interests and therefore, have not been identified by the underlying federal agency name.

4. Assistance Listing Number Update

SRI made updates to the Assistance Listing Numbers (ALN) for certain government contracts in the Schedule. When ALN is not available, SRI added 'U' or 'V' with a sequential number at the end for each contract to help clarify grouping of contracts.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors
SRI International

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of SRI International ("SRI"), which comprise the balance sheet as of December 26, 2025 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2026.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered SRI's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SRI's internal control. Accordingly, we do not express an opinion on the effectiveness of SRI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SRI's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether SRI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SRI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant Thornton LLP

Arlington, Virginia
June 25, 2026

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
SRI International

Report on compliance for the major federal program

Opinion on the major federal program

We have audited the compliance of SRI International ("SRI") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on SRI's major federal program for the year ended December 26, 2025. SRI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SRI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 26, 2025.

Basis for opinion on the major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SRI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of SRI's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SRI's federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether

due to fraud or error, and express an opinion on SRI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SRI's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SRI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SRI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SRI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Arlington, Virginia
June 25, 2026

SRI International

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 26, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over the major program:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Type of auditors' report issued on compliance for the major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of the major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee? X yes no

SRI International

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 26, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters identified.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters identified.

SRI International

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 26, 2025

No prior year findings.