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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended June 30, 2026

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition period from _ to___

Commission File Number 0-10004

NAPCO SECURITY TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	11-2277818
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer I.D. Number)*
333 Bayview Avenue, Amityville, New York	11701
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (631) 842-9400

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	NSSC	The Nasdaq Stock Market LLP

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of December 31, 2025 was $1,421,890,270, based on a closing price of $41.70 per share of the registrant's common stock as reported on The Nasdaq Global Select Market. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors or 10% beneficial owners are, in fact, affiliates of the registrant.

As of August 21, 2026, there were 35,768,437 outstanding shares of the registrant's common stock, $0.01 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2026 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended June 30, 2026.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or this Annual Report, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that reflect our current expectations regarding future events, our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management. The forward-looking statements are contained principally in Part I, Item 1. "Business," Part I, Item 1A. "Risk Factors," and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," but are also contained elsewhere in this Annual Report. Forward-looking statements include any statement that does not directly relate to current or historical facts. In some cases, you can identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," "would," or the negative or plural of these words or other comparable terminology intended to identify statements about the future. The events described in these forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. All forward-looking statements in this Annual Report on Form 10-K are based on information available to us as of the date hereof, such information may be limited or incomplete, and we assume no obligation to update any such forward-looking statements. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes contained in this Annual Report on Form 10-K.

You should refer to the "Summary of Risks Affecting Our Business" below and Item 1A. "Risk Factors" section of this Annual Report for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Annual Report.

Except as otherwise indicated herein or as the context otherwise requires, references in this Annual Report to "NAPCO" the "company," "we," "us," "our" and similar references refer to Napco Security Technologies, Inc. and, where appropriate, our consolidated subsidiaries.

Summary of Risks Affecting Our Performance

The following summary highlights some of the principal risks you should consider with respect to our business and prospects. This summary is not complete and the risks included in the summary below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in the "Risk Factors" section of this Annual Report on Form 10-K, which includes a more complete discussion of the risks summarized below as well as a discussion of other risks related to our business and an investment in our common stock, as well as our other public filings with the Securities and Exchange Commission, or SEC.

Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects and cause the trading price of our common stock to decline:

- We expect our results of operations to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate as well.
- The markets we serve are highly competitive with many substantially larger competitors and we may be unable to compete effectively.
- We may not be able to sustain the growth of our recurring service revenue, which has been a large driver of our revenue and profitability.
- We rely on distributors to sell our products and an adverse change in our relationship with such distributors may adversely affect our financial performance.

- We may not be able to gain widespread or timely market acceptance of our new products and continue to build and enhance our brand to achieve growth.
- We rely on the effort and continuing service of our senior management members.
- Our business and operations expose us to numerous legal and regulatory requirements, and any violation of these requirements could harm our business
- Investigations, claims, disputes, enforcement actions, litigation, arbitration, or other legal proceedings could require us to pay potentially large damage awards or penalties and could be costly to defend, which would adversely affect our cash balances and profitability, and could damage our reputation.
- Cybersecurity incidents and other disruptions to our information and technology systems, or the information systems of third parties whom we do business with, may compromise our information and expose us to liability that could adversely impact our financial condition, business operations, and reputation.

PART I

ITEM 1: BUSINESS.

Overview

NAPCO is one of the leading manufacturers and designers of high-tech electronic security devices, cellular communication services for intrusion and fire alarm systems as well as a leading provider of school safety solutions. We offer a diversified array of security products, encompassing access control systems, door-locking products, intrusion and fire alarm systems and video surveillance products. These products are used for commercial, residential, institutional, industrial and governmental applications, and are sold principally to independent distributors, dealers and installers of security equipment. We have established a national network of trusted independent security dealers and integrators that are experts at selling, installing and supporting our various technologies. These dealers are dependent on our platform for communication services to our radio communicators and smart security devices, and they pay us a monthly fee for these services to operate and manage their businesses efficiently.

Our net revenues were $202.3 million, $181.6 million and $188.8 million for the fiscal years ended June 30, 2026, 2025 and 2024, respectively. The increase in our net revenues from fiscal 2025 to 2026 was driven by the increase in revenues of equipment products ($9.5 million or 10.0%) as well as the continued growth of our recurring communication services ($11.2 million or 13.0%). The increase in net equipment revenues was due primarily to increased revenues of door-locking products ($6.9 million or 11.1%) and increased revenues of intrusion and access products ($2.6 million or 7.8%). The increase in net service revenues was due to net new activations of our fire and burglar cellular (radio) communication devices put into service and activated.

Our net income was $43.0 million, $43.4 million and $49.8 million for the fiscal years ended June 30, 2026, 2025 and 2024, respectively. Net income for the fiscal year ended June 30, 2026 is inclusive of a one-time litigation settlement charge of ($16 million).

Our Products and Services

Since 1969, NAPCO has established a heritage and proven record in the professional security community for reliably delivering both advanced technology and high-quality security solutions, building many of the industry's widely recognized brands, such as NAPCO Security Technologies, Alarm Lock, NAPCO Access Pro, Marks USA, and other popular product lines. The Company's products and services are comprised primarily of the following:

- Standalone and networked digital door locks
- Standard and custom Locksets, Panic Devices and Door Closers
- Intrusion alarm equipment
- Intrusion and fire alarm cellular communication devices and services from which we generate recurring monthly service revenues and which has been a key driver of our profitability growth
- Integrated cellular intrusion alarm systems

- Door controllers and hosted services for access control

Communication Services (Recurring Service Revenues)

In 2012, we began to generate monthly recurring service revenue by providing secure cellular and cloud access for intrusion and fire alarm communicators and other smart security devices. These services are provided to the Company's customers on a month-to-month basis in exchange for a monthly fee. Revenues from these services have grown significantly over the past several years, increasing 29% from fiscal 2024 to fiscal 2026. These revenues, which currently have a gross margin of approximately 90.3% for the fiscal year ended June 30, 2026, represent approximately 48% of our total revenue for the fiscal year ended of June 30, 2026.

Since 2012, we have continued to develop and sell additional equipment products that require communication services and generate recurring revenues. To date, the majority of our recurring revenue has been generated through the sale, installation and activation of our StarLink cellular communication devices.

These products are installed at the premises of end users, and we generate revenue from the installers by both the upfront purchase of our products and the monthly subscription fees for access to our Networx Operations Center (NOC) that provides cellular communication services to the devices. Monthly recurring service revenue generates substantially higher gross margins than do equipment sales and allows us to generate a more consistent stream of income. We believe there is a significant market opportunity for these products and services because many commercial and residential customers prefer to purchase real-time security monitoring services to ensure continuous protection and swift responses to security breaches and fire alarms.

We intend to continue pursuing recurring revenue opportunities by developing new and innovative products and continuing our aggressive sales and marketing efforts of these products.

Door Security Products

The Company manufactures a variety of door locking devices including microprocessor-based electronic door locks with push button, card reader and bio-metric operation, door alarms, mechanical door locks and simple dead bolt locks. These devices may control a single door or, in the case of some of the Company's microprocessor-based door locks, may be networked with the Company's access control systems and controlled remotely.

Intrusion and Fire Alarm Systems.

Alarm systems usually consist of various detectors, a control panel, a digital keypad and signaling equipment. When a break-in occurs, an intrusion detector senses the intrusion and activates a control panel via hard-wired or wireless transmission that sets off the signaling equipment and, in most cases, causes a bell or siren to sound. Communication equipment such as a cellular or digital communicator may be used to transmit the alarm signal to a central station or another person selected by a customer. Cellular communicators have become the standard, and panels and communicators are trending towards integration so that many alarm panels will contain an integrated cellular communication device.

The Company manufactures and markets the following products for these alarm systems:

- *Automatic Communicators.* When a control panel is activated by a signal from an intrusion detector, it activates a communicator that can automatically dial one or more pre-designated telephone numbers utilizing wired ("landline") or cellular communications systems. If programmed to do so, a digital communicator dials the telephone number of a central monitoring station and communicates in computer language to a digital communicator receiver, which signals an alarm message.

- *Cellular communication devices.* A cellular communication device connects to the communicator and is used in lieu of, or in addition to, a landline for communicating with a central monitoring station.

- *Control Panels.* A control panel is the "brain" of an alarm system. When activated by any one of the various types of intrusion detectors, it can activate an audible alarm and/or various types of communication devices.

- *Combination Control Panels/Digital Communicators and Digital Keypad Systems.* A combination control panel, digital communicator and a digital keypad have continued to be the leading configuration in terms of dealer and consumer preference. Benefits of the combination format include the cost efficiency resulting from a single microcomputer function, as well as the reliability and ease of installation gained from the simplicity and sophistication of micro-computer technology.

- *Fire Alarm Control Panel.* Multi-zone fire alarm control panels, which accommodate an optional digital communicator for reporting to a central station, are also manufactured by the Company.

- *Area Detectors.* The Company's area detectors are both passive infrared heat detectors and combination microwave/passive infrared detectors that are linked to alarm control panels. Passive infrared heat detectors respond to the change in heat patterns caused by an intruder moving within a protected area. Combination units respond to both changes in heat patterns and changes in microwave patterns occurring at the same time.

Access Control Systems.

Access control systems consist of one or more of the following: various types of identification readers (e.g. card readers, hand scanners), a control panel, a PC-based computer and electronically activated door-locking devices. When an identification card or other identifying information is entered into the reader, the information is transmitted to the control panel/PC, which then validates the data and determines whether to grant access by electronically deactivating the door locking device. An electronic log is kept which records various types of data regarding access activity.

Video Surveillance Systems.

Video surveillance systems typically consist of one or more video cameras, a control panel and a video monitor or PC. More advanced systems can also include a recording device and some type of remote communication device such as an internet connection to a PC or browser-enabled cell phone. The system allows the user to monitor various locations at once while recorders save the video images for future use. Remote communication devices can allow the user to view and control the system from a remote location. The Company designs, engineers, and markets the software and control panels discussed above. It also buys and resells various video cameras, PC-based computers and peripheral equipment for video surveillance systems.

School Security and Public Safety

School security and public safety continue to be an important market, and we have developed products to help address security concerns arising from the significant need for increased security in schools and other public spaces. In the U.S., there are over 100,000 K-12 schools, over 5,000 colleges and universities and over 350,000 houses of worship. As a result of increased “active shooter” incidents, a number of U.S. states and local governments have substantially increased school security budgets. Many colleges and universities have large endowments which are starting to be utilized to address this critical issue. Security equipment and services focused on education has reached over $3 billion in revenues and this segment is still in the early stages as many K-12 schools, colleges and universities have still not addressed this issue.

With a full suite of products and solutions, we believe we are well positioned to meet the security needs of schools, houses of worship, and other places where people congregate. Depending on the needs of the school and their budget, we offer (i) Standalone LocDown locks which can be operated by a teacher, (ii) a series of Networx standalone wireless locks which communicate with central controls, or (iii) enterprise-class access control with cellular connectivity, which allows the head of security to lock down all or part of the campus, including dorm rooms, classrooms and administrative offices, from a centralized office. While we continue to win new school security projects, due to the nature of selling our security products through distribution, total visibility into quantifying the revenue from this market is difficult.

Competition

The security products industry is highly competitive. The Company's primary competitors are comprised of approximately 12 other companies that manufacture and market security equipment to distributors, dealers, central stations and original equipment manufacturers. The Company believes that none of these competitors is dominant in the industry. Most of these companies have substantially greater financial and other resources than the Company. However, unlike the Company, we believe that none of these competitors manufactures all key building security products: Intrusion Alarms and Access Control, Connectivity, and Locking devices. As more security installations include multiple security-related systems, which can include, intrusion, fire, access control,

door-locking and connectivity, there is more demand for the various systems to communicate with each other. By having everything manufactured under one roof, we can offer customers one integrated platform solution without the risk of incompatible equipment from multiple vendors to “talk” to each other.

Our manufacturing facility located in the Dominican Republic (“D.R.”) manufactures over 90% of our products. It is located in a free zone which is a tax-advantaged location. The D.R. manufacturing operation is vertically integrated and operates in a low-cost location, where the typical labor cost are significantly less than the cost for similar services in the U.S. The D.R. facility allows us to maintain a lower manufacturing overhead and improve our gross margin. The building is self-contained with the ability to withstand a Category 5 hurricane. Shipping times from the D.R. to the Amityville facility are typically 6-8 days.

We perform our managerial and administrative activities in the U.S. in our facility located in Amityville, New York, which is 100,000 square feet and serves as Company’s headquarters, containing its corporate offices, research and development, design, sales administration, technical services, finance, procurement, manufacturing control, warehousing, and shipping operations. We believe that our ability to provide timely and effective technical support and services to our U.S. customers from our U.S. facility in Amityville is an advantage over other companies in the security industry that have moved customer service functions overseas to countries such as India and Philippines. Our dealers and customers rely substantially on the ability to communicate real-time to experts who can provide clear and understandable advice and instruction, because they are usually dealing with highly technical problems on a job site with little time to spare.

The Company competes primarily on the basis of the features, quality, reliability and pricing of, and the incorporation of the latest innovative and technological advances into, its products. The Company also competes by offering technical support services to its customers. In addition, the Company competes on the basis of its expertise, its proven products, its reputation and its ability to provide products to customers on a timely basis. The inability of the Company to compete with respect to any one or more of the aforementioned factors could have an adverse impact on the Company's business.

Our Strategy

Due to paradigm changes in the security marketplace, the Company’s focus has been on mandatory (non-elective) systems, such as fire systems with central station monitoring in commercial buildings, and IoT-driven connectivity services in high growth and margin categories. As copper land lines continue to be phased out and more people are required to switch to cellular phone service for their homes, our cellular communication services become increasingly attractive in these installations, both new and existing. We have built a strong competitive position by developing a wide range of software capabilities from embedded micro-coding to enterprise system software, database design, mobile applications development, user portal design, mechanical and electronic mechanisms and telecommunications, featuring our significant radio and cellular communications expertise. This has enabled us to create recurring revenue opportunities across product lines, and sustained profitability from recurring revenue with margins that approach or exceed 90%. We are also focusing on security solutions for the healthcare industry, including anti-ligature lockets designed for life safety and liability reduction in hospitals, behavior health institutions and correctional facilities, and such products are highly profitable while complying with applicable regulatory and health standards. We believe that our ability to design and produce these products and services is possible due to our advanced set of in-house engineering technology capability from mechanical to electronic and electro-mechanical products, digital, microprocessor and analog circuit design, networking products, and wireless and cellular communications electronics.

Research and Development

The success of the Company’s business depends substantially on its ability to develop new and proprietary technology and products conducted primarily by its engineering department to develop and improve the products. The Company intends to continue to conduct a significant portion of its future research and development activities internally. We spend approximately 6% to 7% of our revenues on research and development.

Our Human Capital Resources

As of June 30, 2026, the Company had 1,049 full-time employees. 293 of these were located in the United States (“U.S.”) and 756 were located at our manufacturing facility in the Dominican Republic (“DR”). 38 of our U.S. employees are covered by a collective bargaining agreement. We also engage consultants from time to time. Management considers its relationship with its employees to be very good.

Hiring, motivating and retaining talented employees is an ongoing priority to Napco. Maintaining a talented workforce at all levels is critical to our ability to deliver high-quality products and services to our customers as well as maintain shareholder value.

To maintain a high level of talent in our workforce, Napco offers comprehensive benefits programs, competitive wages, incentive programs, performance reviews and various employee activities and awards. We also provide training and management support for employees to enhance their success and to identify outstanding talent and development opportunities.

Government Regulation

Our business and products are subject to various federal, state, local and international regulatory authorities and the regulatory authorities in the countries in which our products are produced or sold. Compliance with these laws and regulations has not had and is not expected to have a material adverse effect on the Company, including capital expenditures for environmental compliance, or on its earnings or competitive position.

Marketing

The Company's staff of 61 sales and marketing employees sell and market our products primarily to independent distributors, wholesalers and dealers of security alarm and security hardware equipment. The Company currently has approximately 2,200 active customers made up of distributors, installing dealers and wholesalers who purchase our products directly from the Company as well as many more who purchase our products from these distributors. The Company's sales representatives periodically contact existing and potential customers to introduce new products and create demand for those as well as other Company products. These sales representatives, together with the Company's technical personnel, provide training and other services to wholesalers and distributors so that they can better service the needs of their customers. In addition to direct sales efforts, the Company advertises in technical trade publications and participates in trade shows in major United States cities.

Raw Materials

The Company prepares specifications for component parts used in the products and purchases the components from outside sources or fabricates the components itself. These components, if standard, are generally readily available; if specially designed for the Company, there is usually more than one alternative source of supply available to the Company on a competitive basis. The Company generally maintains inventories of all critical components. A majority of purchased components are sourced from U.S. and Asian suppliers and are typically shipped directly to the D.R. The Company, for the most part, is not dependent on any one source for its raw materials. The Company believes that any vendor that is currently the sole source of a component can be replaced without a material impact on the Company.

The Artificial Intelligence (“AI”) data center buildout has increased demand across a broad range of electronic components, including microcontrollers, memory devices, power management integrated circuits, networking components and other semiconductors used in our products. Suppliers may allocate limited manufacturing capacity to customers serving AI and cloud infrastructure markets, reducing availability for security and access control manufacturers such as us. Discussions within the Company have noted that the AI data center boom has materially altered the competitive landscape for electronic component supply.

Consequently, we may experience longer lead times, cost increases, allocation restrictions or reduced product availability from suppliers. If we are unable to obtain sufficient quantities of critical components, identify alternative sources, or pass increased costs to customers, our ability to manufacture and deliver products could be adversely affected.

Company Information

The Company was founded in 1969 and incorporated as NAPCO Security Systems, Inc. in December 1971 in the State of Delaware. In December 2008 the Company changed its name to NAPCO Security Technologies, Inc.

Our executive offices are located at 333 Bayview Ave, Amityville NY 11701 and our telephone number is (631) 842-9400. Our website is http://www.napcosecurity.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) are available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities Exchange Commission (the “SEC”). The contents of or accessible through our website are

not incorporated into this Annual Report. Further, our references to the URLs for these websites are intended to be inactive textual reference only.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act are filed with the SEC. We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements, and other information with the SEC. Our filings are also available to the public over the Internet at the SEC's website at http://www.sec.gov.

Our website provides a link to our SEC filings, which are available free of charge on the same day such filings are made. The specific location on the website where these reports can be found is https://investor.napcosecurity.com. Our website also provides a link to Section 16 filings which are available free of charge on the same day as such filings are made. Information contained on or accessible through these websites is not a part of this Annual Report on Form 10-K.

ITEM 1A: RISK FACTORS

Investing in our common stock involves substantial risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," when evaluating our business and before deciding whether to invest in shares of our common stock. We describe below what we believe are currently the material risks and uncertainties we face, but they are not the only risks and uncertainties we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

Our business could be materially adversely affected because of general economic and market conditions.

We are subject to the effects of general economic and market conditions. If any of these conditions deteriorate, our revenue, profit and cash-flow levels could be materially adversely affected in future periods. In the event of such deterioration, many of our current or potential future customers may experience serious cash flow problems and as a result may modify, delay or cancel purchases of our products. Additionally, customers may not be able to pay, or may delay payment of, accounts receivable that are owed to us. If such events do occur, they may result in our expenses being too high in relation to our revenues and cash flows. Volatile, negative, or uncertain economic conditions, an increase in the likelihood of a recession, or concerns about these or other similar risks may negatively affect the demand for our products, which could materially and adversely affect our business, results of operations, and financial condition.

In addition, ongoing instability and current conflicts, and the potential for other conflicts and future terrorist activities and other recent geopolitical events throughout the world, have created and may continue to create economic and political uncertainties and impacts that could have a material adverse effect on our business, operations, and profitability. These types of matters cause uncertainty in financial markets and may significantly increase the political, economic and social instability in the geographic areas in which we operate.

During weak economic times, the available pool of independent distributors, dealers and installers of security equipment may decline as the prospects for home building and home renovation projects diminish, which may have a corresponding impact on our growth prospects. In addition, there is an increased risk during these periods that an increased percentage of independent distributors, dealers and installers of security equipment will file for bankruptcy protection, which may harm our reputation, revenue, profitability and results of operations.

The markets we serve are highly competitive with many substantially larger competitors and we may be unable to compete effectively.

We compete with approximately 12 other companies that manufacture and market security equipment to distributors, dealers, control stations and original equipment manufacturers in the U.S. Most of these companies may have substantially greater financial and other resources than the Company. The Company competes primarily on the basis of the features, quality, reliability and pricing of, and the incorporation of the latest innovative and technological advances into its products, as well as technical support services to its customers. The Company competes on the basis of its expertise, its proven products, its reputation and its ability to provide products to customers on a timely basis. The inability of the Company to compete with respect to any one or more of the aforementioned factors could have an adverse impact on the Company's business.

Our business may also be materially adversely affected by the announcement or introduction of new products and services by our competitors, and the implementation of effective marketing or sales strategies by our competitors. Our industry is characterized by constantly improved products. There can be no assurance that competitors will not develop products that are superior to the Company's products. We have historically invested approximately 6% to 7% of annual revenues on R&D to mitigate this risk. However, many of our competitors have dedicated more resources and capabilities to R&D, including committing more engineers and capital expenditures, to develop and design new products that may enter the market sooner or with more penetration. Future success will depend, in part, on our ability to continue to develop and market products and product enhancements cost-effectively. The Company's research and development expenditures are principally targeted at enhancing existing products, and to a lesser extent at developing new ones. Further, there can be no assurance that the Company will not experience additional price competition, and that such competition may not adversely affect the Company's revenues and results of operations

We expect our results of operations to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate as well.

Our results of operations are difficult to predict and may fluctuate substantially from quarter-to-quarter or year-to-year for a variety of reasons, many of which are beyond our control. If our actual results were to fall below the expectations of public market analysts or investors, our quarterly and annual results would be negatively impacted and the price of our stock could fluctuate. Other factors that could affect our quarterly and annual operating results include, but are not limited to:

- changes in the pricing policies of, or the introduction of new products by, us or our competitors;
- delays in the introduction of new products by us or market acceptance of these products;
- health epidemics and other outbreaks, which could significantly disrupt our operations;
- introductions of new technologies and changes in consumer preferences that result in either unanticipated or unexpectedly rapid product category shifts;
- competition with greater resources may cause us to lower prices and in turn could result in reduced margins and loss of market share;
- epidemic or widespread product failure, or unanticipated safety issues, in one or more of our products;
- unanticipated decreases or delays in purchases of our products by our significant distributors, and other channel partners;
- component supply constraints from our vendors;
- unanticipated increases in costs, including air freight, associated with shipping and delivery of our products;
- the inability to maintain stable operations by our suppliers and other parties with whom we have commercial relationships;
- discovery of security vulnerabilities in our products, services or systems, leading to negative publicity, decreased demand, or potential liability;
- foreign currency exchange rate fluctuations in the jurisdictions where we transact in local currency;
- excess levels of inventory and low turns;

- changes in or consolidation of our sales channels and wholesale distributor relationships or failure to manage our sales channel inventory and warehousing requirements;
- delay or failure to fulfill orders for our products on a timely basis;
- delay or failure of our distributors, and other channel partners to purchase at their historic volumes or at the volumes that they or we forecast;
- changes in tax rates or adverse changes in tax laws that expose us to additional income tax liabilities;
- changes in U.S. and international tax policy, including changes that adversely affect customs, tax or duty rates such as tariffs on product imports, as well as income tax legislation and regulations that affect the countries where we conduct business;
- operational disruptions, such as transportation delays or failure of our order processing system, particularly if they occur at the end of a fiscal quarter;
- disruptions or delays related to our financial and enterprise resource planning systems;
- our inability to accurately forecast product demand, resulting in increased inventory exposure;
- geopolitical disruption, including sudden changes in immigration policies, leading to disruption in our workforce or delay or even stoppage of our operations in manufacturing, transportation, technical support, and research and development;
- terms of our contracts with channel partners or suppliers that cause us to incur additional expenses or assume additional liabilities;
- an increase in redemptions of marketing rebates, product warranty and discretionary stock rotation returns or allowance for credit losses;
- our inability to monitor and ensure compliance with our code of ethics, our anti-corruption compliance program, and domestic and international anti-corruption laws and regulations, whether in relation to our employees or with our suppliers or retailers, distributors, or other channel partners;
- failure to implement and maintain the appropriate internal controls over financial reporting, which may result in restatements of our financial statements; and
- any changes in accounting rules.

As a result, period-to-period comparisons of our results of operations may be volatile, and you should not rely on them as an indication of our future performance.

Increased demand for semiconductors and electronic components driven by artificial intelligence ("AI") infrastructure and data center expansion could adversely affect our supply chain and operating results.

The rapid growth of AI applications and the expansion of large-scale data centers have significantly increased global demand for semiconductors, processors, memory devices, power management components and other electronic parts. As a result, component manufacturers may prioritize production capacity for higher-volume or higher-margin customers serving AI, cloud computing and hyperscale data center markets.

We rely on a variety of third-party suppliers for critical electronic components used in our products. Increased competition for available semiconductor capacity could result in extended lead times, reduced allocations, higher prices, supply shortages and less favorable purchasing terms. In addition, shortages affecting a single component may delay the production and shipment of finished products, even when other materials remain available.

While we maintain inventory strategies, supplier relationships and alternative sourcing initiatives designed to mitigate supply disruptions, there can be no assurance that these efforts will be sufficient. Any significant interruption in the supply of critical components, inability to obtain required quantities at commercially reasonable prices, or failure of suppliers to meet our requirements could increase our costs, delay customer deliveries, reduce revenue, adversely affect margins and harm our reputation with customers.

The impact of these risks may be amplified by geopolitical tensions, trade restrictions, manufacturing concentration in certain regions, transportation disruptions or continued growth in AI-related demand for advanced and legacy semiconductor products.

If disruptions in our transportation network occur or our shipping costs substantially increase, we may be unable to sell or timely deliver our products, and our operating expenses could increase.

We are highly dependent upon the transportation systems we use to ship our products, including surface, ocean and air freight. Our attempts to closely match our inventory levels to our product demand intensify the need for our transportation systems to function effectively and without delay. On a quarterly basis, our shipping volume also tends to steadily increase as the quarter progresses, which means that any disruption in our transportation network in the latter half of a quarter will likely have a more material effect on our business than a disruption at the beginning of a quarter.

The transportation network is subject to disruption or congestion from a variety of causes, including labor disputes or port strikes, international conflicts, natural disasters, and congestion resulting from higher shipping volumes. Labor disputes among freight carriers and at ports of entry are common, and we expect labor unrest and its effects on shipping our products to be a continuing challenge for us. A port worker strike, work slow-down, or other transportation disruption in locations where we import our products to fulfill our orders, could significantly disrupt our business. Our international freight is regularly subject to inspection by governmental entities. If our delivery times increase unexpectedly for these or any other reasons, our ability to deliver products on time would be materially and adversely affected and result in delayed or lost revenue as well as customer imposed penalties. In addition, if increases in fuel prices occur, our transportation costs would likely increase. Moreover, the cost of shipping our products by air freight is greater than by other methods. From time to time in the past, we have shipped products using extensive air freight to meet unexpected spikes in demand and shifts in demand between product categories, to bring new product introductions to market quickly and to timely ship products previously ordered. If we continue to rely more heavily upon air freight to deliver our products, our overall shipping costs will increase. A prolonged transportation disruption or a significant increase in the cost of freight could materially and adversely affect our business, results of operations, and financial condition.

We may not be able to maintain or control our expenses proportionate to our sales volumes to generate profit for our business.

Certain of our expenses are fixed or semi-variable, including our costs for operating our manufacturing facilities. While expense levels relating to current sales levels result in positive net income and cash flows, if sales levels decrease significantly and we are unable to reduce expenses proportionately, our business may be adversely affected. The amount of our operating expenses are subject to variables and factors that may not be within our control, including but are not limited to, unexpected expenses relating to the manufacturing of products; increased compensation requirements for our employees and cost of raw materials. A significant portion of our expense is labor cost, including costs for workers who are operating our facility in the Dominican Republic. While we have been able to control our expenses due to the lower labor costs in the Dominican Republic, there is no guarantee that such costs will not increase in the future, or that a sufficient number of workers in Dominican Republic will be available to operate the facility efficiently, and our failure to maintain effective labor costs may adversely affect our results of operations. We may face heightened inflationary pressure, which could impact the cost of doing business in both supply and labor markets. Any potential inflationary pressures could be exacerbated by geopolitical turmoil and economic policy actions, and the duration of any such pressures is uncertain.

Our business could be adversely affected as a result of housing and commercial building market conditions.

We are subject to the effects of housing and commercial building market conditions. The sales of our security products tend to increase during period in which new housing and commercial real estate constructions are increasing. If these conditions deteriorate, resulting in declines in new housing or commercial building constructions, existing home or commercial building sales or renovations, our business, results of operations or financial condition could be materially adversely affected, particularly in our intrusion and door locking product lines. The condition of the residential and commercial building markets in which we operate is cyclical and depends on the condition of the economy in the United States, and on the perceptions of investors of the overall economic outlook. Rising interest rates, declining employment levels, declining demand for real estate, declining real estate values or periods of general economic slowdown or recession or the perception that any of these events may occur have negatively impacted the real estate market in the past and may in the future negatively impact our ability to sell products and generate new revenue sources.

We may not be able to sustain the growth of our recurring service revenue business, which has been the large driver of our revenue and profitability.

A significant driver of our growth is our recurring revenue business in which customers who purchased our products and equipment are required to pay monthly fees for communications services to maintain the operation of such products. Our recurring revenue products, such as StarLink, Prima, MVP Access, iSecure and iBridge, tend to generate higher gross margin and are less susceptible to volatility of market demand and economic conditions. We face intense competition where other companies with greater resources and experience have established a wider and more entrenched customer base for similar products and services, making it more difficult for us to penetrate into such markets. In addition, we are required to incur costs to maintain a network operations center to provide customer support and services, and to comply with federal and state regulations governing the operation and communications of these products. Such costs may reduce our profitability if we are not able to grow and expand the recurring revenue business. As we are increasingly dependent on recurring revenue products as a driver for growth, our failure to execute our strategy for this business line will materially adversely affect our financial conditions and prospects.

We may not be able to sustain and continue the growth of school security products.

Demand for our security products from schools, universities and other educational institutions as a result of the national focus on prevention of school violence continues to be an important market for us. Federal and state governmental authorities have proposed and enacted numerous legislation and laws, including the School Violence Prevention and Mitigation Act of 2019 that provide increased funding to public schools to implement and enhance security systems. While our business has benefited from such additional federal and state funding and increased demand, there is no guarantee that such funding and trend will continue. For example, if school shutdowns return as a result of the COVID-19 pandemic and various stay-at-home orders imposed by state governments, there could be a reduced need for schools to acquire and implement security systems, and state and federal government may also decide to reduce funding or impose additional criteria for funding. These factors may result in a decline in demand for our school security products, which in turn may adversely affect our financial performance.

We rely on distributors to sell our products and an adverse change in our relationship with such distributors may adversely affect our financial performance.

We distribute our products primarily through independent distributors and wholesalers of security alarm and security hardware equipment. Our distributors and wholesalers also sell our competitors' products, and if they favor our competitors' products for any reason, they may fail or reduce their effort to market and sell our products as effectively or to devote resources necessary to provide effective sales, which would adversely affect our financial performance. In addition, our distributors order our products and maintain their inventory based on forecasts of potential demands from dealers and end customers, and our distributors may not be able to forecast such demand accurately, which may adversely affect our ability to generate sales and revenue in a timely manner. In some cases, distributors may delay ordering our products until they receive confirmation of orders from dealers and end customers, and this delay may cause disruption and make it more difficult for us to fill their order timely and effectively, which may adversely affect our revenue and sales.

The financial health of our distributors and wholesalers and our continuing relationships with them are important to our success. Some of these distributors and wholesalers, particularly smaller firms with limited working capital and resources, may not be able to withstand adverse changes in business conditions or mitigate the negative impact of a prolonged economic downturn or recession, including the impact of the COVID-19 pandemic. The failure of our distributors to maintain financial health and success will impact our ability to generate revenues. Furthermore, our relationship with distributors may change or terminate due to other factors beyond our control, including but are not limited to, acquisition of distributors by third parties may not be willing to continue the relationship with us; internal restructuring or refocus of business strategies; and changes in management, all of which may negatively impact our ability to continue to sell to such distributors. Finally, we generally do not have long-term agreements with distributors who purchase our products primarily through purchase orders. Without an agreement, we are not able to guarantee that such distributors will not discontinue or terminate relationship with us at any time, and any loss of distributor will negatively impact our financial conditions and results of operations.

We may not be able to gain widespread or timely market acceptance of our new products and continue to build and enhance our brand to achieve growth.

We rely on introduction of new products and services to penetrate new markets and identify additional sources of revenues order to grow our business. However, many of our distributors and customers may not be willing to change or switch to new products and

equipment, or may require an extended period time to assess, test and evaluate functionalities and performance of our new products. Any delays in establishing widespread acceptance of our new products may adversely affect our financial performance and growth. In order to ensure market acceptance of new products, we have incurred and expect to incur significant expenses in sales and marketing campaign, and we may not be able to justify such costs if the effort does not produce sufficient sales and customer accounts.

We believe that building and maintaining market awareness, brand recognition and goodwill of our business and products in a cost-effective manner is important to our overall success in achieving widespread acceptance of our existing and future products and is an important element in attracting new customers. An important part of our business strategy is to increase awareness of our brand and to provide marketing leadership, services and support to our distributor and customer network. While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful. Our efforts in developing our brand may be hindered by the marketing efforts of our competitors and our reliance on our third parties to promote our brand. If we are unable to cost-effectively maintain and increase awareness of our brand, our business, financial condition, cash flows and results of operations could be harmed.

Our financial results could be materially adversely affected as a result of offering extended payment terms to customers or if we are not able to collect our accounts receivables on a timely basis from major customers.

We regularly grant credit terms beyond 30 days to certain distributors and customers primarily in an effort to keep a full line of our products in-stock at our customers' locations. The longer the terms that are granted, the more risk is inherent in the collection of those receivables. We cannot guarantee that distributors and customers will be able to make payments on a timely basis even after a thorough review of their credit and financial history. The ability of distributors and customers to make such payments may be subject to factors beyond our control, including their financial conditions and business operation. We may also incur additional costs and effort to collect past due receivables without assurance that a sufficient or any amount of bad debt can be collected.

We sell security products and systems and if our solutions fail for any reason, we could be subject to liability and our business could suffer.

We sell security products and services, which are designed to secure the safety of our customer and their commercial, residential, institutional, industrial or governmental properties. Our products and services may contain undetected defects in the software, infrastructure, third-party components or processes. If these solutions fail for any reason, including due to defects in our equipment, software, a carrier outage or user error, we could be subject to liability for such failures and our business could suffer. In addition, our products and systems are not installed by us, and if third parties do not install or maintain our products correctly, our products and systems may not function properly. If the improper installation or maintenance of our products and systems leads to service or equipment failures after introduction of, or an upgrade to, our products and systems, we could experience harm to our branded reputation, claims by our customers or installers or lost revenue during the period required to address the cause of the problem. Any defect in, or disruption to, our products and systems could cause consumers not to purchase additional products or systems from us, prevent potential consumers from purchasing our products and systems or harm our reputation.

We are subject to risks relating to the operation of a manufacturing facility in Dominican Republic.

We operate a manufacturing facility in Dominican Republic where the majority of our products is made and shipped to our U.S. distributors. The facility requires us to incur certain fixed operating costs that do not fluctuate with changes in production levels or utilization of our manufacturing capacity. If production levels decline due to lower demand or reduced customer orders, our fixed costs are spread over reduced levels, which may contribute to decreasing margins and reduced profitability. Operation of a manufacturing facility also subjects us to certain additional risks, including but not limited to the following:

- Unavailability of workers or insufficient workforce to operate the factory;
- Compliance with local regulatory requirements, including labor laws and tax requirements;
- Difficulties in communication and coordination with U.S. headquarters;
- Natural disasters such as hurricanes which may damage our factory; and
- Effect of general political and economic conditions of the Dominican Republic.

The occurrence of any of these factors may adversely affect the production output and operation of our factory, which will disrupt our supply chain and negatively impact our financial performance. Furthermore, we have not identified any alternative third-party factory that can manufacture our products; therefore, it would be difficult for us to replace any loss of output of capacity if our factory in Dominican Republic is not functioning properly or at all.

Our business could be materially adversely affected by a weakening of the U.S. dollar against the Dominican peso.

We are exposed to foreign currency risks due to our operations in the Dominican Republic. We have significant operations in the Dominican Republic, which conducts certain transactions in Dominican pesos. We are subject to the risk that currency exchange rates between the United States and the Dominican Republic will fluctuate significantly, potentially resulting in an increase in some of our expenses when US dollars are transferred to Dominican pesos to pay these expenses. For example, if the U.S. dollars weakens and the currency exchange rate is less favorable, it may be more costly for us to pay expenses for our factory in the Dominican Republic, which may adversely affect our financial conditions and results of operations.

Changes in U.S. policies, including tariffs may adversely affect our business, financial condition, and results of operations. Tariff decisions in the current environment has become difficult to predict.

We source certain raw materials, components, and finished goods from international suppliers and are therefore exposed to changes in U.S. trade policy. In recent years, the United States has imposed, modified, suspended, or terminated tariffs under various statutory authorities, including IEEPA, Section 122, and Section 301. These actions have been subject to significant legal, political, and regulatory uncertainty, including court challenges and subsequent replacement tariffs. Recent developments have included judicial rulings concerning the legality of certain IEEPA-based tariffs and the implementation of alternative tariff programs under Section 122 and Section 301 authorities.

Future tariff actions, retaliatory trade measures, changes in tariff rates, expansion of tariff coverage, or modifications to applicable exemptions could increase our costs of goods sold, reduce profit margins, disrupt our supply chain, and negatively impact demand for our products. Although certain tariffs imposed under IEEPA have been invalidated by courts and may be subject to refund claims, replacement tariffs imposed under Section 122, Section 301, or other trade authorities may continue, expand, or be modified. The ultimate scope, duration, and economic impact of these measures remain uncertain and could adversely affect our sourcing costs, supply chain stability, and operating results. In addition, uncertainty regarding future trade policy may adversely affect purchasing decisions by customers, availability of suppliers, ocean freight capacity, and inventory planning.

While we may seek to mitigate the impact of tariffs through pricing actions, sourcing alternatives, contractual arrangements, or supply chain adjustments, there can be no assurance that such measures will fully offset increased costs or disruptions. Furthermore, ongoing litigation, administrative actions, and governmental policy changes relating to tariffs may create uncertainty regarding the amount, timing, and recoverability of any tariff-related costs or refunds. As a result, changes in the tariff environment could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

Our business could be materially adversely affected by adverse tax consequences of offshore operations.

We have operations both within the United States and offshore, with a portion of our operating income generated outside the United States. We intend to reinvest these earnings in our foreign operations indefinitely, except where we are able to repatriate these earnings to the United States without material incremental tax expense. A significant portion of our assets that result from these earnings remain outside the United States. If these indefinitely reinvested earnings were repatriated into the United States as dividends, we would be subject to additional withholding taxes.

The effects of an epidemic, pandemic, or similar outbreak have negatively impacted and could negatively impact, our business and financial results.

Any epidemics, pandemics, or similar outbreaks such as COVID-19 and its variants could create economic uncertainty and disruptions to the global economy that could adversely affect our businesses, or could lead to operational difficulties, including travel limitations, that could impair our ability to manage or conduct our business. As a result of the COVID-19 pandemic and the related economic downturn, we experienced a decline in the demand for our products, as our distributors and customers reduced orders and adjusted their inventory channel in response to slowdown in spending and demand for security products. While the economic recovery from this pandemic has resulted in increased demand for our products beginning in the fiscal year ended June 30, 2021, re-institution of a prolonged stay-at-home order, or any other continued decrease in economic activity as a result of COVID-19 pandemic, could have a

negative adverse impact on our customers and their financial condition, which could impact their ability to meet their financial obligations and could result in elevated levels of delinquencies and bad debt losses. In addition, we rely upon our third-party vendors to provide parts and materials for us to produce our products. If any of these vendors are unable to continue to provide us with these parts and materials, it could negatively impact our ability to serve our customers. We also could be adversely affected if key personnel or a significant number of employees were to become unavailable due to the effects and restrictions of COVID-19 pandemic in areas where we operate.

Beginning in the fiscal year ended June 30, 2021, the impact of the COVID-19 pandemic on the Company's operations lessened. However, the future impact of the ongoing COVID-19 pandemic remains uncertain and subject to change. We cannot predict if there will be a resurgence of COVID-19 or a similar pandemic or outbreak, and when related governmental orders and restrictions will be eased or lifted, and any extension or prolonged implementation of these restrictions will further adversely affect our business, customers and financial results. Even after such orders and restrictions are eased or lifted, the severe economic harm and recession inflicted upon the jurisdictions and areas in which we operate may last for an extended period of time and continue to adversely affect our business and financial performance, and there is no guarantee that we will be able to act quickly and effectively to return to our normal operations. Any future epidemic, pandemic, or similar outbreak as the COVID-19 pandemic may have similar impacts, and we cannot currently anticipate the potential impact on our business and results of operations due to any such outbreak.

Our business and operations expose us to numerous legal and regulatory requirements, and any violation of these requirements could harm our business.

We are subject to numerous state, federal and international laws and regulations that involve matters central to our business, including data privacy and security, employment and labor relations, immigration, taxation, anti-corruption, anti-bribery, import-export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these legal requirements in the conduct of our business, including by us, or any of our employees, distributors, or other service providers or partners, could result in significant fines and other damages, criminal sanctions against us or our employees, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with our products or commercial contracts could also result in liability for significant monetary damages, fines and criminal prosecution, unfavorable publicity, and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations.

Investigations, claims, disputes, enforcement actions, litigation, arbitration, or other legal proceedings could require us to pay potentially large damage awards or penalties and could be costly to defend, which would adversely affect our cash balances and profitability, and could damage our reputation.

We are subject to and may become a party to various litigation matters, claims, investigations, enforcement actions, arbitrations, or other legal proceedings that arise from time to time in the ordinary course of our business. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages, penalties, or injunctive relief against us. Any claims or litigation could be costly to defend, and even if we are successful or fully indemnified or insured, they could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and responding to any action may result in a significant diversion of management's attention and resources. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. See Item 3: Legal Proceedings and Note 14, "Commitments and Contingencies" to the Consolidated Financial Statements.

Cybersecurity incidents and other disruptions to our information and technology systems, or the information systems of third parties whom we do business with, may compromise our information and expose us to liability that could adversely impact our financial condition, business operations, and reputation.

We are dependent on information technology networks and systems, including the Internet, to process, transmit, report and store electronic information and, in the normal course of our business, we collect and retain certain information pertaining to our distributors, customers, partners and employees, including personal information. Our information technology systems, along with those of the third parties whom we rely on, are potentially vulnerable to a variety of evolving cybersecurity threats that may expose our data to unauthorized persons or otherwise compromise its integrity. In addition, cyber-attacks from computer hackers and cyber criminals and other malicious Internet-based activity continue to increase generally, and perpetrators of cyber-attacks may be able to develop and deploy viruses, worms, ransomware, malware, DNS attacks, wireless network attacks, attacks on our cloud networks, phishing attempts, social engineering attempts, distributed denial of service attacks and other advanced persistent threats or malicious

software programs that attack our products and services, our networks and network endpoints or otherwise exploit any security vulnerabilities of our products, services and networks. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. We cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting the networks that access our platforms and solutions, and we can make no assurance that we will be able to detect, prevent, timely and adequately address or mitigate the negative effects of cyber-attacks or other security breaches. If any one of these risks materializes, our business, financial condition, cash flows or results of operations could be materially and adversely affected.

While we have implemented cybersecurity measures designed to protect our information technology systems as well as the confidential and sensitive data in our possession, there can be no assurance that these measures will be effective. Additionally, the third-parties with whom we do business (including, but not limited to, service providers, such as accountants, custodians and administrators) may be sources or targets of cybersecurity attacks or other technological risks. While we engage in actions to reduce our exposure to third-party risks, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Cybersecurity threat actors and their techniques change frequently, are often sophisticated in nature, and may not be detected until after a cybersecurity incident has occurred.

If we, or a third party upon whom we rely, experience a cybersecurity incident or are perceived to have experienced a cybersecurity incident, we may experience adverse consequences. These consequences may affect our business strategy, results of operations, or financial condition and can include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms.

The legal, regulatory and contractual environment surrounding information security, privacy and credit card fraud is constantly evolving and companies that collect and retain such information are under increasing attack by cyber-criminals around the world. Further, as the regulatory focus on cybersecurity issues continues to increase and worldwide laws and regulations concerning the protection of computer systems, data and personal information expand and become more complex, these potential risks to our business will intensify. A significant actual or potential theft, loss, fraudulent use or misuse of distributor, customer, employee or other personally identifiable data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding security of such data or a violation of security policies with respect to such data could result in loss of confidential information, damage to our reputation, early termination of our business relationships, litigation, regulatory investigations or actions and other liabilities or actions against us, including significant fines by U.S. federal and state authorities, and other countries and private claims by companies and individuals for violation of data privacy and security regulations.

We rely on the effort and continuing service of our senior management members

The success of the Company is largely dependent on the effort and service of our senior management members, including Mr. Richard Soloway, the Founder and Executive Chairman, and Mr. Kevin Buchel, Chief Executive Officer and President. We depend on them for various aspects of our business operation, including their experience and knowledge in the industry, extensive relationships with distributors and customers, and their leadership to develop and implement business strategies. The loss or reduction of services by Mr. Soloway and Mr. Buchel could have a material adverse effect on the Company's business and prospects. Messrs Soloway and Buchel are 80 and 73 years old, respectively.

Our business could be materially adversely affected as a result of the inability to maintain adequate financing.

While our business currently does not have any debt and finances operations and capital expenditures solely utilizing cash-flows from operations, we have an unused credit facility in the event that we need to supplement current cash-flows with outside financing. The credit facility provides for certain financial covenants relating to ratios affected by profit, asset and debt levels. If the Company's profits, asset or cash-flow levels decline below the minimums required to meet these covenants and we require outside financing, the Company may be materially adversely affected. Effects on the Company could include higher interest costs, reduction in borrowing availability or revocation of these credit facilities. We also may seek to obtain additional financing by issuing equity securities or equity-linked securities or obtaining debt financing to obtain additional funds to expand our business. If we issue additional equity or equity-linked securities, our stockholders may experience significant dilution of their ownership interests and the market price of our common stock could decline. If we engage in additional debt financing, the holders of such debt would have priority over the holders

of our common stock, and we may be required to accept terms that further restrict our operations or our ability to incur additional indebtedness or to take other actions that would otherwise be in the interests of the debt holders. Any of the above could harm our business, results of operations, and financial condition. Moreover, instability in the credit or capital markets in the U.S., including as a result of failures of financial institutions and any related market-wide reduction in liquidity, or concerns or rumors about events of these kinds or similar risks, could affect the availability of credit or our credit ratings, making it relatively difficult or expensive to obtain additional capital at competitive rates, on commercially reasonable terms or in sufficient amounts, or at all, thus making it more difficult or expensive for us to access funds.

We are obligated to develop and maintain a system of effective internal controls over financial reporting. These internal controls may be determined to be not effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We have been and are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting on an annual basis. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective and would be required to disclose any material weaknesses identified in Management's Report on Internal Control over Financial Reporting. While we have established certain procedures and control over our financial reporting processes, we cannot assure you that these efforts will prevent restatements of our financial statements in the future.

Our independent registered public accounting firm is also required, pursuant to Section 404 of the Sarbanes-Oxley Act, to report on the effectiveness of our internal control over financial reporting. For future reporting periods, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. We may not be able to remediate any future material weaknesses, or to complete our evaluation, testing and any required remediation in a timely fashion.

If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion that our internal controls over financial reporting are effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we could be subject to sanctions or investigations by regulatory authorities, including the SEC and Nasdaq. Failure to remediate any material weakness in our internal control over financial reporting, or to maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Recent and proposed changes to SEC reporting and filer-status requirements may affect the Company's future compliance obligations under Section 404 of the Sarbanes-Oxley Act and other disclosure rules. Regardless of any reduction in external attestation requirements, management remains responsible for maintaining effective internal control over financial reporting. Failure to maintain effective controls, successfully implement regulatory changes, or address evolving disclosure requirements could result in increased compliance costs, regulatory scrutiny, litigation exposure, reputational harm, or loss of investor confidence.

Cost of operating as a public company, and compliance with SEC regulations.

As a public company, we are obligated to file with the SEC annual and quarterly reports and other reports that are specified in Section 13 and other sections of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are also required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. In addition, we are and will continue to become subject to other reporting and corporate governance requirements, including certain requirements of the NASDAQ Stock Market ("NASDAQ"), and certain provisions of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX Act") and the regulations promulgated thereunder, which will impose significant compliance obligations upon us.

Section 404 of the SOX Act, as well as rules subsequently implemented by the SEC and the NASDAQ, have imposed increased regulation and disclosure and required enhanced corporate governance practices of public companies. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard are likely to result in increased selling, general, and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. These changes will require a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could materially and adversely affect our business, results of operations and financial condition. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and

accurate basis could be impaired. If we do not implement such requirements in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC and the NASDAQ. Any such action could harm our reputation and the confidence of investors and customers in us and could materially and adversely affect our business and cause our share price to fall.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the SOX Act could materially and adversely affect our business, results of operations, financial condition, and stock price.

As a public company, we are required to document and test our internal control over financial reporting in order to satisfy the requirements of rules and regulations of the SEC regarding compliance with Section 404 of the SOX Act, which requires an annual management assessment of the effectiveness of our internal control over financial reporting. We are required to provide our independent registered public accounting firm's annual report addressing the effectiveness of internal control over financial reporting. During our testing, we may identify deficiencies which we may not be able to remediate in time to meet our deadline for compliance with Section 404 of the SOX Act. Testing and maintaining internal control over financial reporting can divert our management's attention from other matters that are important to the operation of our business. We also expect the regulations under Section 404 of the SOX Act to increase our legal and financial compliance costs, making it more difficult to attract and retain qualified officers and members of our board of directors, particularly to serve on our audit committee, and make some activities more difficult, time-consuming, and costly.

Risks Related to Ownership of Our Common Stock

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

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

Sales of a substantial number of shares of our common stock in the public market could cause our market price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers, and significant stockholders, may have on the prevailing market price of our common stock. Additionally, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations.

Our business and operations could be negatively affected if we become subject to stockholder activism, which could cause us to incur significant expense, disrupt our business, result in a proxy contest or litigation, or impact our stock price.

Stockholder activism, which can take many forms or arise in a variety of situations, including making public demands that we consider certain strategic alternatives, engaging in public campaigns to attempt to influence our corporate governance and/or our management, and commencing proxy contests to attempt to elect the activists' representatives or others to our Board of Directors, has been increasing recently. Volatility in the price of our common stock or other reasons has caused, and may continue in the future to cause, us to become the target of securities litigation or stockholder activism. Activist stockholders who disagree with the composition of our Board of Directors, our strategy, or the way our company is managed may seek to effect change through various strategies and channels, such as through commencing a proxy contest, making public statements critical of our performance or business, or engaging in other similar activities. Responding to any actions by activist stockholders, including proxy contests, can be costly and time-consuming, has diverted the attention of management, our Board of Directors and our employees, and may be disruptive to our operations. We may be required to incur significant fees and other expenses related to activist stockholder matters, including for third-party advisors.

Our stock price could be adversely affected by the events, risks, and uncertainties of any stockholder activism. Additionally, perceived uncertainties as to our future direction as a result of stockholder activism, including potential changes to the composition of our Board of Directors, may lead to the perception of a change in the strategic direction of our business; the loss of key employees, including our executive officers; a perception of instability or lack of continuity, particularly if the stockholder activism campaign results in the appointment of one or more activist stockholders to our Board of Directors, which may cause concern to our existing or potential retailers, distributors and other channel partners, employees, and other stockholders; may be exploited by our competitors; may result in the loss of potential business opportunities or limit our ability to develop and introduce new products and services; and may make it more difficult to attract and retain qualified personnel and business partners. In addition, activist directors may make overly burdensome demands of our management and materially and unnecessarily increase management's workload. Furthermore, if our retailers, distributors and other channel partners choose to delay, defer, or reduce transactions with us or do business with our competitors instead of us as a result of perceived uncertainties as to our future direction, then our business, financial condition, and operating results would be adversely affected.

In addition, market volatility may lead to increased stockholder activism if we experience a market valuation that activists believe is not reflective of our intrinsic value and our stock price could experience periods of increased volatility as a result of stockholder activism.

We may become subject to short selling strategies driving down the market price of our common stock.

Short selling is the practice of selling securities that the seller does not own but may have borrowed with the intention of buying identical securities back at a later date. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. Because it is in the short seller's best interests for the price of the securities to decline, some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, its business prospects and similar matters calculated to or which may create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. Companies, like us, that are subject to unfavorable allegations, even if untrue, may have to expend a significant resources to investigate any such allegations, including in connection with securityholder litigation against the Company or investigations by regulators related to or prompted by any such allegations.

ITEM 1B: UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C: CYBERSECURITY.

Cybersecurity Risk Management and Strategy

We face significant and persistent cybersecurity risks due to the global nature of our business, the use of information technology systems, infrastructure and data in our business operations and our reliance on third-party vendors, suppliers, customers and business partners. We defend our systems against cybersecurity attacks on a daily basis and rely heavily on the reliability, security and efficiency of our information technology systems and ongoing employee training to face these threats. We maintain a cyber risk management program designed to assess, identify and manage cybersecurity threats. Our cyber risk management program has been integrated into our overall risk management program. The Audit Committee of our Board of Directors and our management are involved in the oversight of our risk management program, of which cybersecurity represents an important component.

We rely on a multidisciplinary team, including our information security function, outside legal counsel, management, and third-party service providers, as described further below, to identify, assess, and manage cybersecurity threats and risks. These processes include, among other things, quarterly security awareness training for employees, instituting programs to increase awareness of phishing attempts, multi-layered tools to detect and monitor unusual network activity, and processes to contain, escalate and respond to incidents. In addition, we have an enterprise Information Security Policy describing our cybersecurity program and governance structure and the processes and procedures in place to identify, mitigate and remediate cybersecurity threats and risks.

We have an incident response plan for managing cybersecurity incidents and associated crisis communication procedures designed to facilitate coordination across the Company and with our partners, customers, the public and others.

To further protect our business, we partner with a third-party vendor to provide cybersecurity and risk management as a managed service offering. They provide cybersecurity risk assessment and threat intelligence to the Company, in addition to acting as a managed service provider for our information technology program. While third-party providers contribute specialized resources and around-the-clock monitoring capabilities, responsibility for the Company’s cybersecurity strategy, risk management and decision-making remains with the internal IT team. Led by our Vice President of Information Technology, who has extensive experience in information security and technology risk management, the internal team works closely with these partners to evaluate cybersecurity risks, review testing and assessment results, prioritize remediation efforts and implement security improvements to lessen cybersecurity risk. This cost-effective partnership model enables the Company to leverage external expertise while maintaining strong internal oversight, accountability and alignment with business objectives. By combining internal knowledge of the Company’s operations with specialized third-part capabilities, the Company has established a comprehensive cybersecurity program designed to identify, assess, manage and mitigate cybersecurity risk.

Third Party Risk Management

We also monitor and manage cybersecurity risks associated with our third-party service providers, including our managed security service provider, system support vendors and other critical relationships, among other things, the processes set forth in our policies and procedures, due diligence processes, regular oversight, monitoring and auditing of our relationships by internal staff, supplier codes of conduct and escalation practices for reporting issues. We require our third-party providers to meet appropriate security requirements and controls prior to providing access to our internal systems, and investigate and report any security incidents, as appropriate.

Based on the information available as of the date of this Annual Report on Form 10-K, we are not aware of any risks from cybersecurity threats, which have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. Despite our security measures, however, there can be no assurance that we, or the third parties with which we interact, will not experience a cybersecurity incident in the future that will materially affect us. For more information, see "Risk Factors—Risks Related to “Cybersecurity incidents and other disruptions to our information and technology systems, or the information systems of third parties whom we do business" in Part I, Item IA of this Annual Report on Form 10-K.

Cybersecurity Governance

Risk assessment and oversight are an integral part of our governance and management processes. The Audit Committee of our Board of Directors (the "AC") has ultimate oversight of the Company's risk management. The AC is responsible for overseeing our enterprise risk management program, including material risks related to cybersecurity threats. The AC receives quarterly reports from management, including the information technology and legal teams, on cybersecurity risk resulting from risk assessments and reviews any information on relevant internal and industry cybersecurity incidents and is notified between such updates relative to any incidents which could materially affect the Company. Based on this information, our AC monitors the Company's cybersecurity program, including potential threats, weaknesses and vulnerabilities, the policies and procedures in place to prevent, detect and respond to cybersecurity threats and unauthorized access to our information security systems. Significant findings related to cybersecurity, data and technology risks or incidents are at least annually reported to and discussed with the Board of Directors.

Our information technology department is responsible for assessing the risk of cybersecurity threats and hiring appropriate personnel and third-party consultants to oversee the cybersecurity program.

ITEM 2: PROPERTIES.

The Company owns executive offices and production and warehousing facilities at 333 Bayview Avenue, Amityville, New York. This facility consists of a fully-utilized building of approximately 100,000 square feet on a six acre plot. This six-acre plot provides the Company with space for expansion of office, manufacturing and storage capacities.

The Company’s foreign subsidiary located in the Dominican Republic, Napco DR, S.A., owns a building of approximately 180,000 square feet of production and warehousing space in the Dominican Republic. That subsidiary also leases the land associated with this building under a 99-year lease expiring in the year 2092 at an annual base rent of approximately $235,000 and $105,000 in annual service charges. The service charges increase 2% annually over the remaining life of the lease. As of June 30, 2026, a majority of the Company’s products were manufactured at this facility, utilizing U.S. quality control standards.

Management believes that these facilities are more than adequate to meet the needs of the Company in the foreseeable future.

ITEM 3: LEGAL PROCEEDINGS.

The discussion under the heading *Legal Proceedings* within Note 14, “Commitments and Contingencies” to the Consolidated Financial Statements is incorporated herein by reference.

ITEM 4: MINE SAFETY DISCLOSURE.

Not Applicable.

PART II

ITEM 5: MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol "NSSC." As of August 21, 2026, there were approximately 43 stockholders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Information:

Dividend Declaration Date	Stockholders of Record Date	Dividend Payable Date	Per Share Cash Dividend Amount
April 30, 2026	June 12, 2026	July 3, 2026	$ 0.15
January 29, 2026	March 12, 2026	April 3, 2026	$ 0.15
October 30, 2025	December 12, 2025	January 2, 2026	$ 0.14
August 21, 2025	September 12, 2025	October 3, 2025	$ 0.14
May 2, 2025	June 12, 2025	July 3, 2025	$ 0.14
January 30, 2025	March 12, 2025	April 3, 2025	$0.125
November 1, 2024	December 12, 2024	January 3, 2025	$0.125
August 22, 2024	September 12, 2024	October 3, 2024	$0.125
May 2, 2024	June 3, 2024	June 24, 2024	$ 0.10
February 1, 2024	March 1, 2024	March 22, 2024	$ 0.10
November 2, 2023	December 1, 2023	December 22, 2023	$ 0.08
August 18, 2023	September 1, 2023	September 22, 2023	$ 0.08

Equity Compensation Plan Information as of June 30, 2026:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS (a)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS (b)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)
Equity compensation plans approved by security holders (1):	394,964	$ 28.27	844,100
Equity compensation plans not approved by security holders:	—	—	—
Total	394,964	$ 28.27	844,100

(1) In August 2022, the stockholders approved the 2022 Employee Stock Option Plan which authorizes the granting of awards, the exercise of which would allow up to an aggregate of 950,000 shares of the Company's common stock to be acquired by the holders of such awards. In May 2020, the stockholders approved the 2020 Non-Employee Stock Option Plan which authorizes the granting of awards, the exercise of which would allow up to an aggregate of 100,000 shares of the Company's common stock to be acquired by the holders of such awards. In December 2018, the stockholders approved the 2018 Non-Employee Stock Option Plan which authorizes the granting of awards, the exercise of which would allow up to an aggregate of 100,000 shares of the Company's common stock to be acquired by the holders of such awards. In December 2012, the stockholders approved the 2012 Employee Stock Option Plan which authorizes the granting of awards, the exercise of which would allow up to an aggregate of 1,900,000 shares of the Company's common stock to be acquired by the holders of such awards. No further grants can be awarded from the 2012 Employee Stock Option Plan after December 2022. In December 2012, the stockholders also approved the 2012 Non-Employee Stock Option Plan which authorizes the granting of awards, the exercise of which would allow up to an aggregate of 100,000 shares of the Company's common stock to be acquired by the holders of such awards. No further grants can be awarded from the 2012 Non-Employee Stock Option Plan after December 2022

ITEM 6: RESERVED

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Napco Security Technologies, Inc. ("NAPCO"). MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying Notes to Financial Statements (Item 8 of this Form 10-K). This section generally discusses the results of our operations for the year ended June 30, 2026 compared to the year ended June 30, 2025. For a discussion of the year ended June 30, 2025 compared to the year ended June 30, 2024, please refer to, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended June 30, 2025.

Overview

NAPCO is a leading manufacturer and designer of high-tech electronic security devices, wireless communication services for intrusion and fire alarm systems as well as a provider of school safety solutions. We offer a diversified array of security products, encompassing access control systems, door-locking products, intrusion and fire alarm systems and video surveillance products, used for commercial, residential, institutional, industrial and governmental applications. We have experienced significant growth in recent years, primarily driven by our recurring service revenues from wireless communication services for intrusion and fire alarm systems.

NAPCO has established a heritage and proven record in the professional security community for reliably delivering both advanced technology and high-quality security solutions. We are dedicated to developing innovative technology and producing the next generation of reliable security solutions that utilize remote communications and wireless networks.

Highlights from fiscal year 2026 compared with fiscal year 2025 included:

- Net revenues for the year increased 11.4% to $202.3 million.
- Recurring service revenue ("RSR") for the year increased 13% to $97.5 million.
- Gross margin for recurring service revenue was 90.3% for fiscal 2026.
- Overall gross margin increased to 59.2%, which included a benefit of approximately 50 basis points from tariffs for fiscal 2026
- Net income decreased 1% to $43.0 million after giving effect to a one-time litigation settlement charge of $16 million.
- Non-GAAP Adjusted EBITDA, a measurement of operating performance increased 27.9% to $66.7 million.

Please see *Non-GAAP Measures* below in this section of this Annual Report for a discussion of the limitations of non-GAAP adjusted EBITDA (a non-GAAP measure) and a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable measurement in accordance with GAAP, for the years ended June 30, 2026 and 2025.

Industry Landscape

Our industry continues to be dynamic and highly competitive, with frequent changes in both technologies and business models. Each industry shift is an opportunity to conceive new products, new technologies, or new ideas that can further transform the industry and our business. Napco continually strives to innovate through a broad range of research and development activities that seek to identify and address the changing demands of customers, industry trends, and competitive forces.

Economic Conditions and Other Factors

We are subject to the effects of general macroeconomic and market conditions.

On February 20, 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were invalid, and in March 2026, the U.S. Court of International Trade further ruled that importers that paid such tariffs are due refunds. Although certain tariffs imposed under IEEPA have been invalidated by courts and are subject to refund claims, replacement tariffs have been imposed under Section 122 and Section 301, and other trade authorities may continue, expand, or be modified. The ultimate scope, duration, and economic impact of these measures remain uncertain. As of June 30, 2026 the Company has received or accrued certain IEPPA refund claims. The Company has submitted additional claims which the Company cannot ensure the probability of collection and therefore, no refund receivable has been recognized related to these claims.

The AI data center buildout has increased demand across a broad range of electronic components, including microcontrollers, memory devices, power management integrated circuits, networking components and other semiconductors used in our products. Suppliers may allocate limited manufacturing capacity to customers serving AI and cloud infrastructure markets, reducing availability for security and access control manufacturers such as us.

Consequently, we may experience longer lead times, cost increases, allocation restrictions or reduced product availability from suppliers. If we are unable to obtain sufficient quantities of critical components, identify alternative sources, or pass increased costs to customers, our ability to manufacture and deliver products could be adversely affected.

The markets for security devices and services are dynamic and highly competitive. Our competitors are continually developing new products and solutions for consumers and businesses. We must continue to evolve and adapt to respond to customer and user preferences over an extended time in pace with this changing environment.

Refer to Risk Factors (Part I, Item 1A of this Form 10-K) for a discussion of various risk factors that could affect us.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires a high degree of judgment, either in the application and interpretation of existing accounting literature or in the development of estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. We continuously evaluate our estimates and judgments based on historical experience, as well as other factors that we believe to be reasonable under the circumstances. The results of our evaluation form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Critical estimates include management's judgments associated with reserves for sales returns and allowances, allowance for credit losses, overhead expenses applied to inventory, inventory reserves, valuation of intangible assets, share based compensation and income taxes. These estimates may change in the future if underlying assumptions or factors change, and actual results may differ from these estimates.

We consider the following significant accounting policies to be critical because of their complexity and the high degree of judgment involved in maintaining them.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Equipment Revenue

Equipment revenue, which includes shipping and handling costs, is primarily generated from the sale of finished products to customers. Those sales predominantly contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks and rewards transfer, which is typically the date of shipment of the related equipment when the product is picked up by the carrier or customer. A provision for product returns, credits and rebates is recorded as a reduction of equipment revenue in the same period the revenue is recognized.

The Company provides a limited standard warranty for defective products, usually for a period of 24 to 36 months, and accepts returns for such defective products as well as for other limited circumstances. The Company also provides rebates to customers for meeting specified purchasing targets and other coupons or credits in limited circumstances. Reserves are established for the estimated returns, rebates and credits and such variable consideration is measured based on the most likely amount method.

The Company analyzes product sales returns and is able to make reasonable and reliable estimates of product returns based on several factors including actual returns and expected return data communicated to the Company by its customers.

Service Revenue

Service revenue is primarily generated from the sale of monthly cellular communication services to customers. Those sales predominantly contain a single performance obligation and revenue is recognized ratably with the delivery of cellular communication service over the related monthly period, and when ownership, risks and rewards transfer to the customer.

The services are billed monthly, and customers have the right to cancel the cellular communication services at any time, however the contract with the customer does not provide.

Inventory Valuation

Inventories are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out (FIFO) method. The reported net value of inventory includes finished saleable products, work-in-process and raw materials that will be sold or used in future periods. Inventory costs include raw materials, direct labor and overhead. The Company's overhead expenses are applied based, in part, upon estimates of the proportion of those expenses that are related to procuring and storing raw materials as compared to the manufacture and assembly of finished products. These proportions, the method of their application, and the resulting overhead included in ending inventory, are based in part on subjective estimates and actual results could differ from those estimates.

The Company records a reserve for excess and slow-moving inventory, which represents the difference between the cost of the inventory and its estimated realizable value. This reserve is calculated using an estimated excess and slow-moving percentage applied to the inventory based on age, historical trends, product life cycle, requirements to support forecasted sales, and the ability to find alternate applications of its raw materials and to convert finished product into alternate versions of the same product to better match customer demand. There is inherent professional judgment and subjectivity made by both production and engineering members of management in determining the estimated excess and slow-moving percentage. In addition, and as necessary, the Company may establish specific reserves for future known or anticipated events. The Company also regularly reviews the period over which its inventories will be converted to sales. Any inventories expected to convert to sales beyond 12 months from the balance sheet date are classified as non-current.

Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Liquidity and Capital Resources

Our cash and cash equivalents and short-term investments are as follows (in thousands):

	June 30, 2026	June 30, 2025
Cash	$ 34,013	$ 34,832
Money Market Fund	92,915	48,249
	$ 126,928	$ 83,081

We believe that our projected cash flow from operations, combined with our cash and short-term investments, will be sufficient to meet our projected working capital requirements, contractual obligations, and other cash flow needs for the next twelve months. We believe that there is minimal credit risk associated with the investments in cash equivalents and short-term investments due to the types of investment entered.

A summary of the cash flow activity for the year ended June 30, 2026 and 2025 is as follows (in thousands):

Cash Flows from Operating Activities

	Fiscal Year ended June 30,	
	2026	2025
Net income	$ 43,027	$ 43,406
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,208	2,276
Unrealized gain on marketable securities	—	(177)
Realized gain on sales of marketable securities	(407)	(56)
(Recovery of) credit losses	76	(7)
Change to inventory reserve	(444)	643
Deferred income taxes	2,371	(1,048)
Stock-based compensation expense	989	1,513
Changes in operating assets and liabilities:	13,325	6,977
Net Cash Provided by Operating Activities	$ 61,145	$ 53,527

Net cash provided by operating activities was $61.1 million for the year ended June 30, 2026 and was due to net income of $43.0 million, adjustments for non-cash items of $4.8 million and an increase in cash flow from changes in operating assets and liabilities of $13.3 million. The changes in operating assets and liabilities were largely attributable to decreases in inventories and increases in accrued expenses offset by increases in accounts receivables, income tax receivable and prepaid expenses.

Net cash provided by operating activities was $53.5 million for the year ended June 30, 2025 and was due to net income of $43.4 million, adjustments for non-cash items of $3.1 million and an increase in cash flow from changes in operating assets and liabilities of $7.0 million. The changes in operating assets and liabilities were largely attributable to decreases in inventories, accounts receivable and prepaid expenses offset by decreases in accounts payables and accrued expenses.

Cash Flows from Investing Activities

	Fiscal Year ended June 30,	
	2026	2025
Purchases of property, plant, and equipment	$ (1,917)	$ (2,116)
Purchases of marketable securities	(11,370)	(12,835)
Proceeds from sales of marketable securities	17,236	2,556
Redemption of other investments	—	26,980
Net Cash Provided by Investing Activities	$ 3,949	$ 14,585

The cash provided by investing activities during the year ended June 30, 2026 was primarily attributable to proceeds from the sale of marketable securities. The Net cash provided by investing activities was partially offset by net cash used for capital expenditures and purchase of marketable securities. The cash provided by investing activities during the year ended June 30, 2025 was primarily attributable to proceeds from the sale of marketable securities as well as the redemption of our Certificate of Deposits which were classified as other investments. The Net cash provided by investing activities was partially offset by net cash used for capital expenditures and purchase of marketable securities.

Cash Flows from Financing Activities

	Fiscal Year ended June 30,	
	2026	2025
Proceeds from stock option exercises	$ 628	$ 54
Dividends paid	(20,334)	(13,632)
Purchase of treasury shares	—	(36,794)
Payment of tax withholdings related to stock option exercises	(1,541)	—
Net Cash Used in Financing Activities	$ (21,247)	$ (50,372)

The cash used in financing activities for the year ended June 30, 2026 was primarily related to the payment of stockholder dividends as well as payment of tax withholdings related to stock option exercises while the year ended June 30, 2025 was primarily related to the payment of stockholder dividends and the purchase of treasury shares.

As of June 30, 2026, the Company's available revolving credit line was $20,000,000, which expires in February 2029. As of June 30, 2026 and 2025, the Company has no outstanding debt.

The Company takes into consideration several factors in measuring its liquidity, including the ratios set forth below:

	As of June 30,	
	2026	2025
Current Ratio	4.9 to 1	6.8 to 1
Sales to Receivables	5.6 to 1	6.0 to 1

Working Capital. Working capital increased by $27,142,000 to $165,529,000 as of June 30, 2026 from $138,387,000 at June 30, 2025. Working capital is calculated by deducting Current Liabilities from Current Assets.

Contractual Obligations and Commitments

As of June 30, 2026, the Company had no material commitments for capital expenditures or inventory purchases other than purchase orders issued in the normal course of business. On April 26, 1993, the Company's foreign subsidiary entered into a 99-year land lease for approximately 4 acres of land in the Dominican Republic, on which the Company's principal manufacturing facility is located, at an annual base rent of approximately $235,000 and $105,000 in annual service charges. The service charges increase 2% annually over the remaining life of the lease.

Results of Operations
Fiscal 2026 Compared to Fiscal 2025

	Fiscal year ended June 30, (dollars in thousands)		
	2026	2025	% Increase/ (decrease)
Revenue:			
Equipment revenue	$ 104,788	$ 95,291	10.0 %
Service revenue	97,528	86,330	13.0 %
Total revenue	202,316	181,621	11.4 %
Gross Profit:			
Gross profit: equipment	31,757	22,496	41.2 %
Gross profit: services	88,034	78,534	12.1 %
Total gross profit	119,791	101,030	18.6 %
Gross profit as a % of net sales	59.2 %	55.6 %	6.4 %
Equipment	30.3 %	23.6 %	28.4 %
Services	90.3 %	91.0 %	(0.8)%
Research and development	13,791	12,581	9.6 %
Selling, general and administrative	44,362	42,190	5.1 %
Selling, general and administrative as a % of net sales	21.9 %	23.2 %	(5.6)%
Litigation settlement cost	16,000	—	100.0 %
Operating income	45,638	46,259	(1.3)%
Interest income, net	3,587	3,356	6.9 %
Other income, net	597	454	31.5 %
Provision for income taxes	6,795	6,663	2.0 %
Net income	43,027	43,406	(0.9)%

Revenue

Revenue by major product lines is as follows:

	Year ended June 30, (dollars in thousands)		
	2026	2025	% Increase (decrease)
Revenue:			
Equipment Revenue			
Intrusion and access alarm products			
Intrusion products	$ 28,056	$ 24,541	14.3 %
Access alarm products	7,600	8,543	(11.0)%
Total intrusion and access alarm products	35,656	33,084	7.8 %
Door locking devices	69,132	62,207	11.1 %
Total equipment revenue	104,788	95,291	10.0 %
Service revenue	97,528	86,330	13.0 %
Total Revenue	$ 202,316	$ 181,621	11.4 %

Net revenue in fiscal 2026 increased by $20,695,000 to $202,316,000 as compared to $181,621,000 in fiscal 2025.

Net equipment revenue in fiscal 2026 increased $9,497,000 to $104,788,000 as compared to $95,291,000 in fiscal 2025. The increase in net equipment revenues was due to increased revenue from door-locking products of $6,925,000, or 11.1% and increased revenue of intrusion and access products of $2,573,000 million or 7.8%.

The increased revenue from our door locking products was primarily a result of the impact of pricing increases (approximately 6.1%) with the balance due to increased sales volume (approximately 5.0%). The impact of price increases was a result of both our Alarm Lock and Marks USA locking divisions (approximately 6.7% and 4.8%, respectively), sales volume on Alarm Lock grew approximately 13% and Marks USA volume decreased approximately 8.2% as compared to Fiscal 2025.

The increased revenue in our intrusion and access alarm division was primarily a result of the impact of pricing increases (approximately 9.1%), offset by a decrease in volume (approximately 1.3%). Intrusion product revenue increased by approximately 14.3% because of price increases of 10.4% and increased volume of 3.9%, primarily driven by the sale of our fire radio communicators. Access alarm products revenue decreased approximately 11.0% because of price increases of 4.2%, offset by decreased volume of approximately 15.2%.

Net service revenues for fiscal 2026 increased $11,198,000 to $97,528,000 as compared to $86,330,000 in fiscal 2025. The increase in net service revenues was due to an increase in the number of our cellular communication devices (radios) put into service and activated. The main driver of new activations was new installations of our fire radio communicators installed by our dealer network.

Gross Profit

The Company's gross profit increased by $18,761,000 to $119,791,000 in fiscal 2026 as compared to $101,030,000 in fiscal 2025. Overall, gross margins increased to 59.2% of net revenue in 2026 from 55.6% in 2025.

Gross profit from equipment revenue was $31,757,000 or 30.3% of net equipment revenue, as compared to $22,496,000 or 23.6% of net equipment revenue, in fiscal 2025.

The increase in gross profit percentage from equipment revenue was primarily a result of price increases (inclusive of lower sales discounts and allowance), the impact of the refund of tariffs paid in fiscal 2025 (1.0%), reduced charges related to inventory reserves (0.5%), offset by increased technical services costs (0.5%) as a result of investments in AI automation solutions.

Gross profit as a percentage of service revenue was consistent in both periods. Gross profit on service revenue was $88,034,000 or 90.3% of net service revenue in fiscal 2026 and $78,534,000 or 91.0% of net service revenue, in fiscal 2025.

Research and Development

Research and Development expenses increased by $1,210,000 to $13,791,000 or 6.8% of net revenue in fiscal 2026 as compared to $12,581,000 or 6.9% of net revenue in fiscal 2025. The increase is primarily due to increases of $1,040,000 in personnel-related expenses mainly from annual merit increases of engineering staff, and additional cost of obtaining UL approvals $106,000 for new products.

Selling, General and Administrative

Selling, general and administrative expenses for fiscal 2026 increased by $2,172,000 to $44,362,000 or 21.9% of net revenue as compared $42,190,000 or 23.2% of net revenue in fiscal 2025. The increase is primarily due to increases of $767,000 in personnel-related expenses mainly from merit increases and the hiring of additional personnel in the sales and information technology departments, $775,000 in commission payments mainly from the aforementioned increases in equipment revenue, $327,000 in tradeshow related activities, $184,000 in insurance and $152,000 in 401(k) matching expenses, $104,000 in credit card processing fees related to our service revenue, and $110,000 in other administrative costs, offset by decreases in professional fees of $247,000.

Litigation settlement costs

Litigation settlement costs, net of any insurance reimbursements of $16,000,000 was recognized in fiscal 2026 as a result of the settlement described in Note 14.

Interest and Other Income (Expense)

	Year ended June 30, (dollars in thousands)		
	2026	2025	% Increase (Decrease)
Interest Income	$ 3,587	$ 3,356	7%
Investment Income	458	445	3%
Other, net	139	9	**
	$ 4,184	$ 3,810	

**Percentage change not meaningful.

Interest income increased for fiscal 2026, compared to fiscal 2025, primarily due to the increase in our cash and cash equivalents as well as higher interest rates.

Income Taxes

The Company's provision for income taxes for fiscal 2026 increased by $132,000 to $6,795,000 as compared to $6,663,000 for the same period a year ago. The Company's effective tax rate (13.6% fiscal 2026 and 13.3% fiscal 2025) was consistent in both periods.

Non-GAAP Measures

We define non-GAAP adjusted EBITDA as our GAAP net income plus income tax expense, net interest income, stock-based compensation, legal costs and settlement fees incurred and received in connection with non-ordinary course litigation and other disputes, litigation settlement costs, and depreciation and amortization expense. We do not consider these items to be indicative of our core operating performance. The non-cash items include amortization and depreciation expense and stock-based compensation expense related to equity compensation. We define non-GAAP adjusted EBITDA margin as Adjusted EBITDA divided by net revenue. Non-GAAP adjusted EBITDA and adjusted EBITDA margin are not a measure calculated in accordance with GAAP. See the table below for a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

We have included non-GAAP adjusted EBITDA and non-GAAP adjusted EBITDA margin in this report because they are key measure our management uses to understand and evaluate our core operating performance and trends, to generate future operating plans, to make strategic decisions regarding the allocation of capital and to make strategic investment decisions. Further, we believe the exclusion of certain expenses in calculating non-GAAP adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis and, in the case of exclusion of litigation settlement costs and certain historical legal expenses, excludes items that we do not consider to be indicative of our core operating performance. Accordingly, we believe non-GAAP adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of non-GAAP adjusted EBITDA and non-GAAP adjusted EBITDA margin has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (a) although amortization and depreciation are non-cash charges, the assets being amortized and depreciated may have to be replaced in the future, and non-GAAP adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (b) non-GAAP adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (c) non-GAAP adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (d) non-GAAP adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and (e) other companies, including companies in our industry, may calculate non-GAAP adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider non-GAAP adjusted EBITDA and non-GAAP adjusted EBITDA margin alongside our other GAAP-based financial performance measures, net income and our other GAAP financial results. The following table presents a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Year ended June 30,	
	2026	2025
Non-GAAP adjusted EBITDA:		
Net income, as reported	$ 43,027	$ 43,406
Interest income, net	(3,587)	(3,356)
Provision for income taxes	6,795	6,663
Depreciation and amortization	2,208	2,276
Non-GAAP EBITDA	48,443	48,989
Adjustments:		
Stock based compensation	989	1,513
Nonrecurring legal expense	1,238	1,624
Litigation settlement cost	16,000	-
Total adjustments	18,227	3,137
Non-GAAP adjusted EBITDA	$ 66,670	$ 52,126
Non-GAAP adjusted EBITDA margin	33.0 %	28.7

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates primarily relates to our investment portfolio. We internally manage our investment portfolios considering investment opportunities and risks, tax consequences, and overall financing strategies. Our investment portfolio includes fixed-income securities with a fair value of approximately $10.6 million at June 30, 2026. These securities are subject to interest rate risk and, based on our investment portfolio as of June 30, 2026, a 100 basis point increase in interest rates would result in a decrease in the fair value of the portfolio of approximately $213,000. While an increase in interest rates may reduce the fair value of the investment portfolio, we will not realize the losses in the Consolidated Statements of Income unless the individual fixed-income securities are sold prior to recovery or the loss is determined to be other-than-temporary.

Currency Exchange Risk

We conduct business with non-U.S. customers, however all foreign sales transactions by the Company are denominated in U.S. dollars. As such, the Company has shifted foreign currency exposure onto its foreign customers.

If changes in exchange rates were to negatively effect these customers, the Company could have trouble collecting unsecured receivables, and or experience the cancellation of existing orders or the loss of future orders. The foregoing could materially adversely affect the Company's business, financial condition and results of operations.

We are also exposed to foreign currency risk relative to expenses incurred in Dominican Pesos ("RD$"), the local currency of the Company's production facility in the Dominican Republic. The result of a 10% strengthening or weakening in the U.S. dollar to the RD$ would result in an annual increase or decrease in income from operations of approximately $830,000.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

a. Financial Statements: Financial statements required pursuant to this Item are presented on pages FS-1 through FS-35 of this report as follows:

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID 34)	FS-2
Consolidated Financial Statements:	
Consolidated Balance Sheets as of June 30, 2026 and 2025	FS-4
Consolidated Statements of Income for the three years ended June 30, 2026	FS-5
Consolidated Statements of Comprehensive Income for the three years ended June 30, 2026	FS-6
Consolidated Statements of Stockholders' Equity for the three years ended June 30, 2026	FS-7
Consolidated Statements of Cash Flows for the three years ended June 30, 2026	FS-8
Notes to Consolidated Financial Statements	FS-9

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Napco Security Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Napco Security Technologies, Inc. and subsidiaries (the "Company") as of June 30, 2026 and 2025, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended June 30, 2026, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 24, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Excess and Slow-Moving Inventory Reserve — *Refer to Note 1 and 6 to the financial statements*

Critical Audit Matter Description

Management records a reserve for excess and slow-moving inventory, which represents any excess of the cost of the inventory over its estimated net realizable value. The reserve is calculated using an estimated reserve percentage applied to the inventory based on age, historical trends, product life cycle, requirements to support forecasted sales, and the ability to find alternate applications of its raw materials and to convert finished product into alternate versions of the same product. The reserve for excess and slow-moving inventory was $5.1 million at June 30, 2026.

We identified the reserve for excess and slow-moving inventory as a critical audit matter because of the significant estimates and assumptions management makes to determine the reserve, specifically the reserve percentage and forecasted inventory usage. This

required a high degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's reserve for excess and slow-moving inventory.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the significant estimates and assumptions used in the excess and slow-moving inventory reserve included the following, among others:

- We tested the operating effectiveness of management's internal controls over the determination of the inventory reserve.
- We evaluated the methods and assumptions used by management to estimate the inventory reserve by:
    - Testing the significant inputs used to determine the reserve percentage for accuracy and completeness.
    - Inquiring with production and engineering management of the Company as to specific products considered in the reserve, the product life cycles and corroborating alternate applications where applicable.
    - Comparing management's forecasted usage with (1) historical inventory usage as well as forecasted sales, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in Company press releases as well as in analyst and industry reports of the Company and companies in its peer group.
    - Evaluating management's ability to accurately forecast inventory usage by comparing actual results to management's historical forecasts.
    - Considering the impact of changes in the macroeconomic environment on management's forecasted usage.
    - Testing the mathematical accuracy of management's calculations.

/s/ DELOITTE & TOUCHE LLP

Jericho, New York
August 24, 2026

We have served as the Company's auditor since fiscal year 2024.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2026	June 30, 2025
	(in thousands, except share data)	
Assets		
Current Assets		
Cash and cash equivalents	$ 126,928	$ 83,081
Marketable securities	10,637	16,095
Accounts and other receivable, net of allowance for credit losses of $101 and $25 as of June 30, 2026 and June 30, 2025, respectively	35,975	30,108
Inventories	30,118	29,962
Prepaid expenses and other current assets	4,325	3,198
Total Current Assets	207,983	162,444
Inventories - non-current	9,256	11,313
Property, plant and equipment, net	9,238	9,233
Intangible assets, net	2,990	3,287
Deferred income taxes	4,105	6,476
Operating lease - Right-of-use asset	4,906	5,188
Other assets	190	200
Total Assets	$ 238,668	$ 198,141
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 6,925	$ 5,742
Accrued expenses	8,546	8,712
Accrued litigation costs	16,000	—
Accrued salaries and wages	4,484	4,398
Dividends payable	5,365	4,992
Accrued income taxes	1,134	213
Total Current Liabilities	42,454	24,057
Accrued income taxes	33	143
Operating lease liability	5,179	5,335
Total Liabilities	47,666	29,535
Commitments and Contingencies (Note 13)		
Stockholders' Equity		
Common Stock, par value $0.01 per share; 100,000,000 shares authorized as of June 30, 2026 and 2025; 39,883,051 and 39,771,035 shares issued; and 35,768,437 and 35,656,421 shares outstanding, respectively.	399	398
Additional paid-in capital	25,355	25,280
Retained earnings	221,403	199,083
Treasury Stock, at cost, 4,114,614 shares as of both June 30, 2026 and June 30, 2025	(56,315)	(56,315)
Accumulated other comprehensive income	160	160
Total Stockholders' Equity	191,002	168,606
Total Liabilities and Stockholders' Equity	$ 238,668	$ 198,141

See accompanying notes to consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended June 30,		
	2026	2025	2024
	(in thousands, except for share and per share data)		
Revenue:			
Equipment revenue	$ 104,788	$ 95,291	$ 113,071
Service revenue	97,528	86,330	75,749
Total revenue	202,316	181,621	188,820
Cost of Revenue:			
Cost of equipment revenue	73,031	72,795	79,862
Cost of service revenue	9,494	7,796	7,204
Total cost of revenue	82,525	80,591	87,066
Gross Profit	119,791	101,030	101,754
Operating Expenses:			
Research and development	13,791	12,581	10,763
Selling, general, and administrative expenses	44,362	42,190	37,173
Litigation settlement cost	16,000	—	—
Total operating expenses	74,153	54,771	47,936
Operating Income	45,638	46,259	53,818
Other Income:			
Interest income, net	3,587	3,356	2,375
Other income, net	597	454	193
Income before Provision for Income Taxes	49,822	50,069	56,386
Provision for Income Taxes	6,795	6,663	6,568
Net Income	$ 43,027	$ 43,406	$ 49,818
Income Per Share:			
Basic	$ 1.21	$ 1.20	$ 1.35
Diluted	$ 1.20	$ 1.19	$ 1.34
Weighted Average Number of Shares Outstanding:			
Basic	35,690,000	36,298,000	36,812,000
Diluted	35,891,000	36,499,000	37,066,000

See accompanying notes to consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHNSIVE INCOME

	Year Ended June 30,		
	2026	2025	2024
Net Income	$ 43,027	$ 43,406	$ 49,818
Other comprehensive income			—
Net change in unrealized gains on available-for-sale debt securities	1	185	—
Tax effect on net change in unrealized (gains) on available-for-sale debt securities	(1)	(25)	
Total other comprehensive income	—	160	—
Comprehensive income	$ 43,027	$ 43,566	$ 49,818

See accompanying notes to consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years ended June 30, 2026, 2025 and 2024
(in thousands except for share data)

	Common Stock			Treasury Stock				
	Number of Shares Issued	Amount	Additional Paid-in Capital	Number of Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at June 30, 2023	39,663,812	$ 397	$ 21,553	(2,893,715)	$ (19,521)	$ 137,740	$ —	$ 140,169
Stock options exercised	104,374	1	426	—	—	—	—	427
Stock-based compensation expense	—	—	1,733	—	—	—	—	1,733
Cash dividend ($.36 per share)	—	—	—	—	—	(13,258)	—	(13,258)
Net income	—	—	—	—	—	49,818	—	49,818
Balances at June 30, 2024	39,768,186	$ 398	$ 23,712	(2,893,715)	$ (19,521)	$ 174,300	$ —	$ 178,889
Stock options exercised	2,849	—	54	—	—	—	—	54
Stock-based compensation expense	—	—	1,514	—	—	—	—	1,514
Purchase of treasury shares	—	—	—	(1,220,899)	(36,794)	—	—	(36,794)
Cash dividend ($.52 per share)	—	—	—	—	—	(18,623)	—	(18,623)
Other comprehensive income, net of tax	—	—	—	—	—	—	160	160
Net income	—	—	—	—	—	43,406	—	43,406
Balances at June 30, 2025	39,771,035	$ 398	$ 25,280	(4,114,614)	$ (56,315)	$ 199,083	$ 160	$ 168,606
Stock options exercised	112,016	1	627	—	—	—	—	628
Tax withholdings related to stock option exercises	—	—	(1,541)	—	—	—	—	(1,541)
Stock-based compensation expense	—	—	989	—	—	—	—	989
Cash dividend ($.58 per share)	—	—	—	—	—	(20,707)	—	(20,707)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	43,027	—	43,027
Balances at June 30, 2026	39,883,051	$ 399	$ 25,355	(4,114,614)	$ (56,315)	$ 221,403	$ 160	$ 191,002

See accompanying notes to consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year ended June 30,		
	2026	2025	2024
		(in thousands)	
Cash Flows from Operating Activities			
Net Income	$ 43,027	$ 43,406	$ 49,818
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,208	2,276	2,163
Change in accrued interest on other investments	—	—	31
Unrealized gain on marketable securities	—	(177)	(56)
Realized gain on sales of marketable securities	(407)	(56)	—
Charge (recovery) of credit losses	76	(7)	(99)
Change to inventory reserve	(444)	643	1,691
Deferred income taxes	2,371	(1,048)	(2,776)
Stock-based compensation expense	989	1,513	1,733
Changes in operating assets and liabilities:			
Accounts and other receivable	(5,943)	1,797	(5,730)
Inventories	2,344	7,995	(3,255)
Prepaid expenses and other current assets	(1,127)	1,071	(867)
Income tax receivable	(1)	48	2
Other assets	11	86	25
Accounts payable, accrued expenses, accrued litigation costs, accrued salaries and wages, accrued income taxes	18,041	(4,020)	2,688
Net Cash Provided by Operating Activities	61,145	53,527	45,368
Cash Flows from Investing Activities			
Purchases of property, plant, and equipment	(1,917)	(2,116)	(1,594)
Purchases of marketable securities	(11,370)	(12,835)	(206)
Proceeds from sales of marketable securities	17,236	2,556	—
Purchases of other investments	—	—	(1,351)
Redemption of other investments	—	26,980	—
Net Cash Provided by (Used in) Investing Activities	3,949	14,585	(3,151)
Cash Flows from Financing Activates			
Proceeds from stock option exercises	628	54	427
Dividends paid	(20,334)	(13,632)	(13,258)
Purchase of treasury shares	—	(36,794)	—
Payment of tax withholdings related to stock option exercises	(1,541)	—	—
Net Cash Used in Financing Activities	(21,247)	(50,372)	(12,831)
Net increase in Cash and Cash Equivalents	43,847	17,740	29,386
Cash and Cash Equivalents - Beginning	83,081	65,341	35,955
Cash and Cash Equivalents - Ending	$ 126,928	$ 83,081	$ 65,341
Supplemental Cash Flow Information			
Interest paid	$ —	$ —	$ 14
Income taxes paid, net of refunds received	$ 3,505	$ 8,427	$ 9,330
Non-Cash Investing and Financing Transactions			
Dividends declared and not paid	$ 5,365	4,992	—

See accompanying notes to consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Nature of Business:

Napco Security Technologies, Inc ("NAPCO", "the Company", "we", "our") is one of the leading manufacturers and designers of high-tech electronic security devices, cellular communication services for intrusion and fire alarm systems as well as a leading provider of school safety solutions. We offer a diversified array of security products, encompassing access control systems, door-locking products, intrusion and fire alarm systems and video surveillance products. These products are used for commercial, residential, institutional, industrial and governmental applications, and are sold principally to independent distributors, dealers and installers of security equipment. We have established a national network of trusted independent security dealers and integrators that are experts at selling, installing and supporting our various technologies. These dealers and installers are dependent on our platform for communication services to our radio communicators and smart security devices, and they pay us a monthly fee for these services to operate and manage their businesses efficiently.

Basis of Presentation:

The consolidated financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") and pursuant to the regulations of the U.S. Securities and Exchange Commission ("SEC"). The consolidated financial statements include the accounts of NAPCO and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We continuously evaluate our estimates and judgments based on historical experience, as well as other factors that we believe to be reasonable under the circumstances. The results of our evaluation form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Critical estimates include management's judgments associated with reserves for sales returns and allowances, allowance for credit losses, overhead expenses applied to inventory, inventory reserves, valuation of intangible assets, share based compensation and income taxes. These estimates may change in the future if underlying assumptions or factors change, and actual results may differ from these estimates.

Significant Accounting Policies:

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, accounts receivable, accounts payable, and accrued expenses reflected in the consolidated financial statements approximate fair value due to their short-term maturities. The fair value of debt for footnote disclosure purposes, including current maturities, if any, is estimated using recently quoted market prices of the instrument, or if not available, a discounted cash flow analysis based on the estimated current incremental borrowing rates for similar types of instruments.

Cash and Cash Equivalents

All financial instruments purchased with an original maturity of three months or less at the time of purchase are considered cash equivalents. Such items may include liquid money market funds and time deposit accounts. Investments that are classified as cash equivalents are carried at cost, which approximates fair value.

The Company's cash and cash equivalents included approximately $92,915,000 and $48,249,000 of short-term time deposits as of June 30, 2026 and 2025, respectively.

Cash and cash equivalents consists of the following as of (in thousands):

	June 30, 2026	June 30, 2025
Cash	$ 34,013	$ 34,832
Money Market Fund	92,915	48,249
	$ 126,928	$ 83,081

The Company has cash balances in banks in excess of the maximum amount insured by the FDIC and other international agencies as of June 30, 2026. The Company has not historically experienced any credit losses with balances in excess of FDIC limits.

Marketable Securities

Investments in debt securities are classified as available-for-sale and realized gains and losses are recorded using the specific identification method. Changes in fair value, excluding credit losses and impairments, are recorded in other comprehensive income. Fair value is calculated based on publicly available market information or other estimates determined by management. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, credit quality of debt instrument issuers, and the extent to which the fair value is less than cost. To determine credit losses, a systematic methodology is employed that considers available quantitative and qualitative evidence. In addition, specific adverse conditions are considered related to the financial health of, and business outlook for, the investee. If the Company plans to sell the security or it is more likely than not that the Company will be required to sell the security before recovery, then a decline in fair value below cost is recorded as an impairment charge in other income (expense), net and a new cost basis in the investment is established. If market, industry, and/or investee conditions deteriorate, we may incur future impairments.

Investments in equity securities with readily determinable fair values are measured at fair value. Equity investments without readily determinable fair values are measured using the equity method or measured at cost with adjustments for observable changes in price or impairments (referred to as the measurement alternative). The Company performs a qualitative assessment on a periodic basis and recognize an impairment if there are sufficient indicators that the fair value of the investment is less than carrying value. Changes in value are recorded in other income (expense), net.

Accounts and Oher Receivable

Accounts receivable are stated net of the reserves for credit losses of $101,000 and $25,000 as of June 30, 2026 and 2025, respectively. In accordance with ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), the Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company’s historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

Inventories

Inventories are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out (FIFO) method. The reported net value of inventory includes finished saleable products, work-in-process and raw materials that will be sold or used in future periods. Inventory costs include raw materials, direct labor and overhead. The Company's overhead expenses are applied based, in part, upon estimates of the proportion of those expenses that are related to procuring and storing raw materials as compared to the manufacture and assembly of finished products. These proportions, the method of their application, and the resulting overhead included in ending inventory, are based in part on subjective estimates and actual results could differ from those estimates.

The Company records a reserve for excess and slow-moving inventory, which represents any excess of the cost of the inventory over its estimated realizable value. This reserve is calculated using an estimated excess and slow-moving percentage applied to the inventory based on age, historical trends, product life cycle, requirements to support forecasted sales, and the ability to find alternate applications of its raw materials and to convert finished product into alternate versions of the same product to better match customer demand. In addition, and as necessary, the Company may establish specific reserves for future known or anticipated events. There is inherent professional judgment and subjectivity made by both production and engineering members of management in determining the estimated excess and slow-moving percentage (See Note 6).

The Company also regularly reviews the period over which its inventories will be converted to sales. Any inventories expected to convert to sales beyond 12 months from the balance sheet date are classified as non-current.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred; costs of major renewals and improvements are capitalized. At the time property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the asset and accumulated depreciation accounts and the profit or loss on such disposition is reflected in income.

Depreciation is recorded over the estimated service lives of the related assets using primarily the straight-line method. Amortization of leasehold improvements is calculated by using the straight-line method over the estimated useful life of the asset or lease term, whichever is shorter.

Long-Lived and Intangible Assets

Long-lived assets are amortized over their useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset.

Intangible assets consisted of the following (in thousands):

	June 30, 2026			June 30, 2025		
	Carrying value	Accumulated amortization	Net book value	Carrying value	Accumulated amortization	Net book value
Customer relationships	$ 9,800	$ (9,644)	$ 156	$ 9,800	$ (9,549)	$ 251
Trade name	4,048	(1,214)	2,834	4,048	(1,012)	3,036
	$ 13,848	$ (10,858)	$ 2,990	$ 13,848	$ (10,561)	$ 3,287

Amortization expense for intangible assets subject to amortization was approximately $298,000, $315,000 and $337,000 for the fiscal years ended June 30, 2026, 2025 and 2024, respectively. Amortization expense for each of the next five fiscal years is estimated to be as follows: 2027 - $283,000; 2028 - $269,000; 2029 - $210,000; 2030 - $202,000; and 2031 - $202,000. The weighted average remaining amortization period for intangible assets was 13.3 years and 14.1 years at June 30, 2026 and 2025, respectively.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue from all sale types are recognized at the transaction price, which is the amount we expect to be entitled to in exchange for transferring goods or providing services.

Equipment Revenue

Equipment revenue, which includes shipping and handling costs, is primarily generated by the sale of finished products to customers. Those sales predominantly contain a single performance obligation, and revenue is recognized at a single point in time when ownership, risks and rewards transfer, which is typically the date of shipment of the related equipment when the product is picked up by the carrier or customer. A provision for product returns, credits and rebates is recorded as a reduction of equipment revenue in the same period the revenue is recognized.

The Company provides limited standard warranty for defective products, usually for a period of 24 to 36 months, and accepts returns for such defective products as well as for other limited circumstances. The Company also provides rebates to customers for meeting specified purchasing targets and other coupons or credits in limited circumstances. Reserves are established for the estimated returns, rebates and credits and such variable consideration is measured based on the most likely amount method.

The Company analyzes product sales returns and is able to make reasonable and reliable estimates of product returns based on several factors including actual returns and expected return data communicated to the Company by its customers.

Service Revenue

Service revenue is primarily generated from the sale of monthly cellular communication services. Those sales predominantly contain a single performance obligation and revenue is recognized ratably with the delivery of cellular communication service over the related monthly period, and when ownership, risks and rewards transfer to the customer.

The services are billed monthly, and customers have the right to cancel the cellular communication services at any time, however the contract with the customer does not provide for a refund.

Cost of Revenue

Cost of Equipment Revenue

Cost of equipment revenue is primarily comprised of direct materials and supplies consumed in the manufacturing of products, as well as manufacturing labor, depreciation expense and direct and indirect overhead expenses necessary to acquire and convert the purchased materials and supplies into finished products.

Cost of Service Revenue

Cost of service revenue is primarily the cost of operating our network operations center to manage and deliver telecommunication services.

Shipping and Handling Sales and Costs

The Company records the amount billed to customers for shipping and handling in net revenue ($569,000, $419,000 and $349,000 in the fiscal years ended June 30, 2026, 2025 and 2024, respectively) and classifies the costs associated with these revenues in cost of sales ($1,764,000, $1,589,000 and $1,573,000 in the fiscal years ended June 30, 2026, 2025 and 2024, respectively).

Advertising and Promotional Costs

Advertising and promotional costs are included in "Selling, General and Administrative" expenses in the consolidated statements of income and are expensed as incurred. Advertising expense for fiscal years ended June 30, 2026, 2025 and 2024 was $4,095,000, $3,753,000 and $3,262,000, respectively.

Research and Development Costs

Research and development costs incurred by the Company are charged to expense as incurred and are included in operating expenses in the consolidated statements of income.

Income Taxes

The Company records provisions for income taxes in the consolidated financial statements using the asset and liability method. Under this method, income tax liabilities or receivables are recognized for the current year, in addition deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. When necessary, a valuation allowance is recorded to reduce deferred tax assets to the net amount that is believed is more likely than not to be realized. That assessment considers the recognition of deferred tax assets on a jurisdictional basis. Accordingly, in assessing the future taxable income on a jurisdictional basis, the Company considers the effect of the transfer pricing policies on that income.

The Company recognizes tax benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company’s policy is to adjust these unrecognized tax benefits in the period when facts and circumstances change, such as the closing of a tax audit, the expiration of statute of limitation for a relevant taxing authority to examine a tax position, or when additional information becomes available. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on the financial condition and operating results. The provision for income taxes includes the effects of any accruals that we believe are appropriate, as well as the related interest and penalties.

Legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act introduced the global intangible low-taxed income (“GILTI”) provisions effective in 2018, which generally impose a tax on the net income earned by foreign subsidiaries of a U.S. company in excess of a deemed return on their tangible assets. The Company recognizes the tax on GILTI as a period cost when the tax is incurred.

Net Income per Share

Basic net income per common share (Basic EPS) is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per common share (Diluted EPS) is computed by dividing net income by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding.

The following provides a reconciliation of information used in calculating the per share amounts for the fiscal years ended June 30 (in thousands, except per share data):

	Net Income			Weighted Average Shares			Net Income per Share		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Basic EPS	$ 43,027	$ 43,406	$ 49,818	35,690	36,298	36,812	$ 1.21	$ 1.20	$ 1.35
Effect of Dilutive Securities:									
Stock Options	—	—	—	201	201	254	(0.01)	(0.01)	(0.01)
Diluted EPS	$ 43,027	$ 43,406	$ 49,818	35,891	36,499	37,066	$ 1.20	$ 1.19	$ 1.34

Options to purchase 70,000, 110,375 and 19,663 shares of common stock for the fiscal years ended June 30, 2026, 2025 and 2024, respectively, were not included in the computation of Diluted EPS because their inclusion would be anti-dilutive. These options were still outstanding at the end of the respective periods.

Stock-Based Compensation

The Company has established five share incentive programs as discussed in Note 10.

The Company measures stock-based compensation at the grant date based on the fair value of the award and estimates the fair value of each option granted on the date of the grant using the Black-Scholes option-pricing model, which contains uncertainties and requires us to estimate the risk-free interest rate, expected term, expected stock price volatility and dividend yield. The expected term for options granted is estimated using our historical experience, including information related to options we have granted.

The Company has elected to treat awards with only service conditions and with graded vesting as one award and recognizes compensation costs for share-based awards on a straight-line basis, net of actual forfeitures, over the requisite service period of the award, usually the vesting period, which is generally four or five years.

Foreign Currency

The Company has determined the functional currency of all foreign subsidiaries is the U.S. Dollar. All foreign operations are considered a direct and integral part or extension of the Company’s operations. The day-to-day operations of all foreign subsidiaries are dependent on the economic environment of the U.S. Dollar. Therefore, no realized and unrealized gains and losses associated with foreign currency translation are recorded for the fiscal years ended June 30, 2026, 2025 or 2024.

Segment Reporting

The Company operates its business under one operating segment, which is also its reportable segment. The Company's Chief Operating Decision maker (“CODM”), who is our President and Chief Operating Officer, reviews financial information presented at the consolidated level and decides how to allocate resources based on financial metrics, including net income. The measure of segment assets is reported on the balance sheet as total consolidated assets. The CODM uses such financial metrics, including net income, to evaluate income generated from segment assets (return on assets) in deciding whether to reinvest profits or allocate to other parts of the organization, such as working capital needs, mandatory and discretionary capital expenditures or other growth opportunities that may arise that are in the Company’s best interest and the best interest of the stockholders. See Note 15 – Segment and geographical data for additional accounting policies and disclosures.

Leases

The Company determines at contract inception if an arrangement is a lease, or contains a lease, of an identified asset for which the Company has the right to obtain substantially all of the economic benefits from its use and the right to direct its use. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term, while lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The implicit discount rate in the Company’s leases generally cannot readily be determined, and therefore the Company uses its incremental borrowing rate based on

information available at lease commencement date in determining the present value of future payments. If the Company has options to renew or terminate certain leases, those options are included in the determination of lease term when it is reasonably certain that the Company will exercise such options. The Company does not separate lease and non-lease components in determining ROU assets or lease liabilities for real estate leases. Additionally, the Company does not recognize ROU assets or lease liabilities for leases with original terms or renewals of one year or less. See Note 14 – Commitments and Contingencies; Leases for additional accounting policies and disclosures.

Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes: *Improvements to Income Tax Disclosures*, which requires on an annual basis to (1) disclose specific categories in the rate reconciliation, (2) provide additional information for reconciling items that meet a quantitative threshold, and (3) income taxes paid disaggregated by jurisdiction. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted, and can be applied either prospectively or retrospectively. The Company has adopted this ASU for the fiscal year beginning July 1, 2025, on a prospective basis. The adoption resulted in additional disaggregated tax information. Refer to Note 8, *Income Taxes* for the adoption of this guidance and related disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In October 2023, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2023-06, Disclosure Improvements: *Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative*, which modifies the disclosure or presentation requirements of a variety of Topics in the Codification. Among the various codification amendments, Topic 470 *Debt* is applicable to the Company which requires the disclosure of amounts, terms and weighted-average interest rates of unused lines of credit. The effective date is either the date on which the SEC’s removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirement by that date, with early adoption prohibited. The adoption of this new standard will not have a material impact on our financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement: *Reporting Comprehensive Income - Expense Disaggregation Disclosures, Disaggregation of Income Statement Expenses*, which improves disclosure requirements and mandates enhanced transparency about the types of expenses in commonly presented expense captions in financial statements. This guidance is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is currently evaluating the impact that this guidance may have on our financial statements and related disclosures.

In July 2025, the FASB issued ASU No. 2025-05 Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which amends the manner in which credit losses for accounts receivable and contract assets are determined. For public companies, the guidance introduces a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets. Under this expedient, entities may assume that conditions existing at the balance sheet date will persist for the remaining life of the asset, which simplifies the estimation process by eliminating the need to forecast future economic conditions for these short-term assets. This guidance is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting tor Internal-Use Software. The amendments update the framework for recognizing and disclosing costs related to software developed for internal use, including costs associated with website development. The amendments

are effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual periods. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of this guidance on its financial statements and related disclosures.

The Company is evaluating other pronouncements recently issued but not yet adopted. The adoption of these pronouncements is not expected to have a material impact on our consolidated financial statements.

NOTE 2 – Revenue Recognition and Contracts with Customers

The Company is engaged in one major line of business: the development, manufacture, and distribution of security products, encompassing access control systems, door security products, intrusion and fire alarm systems, alarm communication services, and video surveillance products for commercial and residential use. The Company also provides wireless communication service for intrusion and fire alarm systems on a monthly basis. These products are used for commercial, residential, institutional, industrial and governmental applications, and are sold worldwide principally to independent distributors, dealers and installers of security equipment. Sales to unaffiliated customers are primarily shipped from the United States.

As of June 30, 2026 and 2025, the Company included refund liabilities of approximately $3,924,000 and $4,790,000, respectively, in accrued expenses within the Consolidated Balance Sheets. As of June 30, 2026 and 2025, the Company included return-related assets of approximately $1,099,000 and $1,152,000, respectively, in other current assets.

As a percentage of gross sales, sales returns, rebates and allowances were 5%, 6% and 7% for the fiscal years ended June 30, 2026, 2025 and 2024, respectively.

The Company disaggregates revenue from contracts with customers into major product lines. The Company determines that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. As noted in the accounting policy footnote, the Company's business consists of one operating segment. Following is the disaggregation of revenues based on major product lines (in thousands):

	Fiscal year ended June 30,		
	2026	2025	2024
Major Product Lines:			
Intrusion and access alarm products	$ 35,656	$ 33,084	$ 39,372
Door locking devices	69,132	62,207	73,699
Services	97,528	86,330	75,749
Total Revenues	$ 202,316	$ 181,621	$ 188,820

The following table represents the allowance for credit losses accounts as of the respective years ending June 30 (in thousands):

	Balance at beginning of period	Charged to costs and expenses	Deductions/ (recoveries)	Balance at end of period
For the Year Ended June 30, 2026:				
Allowance for credit losses	$ 25	$ 76	$ —	$ 101
For the Year Ended June 30, 2025:				
Allowance for credit losses	$ 32	$ —	$ (7)	$ 25
For the Year Ended June 30, 2024:				
Allowance for credit losses	$ 131	$ —	$ (99)	$ 32

NOTE 3 – Business and Credit Concentrations

Financial instruments that potentially subject the Company to a concentration of credit risk mainly consist of cash equivalents, short-term investments and accounts receivable. Our cash equivalents and short-term investments primarily consist of government securities and money market funds which are held and managed by high credit financial institutions.

The Company had three customers that comprised 34% of the Company's accounts receivable balance as of June 30, 2026 and two customers that comprised 24% and 30% of the Company's accounts receivable balances as of June 30, 2025 and 2024, respectively. Sales to any customers did not exceed 10% of net revenue during fiscal years ended June 30, 2026, 2025 and 2024.

NOTE 4 – Fair Value Measurements

Fair value is the price that would be received for an asset or the amount paid to transfer a liability in an orderly transaction between market participants. The Company is required to classify certain assets and liabilities based on the following fair value hierarchy:

- Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company has evaluated the estimated fair value of financial instruments using available market information and valuations as provided by third-party sources. The use of different market assumptions or estimation methodologies could have a significant effect on the estimated fair value amounts.

The following table presents the Company's assets that were measured at fair value on a recurring basis as of June 30, 2026 and 2025 (in thousands):

	Level 1	Level 2	Level 3	Total
June 30, 2026				
Cash equivalents				
Money market funds	$ 92,915	$ -	$ -	$ 92,915
Total	92,915	-	-	92,915
Marketable securities				
U.S. Treasury Securities	10,637	-	-	10,637
Total	$ 10,637	$ -	$ -	$ 10,637
June 30, 2025				
Cash equivalents				
Money market funds	$ 48,249	$ -	$ -	$ 48,249
Total	48,249	-	-	48,249
Marketable securities				
U.S. Treasury Securities	10,243	-	-	10,243
Mutual funds	5,852	-	-	5,852
Total	$ 16,095	$ -	$ -	$ 16,095

The Company's investments classified as Level 1 are based on quoted prices that are available in active markets, as well as time deposits that are classified as Level 1 due to their short-term nature.

For the years ended June 30, 2026 and 2025, there were no transfers between Levels 1 and 2 investments and no transfers in or out of Level 3.

NOTE 5 – Marketable Securities

A summary of the fair value of the Company's investment in marketable securities as of June 30, 2026 and 2025 is as follows (in thousands):

	2026	2025
Equity Securities	$ —	$ 5,852
Debt Securities (available-for-sale)	10,637	10,243
	$ 10,637	$ 16,095

Investments in Equity Securities

The disaggregated net gains and losses on the equity securities recognized within the accompanying consolidated statements of income for the years ended June 30, 2026, 2025 and 2024 are as follows (in thousands):

	Year ended June 30,		
	2026	2025	2024
Net gains recognized during the period on equity securities	$ 14	$ 276	$ 207
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date	—	177	55
	$ 14	$ 453	$ 262

The following tables summarize the Company's investment in equity securities as of June 30, 2026 and 2025, respectively (in thousands):

	June 30, 2026			June 30, 2025		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	$ —	—	$ —	$ 6,008	$ 5,852	$ (156)

Investment income is recognized when earned and consists principally of interest income from fixed income mutual funds. Realized gains and losses on sales of investments are determined on a specific identification basis.

Investments in Debt Securities

The following tables summarize the Company's investments in debt securities as of June 30, 2026 and 2025 (in thousands):

	June 30, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. Treasury Securities	$ 10,451	$ 186	$ —	$ 10,637

	June 30, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. Treasury Securities	$ 10,058	$ 185	$ —	$ 10,243

The debt investments all mature within one year or less, and the Company did not recognize any credit or non-credit related losses related to its det securities during the year ended June 30, 2026 and 2025, respectively.

NOTE 6 - Inventories

Inventories, net of reserves are valued at lower of cost (first-in, first-out method) or net realizable value. Inventories, net of reserves consist of the following (in thousands):

	June 30, 2026	June 30, 2025
Component parts	$ 24,128	$ 26,967
Work-in-process	7,185	6,457
Finished product	8,061	7,851
	$ 39,374	$ 41,275
Classification of inventories:		
Current	$ 30,118	$ 29,962
Non-current	9,256	11,313
	$ 39,374	$ 41,275

The reserve for excess and slow-moving inventory, which reduces inventory in our consolidated balance sheets were $5,150,000 and $5,515,000 as of June 30, 2026 and 2025, respectively.

NOTE 7 - Property, Plant, and Equipment

Property, plant and equipment consist of the following (in thousands) as of the year ending June 30,:

	2026	2025	Useful Life in Years
Land	$ 904	$ 904	N/A
Buildings	8,911	8,911	30 to 40
Molds and dies	7,572	7,548	3 to 5
Furniture and fixtures	3,888	3,805	5 to 10
Machinery and equipment	32,459	31,053	3 to 10
Building improvements	4,061	3,657	Shorter of the lease term or life of asset
	57,795	55,878	
Less: accumulated depreciation and amortization	(48,557)	(46,645)	
	$ 9,238	$ 9,233	

Depreciation and amortization expense on property, plant, and equipment was approximately $1,911,000, $1,961,000 and $1,826,000 in fiscal 2026, 2025 and 2024, respectively.

NOTE 8 - Income Taxes

The provision for income taxes represents Federal, foreign, and state and local income taxes. The effective rate differs from statutory rates due to the effect of state and local income taxes, tax rates in foreign jurisdictions, global intangible low-taxed income (“GILTI”), tax benefit of R&D credits, and certain nondeductible expenses. Our effective tax rate will change based on recurring and non-recurring factors including, but not limited to, the geographical mix of earnings, enacted tax legislation, and state and local income taxes.

The amounts of income before income taxes attributable to domestic and foreign operations were as follows (in thousands):

	For the Year ended June 30,		
	2026	2025	2024
Domestic	$ 13,331	$ 12,038	$ 6,936
Foreign	36,491	38,031	49,450
Total	$ 49,822	$ 50,069	$ 56,386

The provision for income taxes is comprised of the following (in thousands):

	For the Year ended June 30,		
	2026	2025	2024
Current income taxes:			
Federal	$ 3,254	$ 6,817	$ 8,329
State	1,170	894	1,015
	4,424	7,711	9,344
Deferred income taxes:			
Federal	2,664	(1,046)	(2,367)
State	(293)	(2)	(409)
	2,371	(1,048)	(2,776)
Provision for income taxes	$ 6,795	$ 6,663	$ 6,568

We adopted Accounting Standards Update 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09") prospectively. The items accounting for the difference between income taxes computed at the U.S. federal statutory rate and our effective rate for the year ended June 30, 2026, pursuant to the requirements of ASU 2023-09, were as follows: (in thousands, except for percentages):

	2026	
	Amount	% of Pre-tax Income
U.S. federal statutory income tax rate	$ 10,463	21.0 %
State and local income taxes, net[1]	633	1.3 %
Increases (decreases) in taxes resulting from:		
Foreign tax effects		
Dominican Republic (DR)		
Statutory tax rate difference between DR and U.S.	(7,663)	(15.4)%
Withholding tax	463	0.9 %
Effects of cross-board tax laws		
Global intangible low-taxed income	3,762	7.6
Nontaxable or Nondeductible items		
Share-based payment awards	(37)	(0.1)%
Executive compensation	157	0.3 %
Other, net	73	0.2 %
Tax credits	(735)	(1.5)
Change in uncertain tax positions	(27)	(0.1)%
Other adjustments	(294)	(0.6)%
Effective tax rate	$ 6,795	13.6 %

[1] State taxes in California, Massachusetts, New Jersey and New York make up greater than 50% of the tax effect in this category.

As previously disclosed for the years ended June 30, 2025 and 2024, prior to the adoption of ASU 2023-09, the items accounting for the difference between income taxes computed at the U.S. federal statutory rate and our effective rate were as follows (in thousands, except for percentages):

	2025		2024	
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Tax at Federal statutory rate	$ 10,515	21.0 %	$ 11,841	21.0 %
Increases (decreases) in taxes resulting from:				
Meals and entertainment	68	0.1 %	66	0.1 %
State income taxes, net of Federal income tax benefit	704	1.4 %	935	1.7 %
Global intangible low-taxed income	3,981	8.0 %	5,259	9.3 %
R&D Credit	(461)	(0.9)%	(632)	(1.1)%
Executive Compensation	183	0.4 %	47	0 %
Foreign Source income not subject to Tax	(7,986)	(16.0)%	(10,518)	(18.7)%
Uncertain Tax Positions	(825)	(1.6)%	78	0.1 %
Other, net	484	0.8 %	(508)	(0.9)%
Effective tax rate	$ 6,663	13.3 %	$ 6,568	11.6 %

Deferred tax assets and deferred tax liabilities at June 30, 2026 and 2025 are as follows (in thousands):

	Deferred Tax Assets (Liabilities)	
	2026	2025
Accounts receivable	$ 25	$ 6
Inventories	598	633
Accrued liabilities	675	675
Stock based compensation expense	358	474
Revenue reserves	282	520
Unrealized loss on marketable securities	69	69
Capitalized research and development cost	948	6,181
Litigation settlement	3,888	—
Total Deferred Tax Assets	$ 6,843	$ 8,558
Valuation allowance	—	—
Deferred income tax assets, net of valuation allowance	$ 6,843	$ 8,558
Intangibles	(726)	(802)
Property, plant and equipment	(934)	(667)
Other deferred tax liabilities	(1,078)	(613)
Total Deferred Tax Liability	$ (2,738)	$ (2,082)
Net Deferred Tax Asset	$ 4,105	$ 6,476

Income taxes paid, net of refunds, pursuant to the disclosure requirements of ASU 2023-09 in fiscal year 2026 were as follows:

	June 30, 2026
Federal	$ 2,693
State	
New York	294
Other States	518
Total cash paid for income taxes, net of refunds received	$ 3,505

The Company has identified the United States and New York State as its major tax jurisdictions. Fiscal years 2022 and forward are still open for examination. In addition, the Company has a wholly-owned subsidiary which operates in a Free Zone in the Dominican Republic (“DR”) and is exempt from DR income tax.

The provision for income taxes represents Federal, foreign, and state and local income taxes. The effective rate differs from statutory rates due to the effect of tax rates in foreign jurisdictions, state and local income taxes, tax benefit of R&D credits, certain nondeductible expenses, uncertain tax positions and global intangible low-taxed income ("GILTI").

During the year ending June 30, 2026, the Company decreased its reserve for uncertain income tax positions due to lapses in Federal and state statutes. The result of this decrease was a tax benefit of $27,000. The Company’s practice is to recognize interest and penalties related to income tax matters in income tax expense and accrued income taxes. The Company does not expect that its unrecognized tax benefits will significantly change within the next twelve months. The Company claims R&D tax credits on eligible research and development expenditures. The R&D tax credits are recognized as a reduction to income tax expense.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2026	2025	2024
Balance of gross unrecognized tax benefits as of Beginning of Year	$ 22	$ 700	$ 700
Increase to unrecognized tax benefits resulting from a state filing tax position	—	—	—
Decrease to unrecognized tax benefits resulting from an expiration of a statute	(22)	(678)	—
Balance of gross unrecognized tax benefits as of End of Year	$ —	$ 22	$ 700

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). The OBBBA preserves the 21% U.S. Federal statutory tax rate and makes a favorable change to the business interest expense limitation. Further, the OBBBA also makes key elements of the Tax Cuts and Jobs Act permanent, including 100% bonus depreciation, domestic research cost expensing, and various expiring international provisions (with some modifications). Pursuant to ASC 740, changes in tax rates and tax law are required to be recognized in the period in which the legislation is enacted. The Company has completed its evaluation of the impact of this legislation and has determined that the OBBBA will defer the payment of a significant portion of our current federal tax but did not have a material impact on its Fiscal 2026 financial statements.

NOTE 9 - Debt

The Company has available a $20 million revolving credit line (the “Line”) with its primary bank, HSBC Bank USA National Association (“HSBC”), which expires on February 9, 2029. Borrowings on the Line bear interest at the Secured Overnight Financing Rate (SOFR) benchmark rate plus 1.2645% to 1.3645%, depending on the Fixed Charge Coverage Ratio (as defined), which is to be measured and adjusted quarterly. As of June 30, 2026 and 2025, the Company has no outstanding borrowings on the Line.

The Line is secured by substantially all the Company’s domestic assets, including but not limited to, deposit accounts, accounts receivable, inventory, equipment and fixtures and intangible assets. In addition, the Company’s wholly owned subsidiaries, except for the Company’s foreign subsidiaries, have issued guarantees and pledges of all their assets to secure the Company’s obligations under the Line. All the outstanding common stock of the Company’s domestic subsidiaries and 65% of the common stock of the Company’s foreign subsidiaries have been pledged to secure the Company’s obligations under the Line. The Line contains various restrictions and covenants including, but not limited to, compliance with certain financial rations, restrictions on payment of dividends and restrictions on borrowings.

NOTE 10 - Stock Options

The Company recognized stock-based compensation of $989,000, $1,513,000 and $1,733,000 for the fiscal years ended June 30, 2026, 2025 and 2024, respectively. Stock-based compensation is included in Selling, General and Administrative expense in the consolidated statements of income.

The Company has five stock option plans, two of the plans are available to grant stock options to employees (“Employee Plans”), and three of the plans are available to issue stock options to non-employee directors and consultants (“Non-Employee Plans”).

The Employee Plans provide for the Company to grant stock options, which are intended to qualify as incentive stock options ("ISOs") or non-incentive stock options. Plan participants who are granted ISOs and possess more than 10% of the voting rights of the Company's outstanding common stock must be granted options with an exercise price of at least 110% of the fair market value on the date of grant. Options granted under the Employee Plans have a term of up to 10 years, from date of grant, at an exercise price equal to or greater than the fair market value on the date of grant. The Employee Plans provide a cash-less exercise option for the participants, and options granted vest in full upon a "change in control" as defined in the plans.

The Non-Employee Plans provide for the grant of stock options with a term of up to 10 years, from date of grant, at an exercise price equal to or greater than the fair market value on the date of grant. The Non-Employee Plans provide a cash-less exercise option for the participants, and options granted vest in full upon a "change in control" as defined in the plans.

The following table reflects provisions of each of the stock option plans:

Plan Name	Options available to be granted at plan inception	Plan termination date	Options available for grant as of June 30, 2026
2012 Employee Stock Option plan	1,900,000	December 2022	-
2022 Employee Stock Option plan	950,000	December 2032	795,000
2012 Non-Employee Stock Option plan	100,000	December 2022	-
2018 Non-Employee Stock Option plan	100,000	December 2028	4,000
2020 Non-Employee Stock Option plan	100,000	May 2030	45,100

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2026	2025	2024
Risk-free interest rates	3.80%	n/a	4.42 - 4.62%
Expected lives	5.11 Years	n/a	5.63 - 5.87 Years
Expected volatility	53%	n/a	56 %
Expected dividend yields	1.66%	n/a	.76 - 1.01 %

The risk-free interest rate is based on U.S. government issues with a remaining term equal to the expected life of the stock options. The determination of expected volatility is based on historical volatility of the Company's' common stock over the period commensurate with the expected term of stock options. The weighted average expected term was determined based on the historical employee exercise behavior of the options. The weighted-average fair value of stock options granted during the years ended June 30, 2026 and 2024 were $16.96 and $21.29, respectively.

The following table reflects the total activity for the stock option plans for the Year ended June 30, 2026, 2025 and 2024:

	Number of Options	Weighted average exercise price	Weighted average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of June 30, 2023	678,880	$ 19.21	7.6	$ 10,511,000
Granted	130,000	$ 41.38		
Forfeited/Lapsed	(16,000)	$ 14.67		
Exercised	(153,644)	$ (26.77)		$ 4,113,000
Outstanding as of June 30 ,2024	639,236	$ 24.71	7.5	$ 17,413,000
Forfeited/Lapsed	(6,000)	$ (24.27)		
Exercised	(5,000)	$ 26.94		$ 67,000
Outstanding as of June 30, 2025	628,236	24.70	6.5	$ 4,742,000
Granted	25,000	$ 38.30		
Forfeited/Lapsed	(6,000)	$ (22.50)		
Exercised	(252,272)	$ 20.51		$ 5,479,000
Outstanding as of June 30, 2026	394,964	$ 28.27	6.4	$ 4,450,000
Vested and Exercisable as of June 30, 2024	323,160	$ 20.75	6.9	$ 10,082,000
Vested and Exercisable as of June 30, 2025	448,836	$ 22.02	6.1	$ 4,085,000
Vested and Exercisable as of June 30, 2026	309,664	$ 25.47	5.9	$ 4,238,000

As of June 30, 2026, the total compensation cost related to nonvested awards not yet recognized was $1,283,000.

There were 25,000 and 130,000 stock options granted during the fiscal years ending June 30, 2026 and 2024. There were no stock options granted during the year ending June 30, 2025.

The total fair value of stock options vested was $1,504,000, $1,582,000 and $1,777,000 during the fiscal years ended June 30, 2026, 2025 and 2024, respectively. The aggregate intrinsic value of stock options exercised was $5,479,000, $67,000 and $4,113,000 during the fiscal years ended June 30, 2026, 2025 and 2024, respectively. Cash received from exercises of stock options was $628,000, $54,000 and $427,000 during the fiscal years ended June 30, 2026, 2025 and 2024, respectively.

NOTE 11 – Stockholders' Equity Transactions

Dividends

The following table summarizes information about dividends declared by the Company for the Fiscal years ended June 30, 2026, 2025 and 2024:

Dividend Declaration Date	Stockholders of Record Date	Dividend Payable Date	Per Share Cash Dividend Amount
April 30, 2026	June 12, 2026	July 3, 2026	$ 0.15
January 29, 2026	March 12, 2026	April 3, 2026	$ 0.15
October 30, 2025	December 12, 2025	January 2, 2026	$ 0.14
August 21, 2025	September 12, 2025	October 3, 2025	$ 0.14
May 2, 2025	June 12, 2025	July 3, 2025	$ 0.14
January 30, 2025	March 12, 2025	April 3, 2025	$0.125
November 1, 2024	December 12, 2024	January 3, 2025	$0.125
August 22, 2024	September 12, 2024	October 3, 2024	$0.125
May 2, 2024	June 3, 2024	June 24, 2024	$ 0.10
February 1, 2024	March 1, 2024	March 22, 2024	$ 0.10
November 2, 2023	December 1, 2023	December 22, 2023	$ 0.08
August 18, 2023	September 1, 2023	September 22, 2023	$ 0.08

Shares Withheld

As permitted under the terms of our employee stock option plans, we may withhold shares of common stock in connection with the exercise of stock options issued to employees to satisfy applicable tax withholding requirements. These withheld shares are not issued or considered common stock repurchases under our stock repurchase program. We paid $1,541,000 in tax withholdings related to the exercise of employee stock options during the fiscal year ended June 30, 2026. No tax withholdings related to the exercise of employee stock options were paid during the fiscal years ended June 30, 2025 and 2024, respectively.

Common Shares Repurchases

On September 16, 2014, the Company's Board of Directors authorized the repurchase of up to 2 million of the shares of the Company's common stock then outstanding. In December of Fiscal 2018, the Board of Directors authorized the repurchase of up to an additional 1 million shares, and in November of Fiscal 2025, the Board of Directors authorized the repurchase of up to an additional 1 million shares.

Such purchases may be made from time to time in the open market or in privately negotiated transactions subject to market conditions and the market price of the common stock.

The Company currently has 359,741 available shares that can be repurchased under these authorizations. There were no repurchases of shares for the years ended June 30, 2026 or 2024, respectively

The following table summarizes information about shares repurchased by the Company for the Fiscal year ended June 30, 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
September 10, 2024 - September 19, 2024	193,252	$ 37.67	193,252	1,387,388
November 7, 2024 - December 19, 2024	282,647	$ 37.95	282,647	1,104,741
February 6, 2025 - March 20, 2025	745,000	$ 25.22	745,000	359,741
Total for the Year ended June 30, 2025	1,220,899	$ 30.14	1,220,899	359,741

NOTE 12 – Related Party Transaction

In March 2024, the Company's President and Chairman sold 2,000,000 shares of our common stock as a selling stockholder in an underwritten secondary public offering at a public offering price of $40.75 per share. In connection with such offering, the selling stockholder granted the underwriters an option to purchase additional shares (the "Greenshoe Option") up to an additional 300,000 shares of their common stock. On April 8, 2024, the underwriters exercised the Greenshoe Option, pursuant to which the selling stockholder sold an additional 50,000 shares. The Company did not sell any shares in the offering and received no proceeds from the offerings. The Company incurred $407,000 in offering expenses, which is included in Selling, General and Administrative expenses in the consolidation statement of income for the year ended June 30, 2024.

NOTE 13 - 401(k) Plan

The Company maintains a 401(k) plan ("the Plan") that is available to all U.S. employees and is qualified under Sections 401(a) and 401(k) of the Internal Revenue Code. Company contributions to this plan are discretionary and totaled $435,000, $283,000 and $258,000 for the years ended June 30, 2026, 2025 and 2024, respectively.

NOTE 14 - Commitments and Contingencies

Leases

The Company has entered into a 99-year lease, as amended, for approximately four acres of land in the Dominican Republic on which the Company's principal production facility is located. The lease, which expires in 2092 provides for an annual base rent of $235,000 plus $105,000 in annual service charges. The service charges increase 2% annually over the remaining life of the lease.

Operating lease obligations are included in operating lease right-of-use assets, accrued expenses and operating lease liabilities, non-current on our consolidated balance sheets.

For the fiscal year ended June 30, 2026 and 2025, cash payments against operating lease liabilities totaled $318,000 and $345,000, respectively.

Supplemental balance sheet information related to operating leases was as follows:

Weighted-average remaining lease term	66 Years
Weighted-average discount rate	6.25 %

The following is a schedule, by years, of maturities of lease liabilities as of June 30, 2026 (in thousands):

Year Ending June 30,	Amount
2027	$ 349
2028	351
2029	353
2030	356
2031	358
Thereafter	28,951
Total future minimum lease payments	$ 30,718
Less: Imputed interest	25,812
Total	$ 4,906

Operating lease expense totaled approximately $468,000, $486,000 and $512,000, for the fiscal years ended June 30, 2026, 2025 and 2024, respectively.

Litigation

On August 29, 2023, a purported class action, brought on behalf of a putative class who acquired publicly traded NAPCO securities between November 7, 2022 and August 18, 2023, was filed in the United States District Court for the Eastern District of New York against the Company, its Chairman and Chief Executive Officer (now Founder and Executive Chairman) (the "former CEO"), and its former Chief Financial Officer (who is currently the President and Chief Executive Officer) (the "current CEO"). The action, captioned Zornberg v. NAPCO Security Technologies, Inc. et al., asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 in connection with statements made in the Company's quarterly reports and earnings releases during the period of November 7, 2022 through May 8, 2023. A lead plaintiff was appointed in November 2023 and lead plaintiff filed an Amended Complaint on February 16, 2024. The Amended Complaint added claims under Sections 11, 12, and 15 of the Securities Act of 1933 in connection with the secondary public offering in February 2023. These additional claims were brought against the Defendants named in the initial complaint, as well as the directors who allegedly signed the offering materials, and the underwriters for the offering. Defendants filed a motion to dismiss the Amended Complaint on April 26, 2024. On April 11, 2025, the Court granted in part and denied in part the motion to dismiss. The Section 11 and Section 12 claims brought against the individual Defendants were dismissed; the remaining claims survived the motion to dismiss. On May 12, 2025, Defendants filed Answers to the Amended Complaint. On September 29, 2025, Plaintiffs moved for class certification of both the Exchange Act and remaining Securities Act claims. On October 17, 2025, pursuant to a joint letter and stipulation filed by all the parties, the Court dismissed the Securities Act claims with prejudice and certified a class with respect to the Exchange Act claims. On February 9, 2026, a Second Amended

Complaint was filed that added additional allegations but did not modify the claims brought against Defendants. On April 15, 2026, Defendants and Plaintiffs filed letters requesting a pre-motion conference regarding Defendants' proposed motion for summary judgment and Plaintiffs' proposed partial motion for summary judgment, respectively, which the Court scheduled for May 5, 2026. On May 1, 2026, the parties reached a settlement in principle to resolve all remaining claims. The Company has accrued a liability of $16,000,000 in the third quarter with respect to this litigation, which is reflected in the accompanying consolidated financial statements. A settlement agreement has been substantially finalized. Once final, it will be subject to Court approval.

On November 26, 2024, a putative derivative lawsuit captioned Minzer v. Soloway, et al., Case No. 2024-1218, was filed in the Court of Chancery in the State of Delaware against the Company's former CEO, the current CEO, and certain current and former directors. The Company is a "Nominal Defendant" in the lawsuit. After the Company and the individual Defendants moved to dismiss or stay the action, the Plaintiff filed an Amended Complaint on June 12, 2025. The Amended Complaint alleges, among other things, that the individual Defendants breached their fiduciary duties and aided and abetted breach of fiduciary duties by allowing the Company to remain with ineffective internal controls over financial reporting and inventory and by allowing for the dissemination of false and misleading financial information in public filings. The Amended Complaint also brings breach of fiduciary duty and unjust enrichment claims in connection with stock sales by the Company's former CEO and its current CEO and seeks indemnity and contribution. The Company's status as a "Nominal Defendant" in the action reflects the fact that the lawsuit is maintained by the named Plaintiff on behalf of the Company and that the Plaintiff seeks damages on the Company's behalf. Defendants filed a second motion to dismiss or stay the case on August 22, 2025. On May 7, 2026, the motion to stay was denied and the motion to dismiss was granted in part and denied in part, with four current and former directors being dismissed from the action; and certain claims against the former CEO and his wife, the current CEO, and the Chair of the Audit Committee remaining. On June 30, 2026, the Company's Board of Directors appointed a special litigation committee (the "SLC") to investigate the claims asserted in the action. On August 4, 2026, the parties and the SLC entered into a stipulation requesting the Court stay the action for 180 days pending the SLC's investigation and the Court subsequently so-ordered the 180-day stay.

On April 25, 2025, a purported class action, brought on behalf of a putative class who acquired publicly traded NAPCO securities between February 5, 2024 and February 3, 2025, was filed in the United States District Court for the Eastern District of New York against the Company, its former CEO, and its former Chief Financial Officer (the current CEO). The action, captioned Patel v. NAPCO Security Technologies, Inc. et al., asserts securities fraud claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 in connection with statements made in quarterly earnings releases and calls during the period of February 5, 2024 through February 3, 2025. On March 10, 2026, the Court appointed Co-Lead Plaintiffs. On April 24, 2026, the Court approved the parties' proposed case management schedule. On May 11, 2026, Co-Lead Plaintiffs filed an Amended Complaint. On July 13, 2026, Defendants filed a letter requesting a pre-motion conference regarding Defendants' proposed motion to dismiss the Amended Complaint. On July 20, 2026, Co-Lead Plaintiffs filed a letter opposing Defendants' request for a pre-motion conference and proposed motion to dismiss. The Company believes it has meritorious defenses and intends to vigorously defend against the Action.

With respect to all litigation and related matters, the Company records a liability when the Company believes it is probable that a liability has been incurred, and the amount can be reasonably estimated. As of the end of the period covered by this report, due to the stage of the cases the Company is not able to estimate any range of potential loss related to these matters and has not recorded any liability other than the settlement described above. It is possible that the Company could be required to pay damages (in excess of insurance coverages), incur other costs or establish accruals in amounts that could not be reasonably estimated as of the end of the period covered by this report.

IEEPA Tariff Refunds

On February 20, 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were invalid, and in March 2026, the U.S. Court of International Trade further ruled that importers that paid such tariffs are due refunds.

During the year ended June 30, 2026, U.S. Customs and Border Protection approved certain of the Company's refund claims for tariffs previously paid under IEEPA. Based on the approval received and the absence of remaining substantive contingencies, the Company determined that $3,353,000 was realized or realizable as of and for the year June 30, 2026.

The Company recognized a receivable of $2,931,000 in accounts and other receivables in the accompanying consolidated balance sheet as of June 30, 2026. Tariff refunds received and or accrued as of June 30, 2026, were recognized in cost of goods sold in the accompanying consolidated statement of income, and approximately $1,003,000 of the recognized refund pertained to periods prior to fiscal 2026.

Although we may be entitled to additional refunds of previously paid IEEPA tariffs, the amount and timing of any such refunds remain uncertain. Following these rulings, new tariffs under other laws and imports from more countries were imposed, in addition to existing non-IEEPA tariffs.

Employment Agreements

As of June 30, 2026, the Company was obligated under three employment agreements and one severance agreement. The employment agreements are with the Company's former Chief Executive Officer ("Former CEO") now Founder and Executive Chairman, one with the Chief Financial Officer and Chief Accounting Officer ("CFO"), and with the Company's Senior Vice President of Engineering and Chief Technology Officer ("the SVP of Engineering"). The severance agreement is with the Company's current President and Chief Executive Officer ("Current CEO").

The employment agreement with the former CEO provides for an annual salary of $1,019,000, as adjusted for inflation; incentive compensation as may be approved by the Board of Directors from time to time; and a termination payment in an amount up to 299% of the average of the prior five calendar years' compensation, subject to certain limitations, as defined in the agreement. The employment agreement renews annually in August unless either party gives the other notice of non-renewal at least six months prior to the end of the applicable term.

The employment agreement with the SVP of Engineering expires in August 2026 and provides for an annual salary of $476,000, and, if terminated by the Company without cause, severance of nine months' salary and continued company-sponsored health insurance for six months from the date of termination.

The severance agreement is with the current CEO and provides for, if terminated by the Company without cause or within three months of a change in corporate control of the Company, severance of nine months' salary, based on a salary of $654,000, continued company-sponsored health insurance for six months from the date of termination and certain non-compete and other restrictive provisions.

The agreements with the former CEO and Current CEO described above have been superseded by new agreements executed subsequent to June 30, 2026. See Note 16.

NOTE 15 – Segment and Geographical Data

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker. We have one operating and reportable segment.

The Company's CODM, (the President and Chief Operating Officer) evaluates performance of the Company and makes decisions regarding the allocation of resources based on total Company results. The measure of segment assets is reported on the balance sheet as total consolidated assets. The consolidated net income is the measure of segment profit that is most consistent with U.S. GAAP. Segment profit is used in developing the overall strategy and during the annual budget process, as well as considered in budget-to-actual variances on a monthly basis when making decisions about the allocation of operating and capital resources.

The CODM is regularly provided with not only the consolidated expenses as noted on the face of the income statement, but also the significant segment expenses as below:

	Fiscal Year ended June 30,		
	2026	2025	2024
		(in thousands)	
Net Revenue	$ 202,316	$ 181,621	$ 188,820
Less:			
Cost of revenue	82,525	80,591	87,066
Compensation-related expenses[1]	29,729	27,922	23,060
Commission expenses	6,939	6,165	5,519
Marketing, advertising and other promotional expenses	4,096	3,753	3,262
Research and development (excluding compensation related benefits)	1,645	1,475	1,476
Selling, general, and administrative expenses[2]	15,744	15,456	14,619
Litigation settlement cost	16,000	—	—
Interest and other (income), net	(4,184)	(3,810)	(2,568)
Provision for Income Taxes	6,795	6,663	6,568
Segment Profit	$ 43,027	$ 43,406	$ 49,818

(1) Excludes stock based compensation.

(2) Excludes compensation-related expenses, commission expenses and marketing, advertising and other promotional expenses.

Geographic Information for Revenue

The Company is engaged in one major line of business: the development, manufacture, and distribution of security products, encompassing access control systems, door-locking products, intrusion and fire alarm systems and video surveillance products for commercial and residential use. The Company also provides wireless communication service for intrusion and fire alarm systems. These products are used for commercial, residential, institutional, industrial and governmental applications, and are sold worldwide principally to independent distributors, dealers and installers of security equipment. Sales to unaffiliated customers are primarily shipped from the United States. The Company has customers worldwide with major concentrations in North America. All of the Company's sales originate in the United States and are shipped primarily from the Company's facilities in the United States. There were no sales into any one foreign country in excess of 10% of total Net Sales. The following table presents net sales by geographic area (in thousands).

	Fiscal Year ended June 30,		
	2026	2025	2024
Sales to external customers:			
United States	$ 199,584	$ 180,072	$ 187,724
Foreign	2,732	1,549	1,096
Total Net Revenue	$ 202,316	$ 181,621	$ 188,820

Geographic Information for Long-Lived Assets

Long-lived assets include property and equipment, net and operating lease right-of-use assets, net. Our long-lived assets are based on the physical location of the assets. The following table presents long-lived assets by geographic area (in thousands).

	As of June 30,	
	2026	2025
Long-lived assets:		
United States	$ 5,814	$ 5,264
Dominican Republic	8,330	9,157
Total Long-lived assets	$ 14,144	$ 14,421

NOTE 16 – Subsequent Events

The Company has evaluated subsequent events occurring after the date of the consolidated financial statements through the date the consolidated financial statements were issued for events requiring recognition or disclosure.

Cash Dividend

On August 20, 2026, the Company's Board of Directors declared a cash dividend of $.17 per share payable on October 2, 2026 to stockholders of record on September 11, 2026.

Employment Agreements

On July 8, 2026, the Board of the Company, approved a leadership transition plan whereby the former Chairman and CEO, will serve as Founder and Executive Chairman, and the former President and Chief Operating Officer, will serve as Chief Executive Officer and President. The transition was effective as of July 8, 2026.

In connection with the transition and appointment to Founder and Executive Chairman, the Company entered into an Employment Agreement with the former Chairman and CEO effective as of July 8, 2026, whereby he will receive an annual base salary of $800,000 and be eligible for an annual cash performance bonus targeted at 50% of base salary, in addition to being eligible for an annual equity award targeted at 50% of base salary.

In connection with the transition and appointment to Chief Executive Officer and President, the Company entered into an Employment Agreement with the former President and Chief Operating Officer effective as of July 8, 2026, whereby he will receive an annual base salary of $900,000 and be eligible for an annual cash performance bonus targeted at 50% of base salary, in addition to being eligible for an annual equity award targeted at 50% of base salary.

The employment agreements for both executives also provide for severance upon a termination without cause or a resignation for good reason, equal to two times their base salary and target bonus amount which is conditioned upon a standard release of claims. Both executives are subject to restrictive covenant obligations, including non-competition and non-solicitation obligations.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A: CONTROL AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the controls and procedures will meet their objectives. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the desired control objectives are met. Further, the design of a control system is a resource constraint, therefore, in reaching a reasonable level of assurance, management applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Management, including our Chief Executive Officer (who is designated as our principal executive officer) and our Chief Financial Officer (who is designated as our principal financial officer), evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 30, 2026. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level, as of June 30, 2026.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2026 based on the criteria set forth in "Internal Control-Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that our internal control over financial reporting was effective as of June 30, 2026 based on those criteria.

Management reviewed the results of its assessment with our Audit Committee. Deloitte & Touche LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of June 30, 2026, and has issued an attestation report on our internal controls over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

During the quarter ending June 30, 2026, there were no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Napco Security Technologies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Napco Security Technologies, Inc. and subsidiaries(the "Company") as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2026 , of the Company and our report dated August 24, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report on Internal Control over Financial Reporting . Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Jericho, New York
August 24, 2026

ITEM 9B: OTHER INFORMATION

The Company adopted an Insider Trading Policy on May 6, 2021. The policy was filed as an exhibit to the Company's form 8-K filed on May 6, 2021.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information about our directors appearing in the Company's Definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K ("Proxy Statement") under the heading "Election of Directors", is incorporated herein by reference.

We have adopted a Code of Ethics which applies to our senior executive and financial officers, among others. The Code is posted on our website, www.napcosecurity.com, under the "Investors – Other" caption. We intend to make all required disclosures regarding any amendment to, or waiver of, a provision of the Code of Ethics for senior executive and financial officers by posting such information on our website.

The information appearing in the Proxy Statement relating to the members of the Audit Committee and the Audit Committee financial expert under the headings "Corporate Governance and Board Matters – Board Structure and Committee Composition" and "Corporate Governance and Board Matters – Board Structure and Committee Composition – Audit Committee" and the information appearing in the Proxy Statement under the heading "Delinquent Section 16(c) Beneficial Ownership Reporting Compliance" is incorporated herein by this reference.

The information set forth in the Proxy Statement under the heading "Information Concerning Executive Officers" is incorporated herein by reference.

ITEM 11: EXECUTIVE COMPENSATION

The information appearing in the Proxy Statement under the heading "Executive Compensation" and the information appearing in the Proxy Statement relating to the compensation of directors under the caption "Compensation of Directors" are incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information appearing in the Proxy Statement under the heading "Beneficial Ownership of Common Stock" is incorporated herein by this reference.

Information regarding Equity Compensation Plan Information as of June 30, 2024 is included in Item 5.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information appearing in the Proxy Statement under the headings "Corporate Governance and Board Matters – Independence of Directors," "Corporate Governance and Board Matters – Board Structure and Committee Composition," "Corporate Governance – Policy with Respect to Related Person Transactions," and "Executive Compensation – Certain Transactions" is incorporated herein by this reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information appearing in the Proxy Statement under the headings "Principal Accountant Fees" and "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" is incorporated herein by this reference.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) 1. Financial Statements

The following consolidated financial statements of NAPCO Security Technologies, Inc. and its subsidiaries are included in Part II, Item 8:

	Page
Report of Independent Registered Accounting Firm (PCAOB ID 34)	FS-2
Consolidated Financial Statements:	
Consolidated Balance Sheets as of June 30, 2026 and 2025	FS-4
Consolidated Statements of Income for the three Years Ended June 30, 2026	FS-5
Consolidated Statements of Comprehensive Income for the three Years Ended June 30, 2026	FS-6
Consolidated Statements of Stockholders' Equity for the three Years Ended June 30, 2026	FS-7
Consolidated Statements of Cash Flows for the three Years Ended June 30, 2026	FS-8
Notes to Consolidated Financial Statements	FS-9

(a) 2. Financial Statement Schedules

The following consolidated financial statement schedules of NAPCO Security Technologies, Inc. and its subsidiaries are included in Part II, Item 8:

B. Supplementary Financial Data

(a) 3. and (b). Exhibits

Management Contracts designated by asterisk.

Exhibit No.	Title	
Ex-3.(i)	Certificate of Amendment of Certificate of Incorporation	Exhibit-3.(i) to Report on Form 10-K (Commission file No. 0-10004) for the fiscal year ended June 30, 2011
Ex-3.(ii)	Certificate of Incorporation as amended	Exhibit-3.(ii) to Report on Form 10-K (Commission file No. 0-10004) for the fiscal year ended June, 30 2011
Ex-3.(iii)	Second Amended and Restated By-Laws	Exhibit 10.3 to Report on Form 8-K (Commission file No. 0-10004) filed on September 8, 2020

Ex-3.(iv)	Amendment to the Amended and Restated Certificate of Incorporation	Exhibit 3.(iv) to Report on Form 8-K (Commission file No. 0-10004) filed on December 7, 2021
Ex 4.01	Third Amended and Restated Credit Agreement dated June 29, 2012.	Exhibit 4.01 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.02	Second Amended and Restated Term A Loan Note	Exhibit 4.02 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.03	Second Amended and Restated Term B Loan Note	Exhibit 4.03 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.04	Second Amended and Restated Revolving Credit Note	Exhibit 4.04 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.05	Second Amended and Restated Swing Line Note	Exhibit 4.05 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.06	Continuing General Security Agreement	Exhibit 4.06 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.07	Reaffirmation of Collateral Documents	Exhibit 4.07 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.08	Reaffirmation of Negative Pledge	Exhibit 4.08 to Report on Form 8-K (Commission file No. 0-10004) dated June 29, 2012
Ex 4.09	Amendment No. 3 to Third Amended and Restated Credit Agreement	Item 1.01 (e) contained in Report on Form 8-K (Commission file No. 0-10004) dated June 28, 2016
Ex 4.10	Description of the Company's Securities	E-15
Ex 4.11	Amendment No 4. To Fourth Amended and Restated Credit Agreement	Exhibit 4.11 to Report on Form 8-K (Commission file No. 0-10004) dated February 9, 2024
*Ex-10.A (ii)	2002 Employee Stock Option Plan	Exhibit 10.A(II) to Report on Form 10-K (Commission file No. 0-10004) for the fiscal year ended June 30, 2008
*Ex-10.B	2012 Employee Stock Option Plan	Appendix A to Proxy Statement dated October 29, 2012 for Annual Meeting of Stockholders to be held on December 11, 2012
*Ex-10.C	2012 Non-Employee Stock Option Plan	Appendix B to Proxy Statement dated October 29, 2012 for Annual Meeting of Stockholders to be held on December 11, 2012

*Ex-10.D	2018 Non-Employee Stock Option Plan	Appendix A to Proxy Statement dated October 29, 2018 for Annual Meeting of Stockholders to be held on December 11, 2018
*Ex-10.E	2020 Non-Employee Stock Option Plan	Appendix A to Proxy Statement dated April 13, 2020 for Annual Meeting of Stockholders to be held on May 21, 2020
*Ex-10.F	2022 Employee Stock Option Plan	Appendix A to Proxy Statement dated October 31, 2022 for Annual Meeting of Stockholders to be held on December 5, 2022
*Ex-10.I	Amended and Restated Employment Agreement with Richard Soloway	Exhibit 10.I to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2010
*Ex-10.M	Two (2) Year Extension, dated October 21, 2021, of Employment Agreement between the Registrant and Michael Carrieri	Exhibit 10.M to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2023
*Ex-10.N	Form of Indemnification Agreement adopted September 3, 2020	Exhibit 10.N to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2020
*Ex-10.O	Severance Agreement between the Registrant and Kevin S Buchel dated December 30, 2015	Exhibit 10.O to Report on Form 10-Q (Commission file No. 0-10004) dated February 1, 2016
*Ex-10.P	Compensation Agreement between the Registrant and Stephen Spinelli dated April 6, 2020	Exhibit 10.P to Report on Form 10-K (Commission file No. 0-10004) dated September 13, 2021
Ex-10.Q	Compensation Agreement between the Registrant and Andrew Vuono dated June 3, 2024	Exhibit 10.Q to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2024
Ex-10.R	Two (2) Year Extension, dated April 27, 2024, of Employment Agreement between the Registrant and Michael Carrieri	Exhibit 10.R to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2024
Ex-10.S	Amended and Restated Employment Agreement with Richard Soloway	Exhibit 10.S to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2026
Ex-10.T	Amended and Restated Employment Agreement with Kevin Buchel	Exhibit 10.T to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2026
Ex-14.0	Code of Ethics	Exhibit 14.0 to Report on Form 10-K (Commission file No. 0-10004) for the fiscal year ended June 30, 2010

Ex-19.0	Insider Trading Policy	Exhibit 14.1 to Report on Form 8-K (Commission File No. 0-10004) dated May 6, 2021
Ex-21.0	Subsidiaries of the Registrant	E-18
Ex-23.1	Consent of Independent Registered Accounting Firm – Deloitte & Touche LLP	E-19
Ex-31.1	Section 302 Certification of Chief Executive Officer	E-20
Ex-31.2	Section 302 Certification of Chief Financial Officer	E-21
Ex-32.1	Certification of Chief Executive Officer Pursuant to 18 USC Section 1350 and Section 906 of Sarbanes - Oxley Act of 2002	E-22
Ex-32.2	Certification of Chief Financial Officer Pursuant to 18 USC Section 1350 and Section 906 of Sarbanes - Oxley Act of 2002	E-23
Ex.97	Incentive Compensation Clawback Policy	Exhibit 97 to Report on Form 10-K (Commission file No. 0-10004) for fiscal year ended June 30, 2024
Ex-101.INS	Inline XBRL Instance Document **	
Ex-101.SCH	Inline XBRL Taxonomy Extension Schema Document**	
Ex-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document**	
Ex-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document**	
Ex-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document**	
Ex-101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document**	
Ex-104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 24, 2026

NAPCO SECURITY TECHNOLOGIES, INC.
(Registrant)

By: /s/ KEVIN S. BUCHEL
Kevin S. Buchel
Chief Executive Officer, President and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and the dates indicated.

Signature	Title	Date
/s/ KEVIN S. BUCHEL Kevin S. Buchel	Chief Executive Officer and President and Director (Principal Executive Officer)	August 24, 2026
/s/ ANDREW J. VUONO Andrew J. Vuono	Chief Financial Officer and Chief Accounting Officer (Principal Financial and Accounting Officer)	August 24, 2026
/s/ RICHARD SOLOWAY Richard Soloway	Chairman of Board of Directors	August 24, 2026
/s/ RICK LAZIO Rick Lazio	Director	August 24, 2026
/s/ DONNA SOLOWAY Donna Soloway	Director	August 24, 2026
/s/ ROBERT UNGAR Robert Ungar	Director	August 24, 2026
/s/ ANDREW J. WILDER Andrew J. Wilder	Director	August 24, 2026
/s/ DAVID A. PATERSON David A. Paterson	Director	August 24, 2026

Description of the Company's Securities

The following description of our common stock and the provisions of our Certificate of Incorporation, as amended, and Bylaws, as amended, are summaries of material terms and provisions and are qualified by reference to our Certificate of Incorporation, as amended, and the Bylaws, as amended, copies of which have been filed with the Securities and Exchange Commission as exhibits to Registrant's Form 10K for the year ended June 30, 2026.

Our authorized capital stock consists of 100,000,000 shares of common stock.

The Company is authorized to issue one class of common stock. Holders of common stock are entitled to one vote for each share of common stock held of record for the election of directors and on all matters submitted to a vote of stockholders. Holders of common stock do not have cumulative voting rights in the election of directors. Holders of common stock are entitled to receive dividends ratably, if any, as may be declared by our board of directors out of legally available funds. The Board of Directors is divided into three classes (which are as nearly equal in number as possible). Each class is elected for a term of office expiring at the third succeeding annual meeting of stockholders after their respective elections. Upon our dissolution, liquidation or winding up, holders of common stock are entitled to share ratably in our net assets legally available after the payment of all our debts and other liabilities. Holders of common stock have no preemptive, subscription, redemption or conversion rights. There are no sinking fund provisions applicable to the common stock. The outstanding shares of common stock are fully paid and non-assessable. A majority of total votes of the holders of common stock is generally required to take action under our Certificate of Incorporation, as amended, and By-laws, as amended.

Subsidiaries of the Company

The following are the Company's subsidiaries as of the close of the fiscal year ended June 30, 2026. All beneficial interests are wholly-owned, directly or indirectly, by the Company and are included in the Company's consolidated financial statements.

Name	State or Jurisdiction of Organization
Alarm Lock Systems, LLC	Delaware
Continental Instruments, LLC	New York
Marks USA I LLC	New York
Napco Americas	Cayman Islands
Napco DR, S.A.S.	Dominican Republic
Napco Technologies International, Inc.	Delaware
Video Alert, LLC	New York

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-277663 on Form S-3 and Registration Statement Nos. 333-193930 and 333-269636 on Form S-8 of our reports dated August 24, 2026, relating to the financial statements of Napco Security Technologies, Inc. (the "Company"), and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended June 30, 2026.

/s/ Deloitte & Touche LLP

Jericho, New York
August 24, 2026

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Kevin Buchel, certify that:

1. I have reviewed this annual report on Form 10-K of Napco Security Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 24, 2026

/s/ KEVIN S. BUCHEL

Kevin S. Buchel
Chief Executive Officer, President and Director
(Principal Executive Officer)

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, Andrew J. Vuono, certify that:

1. I have reviewed this annual report on Form 10-K of Napco Security Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 24, 2026

/s/ANDREW J. VUONO
Andrew J. Vuono
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Napco Security Technologies, Inc. (the "Company") on Form 10-K for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Buchel, Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 24, 2026

/s/ KEVIN S. BUCHEL
Kevin S. Buchel
Chief Executive Officer, President and Director
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Napco Security Technologies, Inc. (the "Company") on Form 10-K for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew J. Vuono, Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 24, 2026

/s/ANDREW J. VUONO
Andrew J. Vuono
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 10.S

Execution Version

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between NAPCO Security Technologies, Inc., its successors and assigns (the "Company") and Richard L. Soloway (the "Executive") as of the date first written below.

WHEREAS, the Executive was a co-founder of the Company and has served as Chief Executive Officer for numerous decades; and

WHEREAS, the Company desires to continue to employ the Executive as its Executive Chairman and the Executive desires to serve in such capacity on behalf of the Company.

WHEREAS, the Company and Executive desire and intend that this Agreement shall govern the terms and conditions of the Executive's employment with the Company as of the Effective Date (as defined below) and this Agreement shall supersede all prior employment agreements, offer letters, severance agreements and discussions of employment between the Company and the Executive, including that certain Amended and Restated Employment Agreement entered into by and between the Company and the Executive, dated as of June 26, 2003 (the "Prior Agreement").

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Company and the Executive hereby agree as follows:

1. Employment.

(a) Term. This Agreement shall begin on July 8, 2026 (the "Effective Date") and shall until the termination of the Executive's employment. The period commencing on the Effective Date and ending on the date on which the term of this Agreement terminates is referred to herein as the "Term." The Executive's employment during the Term shall be as an "at-will" employee; the Executive may resign his employment at any time, and the Company may terminate the Executive's employment at any time, for any reason or no reason, subject to the provisions of this Agreement.

(b) Duties. During the Term, the Executive shall serve as the Executive Chairman, with such duties, responsibilities, and authority commensurate therewith, and shall report to the Board of Directors of the Company (the "Board"). Executive shall not have any corporate administrative responsibilities and, except as directed by the chief executive officer of the Company (the "CEO"), none of the Company's employees shall report to the Executive. The Executive shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to the Executive by the CEO that are consistent with and within the scope of Executive's position.

(c) Best Efforts. During the Term, the Executive shall devote the Executive's best efforts and full business time and attention to promote the business and affairs of the Company and its affiliated entities, and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with the Executive's obligations to the Company hereunder, including, without limitation, obligations pursuant to Section 15 below. The foregoing shall not be construed as preventing the Executive from (i) serving on civic, educational, philanthropic or charitable boards or committees, or, with the prior written consent of the Board, which shall not be unreasonably withheld, on corporate, advisory or scientific advisory boards, and (ii) managing personal

investments, so long as such activities are permitted under the Company's code of conduct and employment policies and do not violate the provisions of Section 15 below.

(d) Principal Place of Employment. The Executive understands and agrees that the Executive's principal place of employment will be New York, New York ("Principal Place of Employment"). The Executive will be required to travel for business in the course of performing the Executive's duties for the Company.

2. Compensation.

(a) Base Salary. During the Term, the Company shall pay the Executive a base salary ("Base Salary"), at the annual rate of $800,000, which shall be paid in installments in accordance with the Company's normal payroll practices. The Executive's Base Salary shall be reviewed by the Compensation Committee of the Board (the "Compensation Committee") on an annual basis.Any adjusted amount following such review shall be considered "Base Salary" for purposes of this Agreement.

(b) Annual Bonus. For each fiscal year during the Term, the Executive shall be eligible to earn an annual bonus, the amount of which shall be determined by the Compensation Committee in its discretion based on the achievement of performance criteria ("Annual Bonus"). The target amount of the Annual Bonus shall be fifty percent (50%) of the Executive's Base Salary (the "Target Bonus"), but the actual amount of the Annual Bonus may range from 25% to 75% of the Executive's Base Salary based on performance against the pre-established criteria. Any Annual Bonus shall be paid within forty-five (45) days of the Company's receipt of its audited financial statements for the applicable fiscal year; provided, that, the Executive continues to be employed with the Company on the date of payment.

(c) Equity Compensation. The Executive shall be eligible to participate in the NAPCO Security Technologies, Inc. 2022 Employee Stock Option Plan (the "Option Plan"), and any successor equity plan, as determined in the sole discretion of the Compensation Committee.

(1) For the initial annual grant under this Agreement, the target amount of the Executive's equity compensation award shall be fifty percent (50%) of the Executive's Base Salary. The initial grant shall take the form of one-half stock options (applying a standard Black-Scholes valuation model), to be granted at the Effective Date, and one-half restricted stock units ("RSUs"), with the RSU grant to be made effective upon and subject to shareholder approval of the adoption of a successor equity plan or an amendment to the Option Plan allowing for full share awards, with each of the initial awards vesting ratably effective as of each of the first four anniversaries of the Effective Date. In the event that the Company's shareholders do not approve the requisite successor plan or amendment to the Option Plan at the next shareholder meeting following the Effective Date, then the remaining half of the initial award shall be granted in the form of stock options of equivalent value.

(2) For each subsequent annual grant to be made while the Executive is actively employed under this Agreement, the target amount of the Executive's equity compensation award shall be fifty percent (50%) of the Executive's Base Salary, with the actual amount of the grant to be within the range of thirty-five percent (35%) and sixty-five (65%) of Base Salary, to be determined by the Compensation Committee as informed by the Company's performance for the most recently completed fiscal year. It is expected that each subsequent

grant shall take the form of RSUs only, with each of the awards vesting ratably effective as of each of the first four anniversaries of the grant date.

(3) The form, amount, and other terms and conditions of the equity awards shall be determined by the Compensation Committee in its sole discretion and set forth in the applicable award agreement.

3. Retirement and Welfare Benefits. During the Term, the Executive shall be eligible to participate in the Company's health, life insurance, long-term disability, retirement and welfare benefit plans and programs, pursuant to their respective terms and conditions. Nothing in this Agreement shall preclude the Company or any Affiliate (as defined below) of the Company from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

4. Vacation. During the Term, the Executive shall be eligible to vacation each year and holiday and sick leave at levels commensurate with those provided to similarly situated US executives of the Company, in accordance with the Company's vacation policy as in effect from time to time, which as of the Effective Date is an unlimited policy.

5. Business Expenses. The Company shall reimburse the Executive for all necessary and reasonable travel and other documented business expenses incurred by the Executive in the performance of his duties hereunder in accordance with such policies and procedures as the Company may adopt generally from time to time for executives.

6. Termination of Employment Without Cause; Resignation for Good Reason. If the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, the provisions of this Section 6 shall apply.

(a) The Company may terminate the Executive's employment with the Company at any time without Cause upon not less than thirty (30) days' prior written notice to the Executive and the Executive may resign for Good Reason upon the same thirty (30) day prior written notice period.

(b) Unless the Executive complies with the provisions of Section 6(c) below, upon termination of employment under Section 6(a) above, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(c) Notwithstanding the provisions of Section 6(b) above, upon termination of employment under Section 6(a) above, if the Executive timely executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, in addition to the Accrued Obligations, the Executive shall be entitled to receive cash payments equal to the product of (i) the sum of (x) the Executive's Base Salary at the rate in effect for the year in which the Executive's date of termination of employment occurs, and (y) the Target Bonus, multiplied by (ii) two, payable in substantially equal installments over a twenty-four (24) month period in accordance with the Company's normal payroll practices, commencing within forty-five (45) days of the Executive's date of termination.

7. Termination in Connection with Change in Control. Notwithstanding anything to the contrary herein, if there is a CIC Termination, then the provisions of this Section 7 shall apply.

(a) Unless the Executive complies with the provisions of Section 7(b) below, upon a CIC Termination, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(b) Notwithstanding the provisions of Section 7(a) above, upon a CIC Termination, if the Executive executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, then the severance payment in the amount set forth in Section 6(c) shall be made in a single lump sum within forty- five (45) days of the Executive's date of termination.

8. Cause. The Company may terminate the Executive's employment at any time for Cause upon written notice to the Executive, in which event all payments under this Agreement shall cease, except for any Accrued Obligations.

9. Voluntary Resignation Without Good Reason. The Executive may voluntarily terminate employment without Good Reason upon thirty (30) days' prior written notice to the Company, which notice can be waived by the Company in exchange for payment in lieu thereof. In such event, after the effective date of such termination, no payments shall be due under this Agreement, except that the Executive shall be entitled to any Accrued Obligations.

10. Disability. If the Executive incurs a Disability during the Term, the Company may terminate the Executive's employment on or after the date of Disability. If the Executive's employment is terminated by the Company due to Disability, the provisions of this Section 10 shall apply.

(a) Unless the Executive complies with the provisions of Section 10(b) below, upon termination of employment under Section 10 above, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(b) Notwithstanding the provisions of Section 10(a) above, upon termination of employment under Section 10 above, if the Executive executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, in addition to the Accrued Obligations, the Executive shall be entitled to receive (i) a lump sum cash payment equal to sixty percent (60%) of the Executive's Base Salary at the rate in effect for the year in which the Executive's date of termination of employment occurs, which payment shall be made within forty-five (45) days of the Executive's date of termination, and (ii) a prorated amount of the Executive's Annual Bonus when the Annual Bonus is otherwise paid to the Company's senior executives, subject in all respects to actual performance under the bonus program terms.

11. Death. If the Executive dies during the Term, the Executive's employment shall terminate on the date of death and the Executive shall be entitled to receive a lump sum cash payment equal to the Executive's Base Salary at the rate in effect for the year in which the Executive's date of death, which payment shall be made within forty-five (45) days of the Executive's date of death, and no other payments or benefits other than amounts payable to the Executive under any

Company-sponsored life insurance plan shall be due under this Agreement to the Executive (other than the Accrued Obligations).

Except as set forth in Sections 6 through 11 above, the Company shall have no further liability or obligation under this Agreement to the Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Executive.

12. Resignation of Positions. Effective as of the date of any termination of employment, the Executive will resign from all Company-related positions, including as an officer and director of the Company and its parent(s), subsidiaries, and Affiliates.

13. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Accrued Obligations" shall mean (i) any Base Salary earned through the Executive's termination of employment that remains unpaid; and (ii) any Annual Bonus payable with respect to any fiscal year which ended prior to the effective date of the Executive's termination of employment, which remains unpaid. The Accrued Obligations shall be paid following the Executive's termination of employment at such times and in accordance with such policies as would normally apply to such amounts and regardless of whether the Executive executes or revokes the Release.

(b) "Cause" shall mean any of the following grounds for the Executive's termination of employment: (i) the Executive's material dishonesty or fraud committed in connection with the Executive's employment; (ii) theft, misappropriation, or embezzlement by the Executive of the Company's funds or assets; (iii) the Executive willfully failing or refusing to perform, the Executive's duties to the Company (other than a failure resulting from Executive's Disability); (iv) the Executive's commission of, or a plea of guilty or *nolo contendere* to, any felony, crime involving fraud or misrepresentation, or any other crime (whether or not connected with the Executive's employment); (v) a material breach by the Executive of any of the provisions or covenants set forth in this Agreement or other written agreement with the Company; or (vi) the Executive's material violation of the Company's code of conduct, anti-harassment policy, or other written workplace policies. Prior to any termination of employment for Cause pursuant to each such event listed in (i), (iii), (v), or (vi) above, to the extent such event(s) is capable of being cured by the Executive, the Company shall give the Executive written notice thereof describing in reasonable detail the circumstances constituting Cause and the Executive shall have the opportunity to remedy same within fifteen (15) days after receiving written notice. If the circumstances alleged to constitute Cause are remedied within the fifteen (15) day cure period, no Cause shall exist to terminate Executive.

(c) "Change in Control" shall have the meaning set forth in the Option Plan.

(d) "Change in Control Period" shall mean the period commencing ninety (90) days prior to a Change in Control and ending on the first anniversary of such Change in Control.

(e) "CIC Termination" shall mean termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason during the Change in Control Period, provided that, in either case, a Change in Control actually occurs.

(f) "Disability" shall mean the Executive is eligible to receive long-term disability benefits under the Company's long-term disability plan and if the Company does not have a long-term disability plan, shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of Executive's position, with or without reasonable accommodation, for one hundred twenty (120) days out of any three hundred sixty five (365)-day period.

(g) "Good Reason" shall mean the occurrence of one or more of the following without the Executive's consent, other than on account of the Executive's Disability:

(i) A material diminution by the Company of the Executive's title, authority, or duties (excluding any isolated, insubstantial, or inadvertent action not taken in bad faith and which is remedied by the Company within the cure period), it being agreed that the changes in title, authority, and duties consonant with accepting the role of Executive Chairman set forth in this Agreement shall not constitute grounds for Good Reason;

(ii) A relocation of the Executive's Principal Place of Employment to a location that increases the Executive's commute to work by more than fifty (50) miles;

(iii) A reduction in the Executive's Base Salary from and after the Effective Date by more than ten percent (10%) as set forth in this Agreement (other than an across the board reduction of base salary for similarly situated senior level executives); or

(iv) Any action or inaction that constitutes a material breach by the Company of this Agreement.

The Executive must provide written notice of termination for Good Reason to the Company within thirty (30) days after the event constituting Good Reason. The Company shall have a period of thirty (30) days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in the Executive's notice of termination. If the Company does not correct the act or failure to act, the Executive's employment will terminate for Good Reason on the first business day following the Company's thirty (30)-day cure period.

(h) "Release" shall mean a separation agreement and general release of any and all claims against the Company and its Affiliates with respect to all matters arising out of the Executive's employment by the Company, and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company under which the Executive has accrued and is due a benefit). The Release will be in form and substance specified by and acceptable to the Company, and will include provisions in which the Executive shall reaffirm and agree to remain bound by the restrictive covenants set forth in Section 15 below and a cooperation covenant requiring the Executive to assist the Company with any litigation, investigation, or regulatory matter relating to matters within the Executive's knowledge. Such general release shall be executed and delivered (and no longer subject to the seven-business day revocation period) by the Executive within thirty (30) days following delivery of the general release to the Executive.

14. Section 409A.

(a) This Agreement is intended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations, or an exemption thereto, and payments may only be made under this Agreement upon an event and in a manner permitted by section 409A of the Code, to the extent applicable. Severance benefits under this Agreement are intended to be exempt from section 409A of the Code under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by section 409A of the Code, if the Executive is considered a "specified employee" for purposes of section 409A of the Code and if payment of any amounts under this Agreement is required to be delayed for a period of six months after separation from service pursuant to section 409A of the Code, payment of such amounts shall be delayed as required by section 409A of the Code, and the accumulated amounts shall be paid in a lump-sum payment within ten days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death.

(b) All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code. For purposes of section 409A of the Code, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive's designating the fiscal year of payment of any amounts of deferred compensation subject to section 409A of the Code, and
if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year.

(c) All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

(d) Notwithstanding the foregoing, the Company makes no representation that this Agreement and the payments provided for hereunder comply with section 409A of the Code and shall have no liability to the Executive for failure to comply with section 409A of the Code.

15. Restrictive Covenants.

(a) Noncompetition. The Executive agrees that during the Executive's employment with the Company and its Affiliates and for the twelve-month period following the Executive's termination of employment for any reason, including a termination of employment where severance is not payable to the Executive (the "Restriction Period"), the Executive will not, without the Board's express written consent, engage (directly or indirectly) in any Competitive Business in the United States. The term "Competitive Business" means any person, concern or entity which is engaged in or conducts a business substantially similar to the Business of the Company and its Affiliates. The term "Business" means the manufacturing and designing of high-tech electronic security devices, cellular communication services for intrusion and fire alarm systems, providing of school safety solutions and offering of security products, encompassing access control systems, door- locking products, intrusion and fire alarm systems and video surveillance products used for commercial, residential, institutional, industrial and governmental applications. The Executive understands and agrees that, given the nature of the business of the Company and its Affiliates and the Executive's position with the Company, the foregoing scope is reasonable and appropriate, and necessary to protect the Company's legitimate business interests. For purposes of this Agreement, the term "Affiliate" means any subsidiary of the Company or Parent or any other entity under common control with the Company. The Executive and the Company agree that this Agreement and the terms set forth herein are sufficient consideration for the covenants in this Section 15.

(b) Nonsolicitation of Company Personnel. The Executive agrees that during the Restriction Period, the Executive will not, either directly or through others, hire or attempt to hire any employee of the Company or its Affiliates, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or an Affiliate or otherwise to become an employee, consultant or independent contractor to, for or of any other person or business entity. This restriction applies to any person who was an employee of the Company or its Affiliates at any time during the twelve (12) months preceding the Executive's termination of employment.

(c) Nonsolicitation of Customers. The Executive agrees that during the Restriction Period, the Executive will not, either directly or through others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate, any customer of the Company or an Affiliate for the purpose of providing such customer with services or products competitive with those offered by the Company or an Affiliate during the Executive's employment with the Company or an Affiliate.

(d) Proprietary Information. At all times, the Executive will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Proprietary Information (defined below) of the Company or an Affiliate, except as such disclosure, use or publication may be required in connection with the Executive's work for the Company or as described in Section 15(e) below, or unless the Company expressly authorizes such disclosure in writing. "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its Affiliates and shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how,

designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship. For purposes of this Agreement, the term "Proprietary Information" shall not include information which is or becomes publicly available without breach of: (i) this Agreement; (ii) any other agreement or instrument to which the Company or an Affiliate is a party or a beneficiary; or (iii) any duty owed to the Company or an Affiliate by the Executive or by any third party. It shall also not include any information that was reasonably demonstrated to be known to Executive prior to Executive's employment with the Company; *provided*, *however*, that if the Executive shall desire or seek to disclose, use, lecture upon, or publish any Proprietary Information, the Executive shall first obtain approval from the Company.

(e) Reports to Government Entities. Nothing in this Agreement shall prohibit or restrict the Executive from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive does not need the prior authorization of the Company to engage in conduct protected by this subsection, and the Executive does not need to notify the Company that the Executive has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

(f) Inventions Assignment. The Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all related information which relates to the Company's or its Affiliates' actual or anticipated business, research and development of existing or future products or services and which are conceived, developed, or made by the Executive while employed by the Company, whether or not on Company time or using Company resources ("Work Product") belong to the Company. The Executive will perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, limited powers of attorney and other instruments). If requested by the Company, the Executive agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by Company employees generally.

(g) Non-Disparagement. The Executive agrees and covenants that the Executive will not at any time make, publish or communicate in any public forum or otherwise, any defamatory or disparaging remarks, comments or statements concerning the Company or its businesses, or any of its employees, officers, directors, and existing and prospective customers, suppliers, or investors. Following termination of Executive's employment, the Company agrees to direct its senior officers and directors to not make any

public statements that are defamatory about the Executive. Nothing in this Section shall restrict either party from making any disclosures required by applicable law, regulation, or legal process, or from making truthful statements in connection with any litigation, arbitration, or governmental proceeding.

(h) Return of Company Property. Upon termination of the Executive's employment with the Company for any reason, and at any earlier time the Company requests, the Executive will deliver to the person designated by the Company all originals and copies of all documents and property of the Company or an Affiliate that is in the Executive's possession or under the Executive's control or to which the Executive may have access. The Executive will not reproduce or appropriate for the Executive's own use, or for the use of others, any property, proprietary information, or Work Product. The Executive's entitlement to severance payments under this Agreement shall be conditioned upon compliance with this Section.

(i) Restrictive Covenant Acknowledgement. The Executive acknowledges and agrees that the foregoing restrictions contained in Section 15 are reasonable, proper and necessitated by the legitimate business interests of the Company and will not prevent the Executive from earning a living or pursuing a career. In the event that a court of competent jurisdiction determines that any of the provisions of this Agreement (including, without limitation, the provisions of Section 15) would be unenforceable as written because they cover too extensive a geographic area, too broad a range of activities, too long a period of time, insufficient consideration, or otherwise, then such provisions automatically shall be modified to cover the maximum geographic area, range of activities, and period of time as may be enforceable, and the minimum amount of required consideration as may be enforceable, and in addition, such court is hereby expressly authorized so to modify this Agreement and to enforce it as so modified.

16. Legal and Equitable Remedies. Because the Executive's services are personal and unique and the Executive has had and will continue to have access to and has become and will continue to become acquainted with the proprietary information of the Company and its Affiliates, and because any breach by the Executive of any of the restrictive covenants contained in Section 15 would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to seek to enforce Section 15 and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in Section 15.

17. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under Sections 15 and 16) shall survive any termination of the Executive's employment or termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

18. No Mitigation or Set-Off. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced regardless of whether the Executive obtains other employment. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall

not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others, subject to Section 25.

19. Section 280G. In the event of a change in ownership or control under section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Executive with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

(a) The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Executive. Where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis.

(c) All determinations to be made under this Section shall be made by an independent accounting firm, consulting firm, law firm or other independent service provider selected by the Company and agreed to by the Executive immediately prior to the change-in- ownership or -control transaction (the "Firm"). The Firm shall provide its determinations and any supporting calculations both to the Company and the Executive within ten days of the transaction. Any such determination by the Firm shall be binding upon the Company and the Executive. All of the fees and expenses of the Firm in performing the determinations referred to in this Section shall be borne solely by the Company.

20. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when emailed, hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

333 Bayview Avenue
Amityville, New York, 11701
Attn: Chief Executive Officer

If to the Executive, to the most recent address on file with the Company or to such other names or addresses as the Company or the Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

21. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. The Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

22. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

23. Binding Arbitration and Waiver of Right to Participate in Class Actions. Except for disputes relating to, or arising out of, the Executive's obligations set forth in Section 15, including the Company's right to independently seek and obtain injunctive relief in state or federal courts, the parties agree to arbitrate any and all claims, disputes or controversies relating to, or arising out of, or concerning, this Agreement and/or the Executive's employment with the Company, including termination of the Executive's employment. The parties' agreement to arbitrate employment-related claims is intended to include, but is not limited to, claims concerning compensation, benefits or other terms and conditions of employment, or any other claims whether arising by statute or otherwise including, but not limited to, employment claims of wrongful discharge, discrimination, harassment or retaliation under federal, state or local laws including, without limitation, State of New York; Title VII of the Civil Rights Act as amended, the Equal Pay Act, the Americans With Disabilities Act (as amended), the Age Discrimination in Employment Act, the Older Workers Benefits Protection Act; the Patient Protection and Affordable Care Act, and claims arising under the Fair Labor Standards Acts, or any other national, federal, state or local employment or discrimination laws, rules or regulations. The Executive's agreement to arbitrate also includes claims for breach of contract, violation of internal procedure or policy, wrongful termination in violation of public policy, wrongful discharge or termination, tort claims including negligence, defamation, loss of reputation, interference with contractual relations or prospective economic advantage, retaliation, and negligent or intentional infliction of emotional distress. The Executive agrees that all such claims will be fully and finally resolved by mandatory, binding arbitration conducted by the American Arbitration Association ("AAA") located in New York, New York, pursuant to the AAA then-current Employment Arbitration Rules and Mediation Procedures. A copy of those rules is available online at www.adr.org/aaa. The Company as the employer will bear the administrative costs and arbitrator fees, and the arbitrator in such action may award whatever remedies would be available to the parties in a court of law. The purpose of this provision is to require binding arbitration of such disputes, claims or controversies that are or may be arbitrable, and the inclusion of any claim in this provision as to which a jury trial or civil action may not be waived will not taint or invalidate the remainder of this provision. To be clear, this agreement to arbitrate does not apply to any lawsuit to enforce this arbitration clause, or, as referenced above, to seek relief as set forth in Section 15 of this

Agreement. Those lawsuits will be commenced in the state or federal courts sitting in the State of New York and the Executive consents to the jurisdiction of the federal or state courts of State of New York.

24. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Executive. The Company may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Company, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Executive acknowledges that in such event the obligations of the Executive hereunder, including but not limited to those under Section 15, will continue to apply in favor of the successor.

25. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time with respect to officers of the Company.

26. Indemnification. During the Executive's employment with the Company or any of its Affiliates and after termination of employment for any reason, the Company shall cover the Executive under the Company's directors' and officers' insurance policy applicable to other officers and directors according to the terms of such policy. Such obligations shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Executive's heirs and personal representatives.

27. Entire Agreement. This Agreement sets forth the entire agreement of the parties related to the items set forth herein and supersedes any and all prior agreements and understandings related thereto, including the Prior Agreement. This Agreement may be changed only by a written document signed by the Executive and the Company.

28. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

29. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the State of New York without regard to rules governing conflicts of law.

30. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts and electronic signature), each of which shall be an original, but all of which together shall constitute one instrument.

31. Acknowledgments. The Executive acknowledges that (a) the Executive has the right to consult with counsel prior to signing this Agreement and has had a full and adequate opportunity to read, understand and discuss with the Executive's advisors, including counsel, the terms and conditions contained in this Agreement prior to signing hereunder, and (b) this Agreement is supported by fair and reasonable consideration independent from the continuation of employment.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NAPCO SECURITY TECHNOLOGIES, INC.
/s/ Rick Lazio
Name: Rick Lazio
Title: Chair of the Compensation Committee of the Board of Directors
Date: July 8, 2026

EXECUTIVE
/s/ Richard L. Soloway
Name: Richard L. Soloway
Date: July 8, 2026

Exhibit 10.T

Execution Version

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between NAPCO Security Technologies, Inc., its successors and assigns (the "Company") and Kevin S. Buchel (the "Executive") as of the date first written below.

WHEREAS, the Company desires to continue to employ the Executive as its Chief Executive Officer and President and the Executive desires to serve in such capacity on behalf of the Company.

WHEREAS, the Company and Executive desire and intend that this Agreement shall govern the terms and conditions of the Executive's employment with the Company as of the Effective Date (as defined below) and this Agreement shall supersede all prior employment agreements, offer letters, severance agreements and discussions of employment between the Company and the Executive, including that certain Severance Agreement between the Company and the Executive, dated December 30, 2015 (the "Prior Agreement").

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Company and the Executive hereby agree as follows:

1. Employment.

(a) Term. This Agreement shall begin on July 8, 2026 (the "Effective Date") and shall continue until the termination of the Executive's employment. The period commencing on the Effective Date and ending on the date on which the term of this Agreement terminates is referred to herein as the "Term." The Executive's employment during the Term shall be as an "at-will" employee; the Executive may resign his employment at any time, and the Company may terminate the Executive's employment at any time, for any reason or no reason, subject to the provisions of this Agreement.

(b) Duties. During the Term, the Executive shall serve as the Chief Executive Officer and President, with such duties, responsibilities, and authority commensurate therewith, and shall report directly to the Board of Directors of the Company (the "Board"). The Executive shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to the Executive by the Board that are consistent with and within the scope of Executive's position.

(c) Best Efforts. During the Term, the Executive shall devote the Executive's best efforts and full business time and attention to promote the business and affairs of the Company and its affiliated entities, and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with the Executive's obligations to the Company hereunder, including, without limitation, obligations pursuant to Section 15 below. The foregoing shall not be construed as preventing the Executive from (i) serving on civic, educational, philanthropic or charitable boards or committees, or, with the prior written consent of the Board, which shall not be unreasonably withheld, on corporate, advisory or scientific advisory boards, and (ii) managing personal investments, so long as such activities are permitted under the Company's code of conduct and employment policies and do not violate the provisions of Section 15 below.

(d) Principal Place of Employment. The Executive understands and agrees that the Executive's principal place of employment will be Amityville, New York ("Principal Place of

Employment"). The Executive will be required to travel for business in the course of performing the Executive's duties for the Company.

2. Compensation.

(a) Base Salary. During the Term, the Company shall pay the Executive a base salary ("Base Salary"), at the annual rate of $900,000, which shall be paid in instalments in accordance with the Company's normal payroll practices. The Executive's Base Salary shall be reviewed by the Compensation Committee of the Board (the "Compensation Committee") on an annual basis. Any adjusted amount following such review shall be considered "Base Salary" for purposes of this Agreement.

(b) Annual Bonus. For each fiscal year during the Term, the Executive shall be eligible to earn an annual bonus, the amount of which shall be determined by the Compensation Committee in its discretion based on the achievement of performance criteria ("Annual Bonus"). The target amount of the Annual Bonus shall be fifty percent (50%) of the Executive's Base Salary (the "Target Bonus"), but the actual amount of the Annual Bonus may range from 25% to 75% of the Executive's Base Salary based on performance against the pre-established criteria. Any Annual Bonus shall be paid within forty-five (45) days of the Company's receipt of its audited financial statements for the applicable fiscal year; provided, that, the Executive continues to be employed with the Company on the date of payment.

(c) Equity Compensation. The Executive shall be eligible to participate in the NAPCO Security Technologies, Inc. 2022 Employee Stock Option Plan (the "Option Plan"), and any successor equity plan, as determined in the sole discretion of the Compensation Committee.

(1) For the initial annual grant under this Agreement, the target amount of the Executive's equity compensation award shall be fifty percent (50%) of the Executive's Base Salary. The initial grant shall take the form of one-half stock options (applying a standard Black-Scholes valuation model), to be granted at the Effective Date, and one-half restricted stock units ("RSUs"), with the RSU grant to be made effective upon and subject to shareholder approval of the adoption of a successor equity plan or an amendment to the Option Plan allowing for full share awards, with each of the initial awards vesting ratably effective as of each of the first four anniversaries of the Effective Date. In the event that the Company's shareholders do not approve the requisite successor plan or amendment to the Option Plan at the next shareholder meeting following the Effective Date, then the remaining half of the initial award shall be granted in the form of stock options of equivalent value.

(2) For each subsequent annual grant to be made while the Executive is actively employed under this Agreement, the target amount of the Executive's equity compensation award shall be fifty percent (50%) of the Executive's Base Salary, with the actual amount of the grant to be within the range of thirty-five percent (35%) and sixty-five (65%) of Base Salary, to be determined by the Compensation Committee as informed by the Company's performance for the most recently completed fiscal year. It is expected that each subsequent grant shall take the form of RSUs only, with each of the awards vesting ratably effective as of each of the first four anniversaries of the grant date.

(3) The form, amount, and other terms and conditions of the equity awards shall be determined by the Compensation Committee in its sole discretion and set forth in the applicable award agreement.

3. Retirement and Welfare Benefits. During the Term, the Executive shall be eligible to participate in the Company's health, life insurance, long-term disability, retirement and welfare benefit plans and programs, pursuant to their respective terms and conditions. Nothing in this Agreement shall preclude the Company or any Affiliate (as defined below) of the Company from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

4. Vacation. During the Term, the Executive shall be eligible to vacation each year and holiday and sick leave at levels commensurate with those provided to similarly situated US executives of the Company, in accordance with the Company's vacation policy as in effect from time to time, which as of the Effective Date is an unlimited policy.

5. Business Expenses. The Company shall reimburse the Executive for all necessary and reasonable travel and other documented business expenses incurred by the Executive in the performance of his duties hereunder in accordance with such policies and procedures as the Company may adopt generally from time to time for executives.

6. Termination of Employment Without Cause; Resignation for Good Reason. If the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, the provisions of this Section 6 shall apply.

(a) The Company may terminate the Executive's employment with the Company at any time without Cause upon not less than thirty (30) days' prior written notice to the Executive and the Executive may resign for Good Reason upon the same thirty (30) day prior written notice period.

(b) Unless the Executive complies with the provisions of Section 6(c) below, upon termination of employment under Section 6(a) above, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(c) Notwithstanding the provisions of Section 6(b) above, upon termination of employment under Section 6(a) above, if the Executive timely executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, in addition to the Accrued Obligations, the Executive shall be entitled to receive cash payments equal to the product of (i) the sum of (x) the Executive's Base Salary at the rate in effect for the year in which the Executive's date of termination of employment occurs, and (y) the Target Bonus, multiplied by (ii) two, payable in substantially equal installments over a twenty-four (24) month period in accordance with the Company's normal payroll practices, commencing within forty-five (45) days of the Executive's date of termination.

7. Termination in Connection with Change in Control. Notwithstanding anything to the contrary herein, if there is a CIC Termination, then the provisions of this Section 7 shall apply.

(a) Unless the Executive complies with the provisions of Section 7(b) below, upon a CIC Termination, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(b) Notwithstanding the provisions of Section 7(a) above, upon a CIC Termination, if the Executive executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, then the severance payment in the amount set forth in Section 6(c) shall be made in a single lump sum within forty- five (45) days of the Executive's date of termination.

8. Cause. The Company may terminate the Executive's employment at any time for Cause upon written notice to the Executive, in which event all payments under this Agreement shall cease, except for any Accrued Obligations.

9. Voluntary Resignation Without Good Reason. The Executive may voluntarily terminate employment without Good Reason upon thirty (30) days' prior written notice to the Company, which notice can be waived by the Company in exchange for payment in lieu thereof. In such event, after the effective date of such termination, no payments shall be due under this Agreement, except that the Executive shall be entitled to any Accrued Obligations.

10. Disability. If the Executive incurs a Disability during the Term, the Company may terminate the Executive's employment on or after the date of Disability. If the Executive's employment is terminated by the Company due to Disability, the provisions of this Section 10 shall apply.

(a) Unless the Executive complies with the provisions of Section 10(b) below, upon termination of employment under Section 10 above, no other payments or benefits shall be due under this Agreement to the Executive other than the Accrued Obligations.

(b) Notwithstanding the provisions of Section 10(a) above, upon termination of employment under Section 10 above, if the Executive executes and does not revoke the Release, and so long as the Executive continues to comply with the provisions of Section 15 below, in addition to the Accrued Obligations, the Executive shall be entitled to receive (i) a lump sum cash payment equal to sixty percent (60%) of the Executive's Base Salary at the rate in effect for the year in which the Executive's date of termination of employment occurs, which payment shall be made within forty-five (45) days of the Executive's date of termination, and (ii) a prorated amount of the Executive's Annual Bonus when the Annual Bonus is otherwise paid to the Company's senior executives, subject in all respects to actual performance under the bonus program terms.

11. Death. If the Executive dies during the Term, the Executive's employment shall terminate on the date of death and the Executive shall be entitled to receive a lump sum cash payment equal to the Executive's Base Salary at the rate in effect for the year in which the Executive's date of death, which payment shall be made within forty-five (45) days of the Executive's date of death, and no other payments or benefits other than amounts payable to the Executive under any Company-sponsored life insurance plan shall be due under this Agreement to the Executive (other than the Accrued Obligations).

Except as set forth in Sections 6 through 11 above, the Company shall have no further liability or obligation under this Agreement to the Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Executive.

12. Resignation of Positions. Effective as of the date of any termination of employment, the Executive will resign from all Company-related positions, including as an officer and director of the Company and its parent(s), subsidiaries, and Affiliates.

13. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Accrued Obligations" shall mean (i) any Base Salary earned through the Executive's termination of employment that remains unpaid; and (ii) any Annual Bonus payable with respect to any fiscal year which ended prior to the effective date of the Executive's termination of employment, which remains unpaid. The Accrued Obligations shall be paid following the Executive's termination of employment at such times and in accordance with such policies as would normally apply to such amounts and regardless of whether the Executive executes or revokes the Release.

(b) "Cause" shall mean any of the following grounds for the Executive's termination of employment: (i) the Executive's material dishonesty or fraud committed in connection with the Executive's employment; (ii) theft, misappropriation, or embezzlement by the Executive of the Company's funds or assets; (iii) the Executive willfully failing or refusing to perform, the Executive's duties to the Company (other than a failure resulting from Executive's Disability); (iv) the Executive's commission of, or a plea of guilty or *nolo contendere* to, any felony, crime involving fraud or misrepresentation, or any other crime (whether or not connected with the Executive's employment); (v) a material breach by the Executive of any of the provisions or covenants set forth in this Agreement or other written agreement with the Company; or (vi) the Executive's material violation of the Company's code of conduct, anti-harassment policy, or other written workplace policies. Prior to any termination of employment for Cause pursuant to each such event listed in (i), (iii), (v), or (vi) above, to the extent such event(s) is capable of being cured by the Executive, the Company shall give the Executive written notice thereof describing in reasonable detail the circumstances constituting Cause and the Executive shall have the opportunity to remedy same within fifteen (15) days after receiving written notice. If the circumstances alleged to constitute Cause are remedied within the fifteen (15) day cure period, no Cause shall exist to terminate Executive.

(c) "Change in Control" shall have the meaning set forth in the Option Plan.

(d) "Change in Control Period" shall mean the period commencing ninety (90) days prior to a Change in Control and ending on the first anniversary of such Change in Control.

(e) "CIC Termination" shall mean termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason during the Change in Control Period, provided that, in either case, a Change in Control actually occurs.

(f) "Disability" shall mean the Executive is eligible to receive long-term disability benefits under the Company's long-term disability plan and if the Company does not have a long-term disability plan, shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of Executive's position, with or without reasonable accommodation, for one hundred twenty (120) days out of any three hundred sixty five (365)-day period.

(g) "Good Reason" shall mean the occurrence of one or more of the following without the Executive's consent, other than on account of the Executive's Disability:

(i) A material diminution by the Company of the Executive's title, authority, reporting structure or duties (excluding any isolated, insubstantial, or inadvertent action not taken in bad faith and which is remedied by the Company within the cure period);

(ii) The relocation of the Executive's Principal Place of Employment to a location that increases the Executive's commute to work by more than fifty (50) miles;

(iii) A reduction in the Executive's Base Salary by more than 10% (other than an across the board reduction of base salary for similarly situated senior level executives); or

(iv) Any action or inaction that constitutes a material breach by the Company of this Agreement.

The Executive must provide written notice of termination for Good Reason to the Company within thirty (30) days after the event constituting Good Reason. The Company shall have a period of thirty (30) days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in the Executive's notice of termination. If the Company does not correct the act or failure to act, the Executive's employment will terminate for Good Reason on the first business day following the Company's thirty (30)-day cure period.

(h) "Release" shall mean a separation agreement and general release of any and all claims against the Company and its Affiliates with respect to all matters arising out of the Executive's employment by the Company, and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company under which the Executive has accrued and is due a benefit). The Release will be in form and substance specified by and acceptable to the Company, and will include provisions in which the Executive shall reaffirm and agree to remain bound by the restrictive covenants set forth in Section 15 below and a cooperation covenant requiring the Executive to assist the Company with any litigation, investigation, or regulatory matter relating to matters within the Executive's knowledge. Such general release shall be executed and delivered (and no longer subject to the seven-business day revocation period) by the Executive within thirty (30) days following delivery of the general release to the Executive.

14. Section 409A.

(a) This Agreement is intended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations, or an exemption thereto, and payments may only be made under this Agreement upon an event and in a manner permitted by section 409A of the Code, to the extent applicable. Severance benefits under this Agreement are intended to be exempt from section 409A of the Code under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by section 409A of the Code, if the Executive is considered a "specified employee" for purposes of section 409A of the Code and if payment of any amounts under this Agreement is required to be delayed for a period of six months after separation from service pursuant to section 409A of the Code, payment of such amounts shall be delayed as required by

section 409A of the Code, and the accumulated amounts shall be paid in a lump-sum payment within ten days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death.

(b) All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code. For purposes of section 409A of the Code, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive's designating the fiscal year of payment of any amounts of deferred compensation subject to section 409A of the Code, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year.

(c) All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in- kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

(d) Notwithstanding the foregoing, the Company makes no representation that this Agreement and the payments provided for hereunder comply with section 409A of the Code and shall have no liability to the Executive for failure to comply with section 409A of the Code.

15. Restrictive Covenants.

(a) Noncompetition. The Executive agrees that during the Executive's employment with the Company and its Affiliates and for the twelve-month period following the Executive's termination of employment for any reason, including a termination of employment where severance is not payable to the Executive (the "Restriction Period"), the Executive will not, without the Board's express written consent, engage (directly or indirectly) in any Competitive Business in the United States. The term "Competitive Business" means any person, concern or entity which is engaged in or conducts a business substantially similar to the Business of the Company and its Affiliates. The term "Business" means the manufacturing and designing of high- tech electronic security devices, cellular communication services for intrusion and fire alarm systems, providing of school safety solutions and offering of security products, encompassing access control systems, door-locking products, intrusion and fire alarm systems and video surveillance products used for commercial, residential, institutional, industrial and governmental applications. The Executive understands and agrees that, given the nature of the business of the Company and its Affiliates and the Executive's position with the Company, the foregoing scope is reasonable and appropriate, and necessary to protect the Company's legitimate business interests. For purposes of this Agreement, the term "Affiliate" means any subsidiary of the

Company or Parent or any other entity under common control with the Company. The Executive and the Company agree that this Agreement and the terms set forth herein are sufficient consideration for the covenants in this Section 15.

(b) Nonsolicitation of Company Personnel. The Executive agrees that during the Restriction Period, the Executive will not, either directly or through others, hire or attempt to hire any employee of the Company or its Affiliates, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or an Affiliate or otherwise to become an employee, consultant or independent contractor to, for or of any other person or business entity. This restriction applies to any person who was an employee of the Company or its Affiliates at any time during the twelve (12) months preceding the Executive's termination of employment.

(c) Nonsolicitation of Customers. The Executive agrees that during the Restriction Period, the Executive will not, either directly or through others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate, any customer of the Company or an Affiliate for the purpose of providing such customer with services or products competitive with those offered by the Company or an Affiliate during the Executive's employment with the Company or an Affiliate.

(d) Proprietary Information. At all times, the Executive will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Proprietary Information (defined below) of the Company or an Affiliate, except as such disclosure, use or publication may be required in connection with the Executive's work for the Company or as described in Section 15(e) below, or unless the Company expressly authorizes such disclosure in writing. "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its Affiliates and shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship. For purposes of this Agreement, the term "Proprietary Information" shall not include information which is or becomes publicly available without breach of: (i) this Agreement; (ii) any other agreement or instrument to which the Company or an Affiliate is a party or a beneficiary; or (iii) any duty owed to the Company or an Affiliate by the Executive or by any third party. It shall also not include any information that was reasonably demonstrated to be known to Executive prior to Executive's employment with the Company; *provided*, *however*, that if the Executive shall desire or seek to disclose, use, lecture upon, or publish any Proprietary Information, the Executive shall first obtain approval from the Company.

(e) Reports to Government Entities. Nothing in this Agreement shall prohibit or restrict the Executive from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive does not need the prior authorization of the Company to

engage in conduct protected by this subsection, and the Executive does not need to notify the Company that the Executive has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

(f) Inventions Assignment. The Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all related information which relates to the Company's or its Affiliates' actual or anticipated business, research and development of existing or future products or services and which are conceived, developed, or made by the Executive while employed by the Company, whether or not on Company time or using Company resources ("Work Product") belong to the Company. The Executive will perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, limited powers of attorney and other instruments). If requested by the Company, the Executive agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by Company employees generally.

(g) Non-Disparagement. The Executive agrees and covenants that the Executive will not at any time make, publish or communicate in any public forum or otherwise, any defamatory or disparaging remarks, comments or statements concerning the Company or its businesses, or any of its employees, officers, directors, and existing and prospective customers, suppliers, or investors. Following termination of Executive's employment, the Company agrees to direct its senior officers and directors to not make any public statements that are defamatory about the Executive. Nothing in this Section shall restrict either party from making any disclosures required by applicable law, regulation, or legal process, or from making truthful statements in connection with any litigation, arbitration, or governmental proceeding.

(h) Return of Company Property. Upon termination of the Executive's employment with the Company for any reason, and at any earlier time the Company requests, the Executive will deliver to the person designated by the Company all originals and copies of all documents and property of the Company or an Affiliate that is in the Executive's possession or under the Executive's control or to which the Executive may have access. The Executive will not reproduce or appropriate for the Executive's own use, or for the use of others, any property, proprietary information, or Work Product. The Executive's entitlement to severance payments under this Agreement shall be conditioned upon compliance with this Section.

(i) Restrictive Covenant Acknowledgement. The Executive acknowledges and agrees that the foregoing restrictions contained in Section 15 are reasonable, proper and necessitated by the legitimate business interests of the Company and will not prevent the Executive from earning a living or pursuing a career. In the event that a court of competent jurisdiction determines that any of the provisions of this Agreement (including, without limitation, the provisions of Section 15) would be unenforceable as written because they cover too extensive a geographic area, too broad a range of activities, too long a period of time, insufficient consideration, or otherwise, then such provisions automatically shall be modified to cover the maximum geographic area, range of activities, and period of time as may be enforceable, and the minimum amount of required

consideration as may be enforceable, and in addition, such court is hereby expressly authorized so to modify this Agreement and to enforce it as so modified.

16. Legal and Equitable Remedies. Because the Executive's services are personal and unique and the Executive has had and will continue to have access to and has become and will continue to become acquainted with the proprietary information of the Company and its Affiliates, and because any breach by the Executive of any of the restrictive covenants contained in Section 15 would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to seek to enforce Section 15 and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in Section 15.

17. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under Sections 15 and 16) shall survive any termination of the Executive's employment or termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

18. No Mitigation or Set-Off. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. and such amounts shall not be reduced regardless of whether the Executive obtains other employment. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others, subject to Section 25.

19. Section 280G. In the event of a change in ownership or control under section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Executive with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

(a) The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Executive. Where

more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis.

(c) All determinations to be made under this Section shall be made by an independent accounting firm, consulting firm, law firm or other independent service provider selected by the Company and agreed to by the Executive immediately prior to the change-in-ownership or -control transaction (the "Firm"). The Firm shall provide its determinations and any supporting calculations both to the Company and the Executive within ten days of the transaction. Any such determination by the Firm shall be binding upon the Company and the Executive. All of the fees and expenses of the Firm in performing the determinations referred to in this Section shall be borne solely by the Company.

20. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when emailed, hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

333 Bayview Avenue
Amityville, New York, 11701
Attn: Chairman of the Board

If to the Executive, to the most recent address on file with the Company or to such other names or addresses as the Company or the Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

21. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. The Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

22. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

23. Binding Arbitration and Waiver of Right to Participate in Class Actions. Except for disputes relating to, or arising out of, the Executive's obligations set forth in Section 15, including the Company's right to independently seek and obtain injunctive relief in state or federal courts, the parties agree to arbitrate any and all claims, disputes or controversies relating to, or arising out of, or concerning, this Agreement and/or the Executive's employment with the Company, including termination of the Executive's employment. The parties' agreement to arbitrate employment-related claims is intended to include, but is not limited to, claims concerning compensation, benefits or other terms and conditions of employment, or any other claims whether arising by statute or otherwise including, but not limited to, employment claims of wrongful

discharge, discrimination, harassment or retaliation under federal, state or local laws including, without limitation, State of New York; Title VII of the Civil Rights Act as amended, the Equal Pay Act, the Americans With Disabilities Act (as amended), the Age Discrimination in Employment Act, the Older Workers Benefits Protection Act; the Patient Protection and Affordable Care Act, and claims arising under the Fair Labor Standards Acts, or any other national, federal, state or local employment or discrimination laws, rules or regulations. The Executive's agreement to arbitrate also includes claims for breach of contract, violation of internal procedure or policy, wrongful termination in violation of public policy, wrongful discharge or termination, tort claims including negligence, defamation, loss of reputation, interference with contractual relations or prospective economic advantage, retaliation, and negligent or intentional infliction of emotional distress. The Executive agrees that all such claims will be fully and finally resolved by mandatory, binding arbitration conducted by the American Arbitration Association ("AAA") located in New York, New York, pursuant to the AAA then-current Employment Arbitration Rules and Mediation Procedures. A copy of those rules is available online at www.adr.org/aaa. The Company as the employer will bear the administrative costs and arbitrator fees, and the arbitrator in such action may award whatever remedies would be available to the parties in a court of law. The purpose of this provision is to require binding arbitration of such disputes, claims or controversies that are or may be arbitrable, and the inclusion of any claim in this provision as to which a jury trial or civil action may not be waived will not taint or invalidate the remainder of this provision. To be clear, this agreement to arbitrate does not apply to any lawsuit to enforce this arbitration clause, or, as referenced above, to seek relief as set forth in Section 15 of this Agreement. Those lawsuits will be commenced in the state or federal courts sitting in the State of New York and the Executive consents to the jurisdiction of the federal or state courts of State of New York.

24. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Executive. The Company may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Company, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Executive acknowledges that in such event the obligations of the Executive hereunder, including but not limited to those under Section 15, will continue to apply in favor of the successor.

25. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time with respect to officers of the Company.

26. Indemnification. During the Executive's employment with the Company or any of its Affiliates and after termination of employment for any reason, the Company shall cover the Executive under the Company's directors' and officers' insurance policy applicable to other officers and directors according to the terms of such policy. Such obligations shall be binding

upon the Company's successors and assigns and shall inure to the benefit of the Executive's heirs and personal representatives.

27. Entire Agreement. This Agreement sets forth the entire agreement of the parties related to the items set forth herein and supersedes any and all prior agreements and understandings related thereto, including the Prior Agreement. This Agreement may be changed only by a written document signed by the Executive and the Company.

28. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

29. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the State of New York without regard to rules governing conflicts of law.

30. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts and electronic signature), each of which shall be an original, but all of which together shall constitute one instrument.

31. Acknowledgments. The Executive acknowledges that (a) the Executive has the right to consult with counsel prior to signing this Agreement and has had a full and adequate opportunity to read, understand and discuss with the Executive's advisors, including counsel, the terms and conditions contained in this Agreement prior to signing hereunder, and (b) this Agreement is supported by fair and reasonable consideration independent from the continuation of employment.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NAPCO SECURITY TECHNOLOGIES, INC.

/s/ Rick Lazio

Name: Rick Lazio
Title: Chair of the Compensation Committee of the Board of Directors
Date: July 8, 2026

EXECUTIVE

/s/ Kevin S. Buchel

Name: Kevin S. Buchel
Date: July 8, 2026

Signature Page to Employment Agreement