

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2026

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 000-24389

OneSpan Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

36-4169320
(I.R.S. Employer
Identification No.)

1 Marina Park Drive, Unit 1410
Boston, Massachusetts 02210
(Address of Principal Executive Offices) (Zip Code)

(312) 766-4001
(Registrant's telephone number, including area code)

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

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common Stock, par value \$0.001 per share	OSPN	Nasdaq

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	☐	Emerging growth company	☐
		Smaller reporting company	☐

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

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

There were 36,894,789 shares of Common Stock, \$0.001 par value per share, outstanding at October 27, 2026.

OneSpan Inc.
Form 10-Q
For the Quarter Ended September 30, 2026
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

OneSpan Inc. **CONDENSED CONSOLIDATED BALANCE SHEETS** (In thousands, except par value) (Unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 51,393	\$ 70,499
Accounts receivable, net of allowances of \$990 at September 30, 2026 and \$1,227 at December 31, 2025	41,842	55,999
Inventories, net	11,102	10,466
Prepaid expenses	7,176	7,044
Contract assets	15,636	18,269
Other current assets	11,446	9,936
Total current assets	138,595	172,213
Property and equipment, net	24,911	22,234
Operating lease right-of-use assets	7,641	7,356
Goodwill	127,687	103,840
Intangible assets, net of accumulated amortization	14,131	9,741
Deferred income taxes	58,902	54,733
Equity investment	11,834	11,834
Other assets	15,535	15,751
Total assets	\$ 399,236	\$ 397,702
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 11,556	\$ 13,726
Deferred revenue	57,439	71,641
Accrued wages and payroll taxes	16,489	13,553
Short-term income taxes payable	2,008	3,079
Dividend payable	1,402	671
Other accrued expenses	14,036	11,859
Deferred compensation	26	42
Total current liabilities	102,956	114,571
Long-term deferred revenue	1,802	2,539
Long-term lease liabilities	6,162	6,139
Deferred income taxes	898	988
Revolving credit facility	5,000	—
Other long-term liabilities	1,618	1,622
Total liabilities	118,436	125,859
Commitments and contingencies		
Stockholders' equity		
Preferred stock: 500 shares authorized, none issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock: \$0.001 par value per share; 75,000 shares authorized; 42,288 and 42,091 shares issued; 36,819 and 37,361 shares outstanding at September 30, 2026 and December 31, 2025, respectively	37	37
Additional paid-in capital	137,844	128,651
Treasury stock, at cost: 5,469 and 4,730 shares at September 30, 2026 and December 31, 2025, respectively	(68,884)	(60,521)
Retained earnings	220,578	209,821
Accumulated other comprehensive loss	(8,775)	(6,145)
Total stockholders' equity	280,800	271,843
Total liabilities and stockholders' equity	\$ 399,236	\$ 397,702

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue				
Product and license	\$ 31,505	\$ 27,712	\$ 95,187	\$ 97,189
Services and other	32,380	29,344	95,111	83,076
Total revenue	63,885	57,056	190,298	180,265
Cost of goods sold				
Product and license	6,114	7,030	21,505	24,044
Services and other	9,036	8,023	27,061	23,160
Total cost of goods sold	15,150	15,053	48,566	47,204
Gross profit	48,735	42,003	141,732	133,061
Operating costs				
Sales and marketing	13,999	11,391	39,752	34,353
Research and development	9,907	8,796	28,891	26,168
General and administrative	14,811	12,152	37,725	33,478
Amortization of intangible assets	775	741	2,248	1,982
Write-off of assets	—	—	314	—
Restructuring and other related charges	—	696	—	1,165
Total operating costs	39,492	33,776	108,930	97,146
Operating income	9,243	8,227	32,802	35,915
Interest (expense) income, net	(80)	388	(253)	1,812
Other income (expense), net	292	(208)	(47)	(886)
Income before income taxes	9,455	8,407	32,502	36,841
Provision for income taxes	1,657	1,893	6,358	7,480
Net income	\$ 7,798	\$ 6,514	\$ 26,144	\$ 29,361
Net income per share				
Basic	\$ 0.21	\$ 0.17	\$ 0.70	\$ 0.77
Diluted	\$ 0.20	\$ 0.17	\$ 0.68	\$ 0.76
Weighted average common shares outstanding				
Basic	37,121	38,136	37,313	38,149
Diluted	39,039	38,768	38,399	38,845

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	\$ 7,798	\$ 6,514	\$ 26,144	\$ 29,361
Other comprehensive income (loss)				
Cumulative translation adjustment, net of tax	(286)	(934)	(2,539)	7,287
Pension adjustment, net of tax	(31)	(25)	(91)	(73)
Comprehensive income	<u>\$ 7,481</u>	<u>\$ 5,555</u>	<u>\$ 23,514</u>	<u>\$ 36,575</u>

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

For the Three and Nine Months Ended September 30, 2026:

Description	Common Stock		Treasury - Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2025	37,361	\$ 37	4,730	\$ (60,521)	\$ 128,651	\$ 209,821	\$ (6,145)	\$ 271,843
Net income	—	—	—	—	—	11,565	—	11,565
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(1,887)	(1,887)
Stock-based compensation	—	—	—	—	1,876	—	—	1,876
Vesting of restricted stock awards	220	—	—	—	—	—	—	—
Tax payments for stock issuances	(91)	—	—	—	(986)	—	—	(986)
Share repurchases, inclusive of excise tax	(508)	—	508	(5,401)	—	—	—	(5,401)
Dividends declared (\$0.13 per share)	—	—	—	—	—	(4,963)	—	(4,963)
Pension adjustment, net of tax	—	—	—	—	—	—	(31)	(31)
Balance at March 31, 2026	36,982	\$ 37	5,238	\$ (65,922)	\$ 129,541	\$ 216,423	\$ (8,063)	\$ 272,016
Net income	—	—	—	—	—	6,781	—	6,781
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(366)	(366)
Stock-based compensation	—	—	—	—	3,442	—	—	3,442
Vesting of restricted stock awards	53	—	—	—	—	—	—	—
Tax payments for stock issuances	(21)	—	—	—	(258)	—	—	(258)
Share repurchases, inclusive of excise tax	(231)	—	231	(2,962)	—	—	—	(2,962)
Dividends declared (\$0.13 per share)	—	—	—	—	—	(5,144)	—	(5,144)
Pension adjustment, net of tax	—	—	—	—	—	—	(29)	(29)
Balance at June 30, 2026	36,783	\$ 37	5,469	\$ (68,884)	\$ 132,725	\$ 218,060	\$ (8,458)	\$ 273,480
Net income	—	—	—	—	—	7,798	—	7,798
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(286)	(286)
Stock-based compensation	—	—	—	—	5,484	—	—	5,484
Vesting of restricted stock awards	58	—	—	—	—	—	—	—
Tax payments for stock issuances	(22)	—	—	—	(365)	—	—	(365)
Dividends declared (\$0.13 per share)	—	—	—	—	—	(5,280)	—	(5,280)
Pension adjustment, net of tax	—	—	—	—	—	—	(31)	(31)
Balance at September 30, 2026	36,819	\$ 37	5,469	\$ (68,884)	\$ 137,844	\$ 220,578	\$ (8,775)	\$ 280,800

For the Three and Nine Months Ended September 30, 2025:

Description	Common Stock		Treasury - Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	38,058	\$ 38	3,724	\$ (47,380)	\$ 122,534	\$ 151,256	\$ (13,918)	\$ 212,530
Net income	—	—	—	—	—	14,505	—	14,505
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	2,674	2,674
Stock-based compensation	—	—	—	—	2,776	—	—	2,776
Vesting of restricted stock awards	179	—	—	—	—	—	—	—
Tax payments for stock issuances	(80)	—	—	—	(1,327)	—	—	(1,327)
Dividends declared (\$0.12 per share)	—	—	—	—	—	(15)	—	(15)
Pension adjustment, net of tax	—	—	—	—	—	—	(24)	(24)
Balance at March 31, 2025	38,157	\$ 38	3,724	\$ (47,380)	\$ 123,983	\$ 165,746	\$ (11,268)	\$ 231,119
Net income	—	—	—	—	—	8,342	—	8,342
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	5,547	5,547
Stock-based compensation	—	—	—	—	3,451	—	—	3,451
Vesting of restricted stock awards	157	—	—	—	—	—	—	—
Tax payments for stock issuances	(63)	—	—	—	(1,078)	—	—	(1,078)
Dividends declared (\$0.12 per share)	—	—	—	—	—	(4,850)	—	(4,850)
Pension adjustment, net of tax	—	—	—	—	—	—	(24)	(24)
Balance at June 30, 2025	38,251	\$ 38	3,724	\$ (47,380)	\$ 126,356	\$ 169,238	\$ (5,745)	\$ 242,507
Net income	—	—	—	—	—	6,514	—	6,514
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(934)	(934)
Stock-based compensation	—	—	—	—	3,374	—	—	3,374
Vesting of restricted stock awards	287	—	—	—	—	—	—	—
Tax payments for stock issuances	(137)	—	—	—	(2,004)	—	—	(2,004)
Share repurchases	(448)	—	448	(6,297)	—	—	—	(6,297)
Dividends declared (\$0.12 per share)	—	—	—	—	—	(4,812)	—	(4,812)
Pension adjustment, net of tax	—	—	—	—	—	—	(25)	(25)
Balance at September 30, 2025	37,953	\$ 38	4,172	\$ (53,677)	\$ 127,726	\$ 170,940	\$ (6,704)	\$ 238,323

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 26,144	\$ 29,361
Adjustments to reconcile net income from operations to net cash provided by operations:		
Depreciation and amortization of intangible assets	9,937	7,152
Write-off of assets and restructuring related charges	314	709
Loss on disposal of asset	8	27
Deferred tax benefit	(32)	(2,716)
Stock-based compensation	10,802	9,601
Provision for (recovery of) credit losses	19	(303)
Changes in operating assets and liabilities, net of the effects from acquisition:		
Accounts receivable, net	15,126	32,702
Inventories, net	(953)	909
Contract assets	2,546	(7,758)
Accounts payable	(2,318)	(3,935)
Income taxes payable	(1,114)	4,763
Accrued expenses	1,077	(2,198)
Deferred compensation	(16)	(166)
Deferred revenue	(16,092)	(22,030)
Other assets and liabilities	(886)	767
Net cash provided by operating activities	44,562	46,885
Cash flows from investing activities:		
Additions to property and equipment	(9,526)	(6,018)
Additions to intangible assets	(177)	(54)
Cash paid for acquisition of business, net of cash acquired	(34,553)	(13,943)
Net cash used in investing activities	(44,256)	(20,015)
Cash flows from financing activities:		
Dividends paid	(14,680)	(13,878)
Payment of debt issuance costs	—	(1,739)
Borrowings from credit facility	5,000	—
Tax payments for restricted stock issuances	(1,608)	(4,409)
Repurchase of common stock	(8,297)	(6,297)
Net cash used in financing activities	(19,585)	(26,323)
Effect of exchange rate changes on cash	173	1,676
Net (decrease) increase in cash	(19,106)	2,223
Cash, cash equivalents, and restricted cash, beginning of period	70,499	83,331
Cash, cash equivalents, and restricted cash, end of period	\$ 51,393	\$ 85,554

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to “OneSpan,” “Company,” “we,” “our,” and “us,” refer to OneSpan Inc. and its subsidiaries.

Note 1 – Description of the Company and Basis of Presentation

Description of the Company

OneSpan helps organizations build secure, seamless, and trusted digital experiences through two solution portfolios: Cybersecurity and Digital Agreements. Our cybersecurity solutions protect identities, secure mobile apps, and safeguard access through advanced high-assurance authentication, threat intelligence, fraud prevention, and mobile app protection, defending users, devices, and applications against sophisticated attacks. Our digital agreement solutions streamline agreement workflows with secure e-signatures, identity verification, and smart digital forms, built to enable speed, compliance and exceptional customer experiences. Trusted by leading global enterprises, including more than 60% of the world’s 100 largest banks, OneSpan processes over a hundred million digital agreements and billions of secure authentication transactions across more than 120 countries each year. OneSpan has operations in Austria, Australia, Belgium, Canada, China, France, Germany, India, Japan, The Netherlands, Singapore, Spain, Switzerland, the United Arab Emirates, the United Kingdom (U.K.), and the United States (U.S.).

Dividends

During the three months ended September 30, 2026, the Company paid its quarterly cash dividend declared on September 4, 2026 as part of a recurring quarterly dividend program. The quarterly cash dividend of \$0.13 per share was paid to shareholders of record as of the close of business on August 14, 2026. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

Share Repurchase Program

During the nine months ended September 30, 2026, the Company repurchased 0.2 million shares of its common stock for \$2.9 million under its new share repurchase program adopted in May 2026. As of September 30, 2026, approximately \$47.1 million remained available for potential future repurchases under the repurchase program.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of OneSpan and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles in the United States of America (“U.S. GAAP”) for complete financial statements and should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results of the interim periods presented. Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

The condensed consolidated financial statements include the accounts of the Company. All intercompany accounts and transactions have been eliminated in consolidation.

Estimates and Assumptions

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation and Transactions

The financial position and results of operations of the majority of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Accordingly, assets and liabilities are translated into U.S. Dollars using current exchange rates as of the balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the year. Translation adjustments arising from differences in exchange rates are charged or credited to other comprehensive income (loss). Gains and losses resulting from foreign currency transactions are included in the condensed consolidated statements of operations in other income (expense), net. Foreign exchange transaction losses aggregated to \$0.1 million and \$0.8 million for the three and nine months ended September 30, 2026, respectively. Foreign exchange transaction losses aggregated to \$0.2 million and \$1.3 million for the three and nine months ended September 30, 2025, respectively.

Note 2 – Summary of Significant Accounting Policies

There have been no changes to the significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2025 filed with the SEC on February 26, 2026 that impact the Company's condensed consolidated financial statements and related notes.

Other Accrued Expenses

Other accrued expenses consist of the following:

<i>(In thousands)</i>	September 30, 2026	December 31, 2025
Current operating lease liabilities	\$ 2,229	\$ 2,262
Accrued sales tax and VAT	1,574	2,213
Acquisition hold back (1)	4,988	2,700
Other accrued expenses	4,413	3,602
Accrued professional fees	832	1,082
Total	<u>\$ 14,036</u>	<u>\$ 11,859</u>

(1) Includes the deferred consideration of \$0.5 million held back as a buffer for adjustments to the purchase consideration. See Note 6 – *Business Acquisitions*, for additional information.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that are adopted by the Company as of the specified effective date.

In November 2024, the FASB issued ASU 2024-03, Comprehensive Income (Topic 220) – *Disaggregation of Income Statement Expenses*, to improve financial reporting by requiring disclosures in the notes to financial statements about specific types of expenses included in the expense captions presented on the face of the statement of operations. The requirements of the ASU are effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods beginning after December 15, 2027, with early adoption permitted. The requirements are able to be applied prospectively with the option for retrospective application. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangible – Goodwill and Other – Internal-Use Software (Subtopic 350-40) – *Targeted Improvements to the Accounting for Internal Use Software*, to improve the guidance for the costs to develop software for internal use. Within the updated guidance, the FASB removed reference to prescriptive sequential software development stages. Instead, management will begin capitalizing eligible costs when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. This update is effective for annual reporting periods beginning after December 15, 2027. This update can be applied on a prospective basis, on a modified basis for in-process projects, or on a retrospective basis. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

Note 3 – Segment Information

Segments are defined as components of a company that engage in business activities from which they may earn revenues and incur expenses, and for which separate financial information is available and regularly provided to the chief operating decision maker ("CODM"), in deciding how to allocate resources and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company's reportable segments are business units that offer different products and services and are as follows:

- **Cybersecurity.** Cybersecurity, formerly Security Solutions, consists of our broad portfolio of software products, software development kits ("SDKs") and Digipass authenticator devices that are used to build applications designed to defend against attacks on digital transactions across online environments, devices, and applications. The software products and SDKs included in the Cybersecurity segment are delivered through on-premises and cloud-based deployment models and include standards-based authentication technologies such as Fast Identity Online ("FIDO") authentication and passkeys, multi-factor authentication, transaction signing solutions and mobile application security.
- **Digital Agreements.** Digital Agreements consists of solutions that enable our clients to secure and automate business processes associated with their digital agreement and customer transaction lifecycles that require consent, non-repudiation and compliance. These solutions, which are cloud-based, include OneSpan Sign e-signature, OneSpan Notary, and Identity Verification.

Segment operating income (loss) consists of the revenues generated by a segment, less the direct costs of revenue, sales and marketing, research and development expenses, general and administrative expenses, restructuring and other related charges, and amortization of intangible assets expense that are incurred directly by a segment. Sales and marketing and research and development expenses were determined to be significant segment expenses. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not directly attributable to a particular segment.

The tables below set forth information about the Company's operating segments for the three and nine months ended September 30, 2026 and 2025, along with the items necessary to reconcile the segment information to the totals reported in the accompanying condensed consolidated financial statements.

	Three Months Ended September 30, 2026			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
<i>(In thousands, except percentages)</i>				
Revenue	\$ 44,886	\$ 18,999	\$ —	\$ 63,885
Cost of goods sold	10,291	4,859	—	15,150
Gross profit	34,595	14,140	—	48,735
<i>Gross margin</i>	77 %	74 %	*	76 %
Sales and marketing	9,117	3,375	1,507	13,999
Research and development	6,174	2,815	918	9,907
Other segment items (1)(3)	768	1,015	13,803	15,586
Operating income (loss) (2)(4)	18,536	6,935	(16,228)	9,243
Interest (expense) income, net				(80)
Other income (expense), net				292
Income before income taxes				\$ 9,455

	Three Months Ended September 30, 2025			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
<i>(In thousands, except percentages)</i>				
Revenue	\$ 40,322	\$ 16,734	\$ —	\$ 57,056
Cost of goods sold	10,325	4,728	—	15,053
Gross profit	29,997	12,006	—	42,003
<i>Gross margin</i>	74 %	72 %	*	74 %
Sales and marketing	7,202	3,443	746	11,391
Research and development	5,689	2,917	190	8,796
Other segment items (1)(3)	431	1,487	11,671	13,589
Operating income (loss) (2)(4)	16,675	4,159	(12,607)	8,227
Interest (expense) income, net				388
Other income (expense), net				(208)
Income before income taxes				\$ 8,407

(In thousands, except percentages)	Nine Months Ended September 30, 2026			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
Revenue	\$ 134,362	\$ 55,936	\$ —	\$ 190,298
Cost of goods sold	33,969	14,597	—	48,566
Gross profit	100,393	41,339	—	141,732
<i>Gross margin</i>	75 %	74 %	*	74 %
Sales and marketing	26,503	10,125	3,124	39,752
Research and development	18,429	8,699	1,763	28,891
Other segment items (1)(3)	2,320	3,326	34,641	40,287
Operating income (loss) (2)(4)	53,141	19,189	(39,528)	32,802
Interest (expense) income, net				(253)
Other income (expense), net				(47)
Income before income taxes				\$ 32,502

(In thousands, except percentages)	Nine Months Ended September 30, 2025			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
Revenue	\$ 132,270	\$ 47,995	\$ —	\$ 180,265
Cost of goods sold	33,365	13,839	—	47,204
Gross profit	98,905	34,156	—	133,061
<i>Gross margin</i>	75 %	71 %	*	74 %
Sales and marketing	21,402	10,313	2,638	34,353
Research and development	15,966	9,510	692	26,168
Other segment items (1)(3)	902	3,930	31,793	36,625
Operating income (loss) (2)(4)	60,635	10,403	(35,123)	35,915
Interest (expense) income, net				1,812
Other income (expense), net				(886)
Income before income taxes				\$ 36,841

*Percentage not meaningful.

(1) Cybersecurity other segment items includes general and administrative expense and amortization of intangibles for the three months ended September 30, 2026, and general and administrative expense, write-off of assets, and amortization of intangibles for the nine months ended September 30, 2026. Cybersecurity other segment items includes general and administrative expense and restructuring and other related charges for the three and nine months ended September 30, 2025.

(2) Cybersecurity operating income includes \$1.1 million and \$2.8 million of total amortization and depreciation expense for the three and nine months ended September 30, 2026, respectively. Cybersecurity operating income includes \$0.4 million and \$0.7 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively.

Cybersecurity operating income does not include any restructuring and other related charges for the three and nine months ended September 30, 2026. Cybersecurity operating income includes less than \$0.1 million and \$0.3 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively.

(3) Digital Agreements other segment items includes general and administrative expense and amortization of intangibles for the three and nine months ended September 30, 2026. Digital Agreements other segment items includes general and administrative expense and restructuring and other related charges for the three and nine months ended September 30, 2025.

(4) Digital Agreements operating income includes \$2.1 million and \$6.4 million of total amortization and depreciation expense for the three and nine months ended September 30, 2026, respectively. Digital Agreements operating income includes \$1.9 million and \$5.5 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively.

Digital Agreements operating income does not include any restructuring and other related charges for the three and nine months ended September 30, 2026.

Digital Agreements operating income includes less than \$0.1 million and \$0.2 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively.

The following tables illustrate the disaggregation of revenues by category and services, including a reconciliation of the disaggregated revenues to revenues from the Company's two reportable operating segments for the three and nine months ended September 30, 2026 and 2025:

Three Months Ended September 30,				
(In thousands)	2026		2025	
	Cybersecurity	Digital Agreements	Cybersecurity	Digital Agreements
Subscription (1)	\$ 32,515	\$ 18,978	\$ 27,691	\$ 16,705
Perpetual maintenance and services	1,920	21	2,901	29
Hardware products	10,451	—	9,730	—
Total Revenue	\$ 44,886	\$ 18,999	\$ 40,322	\$ 16,734

Nine Months Ended September 30,				
(In thousands)	2026		2025	
	Cybersecurity	Digital Agreements	Cybersecurity	Digital Agreements
Subscription (1)	\$ 95,026	\$ 55,855	\$ 87,345	\$ 47,874
Perpetual maintenance and services	6,859	81	10,116	121
Hardware products	32,477	—	34,809	—
Total Revenue	\$ 134,362	\$ 55,936	\$ 132,270	\$ 47,995

(1) Cybersecurity subscription revenue during the three and nine months ended September 30, 2025 includes \$6.6 million and \$17.6 million, respectively, of term maintenance that has been reclassified from maintenance and services to align with the revised presentation of revenue described in Note 4 below. Digital Agreements subscription revenue during the three and nine months ended September 30, 2025 includes less than \$0.1 million for all periods related to the reclassification from maintenance and services to align with the revised presentation of revenue.

Asset information by segment is not reported to or reviewed by the CODM to allocate resources, and therefore, the Company has not disclosed asset information for the segments.

Note 4 – Revenue from Contracts with Customers

The following tables present the Company's revenues disaggregated by major products and services, geographical region and timing of revenue recognition. Certain prior period amounts for disaggregated revenues by major products and services have been reclassified to conform with the current year's presentation. The Company historically had reported revenue derived from maintenance contracts on an aggregated basis, encompassing maintenance associated with both perpetual license products and term-based license arrangements. In connection with the Company's strategic focus on expanding its subscription-based offerings and in response to changing customer purchasing preferences, an increasing proportion of customer contracts related to perpetual license products have transitioned to term-based contracts. As a result, the Company has revised its presentation within the revenue-by-products tables to include term-based maintenance revenue within subscription revenue. Additionally, maintenance revenue associated with perpetual licenses and services revenue are now presented together, which reflects the steady decline in perpetual license arrangements. This reclassification had no impact on total revenue, operating income, or cash flows, and prior period results have been updated for comparability.

Revenue by major products and services

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Subscription (1)	\$ 51,493	\$ 44,396	\$ 150,881	\$ 135,219
Perpetual maintenance and services	1,941	2,930	6,940	10,237
Hardware products	10,451	9,730	32,477	34,809
Total Revenue	<u>\$ 63,885</u>	<u>\$ 57,056</u>	<u>\$ 190,298</u>	<u>\$ 180,265</u>

(1) Subscription revenue during the three and nine months ended September 30, 2025 includes \$6.6 million and \$17.6 million, respectively, of term maintenance revenue that has been reclassified from maintenance and services to align with the revised presentation of revenue described above.

Revenue by location of customer

We classify our sales by customer location in three geographic regions: 1) the Americas, which includes North, Central, and South America; 2) EMEA, which includes Europe, Middle East and Africa; and 3) Asia Pacific (APAC), which includes Australia and New Zealand. The breakdown of revenue in each of our major geographic areas was as follows:

(In thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue				
Americas	\$ 27,534	\$ 26,105	\$ 80,412	\$ 71,079
EMEA	23,815	21,430	73,278	75,834
APAC	12,536	9,521	36,608	33,352
Total revenue	<u>\$ 63,885</u>	<u>\$ 57,056</u>	<u>\$ 190,298</u>	<u>\$ 180,265</u>
% of Total Revenue				
Americas	43 %	46 %	42 %	39 %
EMEA	37 %	38 %	39 %	42 %
APAC	20 %	16 %	19 %	19 %

Timing of revenue recognition

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Products and licenses transferred at a point in time	\$ 32,150	\$ 27,712	\$ 95,844	\$ 97,189
Services transferred over time	31,735	29,344	94,454	83,076
Total Revenue	<u>\$ 63,885</u>	<u>\$ 57,056</u>	<u>\$ 190,298</u>	<u>\$ 180,265</u>

Contract balances

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers as of September 30, 2026 and December 31, 2025:

(In thousands)	September 30,	December 31,
	2026	2025
Receivables, inclusive of trade and unbilled	\$ 41,842	\$ 55,999
Contract Assets (current and non-current)	\$ 17,345	\$ 20,136
Contract Liabilities (Deferred Revenue current and non-current)	\$ 59,241	\$ 74,180

Contract assets relate primarily to multi-year term license arrangements and the remaining contractual billings. These contract assets are transferred to receivables when the right to bill occurs over a 2 to 5 year period. The contract liabilities primarily relate to the advance consideration received from customers for subscription and maintenance services. Revenue is recognized for these services over time.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when it is expected, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. Extended payment terms are not typically included in contracts with customers.

Revenue recognized during the nine months ended September 30, 2026 included \$63.7 million that was included on the December 31, 2025 consolidated balance sheet in contract liabilities. Deferred revenue decreased in the same period due to timing of annual renewals.

Transaction price allocated to the remaining performance obligations

Remaining performance obligations represent the revenue that is expected to be recognized in future periods related to performance obligations that are unsatisfied, or partially unsatisfied, as of the end of the period. The following table includes expected revenue to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2026:

(In thousands)	2026	2027	2028	Beyond 2028	Total
Future revenue related to current unsatisfied performance obligations	\$ 21,160	\$ 51,762	\$ 29,848	\$ 9,898	\$ 112,668

The Company applies practical expedients and does not disclose information about remaining performance obligations (a) that have original expected durations of one year or less, or (b) where revenue is recognized as invoiced.

Costs of obtaining a contract

The Company incurs incremental costs related to commissions, which can be directly tied to obtaining a contract. The Company capitalizes commissions associated with certain new contracts and amortizes the costs over a period of up to 7 years, which is the determined benefit period based on the estimated customer relationship period or customer benefit period. The Company determined the period of benefit by taking into consideration the customer contracts, its technology and other factors, including customer attrition. Commissions are earned upon invoicing to the customer. For contracts with multiple year payment terms, because the commissions that are payable after year 1 are payable based on continued employment, they are expensed when incurred. Commissions and amortization expense are included in "Sales and Marketing" expense in the condensed consolidated statements of operations.

As a practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period for the assets that the Company otherwise would have recognized is one year or less. These costs are included in "Sales and Marketing" expense in the condensed consolidated statements of operations.

The following tables provide information related to the capitalized costs and amortization recognized in the current and prior period within "Other current assets" and "Other assets" on the condensed consolidated balance sheets:

(In thousands)	September 30, 2026	December 31, 2025
Capitalized costs to obtain contracts, current	\$ 5,596	\$ 5,223
Capitalized costs to obtain contracts, non-current	\$ 11,896	\$ 12,558

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Amortization of capitalized costs to obtain contracts	\$ 1,435	\$ 1,270	\$ 4,147	\$ 3,630

Note 5 – Inventories, net

Inventories, net, consisting principally of hardware and component parts, are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Inventories, net consist of the following:

(In thousands)	September 30, 2026	December 31, 2025
Component parts	\$ 3,114	\$ 4,092
Finished goods	7,988	6,374
Total	\$ 11,102	\$ 10,466

Note 6 – Business Acquisitions

2026 - Build38 Acquisition

On February 27, 2026, the Company completed the acquisition of Build38 GmbH ("Build38") pursuant to a merger agreement (the "B38 Merger Agreement") entered into on December 23, 2025 that resulted in the Company purchasing all of the outstanding equity interests of Build38. Build38 is a provider of next-generation mobile application protection solutions and will extend the Company's investment in advanced mobile security technologies. The acquisition is expected to enhance OneSpan's App Shielding offering by adding SDK-based security solutions that integrate in-app, cloud, and AI technologies. These enhancements are designed to provide businesses with strong protection against the growing wave of attacks targeting the mobile channel, as well as critical intelligence and telemetry on the mobile devices where the applications are deployed. The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. Under this method, the Company recognized the identifiable assets acquired and liabilities assumed at their estimated fair values as of the acquisition date.

Pursuant to the terms of the B38 Merger Agreement, the total provisional purchase consideration for the acquisition was \$37.9 million, consisting of \$34.6 million in cash consideration paid, \$0.9 million in cash acquired, and \$2.4 million in deferred consideration. Of the deferred amount, \$1.9 million (the "Holdback Amount") has been held back as security for certain potential liabilities of Build38. Any unused portion of the Holdback Amount will be released to Build38 security holders 18 months after the closing date. The remaining deferred amount of \$0.5 million has been held back as a buffer for adjustments to the purchase consideration based upon the closing date financial statements, which are expected to be settled in the fourth quarter of 2026. The Company incurred transaction related expenses of \$2.1 million in connection with the acquisition of Build38, of which \$1.6 million was expensed on the consolidated statement of operations for the year ended December 31, 2025 while the remaining \$0.5 million was expensed during the nine months ended September 30, 2026.

Build38 is allocated entirely to the Company's Cybersecurity reportable operating segment. The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed:

(In thousands)

Fair value of assets acquired and liabilities assumed:		
Cash and cash equivalents	\$	936
Accounts receivable, net		1,575
Prepaid expenses		852
Property and equipment, net		75
Other assets		51
Operating lease right-of-use assets		276
Developed technology		7,327
Customer relationships		473
Goodwill		25,962
Deferred tax asset, net of valuation allowance		7,035
Accounts payable		(271)
Other accrued expenses		(1,843)
Short-term lease liabilities		(304)
Deferred revenue		(1,699)
Deferred tax liability		(2,571)
Total net assets acquired	\$	37,874
Total consideration	\$	37,874
Hold back		(1,911)
Deferred consideration		(473)
Cash acquired		(936)
Cash paid for acquisition of business, net of cash acquired	\$	34,554

As part of the purchase price allocation, the Company determined intangible assets were developed technology and customer relationships. The fair value of the intangible assets was estimated using an income based approach for the technology and replacement cost approach for the customer relationships. The estimated useful lives over which intangible assets will be amortized are as follows: developed technology (7 years) and customer relationships (1 year).

The excess of the provisional purchase price over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed has been recorded as goodwill, which is primarily attributable to expected growth opportunities, potential synergies from combining the acquired business into the Company's existing businesses and an assembled workforce. Goodwill is not expected to be deductible for tax purposes.

Deferred revenue was recorded under ASC 606 in accordance with ASU 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*; therefore, a reduction in deferred revenues related to the estimated fair values of the acquired deferred revenues was not required.

The Build38 operating results since completion of the acquisition are not material and are included in the condensed consolidated financial statements. The Company has not presented pro forma results of operations for the acquisition since the financial impact was not material to the condensed consolidated financial statements.

The initial accounting for the acquisition is not complete, and measurement period adjustments may be recorded in fiscal year 2026, but no later than one year from the acquisition date. The areas that remain provisional primarily relate to (i) the assessment of deferred income tax assets and (ii) the finalization of the net working capital adjustment, which is required to be settled within 90 days of the acquisition date, subject to seller shareholder approval and requests for extensions, and may impact the total purchase consideration. The Company believes the information currently available provides a reasonable basis for the provisional fair values of assets acquired and liabilities assumed. The Company will continue to evaluate these items and record necessary adjustments within the allowable measurement period.

2025 - Nok Nok Labs, Inc. Acquisition

On June 4, 2025, the Company acquired Nok Nok Labs, Inc ("Nok Nok Labs") pursuant to a merger agreement (the "NNL Merger Agreement") that resulted in the Company purchasing all of the outstanding equity interests of Nok Nok Labs. Nok Nok Labs is a leading provider of passwordless software authentication solutions that use FIDO (Fast IDentity Online) authentication protocols. The technology acquired in the acquisition is expected to provide OneSpan's customers with a wider range of flexible, adaptable authentication options. The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. Under this method, the Company recognized the identifiable assets acquired and liabilities assumed at their fair values as of the acquisition date.

Pursuant to the terms of the NNL Merger Agreement, the total purchase consideration for the acquisition was \$19.2 million, consisting of \$14.7 million in cash consideration paid, \$1.8 million in cash acquired, and \$2.7 million in deferred consideration. The \$2.7 million (the "Holdback Amount") was held back as security for potential indemnity claims made by the Company. Any unused portion of the Holdback Amount will be released to Nok Nok Labs security holders 18 months after the acquisition date.

Note 7 – Goodwill

The following table presents the changes in goodwill during the nine months ended September 30, 2026:

<i>(In thousands)</i>	Cybersecurity	Digital Agreements	Total
Net balance at December 31, 2025	\$ 82,240	\$ 21,600	\$ 103,840
Acquisition during the period (1)	25,962	—	25,962
Foreign currency exchange rate effect	(1,654)	(461)	(2,115)
Net balance at September 30, 2026	<u>\$ 106,548</u>	<u>\$ 21,139</u>	<u>\$ 127,687</u>

(1) Represents goodwill recorded in conjunction with the acquisition of Build38 for the nine months ended September 30, 2026. See Note 6 – *Business Acquisitions*, for additional information.

No impairment of goodwill was recorded during the nine months ended September 30, 2026 and 2025.

Note 8 – Intangible Assets, net

Intangible assets, net as of September 30, 2026 and December 31, 2025 consist of the following:

<i>(In thousands)</i>	Useful Life (in years)	As of September 30, 2026		As of December 31, 2025	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired technology	6 to 7	\$ 28,471	\$ (19,302)	\$ 21,397	\$ (18,237)
Customer relationships	1 to 12	29,759	(25,845)	29,317	(23,679)
Patents, trademarks, and other	10 to 20	5,249	(4,201)	5,080	(4,137)
Total		<u>\$ 63,479</u>	<u>\$ (49,348)</u>	<u>\$ 55,794</u>	<u>\$ (46,053)</u>

Amortization expense was \$1.2 million and \$3.3 million for the three and nine months ended September 30, 2026, respectively, compared to \$0.7 million and \$2.0 million for the three and nine months ended September 30, 2025, respectively. Amortization expense includes cost of sales amortization expense directly related to delivering cloud subscription revenue of \$0.4 million and \$1.0 million for the three and nine months ended September 30, 2026, respectively. There was no cost of sales amortization expense for the three and nine months ended September 30, 2025. Costs included in cost of sales are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

Certain intangible assets are denominated in functional currencies besides the U.S. Dollar and are subject to currency fluctuations.

There was no impairment of intangible assets recorded during the nine months ended September 30, 2026 and 2025.

Note 9 – Property and Equipment, net

The following table presents the major classes of property and equipment, net, as of September 30, 2026 and December 31, 2025:

<i>(In thousands)</i>	September 30, 2026	December 31, 2025
Office equipment and software	\$ 9,827	\$ 9,768
Leasehold improvements	8,105	8,000
Furniture and fixtures	3,877	3,861
Capitalized software	35,555	26,575
Total	57,364	48,204
Accumulated depreciation	(32,453)	(25,970)
Property and equipment, net	\$ 24,911	\$ 22,234

Depreciation expense was \$2.2 million and \$6.7 million for the three and nine months ended September 30, 2026, respectively, compared to \$1.8 million and \$5.2 million for the three and nine months ended September 30, 2025, respectively. Depreciation expense includes cost of sales depreciation expense directly related to delivering cloud subscription revenue of \$1.7 million and \$5.2 million for the three and nine months ended September 30, 2026, respectively, and \$1.3 million and \$3.7 million for the three and nine months ended September 30, 2025, respectively, and are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

The Company wrote-off internal capitalized software of \$0.3 million during the nine months ended September 30, 2026 related to an in process software project similar to the mobile application protection solution acquired in the Build38 acquisition. As a result, the Company determined this software project to have no future benefit.

Note 10 – Fair Value Measurements

The fair values of cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short duration. The fair value of the Company's variable rate revolving credit facility approximates its carrying value and is based on Level 2 inputs as it is estimated using observable markets inputs such as current interest rates and credit spreads for similar instruments. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing base upon its own market assumptions.

The estimated fair value of financial instruments has been determined by using available market information and appropriate valuation methodologies, as defined in ASC 820, *Fair Value Measurements*. The fair value hierarchy consists of the following three levels:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are

observable and market-corroborated inputs which are derived primarily from or corroborated by observable market data.

- Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following tables summarize the Company's financial assets by level in the fair value hierarchy as of September 30, 2026 and December 31, 2025:

(In thousands)	Fair Value Measurement at Reporting Date Using			
	September 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Term Deposit	\$ 11,303	\$ 11,303	\$ —	\$ —
Money Market Funds	\$ 21,031	\$ 21,031	\$ —	\$ —

(In thousands)	Fair Value Measurement at Reporting Date Using			
	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money Market Funds	\$ 31,391	\$ 31,391	\$ —	\$ —

The Company did not have any financial liabilities that are measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025.

The Company's non-financial assets and liabilities, which include goodwill and long-lived assets held and used, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required, the Company would evaluate the non-financial assets and liabilities for impairment. If an impairment was to occur, the asset or liability would be recorded at its estimated fair value.

Note 11 – Allowance for Credit Losses

In accordance with accounting standards updates ("ASU") No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," the Company evaluates its allowance based on expected losses rather than incurred losses, which is known as the current expected credit loss ("CECL") model. The allowance is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The changes in the allowance for credit losses during the nine months ended September 30, 2026 were as follows:

(In thousands)	
Balance at December 31, 2025	\$ 1,227
Provision for credit losses	19
Write-offs	(256)
Balance at September 30, 2026	<u>\$ 990</u>

Note 12 – Debt

On June 23, 2025, the Company entered into a \$100.0 million credit agreement (the "Credit Agreement") with MUFG Bank, Ltd ("MUFG"), as administrative agent, swingline lender and L/C issuer, and other lenders party thereto. The Credit Agreement provides for a \$100.0 million revolving credit facility with a \$10.0 million letter of credit sublimit and a \$10.0 million swingline loan sublimit. As of September 30, 2026, the Company had \$0.4 million letters of credit outstanding and \$5.0 million of borrowings outstanding under the Credit Agreement. Any outstanding letters of credit reduce the availability of funds to borrow. On October 6, 2026, the Company repaid in full the total amount of borrowings outstanding under the Credit Agreement.

The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. The Company may borrow, repay and reborrow funds under the revolving credit facility until its maturity on June 23, 2030. Revolving loans may be prepaid by the Company, subject to notice and minimum threshold requirements, without penalty or premium, subject to customary breakage costs. The Company is required to pay a commitment fee on the daily unused amount of the revolving credit facility commitments ranging from 0.25% to 0.30% per annum, depending on its consolidated net leverage ratio.

At the Company's election, borrowings under the credit facility will bear interest at either (i) the base rate, defined as the highest of (a) the MUFG prime rate, (b) the federal funds rate plus 0.50%, and (c) term SOFR plus 1.00%, in each case, subject to a 1.00% floor, (ii) the term SOFR rate, (iii) the alternative currency daily rate, or (iv) the alternative currency term rate, in each case, plus the applicable rate. The applicable rate varies based on the Company's consolidated net leverage ratio and will range from 1.00% to 1.50% for base rate loans and 2.00% to 2.50% for term SOFR and alternative currency loans. With respect to term SOFR and alternative currency term rate loans, the Company may elect an interest period of one (1), three (3) or six (6) months.

The Credit Agreement also provides that the Company may, with the agreement of the lenders and/or new lenders and subject to certain conditions and limitations, add one or more incremental revolving facilities to increase commitments under the credit facility in an aggregate amount not to exceed the greater of (x) \$100.0 million and (y) 100% of Consolidated EBITDA (as defined in the Credit Agreement) for the four consecutive fiscal quarters most recently ended for which financial statements have been delivered pursuant to the terms of the Credit Agreement.

All of the Company's obligations under the Credit Agreement are secured by a first-priority lien and security interest in substantially all of the Company's tangible and intangible assets. The material subsidiaries of OneSpan Inc., subject to certain exclusions, have guaranteed the obligations under the Credit Agreement and granted a lien and pledge, as applicable, on substantially all of their tangible and intangible property to secure the obligations under the Credit Agreement.

The Credit Agreement contains certain representations and warranties, affirmative covenants, negative covenants and conditions that are customarily required for similar financings. The negative covenants include limitations on indebtedness, liens, investments, fundamental changes, asset dispositions, restricted payments and transactions with affiliates, as well as financial covenants that require the maintenance of (i) a consolidated net leverage ratio (as defined in the Credit Agreement) of not more than 3.25 to 1.00 at any time during any period of four consecutive fiscal quarters, subject to certain exceptions and (ii) a minimum consolidated interest coverage ratio (as defined in the Credit Agreement) of not less than 3.00 to 1.00 as of the end of any fiscal quarter.

The Company capitalized \$1.9 million of lender and third-party debt issuance costs incurred in connection with the Credit Agreement and will amortize these costs to interest expense over the term of the revolving credit facility. For the three and nine months ended September 30, 2026, the amortization of debt issuance costs was \$0.1 million and \$0.3 million. As of September 30, 2026, the current portion of the debt issuance costs were \$0.4 million and are included in the "Other current assets" line in the consolidated balance sheets and the non-current portion of the debt issuance costs were \$1.0 million and are included in the "Other assets" line in the consolidated balance sheets.

Note 13 – Leases

Operating lease cost details for the three and nine months ended September 30, 2026 and 2025 are as follows:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Building rent	\$ 310	\$ 268	\$ 874	\$ 700
Automobile rentals	327	358	975	973
Total net operating lease costs	<u>\$ 637</u>	<u>\$ 626</u>	<u>\$ 1,849</u>	<u>\$ 1,673</u>

At September 30, 2026, the Company's weighted average remaining lease term for its operating leases is 4.2 years, and the weighted average discount rate for its operating leases is 6%.

During the nine months ended September 30, 2026, there were \$2.6 million of operating cash payments for lease liabilities and \$2.5 million of right-of-use assets obtained in exchange for new lease liabilities.

Maturities of the Company's operating leases as of September 30, 2026 are as follows:

(In thousands)	As of September 30, 2026
2026	\$ 607
2027	2,644
2028	2,549
2029	1,584
2030	823
Later years	1,269
Less imputed interest	(1,085)
Total lease liabilities	<u>\$ 8,391</u>

Note 14 – Income Taxes

The Company's estimated annual effective tax rate for 2026 before discrete items is expected to be approximately 20%. The Company's global effective tax rate approximates the U.S. statutory tax rate of 21% primarily due to the benefit from Foreign-Derived Deduction Eligible Income (FDDEI) and R&D credits that are offset by differences in foreign income tax rates, nondeductible expenses, and Net CFC Tested Income (NCTI), net of foreign tax credit. The ultimate tax expense will depend on the mix of earnings in various jurisdictions. Income taxes, net of refunds, of \$7.0 million and \$6.0 million were paid during the nine months ended September 30, 2026 and 2025, respectively.

Management assesses the need for a valuation allowance on a regular basis, weighing all positive and negative evidence to determine whether a deferred tax asset will be fully or partially realized. In evaluating the realizability of deferred tax assets, significant pieces of negative evidence such as 3-year cumulative losses are considered. Management also reviews reversal patterns of temporary differences to determine if the Company would have sufficient taxable income due to the reversal of temporary differences to support the realization of deferred tax assets.

Note 15 – Long-Term Compensation Plan and Stock Based Compensation

Under the OneSpan Inc. Amended and Restated 2019 Omnibus Incentive Plan, the Company awards restricted stock units subject to time-based vesting, restricted stock units which are subject to the achievement of future performance criteria and restricted stock units that are subject to the achievement of market conditions. The Company also awards a small amount of cash incentive awards under the Amended and Restated 2019 Omnibus Incentive Plan, as shown in the table below.

During the nine months ended September 30, 2026, the Company awarded 0.7 million restricted stock units subject to time-based vesting. The fair value of the unissued time-based restricted stock unit grants was \$7.5 million at the dates of grant and the grants are being amortized over the vesting period of three years.

During the nine months ended September 30, 2026, the Company awarded restricted stock units subject to the achievement of service and future performance criteria, which allows for up to 0.9 million shares to be earned if the performance criteria are achieved at the target level. The fair value of these awards was \$9.2 million at the dates of grant and the awards are being amortized over the requisite service period of three years. The Company currently believes that approximately 167% of these shares are expected to be earned.

The following table summarizes total compensation expense for the three and nine months ended September 30, 2026 and 2025:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock-based compensation	\$ 5,484	\$ 3,374	\$ 10,802	\$ 9,601
Other long-term incentive plan compensation (1)	15	16	43	46
Total compensation	<u>\$ 5,499</u>	<u>\$ 3,390</u>	<u>\$ 10,845</u>	<u>\$ 9,647</u>

- (1) Other long-term incentive compensation consists of immaterial expense for cash incentive awards granted to employees located in jurisdictions where we do not issue stock-based compensation due to tax, regulatory or similar reasons.

Note 16 – Earnings per Share

Basic earnings per share is based on the weighted average number of shares outstanding and excludes the dilutive effect of common stock equivalents. Diluted earnings per share is based on the weighted average number of shares outstanding and includes the dilutive effect of common stock equivalents to the extent they are not anti-dilutive.

The details of the earnings per share calculations for the three and nine months ended September 30, 2026 and 2025 are as follows:

(In thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	\$ 7,798	\$ 6,514	\$ 26,144	\$ 29,361
Weighted average common shares outstanding:				
Basic	37,121	38,136	37,313	38,149
Incremental shares with dilutive effect:				
Restricted stock units	1,918	632	1,086	696
Diluted	39,039	38,768	38,399	38,845
Net income per share:				
Basic	\$ 0.21	\$ 0.17	\$ 0.70	\$ 0.77
Diluted	\$ 0.20	\$ 0.17	\$ 0.68	\$ 0.76

Note 17 – Legal Proceedings and Contingencies

The Company is subject to certain legal proceedings and claims that have arisen in the ordinary course of business. The Company currently does not anticipate that these matters, if resolved against the Company, will have a material adverse impact on its financial results or financial condition.

The Company accrues loss contingencies when losses become probable and are reasonably estimable. As of September 30, 2026, the Company has no probable and reasonably estimable loss contingencies.

The Company does not accrue for contingent losses that, in the judgment of the Company, are considered to be reasonably possible, but not probable. Although the Company intends to defend its legal matters vigorously, the ultimate outcome of these matters is uncertain. However, the Company does not expect the potential losses, if any, to have a material adverse impact on its operating results, cash flows, or financial condition. As of September 30, 2026, the Company does not have any reasonably possible losses for which an estimate can be made.

Note 18 – Subsequent Events

On October 29, 2026, the Board of Directors declared a quarterly cash dividend of \$0.13 per share as part of the Company's recurring quarterly dividend program initiated in December 2024. This dividend will be paid on December 4, 2026 to shareholders of record as of the close of business on November 13, 2026. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to "OneSpan," "Company," "we," "our," and "us" refer to OneSpan Inc. and its subsidiaries.

This commentary should be read in conjunction with the condensed consolidated financial statements and related notes thereto of OneSpan for the three- and nine-month periods ended September 30, 2026 and 2025 as well as our consolidated financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "Form 10-K").

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding: our goal of driving profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth; expectations regarding the contributions of, and results from, our acquisitions of Build38 GmbH and Nok Nok Labs, Inc.; expectations about trends in our cost of goods sold, gross margin, and sales and marketing, research and development, and general and administrative expenses; the expected impact of foreign currency rate fluctuations; expectations regarding sources and uses of cash; and our general expectations regarding our operational or financial performance in the future. Forward-looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "intend", "continue", "outlook", "may", "will", "should", "could", or "might", and other similar expressions. These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could materially affect our business and financial results include, but are not limited to: difficulties increasing or maintaining our rate of revenue growth; our ability to attract new customers and retain and expand sales to existing customers; our ability to successfully develop and market new product offerings and product enhancements; changes in customer requirements; the potential effects of technological changes; the loss of one or more large customers; difficulties enhancing and maintaining our brand recognition; competition; lengthy sales cycles; challenges retaining key employees and successfully hiring and training qualified new employees; security breaches or cyber-attacks; real or perceived malfunctions or errors in our products; interruptions or delays in the performance of our products and solutions; reliance on third parties for certain products and data center services; our ability to effectively manage third party partnerships, acquisitions, divestitures, alliances, or joint ventures; economic recession, inflation, tariffs or trade disputes, and political instability; claims that we have infringed the intellectual property rights of others; changing laws, government regulations or policies; pressures on price levels; component shortages; delays and disruption in global transportation and supply chains; impairment of goodwill or amortizable intangible assets causing a significant charge to earnings; actions of activist stockholders; and exposure to increased economic and operational uncertainties from operating a global business, as well as other factors described in the "Risk Factors" section of our most recent Annual Report on Form 10-K (filed with the SEC on February 26, 2026). Our filings with the Securities and Exchange Commission and other important information can be found in the Investor Relations section of our website at investors.onespan.com. We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this Form 10-Q, except as required by law.

Our website address is included in this Quarterly Report on Form 10-Q as an inactive textual reference only.

Overview

OneSpan helps organizations build secure, seamless, and trusted digital experiences through two solution portfolios: Cybersecurity and Digital Agreements. Our cybersecurity solutions protect identities, secure mobile apps, and safeguard access through advanced high-assurance authentication, threat intelligence, fraud prevention, and robust mobile app protection, defending users, devices, and applications against sophisticated attacks. Our digital agreement solutions streamline agreement workflows with secure e-signatures, identity verification, and smart digital forms, built to enable speed, compliance and exceptional customer experiences. Trusted by leading global enterprises, including more than 60% of the world's 100 largest banks, OneSpan processes over 100 million digital agreements and billions of secure authentication transactions across more than 120 countries each year.

We offer our products primarily through a subscription licensing model and provide multiple deployment options, including cloud-based and on-premises solutions. Our solutions are sold worldwide through our direct sales force, as well as through distributors, resellers, systems integrators, and original equipment manufacturers.

We report our financial results under the following two business units, which are our reportable operating segments: Cybersecurity and Digital Agreements.

- **Cybersecurity.** Cybersecurity, formerly Security Solutions, consists of our broad portfolio of software products, software development kits ("SDKs") and Digipass authenticator devices that are used to build applications designed to defend against attacks on digital transactions across online environments, devices, and applications. The software products and SDKs included in the Cybersecurity segment are delivered through on-premises and cloud-based deployment models and include standards-based authentication technologies such as Fast Identity Online ("FIDO") authentication and passkeys, multi-factor authentication, transaction signing solutions and mobile application security.
- **Digital Agreements.** Digital Agreements consists of solutions that enable our clients to secure and automate business processes associated with their digital agreement and customer transaction lifecycles that require consent, non-repudiation and compliance. These solutions, which are cloud-based, include OneSpan Sign e-signature, OneSpan Notary, and Identity Verification.

We seek to drive profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth. Both operating segments were profitable for the three and nine months ended September 30, 2026, and Cybersecurity and Digital Agreements subscription revenue grew 17% and 14%, respectively, as compared to the three months ended September 30, 2025, respectively, and 9% and 17% as compared to the nine months ended September 30, 2025, respectively.

Overview of Key Factors Impacting our Results of Operations

As discussed in greater detail below in "Results of Operations", the following factors had a significant impact on our financial results for the three and nine months ended September 30, 2026 as compared to the three and nine months ended September 30, 2025.

Foreign exchange rate impact for the nine months ended September 30, 2026. Changes in foreign exchange rates, in particular the weakening of the U.S. Dollar relative to the Euro, favorably impacted total revenue, Cybersecurity revenue, and Digital Agreements revenue by \$3.2 million, \$2.9 million, and \$0.3 million, respectively, for the nine months ended September 30, 2026 as compared to the same period in 2025.

Recent acquisitions. In June 2025, we acquired Nok Nok Labs, Inc. ("Nok Nok Labs"), a leading provider of passwordless software authentication solutions, and in February 2026, we acquired Build38 GmbH ("Build38"), a leader in next-generation mobile application protection solutions. See Note 6, *Business Acquisitions*, for additional information about these two transactions.

Increase in multi-year on-premises term subscription contracts. Revenue for the Cybersecurity segment for the three months ended September 30, 2026 was positively impacted by a shift of certain customers from single-year to multi-year on-premises term subscription contracts. Although on-premises term subscription contracts may have a term of up to five years, we generally recognize the license revenue upfront after the contract becomes effective. This customer shift from single-year to multi-year contracts resulted in a \$2.3 million positive year-over-year revenue impact.

Components of Operating Results

Revenue

We generate revenue from the sale of our subscriptions, perpetual maintenance and services, and Digipass hardware products. We believe comparison of revenues between periods is heavily influenced by the timing of orders and shipments, reflecting the transactional nature of significant parts of our business.

- *Product and license revenue.* Product and license revenue includes Digipass hardware products and software licenses, which are provided on a perpetual or term basis subscription model.
- *Service and other revenue.* Service and other revenue includes solutions that are provided on a cloud-based subscription model, term and perpetual maintenance and support, and services.

Cost of Goods Sold

Our total cost of goods sold consists of cost of product and license revenue and cost of service and other revenue. We expect our cost of goods sold to increase in absolute dollars as our business grows, although it may fluctuate as a percentage of total revenue from period to period.

- *Cost of product and license revenue.* Cost of product and license revenue primarily consists of direct product and license costs, including personnel costs, production costs, freight, and inventory write-off adjustments for discontinued products and services.
- *Cost of service and other revenue.* Cost of service and other revenue primarily consists of costs related to cloud subscription solutions, including personnel and equipment costs, depreciation, amortization, and personnel costs of employees providing professional services and maintenance and support.

Gross Profit

Gross profit is revenue net of the cost of goods sold. Gross profit as a percentage of total revenue, or gross margin, has been and will continue to be affected by a variety of factors, including our average selling price, manufacturing costs, the mix of products sold, and the mix of revenue among products, subscriptions and services. We expect our gross margins to fluctuate over time depending on these factors.

Operating Expenses

Our operating expenses are generally based on anticipated revenue levels and fixed over short periods of time. As a result, small variations in revenue may cause significant variations in the period-to-period comparisons of operating income or operating income as a percentage of revenue.

Generally, the most significant factor driving our operating expenses is headcount. Direct compensation and benefit plan expenses generally represent between 50% and 60% of our operating expenses. In addition, a number of other expense categories are directly related to headcount. We attempt to manage our headcount within the context of the economic environments in which we operate and the investments we believe we need to make for our infrastructure to support future growth and for our products to remain competitive.

Historically, operating expenses have been impacted by changes in foreign exchange rates. We estimate the change in currency rates during the three months ended September 30, 2026 compared to the comparable prior year period resulted in a decrease in operating expenses of \$0.2 million. We estimate the change in currency rates during the nine months ended September 30, 2026 compared to the comparable prior year period resulted in an increase in operating expenses of \$1.1 million.

The comparison of operating expenses can also be impacted significantly by costs related to our stock-based and long-term incentive plans. Long-term incentive plan compensation expense includes both stock-based incentives and an immaterial amount of cash-based incentives. During the three months ended September 30, 2026 and 2025, operating expenses included \$5.5 million and \$3.4 million, respectively, of expenses related to stock-based and long-term incentive plans. During the nine months ended September 30, 2026 and 2025, operating expenses included \$10.8 million and \$9.6 million, respectively, of expenses related to stock-based and long-term incentive plans.

Our operating expenses consist of:

- *Sales and marketing.* Sales and marketing expenses consist primarily of personnel costs, commissions and bonuses, trade shows, marketing programs and other marketing activities, travel, outside consulting costs, and long-term incentive compensation. Our sales and marketing expenses may fluctuate as a percentage of total revenue.

- *Research and development.* Research and development expenses consist primarily of personnel costs and long-term incentive compensation. Our research and development expenses may fluctuate as a percentage of total revenue.
- *General and administrative.* General and administrative expenses consist primarily of personnel costs, legal, consulting and other professional fees, transaction related expenses, and long-term incentive compensation. Our general and administrative expenses may fluctuate as a percentage of total revenue.
- *Amortization of intangible assets.* Acquired intangible assets are amortized over their respective amortization periods and are periodically evaluated for impairment or changes in estimated useful life.
- *Restructuring and related charges.* Restructuring and other related charges consists of employee costs incurred in connection with headcount reductions, which include severance, retention pay, and related benefits, real estate rationalization costs, which include lease contract termination costs, asset impairment charges, and lease right-of-use asset and lease liability write-off gains or losses; product and services optimization costs, which include write-offs of capitalized software assets no longer in use; write-offs of acquired technology and capitalized software; and vendor rationalization costs for contractually committed services that we are no longer utilizing. Prior to 2026, these costs were incurred in connection with restructuring plans previously approved by the Company's Board of Directors. There were no costs recorded for restructuring and related charges during the nine months ended September 30, 2026.

Segment Results

Segment operating income (loss) consists of the revenues generated by a segment, less the direct costs of revenue, sales and marketing, research and development expenses, general and administrative expenses, restructuring and other related charges, and amortization of intangible assets expense that are incurred directly by a segment. Sales and marketing and research and development expenses were determined to be significant segment expenses. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not directly attributable to a particular segment. Financial results by reportable operating segment are included below under Results of Operations.

Interest (Expense) Income, Net

Interest (expense) income, net, consists of income earned on our cash equivalents, which are invested in short-term instruments at current market rates and expense primarily related to the amortization of debt issuance costs associated with our credit facilities.

Other Income (Expense), Net

Other income (expense), net, primarily includes exchange gains (losses) on transactions that are denominated in currencies other than our subsidiaries' functional currencies, subsidies received from foreign governments in support of our research and development in those countries and other miscellaneous non-operational expenses.

Income Taxes

Our effective tax rate reflects our global structure related to the ownership of our intellectual property ("IP"). The IP in our Cybersecurity business is owned by our U.S. and German subsidiaries. The e-signature IP in our Digital Agreements business is owned by a subsidiary in Canada. These subsidiaries have entered into agreements with most of the other OneSpan entities under which those other entities provide services to the IP owners on either a percentage of revenue or on a cost plus basis or both. Under this structure, the earnings of our service provider subsidiaries are relatively constant. These service provider companies tend to be in jurisdictions with higher effective tax rates. Fluctuations in earnings flow to the IP owners.

Changes in the effective tax rate reflect changes in the geographic mix of earnings and the tax rates in each of the countries in which it is earned. The statutory tax rate for the primary foreign tax jurisdictions ranges from 17% to 33%.

Impact of Currency Fluctuations

During the three months ended September 30, 2026 and 2025, we generated approximately 78% and 75% of our revenues, respectively, and incurred approximately 51% and 53% of our operating expenses, respectively, outside of the U.S. During the nine months ended September 30, 2026 and 2025, we generated approximately 78% and 79% of our revenues, respectively, and incurred approximately 55% and 55% of our operating expenses, respectively, outside of the U.S. As a result, changes in currency exchange rates, especially the Euro exchange rate and the Canadian Dollar exchange rate, can have a significant impact on our revenue and operating expenses.

While the majority of our revenue is generated outside of the U.S., a significant amount of our revenue earned during the nine months ended September 30, 2026 was denominated in U.S. Dollars. For the nine months ended September 30, 2026, approximately 60% of our revenue was denominated in U.S. Dollars, 37% was denominated in Euros and 3% was denominated in other currencies. For the nine months ended September 30, 2025, approximately 57% of our revenue was denominated in U.S. Dollars, 40% was denominated in Euros and 3% was denominated in other currencies.

In general, to minimize the net impact of currency fluctuations on operating income, we attempt to denominate an amount of billings in a currency such that it would provide a natural hedge against the operating expenses being incurred in that currency. We expect that changes in currency rates may impact our future results if we are unable to match amounts of revenue with our operating expenses in the same currency. If the amount of our revenue in Europe denominated in Euros continues as it is now or declines, we may not be able to balance fully the exposures of currency exchange rates on revenue and operating expenses.

The financial position and the results of operations of our foreign subsidiaries, with the exception of our subsidiaries in Switzerland, Singapore and Canada, are measured using the local currency as the functional currency. The functional currency for our subsidiaries in Switzerland, Singapore and Canada is the U.S. Dollar. Accordingly, assets and liabilities of our foreign subsidiaries are translated into U.S. Dollars using current exchange rates as of the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year.

Translation adjustments arising from differences in exchange rates generated a comprehensive loss of \$0.3 million and \$2.5 million during the three and nine months ended September 30, 2026, respectively. For the three and nine months ended September 30, 2025, translation adjustments arising from differences in exchange rates generated a comprehensive loss of \$0.9 million and comprehensive income of \$7.3 million, respectively.

Gains and losses resulting from foreign currency transactions are included in the condensed consolidated statements of operations in other income (expense), net. Foreign exchange transaction losses aggregated \$0.1 million and \$0.8 million for the three and nine months ended September 30, 2026, respectively. For the three and nine months ended September 30, 2025, losses resulting from foreign currency transactions were \$0.2 million and \$1.3 million, respectively.

Results of Operations

The following table sets forth information about the Company's two operating segments, for the periods indicated, and selected segment and condensed consolidated operating results. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment.

<i>(In thousands, except percentages)</i>	Three Months Ended September 30, 2026			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
Revenue	\$ 44,886	\$ 18,999	\$ —	\$ 63,885
Cost of goods sold	10,291	4,859	—	15,150
Gross profit	34,595	14,140	—	48,735
<i>Gross margin</i>	77 %	74 %	*	76 %
Sales and marketing	9,117	3,375	1,507	13,999
Research and development	6,174	2,815	918	9,907
Other segment items (1)(3)	768	1,015	13,803	15,586
Operating income (loss) (2)(4)	18,536	6,935	(16,228)	9,243
Interest (expense) income, net				(80)
Other income (expense), net				292
Income before income taxes				\$ 9,455

<i>(In thousands, except percentages)</i>	Three Months Ended September 30, 2025			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
Revenue	\$ 40,322	\$ 16,734	\$ —	\$ 57,056
Cost of goods sold	10,325	4,728	—	15,053
Gross profit	29,997	12,006	—	42,003
<i>Gross margin</i>	74 %	72 %	*	74 %
Sales and marketing	7,202	3,443	746	11,391
Research and development	5,689	2,917	190	8,796
Other segment items (1)(3)	431	1,487	11,671	13,589
Operating income (loss) (2)(4)	16,675	4,159	(12,607)	8,227
Interest (expense) income, net				388
Other income (expense), net				(208)
Income before income taxes				\$ 8,407

	Nine Months Ended September 30, 2026			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
<i>(In thousands, except percentages)</i>				
Revenue	\$ 134,362	\$ 55,936	\$ —	\$ 190,298
Cost of goods sold	33,969	14,597	—	48,566
Gross profit	100,393	41,339	—	141,732
<i>Gross margin</i>	<i>75 %</i>	<i>74 %</i>	<i>*</i>	<i>74 %</i>
Sales and marketing	26,503	10,125	3,124	39,752
Research and development	18,429	8,699	1,763	28,891
Other segment items (1)(3)	2,320	3,326	34,641	40,287
Operating income (loss) (2)(4)	53,141	19,189	(39,528)	32,802
Interest (expense) income, net				(253)
Other income (expense), net				(47)
Income before income taxes				\$ 32,502

	Nine Months Ended September 30, 2025			
	Cybersecurity	Digital Agreements	Corporate and Other	Total
<i>(In thousands, except percentages)</i>				
Revenue	\$ 132,270	\$ 47,995	\$ —	\$ 180,265
Cost of goods sold	33,365	13,839	—	47,204
Gross profit	98,905	34,156	—	133,061
<i>Gross margin</i>	<i>75 %</i>	<i>71 %</i>	<i>*</i>	<i>74 %</i>
Sales and marketing	21,402	10,313	2,638	34,353
Research and development	15,966	9,510	692	26,168
Other segment items (1)(3)	902	3,930	31,793	36,625
Operating income (loss) (2)(4)	60,635	10,403	(35,123)	35,915
Interest (expense) income, net				1,812
Other income (expense), net				(886)
Income before income taxes				\$ 36,841

*Percentage not meaningful.

(1) Cybersecurity other segment items includes general and administrative expense and amortization of intangibles for the three months ended September 30, 2026, and general and administrative expense, write-off of assets, and amortization of intangibles for the nine months ended September 30, 2026. Cybersecurity other segment items includes general and administrative expense and restructuring and other related charges for the three and nine months ended September 30, 2025.

(2) Cybersecurity operating income includes \$1.1 million and \$2.8 million of total amortization and depreciation expense for the three and nine months ended September 30, 2026, respectively. Cybersecurity operating income includes

\$0.4 million and \$0.7 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively.

Cybersecurity operating income does not include any restructuring and other related charges for the three and nine months ended September 30, 2026. Cybersecurity operating income includes less than \$0.1 million and \$0.3 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively.

(3) Digital Agreements other segment items includes general and administrative expense and amortization of intangibles for the three and nine months ended September 30, 2026. Digital Agreements other segment items includes general and administrative expense and restructuring and other related charges for the three and nine months ended September 30, 2025.

(4) Digital Agreements operating income includes \$2.1 million and \$6.4 million of total amortization and depreciation expense for the three and nine months ended September 30, 2026, respectively. Digital Agreements operating income includes \$1.9 million and \$5.5 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively.

Digital Agreements operating income does not include any restructuring and other related charges for the three and nine months ended September 30, 2026.

Digital Agreements operating income includes less than \$0.1 million and \$0.2 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively.

Revenue

Revenue by products and services allocated to the segments for the three and nine months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,			
	2026		2025	
	Cybersecurity	Digital Agreements	Cybersecurity	Digital Agreements
(In thousands)				
Subscription (1)	\$ 32,515	\$ 18,978	\$ 27,691	\$ 16,705
Perpetual maintenance and services	1,920	21	2,901	29
Hardware products	10,451	—	9,730	—
Total Revenue	\$ 44,886	\$ 18,999	\$ 40,322	\$ 16,734

	Nine Months Ended September 30,			
	2026		2025	
	Cybersecurity	Digital Agreements	Cybersecurity	Digital Agreements
(In thousands)				
Subscription (1)	\$ 95,026	\$ 55,855	\$ 87,345	\$ 47,874
Perpetual maintenance and services	6,859	81	10,116	121
Hardware products	32,477	—	34,809	—
Total Revenue	\$ 134,362	\$ 55,936	\$ 132,270	\$ 47,995

(1) Cybersecurity and Digital Agreements subscription revenue during the three months ended September 30, 2025 includes \$6.6 million and less than \$0.1 million, respectively, of term maintenance that has been reclassified from maintenance and services to align with the revised presentation of revenue. Cybersecurity and Digital Agreements subscription revenue during the nine months ended September 30, 2025 includes \$17.6 million and less than \$0.1 million, respectively, of term maintenance that has been reclassified from maintenance and services to align with the revised presentation of revenue. See Note 4, *Revenue from Contracts with Customers*, for additional information.

Total revenue increased by \$6.8 million, or 12%, during the three months ended September 30, 2026 compared to the three months ended September 30, 2025. Changes in foreign exchange rates as compared to the same period in 2025 negatively impacted revenue by approximately \$0.2 million. Total revenue increased by \$10.0 million, or 6%, during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. Changes in foreign exchange rates as compared to the same period in 2025 favorably impacted revenue by approximately \$3.2 million.

Additional information on our revenue by segment follows.

- **Cybersecurity** revenue increased \$4.6 million, or approximately 11%, during the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase in Cybersecurity revenue for the three month period was driven by increases in subscription and hardware revenue, partially offset by a decrease in perpetual maintenance revenue due to contract transitions to term-based arrangements. The increase in subscription revenue was driven by customer expansion contracts, including an increase in multi-year term license revenue, new logo and new product revenue, revenue from Build38, and an increase in past-due renewal catch-up revenue. The increase in hardware revenue was driven by timing of shipments and a more favorable mix of higher priced hardware devices sold, partially offset by lower volumes. For the nine months ended September 30, 2026, Cybersecurity revenue increased \$2.1 million, or approximately 2%, compared to the nine months ended September 30, 2025. The increase in Cybersecurity revenue for the nine month period was driven by an increase in subscription revenue, partially offset by decreases in hardware and perpetual maintenance revenue. The increase in subscription revenue was primarily driven by recent acquisitions, customer expansion contracts, new logos and new product revenue. The decrease in hardware revenue was due to a lower volume of hardware devices sold, partially offset by a more favorable mix of higher priced devices sold. The decrease in perpetual maintenance revenue was due to contract transitions to term-based arrangements. Changes in foreign exchange rates for the three months ended September 30, 2026 compared to the same period in 2025 negatively impacted Cybersecurity revenue by \$0.2 million. Changes in foreign exchange rates for the nine months ended September 30, 2026 compared to the same period in 2025 favorably impacted Cybersecurity revenue by \$2.9 million.
- **Digital Agreements** revenue increased \$2.3 million, or 14%, during the three months ended September 30, 2026, compared to the three months ended September 30, 2025. For the nine months ended September 30, 2026, Digital Agreements revenue increased \$7.9 million, or 17%, compared to the nine months ended September 30, 2025. The increase in revenue for both periods was primarily driven by an increase in overage usage fees, subscription revenue from existing customer expansions, and new logos. Changes in foreign exchange rates for the three months ended September 30, 2026, compared to the same period in 2025, favorably impacted Digital Agreements revenue by less than \$0.1 million. Changes in foreign exchange rates for the nine months ended September 30, 2026, compared to the same period in 2025, favorably impacted Digital Agreements revenue by \$0.3 million.

Our revenue is heavily influenced by the timing of orders and shipments, as well as the timing of customer annual and multi-year renewals in any given period. As a result, we believe that the overall strength of our business is best evaluated over a longer term where the impact of transactions in any given period is not as significant as in a quarter-over-quarter comparison.

Revenue by Geographic Regions: We classify our sales by customer location in three geographic regions: 1) the Americas, which includes North, Central, and South America; 2) EMEA, which includes Europe, Middle East and Africa; and 3) Asia Pacific (APAC), which includes Australia and New Zealand. The breakdown of revenue in each of our major geographic areas was as follows:

(In thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue				
Americas	\$ 27,534	\$ 26,105	\$ 80,412	\$ 71,079
EMEA	23,815	21,430	73,278	75,834
APAC	12,536	9,521	36,608	33,352
Total revenue	<u>\$ 63,885</u>	<u>\$ 57,056</u>	<u>\$ 190,298</u>	<u>\$ 180,265</u>
% of Total Revenue				
Americas	43 %	46 %	42 %	39 %
EMEA	37 %	38 %	39 %	42 %
APAC	20 %	16 %	19 %	19 %

For the three months ended September 30, 2026, revenue generated in the Americas was \$1.4 million, or 5%, higher than the three months ended September 30, 2025. For the nine months ended September 30, 2026, revenue generated in the Americas was \$9.3 million, or 13%, higher than the same period in 2025. The increase in revenue for both periods was primarily due to increases in Digital Agreements and Cybersecurity software revenue, partially offset by a decrease in Cybersecurity hardware revenue.

For the three months ended September 30, 2026, revenue generated in EMEA was \$2.4 million, or 11%, higher than the same period in 2025. The increase was primarily driven by increases in Cybersecurity software and Digital Agreements revenue, partially offset by a decrease in Cybersecurity hardware revenue. For the nine months ended September 30, 2026, revenue generated in EMEA was \$2.6 million, or 3%, lower than the same period in 2025. The decrease was primarily due to a decrease in Cybersecurity hardware revenue and to a lesser extent, Cybersecurity software revenues, partially offset by an increase in Digital Agreements revenue.

For the three months ended September 30, 2026, revenue generated in APAC was \$3.0 million, or 32%, higher than the three months ended September 30, 2025. The increase was primarily driven by an increase in Cybersecurity hardware revenue, and to a lesser extent, Cybersecurity software revenue. For the nine months ended September 30, 2026, revenue generated in APAC was \$3.3 million, or 10%, higher than the same period in 2025. The increase was primarily driven by increases in both Cybersecurity hardware and software revenues.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold for our products and services for the three and nine months ended September 30, 2026 and 2025:

(In thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of goods sold				
Product and license	\$ 6,114	\$ 7,030	\$ 21,505	\$ 24,044
Services and other	9,036	8,023	27,061	23,160
Total cost of goods sold	<u>\$ 15,150</u>	<u>\$ 15,053</u>	<u>\$ 48,566</u>	<u>\$ 47,204</u>
Gross profit	\$ 48,735	\$ 42,003	\$ 141,732	\$ 133,061
Gross margin				
Product and license	81 %	75 %	77 %	75 %
Services and other	72 %	73 %	72 %	72 %
Total gross margin	76 %	74 %	74 %	74 %

The cost of product and license revenue decreased by \$0.9 million, or 13%, and \$2.5 million, or 11%, during the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. The decrease in the cost of product and license revenue for the three months ended September 30, 2026 was primarily driven by lower hardware cost of sales due to a more favorable mix of hardware products shipped, and to a lesser extent, lower software license costs due to a higher mix of multi-year term license revenue. The decrease for the nine months ended September 30, 2026 was primarily driven by lower hardware cost of sales due to lower volume and a more favorable mix of hardware products shipped.

The cost of services and other revenue increased by \$1.0 million, or 13%, and \$3.9 million, or 17% during the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025. The increase in both periods is largely attributed to higher third-party license costs as well as amortization of intangible assets related to our acquisitions, and depreciation of internally developed assets related to the enhancement of our platform.

Gross profit increased by \$6.7 million, or 16%, during the three months ended September 30, 2026 compared to the three months ended September 30, 2025. Gross margin was 76% for the three months ended September 30, 2026, as compared to 74% for the three months ended September 30, 2025.

Gross profit increased by \$8.7 million, or 7%, during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. Gross margin was 74% for both the nine months ended September 30, 2026 and 2025.

The majority of our inventory purchases are denominated in U.S. Dollars. Our sales are denominated in various currencies, including the Euro. The impact of changes in currency rates are estimated to have had a favorable impact on overall cost of goods sold of \$0.3 million for the three months ended September 30, 2026 and an unfavorable \$0.6 million for the nine months ended September 30, 2026. Had currency rates during the three months ended September 30, 2026 been equal to rates in the comparable period of 2025, the gross margin would have been less than 1 percentage point higher, driven by the favorable currency rate impact to revenue. Had currency rates during the nine months ended September 30, 2026 been equal to rates in the comparable period of 2025, the gross margin would have been 2 percentage points lower.

Additional information on our gross profit by segment follows.

- **Cybersecurity** gross profit increased by \$4.6 million, or 15%, during the three months ended September 30, 2026 compared to the three months ended September 30, 2025. Cybersecurity gross margin was 77% during the three months ended September 30, 2026, compared to 74% for the three months ended September 30, 2025. For the nine months ended September 30, 2026, Cybersecurity gross profit increased \$1.5 million, or 2%, compared to the same period in 2025. Cybersecurity gross margin for the nine months ended September 30, 2026 was 75%, compared to 75% for the nine months ended September 30, 2025. The increase in Cybersecurity gross profit for both periods was primarily driven by increased revenue, discussed above, and favorable hardware mix, partially offset by incremental amortization of capitalized software costs related to the acquisition of Build38.
- **Digital Agreements** gross profit increased \$2.1 million, or 18%, during the three months ended September 30, 2026 compared to the three months ended September 30, 2025. Digital Agreements gross margin for the three months ended September 30, 2026 was 74%, compared to 72% for the three months ended September 30, 2025. For the nine months ended September 30, 2026, Digital Agreements gross profit increased \$7.2 million, or 21%, compared to the same period ended September 30, 2025. Digital Agreements gross margin for the nine months ended September 30, 2026 was 74%, compared to 71% for the nine months ended September 30, 2025. The increase in gross profit for both periods was primarily driven by increased revenue, discussed above, and to a lesser extent, lower cloud infrastructure costs.

Operating Expenses

Operating expenses increased by \$5.7 million, or 17%, during the three months ended September 30, 2026 compared to the three months ended September 30, 2025. For the three months ended September 30, 2026, changes in foreign exchange rates decreased operating expenses by approximately \$0.2 million as compared to the same period in 2025. Operating expenses increased by \$11.8 million, or 12%, during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. For the nine months ended September 30, 2026, changes in

foreign exchange rates increased operating expenses by approximately \$1.1 million as compared to the same period in 2025.

The following table presents the breakout of operating expenses by category for the three and nine months ended September 30, 2026 and 2025:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating costs				
Sales and marketing	\$ 13,999	\$ 11,391	\$ 39,752	\$ 34,353
Research and development	9,907	8,796	28,891	26,168
General and administrative	14,811	12,152	37,725	33,478
Amortization of intangible assets	775	741	2,248	1,982
Write-off of assets	—	—	314	—
Restructuring and other related charges	—	696	—	1,165
Total operating costs	<u>\$ 39,492</u>	<u>\$ 33,776</u>	<u>\$ 108,930</u>	<u>\$ 97,146</u>

Sales and Marketing Expenses

Sales and marketing expenses for the three months ended September 30, 2026 increased by \$2.6 million, or 23%, compared to the three months ended September 30, 2025. Sales and marketing expenses for the nine months ended September 30, 2026 increased by \$5.4 million, or 16%, compared to the nine months ended September 30, 2025. The increase in expense for both periods was driven primarily by higher employee compensation costs, which included higher headcount from organic hires and from the two recent acquisitions, as well as increases in salaries, benefits, bonus and share-based compensation, and commissions.

Average full-time sales, marketing, support, and operating employee headcount for the three and nine months ended September 30, 2026 was 176 and 174, respectively, compared to 169 and 165 for the three and nine months ended September 30, 2025, respectively. Average headcount was 4% and 5% higher for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025.

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2026 increased by \$1.1 million, or 13%, compared to the three months ended September 30, 2025, which was largely driven by higher employee compensation costs from the most recent acquisition, offset partially by higher internal software capitalization costs. Research and development expenses for the nine months ended September 30, 2026 increased by \$2.7 million, or 10%, compared to the nine months ended September 30, 2025. The increase for the period was primarily driven by higher employee compensation costs, largely due to higher headcount from the two recent acquisitions, and higher consulting costs, offset partially by higher internal software capitalization costs.

Average full-time research and development employee headcount for the three and nine months ended September 30, 2026 was 265 and 255, respectively, compared to 238 and 229 for the three and nine months ended September 30, 2025, respectively. Average headcount was 11% higher for both the three and nine months ended September 30, 2026 compared to the same periods in 2025.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2026 increased by \$2.7 million, or 22%, compared to the three months ended September 30, 2025, which was primarily due to higher employee compensation costs and higher provision for credit losses and related write-offs, offset partially by lower consulting expenses compared to the prior year period. General and administrative expenses for the nine months ended September 30, 2026 increased by \$4.2 million, or 13%, compared to the nine months ended September 30, 2025. The increase in expense for the period was largely driven by higher employee compensation costs, higher non-recurring acquisition-related advisor costs, and a lower recovery for credit losses and related write-offs, offset by lower consulting expenses compared to the prior year period.

Average full-time general and administrative employee headcount for the three and nine months ended September 30, 2026 was 90 and 91, respectively, compared to 89 and 88 for the three and nine months ended September 30, 2025, respectively. Average headcount was 1% and 3% higher for the three and nine months ended September 30, 2026 compared to the same periods in 2025, respectively.

Amortization of Intangible Assets

Amortization of intangible assets expense for the three months ended September 30, 2026 increased by less than \$0.1 million, or 5%, compared to the three months ended September 30, 2025. Amortization of intangible assets expense for the nine months ended September 30, 2026 increased by \$0.3 million, or 13%, compared to the nine months ended September 30, 2025. The increase in amortization expense for both periods was driven by an increase in acquired intangible assets due to the two recent acquisitions.

Segment Operating Income (Loss)

Information on our operating income (loss) by segment follows.

- **Cybersecurity** operating income for the three months ended September 30, 2026 was \$18.5 million, an increase of \$1.9 million, or 11%, compared to the three months ended September 30, 2025. This increase was largely due to higher revenue, partially offset by higher operating expenses as a result of organic investments and incremental headcount from the acquisition of Build38. Operating income for the nine months ended September 30, 2026 was \$53.1 million, a decrease of \$7.5 million, or 12%, from the nine months ended September 30, 2025. This decrease was largely due to higher operating expenses as a result of organic investments and incremental headcount from acquisitions, partially offset by higher revenue.
- **Digital Agreements** operating income for the three and nine months ended September 30, 2026 was \$6.9 million and \$19.2 million, respectively, compared to operating income of \$4.2 million and \$10.4 million, for the three and nine months ended September 30, 2025, respectively. The increase for both periods ended September 30, 2026 is largely due to higher revenue and gross margin, and lower segment operating expenses compared to the prior year periods.

Interest (expense) income, net

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest (expense) income, net	\$ (80)	\$ 388	\$ (253)	\$ 1,812

Interest (expense) income, net, was \$(0.1) million and \$0.4 million for the three months ended September 30, 2026 and 2025, respectively. Interest (expense) income, net, was \$(0.3) million and \$1.8 million for the nine months ended September 30, 2026 and 2025, respectively. The decrease for both periods relates to higher average excess cash invested in the prior year period compared to the current year period, as well as higher interest expense incurred in the current year due to the \$5 million borrowings under the Credit Agreement. The decrease in invested cash is largely the result of the Company using cash to fund the most acquisition.

Other income (expense), net

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Other income (expense), net	\$ 292	\$ (208)	\$ (47)	\$ (886)

Other income (expense), net, primarily includes subsidies received from foreign governments in support of our research and development in those countries, exchange gains (losses) on transactions that are denominated in currencies other than our subsidiaries' functional currencies, and other miscellaneous non-operational, non-recurring expenses.

Other income (expense), net, for the three months ended September 30, 2026 and 2025 was income of \$0.3 million and expense of \$0.2 million, respectively. The income or benefit in the current quarter was largely due to higher

subsidies received from foreign governments. Other income (expense), net, for the nine months ended September 30, 2026 and 2025 was expense of less than \$0.1 million and \$0.9 million, respectively. The year-over-year change was largely driven by lower foreign exchange transaction losses in 2026 compared to 2025, due to the U.S. Dollar weakening against the Euro, as well as increased subsidies received from foreign governments.

Provision for Income Taxes

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Provision for income taxes	\$ 1,657	\$ 1,893	\$ 6,358	\$ 7,480

We recorded income tax expense of \$1.7 million and \$1.9 million for the three months ended September 30, 2026 and 2025, respectively, and \$6.4 million and \$7.5 million for the nine months ended September 30, 2026 and 2025, respectively. Lower income tax expense for the three months ended September 30, 2026 was primarily due to a lower tax rate in 2026 primarily due to R&D credits, and for the nine months ended September 30, 2026 was primarily attributable to lower pre-tax income.

Liquidity and Capital Resources

At September 30, 2026, we had cash and cash equivalents balances of \$51.4 million. Our cash and cash equivalents balance includes money market funds.

At December 31, 2025, we had cash and cash equivalents balances of \$70.5 million.

As of September 30, 2026, we held \$33.2 million of cash and cash equivalents in subsidiaries outside of the United States. Of that amount, \$31.9 million is not subject to repatriation restrictions, but may be subject to taxes upon repatriation.

As of September 30, 2026, we had \$5.0 million of borrowings outstanding under our \$100.0 million revolving credit facility entered into on June 23, 2025. The borrowings were used for general corporate purposes and reflect our ability to access liquidity under the Credit Agreement, as needed, to support our operating and capital requirements. As of September 30, 2026, we had \$0.4 million letters of credit outstanding. Subject to the terms of the Credit Agreement, we may borrow, repay, and reborrow amounts under the revolving credit facility until its maturity on June 23, 2030, and may prepay revolving loans without penalty or premium, subject to notice and customary breakage costs. Borrowings under the Credit Agreement bear interest at variable rates based on our election and consolidated net leverage ratio, and we are also required to pay a commitment fee on the unused portion of the facility. We believe that the revolving credit facility, including the remaining availability thereunder, provides us with additional financial flexibility to fund general corporate purposes and support our liquidity needs. On October 6, 2026, we repaid the \$5 million of borrowings outstanding under the Credit Agreement.

We believe that our financial resources are adequate to meet our operating needs over the next twelve months.

Our cash flows are as follows:

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2026	2025
Cash provided by (used in):		
Operating activities	\$ 44,562	\$ 46,885
Investing activities	(44,256)	(20,015)
Financing activities	(19,585)	(26,323)
Effect of foreign exchange rate changes on cash and cash equivalents	173	1,676

Operating Activities

Changes in cash flows from operating activities primarily consists of net income, as adjusted for non-cash items, and changes in operating assets and liabilities. Non-cash adjustments consist primarily of allowance for credit losses,

amortization of intangible assets, deferred taxes, depreciation of property and equipment, and stock-based compensation. We expect cash inflows from operating activities to be affected by increases or decreases in sales and timing of collections. Our primary uses of cash from operating activities have been for personnel and vendor costs. We expect cash outflows from operating activities to be affected by changes in personnel costs and the timing of payment of expenditures.

For the nine months ended September 30, 2026, \$44.6 million of cash was provided by operating activities. For the nine months ended September 30, 2025, \$46.9 million of cash was provided by operating activities. This decrease in cash provided was largely driven by the net income from the period excluding depreciation and amortization, collections of accounts receivable, payment of taxes, and payment of accrued expenses. This was partially offset by a decrease in contract assets, less payments to accounts payable and deferred revenue.

Our working capital at September 30, 2026 was \$35.6 million compared to \$57.6 million at December 31, 2025. This decrease was driven by less cash on hand, less outstanding receivables from customers, less contract assets, higher accrued wages, and higher dividend payables. This was partially offset by a decrease in deferred revenue, accounts payable, and short-term taxes payable.

Investing Activities

Changes in cash flows from investing activities primarily relate to purchases of property and equipment, capitalized software activities, and activity in connection with acquisitions. We expect to continue to purchase property and equipment to support the growth of our business as well as to continue to invest in our infrastructure and activity in connection with potential acquisitions.

For the nine months ended September 30, 2026, net cash used in investing activities was \$44.3 million, compared to net cash used in investing activities of \$20.0 million for the nine months ended September 30, 2025. The increase in cash used was largely due to the acquisition of Build38 and higher software capitalization costs included in property and equipment.

Financing Activities

Changes in cash flows from financing activities primarily relate to dividends paid, payment of debt issuance costs, purchases of common stock under our share repurchase program (when applicable) and tax payments for restricted stock issuances.

For the nine months ended September 30, 2026, net cash used in financing activities was \$19.6 million and was primarily related to dividends paid, repurchases of shares, and tax payments for stock issuances. The cash used was partially offset by the draw of \$5.0 million on the credit facility. Cash of \$26.3 million used in financing activities during the nine months ended September 30, 2025 was attributable to dividends paid, tax payments for stock issuances, share repurchases, and debt issuance costs.

Key Business Metrics and Non-GAAP Financial Measures

In our quarterly earnings press releases and conference calls, we discuss the below key metrics and financial measures that are not calculated according to generally accepted accounting principles (“GAAP”). These metrics and non-GAAP financial measures help us monitor and evaluate the effectiveness of our operations and evaluate period-to-period comparisons. Management believes that these metrics and non-GAAP financial measures help illustrate underlying trends in our business. We use these metrics and non-GAAP financial measures to establish budgets and operational goals (communicated internally and externally), manage our business and evaluate our performance. We also believe that both management and investors benefit from referring to these metrics and non-GAAP financial measures as supplemental information in assessing our performance and when planning, forecasting, and analyzing future periods. We believe these metrics and non-GAAP financial measures are useful to investors both because they allow for greater transparency with respect to financial measures used by management in their financial and operational decision-making and also because they are used by investors and the analyst community to help evaluate the health of our business.

Annual Recurring Revenue

We use annual recurring revenue, or ARR, as an approximate measure to monitor the growth of our recurring business. ARR represents the annualized value of the active portion of SaaS, term-based license, and maintenance and support contracts at the end of the reporting period. ARR is calculated as the approximate annualized value of our customer recurring contracts as of the measurement date. These include subscription, term-based license, and maintenance and support contracts and exclude one-time fees. For term-based license arrangements, the amount included in ARR is consistent with the amount that we invoice the customer annually for the term-based license transaction. A customer with a one-year term-based license contract will be invoiced for the total value of the contract at the beginning of the contractual term, while a customer with a multi-year term-based license contract will be invoiced for each annual period at the beginning of each year of the contract. For contracts that include annual values that increase over time because there are additional deliverables in subsequent periods, we include in ARR only the annualized value of components of the contract that are considered active as of the date of the ARR calculation. We do not include the future committed increases in the contract value as of the date of the ARR calculation.

We consider a contract to be active from when the product or service contractual term commences (the “start date”) until the right to use the product or service ends (the “expiration date”). Even if the contract with the customer is executed before the start date, the contract will not count toward ARR until the customer right to receive the benefit of the products or services has commenced.

To the extent that we are negotiating a renewal with a customer within 90 days after the expiration of a recurring contract, we continue to include that revenue in ARR if we are actively in discussions with the customer for a new recurring contract or renewal and the customer has not notified us of an intention not to renew. We exclude from the calculation of ARR renewal contracts that are more than 90 days after their expiration date, even if we are continuing to negotiate a renewal at that time.

ARR is not calculated based on recognized or unearned revenue and there is no direct relationship between revenue recognized in accordance with ASC 606 and the Company’s ARR business metric. We believe ARR is a valuable operating measure to assess the health of our SaaS, term-based license, and maintenance and support contracts because it illustrates our customer recurring contracts as of the measurement date. ARR is not a forecast of future revenue, which can be impacted by contract start and end dates and renewal rates, and does not include revenue from perpetual licenses, purchases of Digipass authenticators, training, professional services or other sources of revenue that are not deemed to be recurring in nature.

ARR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue as ARR is an operating metric and is not intended to be combined with or replace these items. Investors should consider our ARR operating measure only in conjunction with our GAAP financial results.

At September 30, 2026, we reported ARR of \$195.5 million, which was 9% higher than ARR of \$180.2 million at September 30, 2025. ARR primarily consists of the annualized value of the active portions of term-based license and SaaS contracts, and to a lesser extent, maintenance contracts. Changes in foreign exchange rates as compared to the prior year positively impacted ARR by approximately \$1.2 million.

Net Retention Rate

Net Retention Rate, or NRR, is defined as the approximate year-over-year percentage growth in ARR from the same set of customers at the end of the prior year period. It measures our ability to increase revenue across our existing customer base through expanded use of our platform, offset by customers whose subscription contracts with us are not renewed or renew at a lower amount. Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with customers. NRR is an important way in which we track our performance in this area.

We reported NRR of 105% at September 30, 2026 as compared to 103% at September 30, 2025. The year-over-year increase in NRR was driven primarily by an increase in contracts that expanded in value and lower churn and contraction.

Adjusted EBITDA

We define Adjusted EBITDA as net income before interest, taxes, depreciation, amortization, long-term incentive compensation and related payroll tax expense, restructuring and other related charges, and certain non-recurring items, including acquisition related costs, rebranding costs, and non-routine shareholder matters. Adjusted EBITDA is a non-GAAP financial metric. We use Adjusted EBITDA as a simplified measure of performance for use in communicating our performance to investors and analysts and for comparisons to other companies within our industry. As a performance measure, we believe that Adjusted EBITDA presents a view of our operating results that is most closely related to serving our customers. By excluding interest, taxes, depreciation, amortization, long-term incentive compensation and related payroll tax expense, restructuring costs, and certain other non-recurring items, we are able to evaluate performance without considering decisions that, in most cases, are not directly related to meeting our customers' requirements and were either made in prior periods (e.g., depreciation, amortization, long-term incentive compensation and related payroll tax expense, non-routine shareholder matters), deal with the structure or financing of the business (e.g., interest, one-time strategic action costs, restructuring costs, impairment charges) or reflect the application of regulations that are outside of the control of our management team (e.g., taxes). In addition, removing the impact of these items helps us compare our core business performance with that of our competitors.

The following table reconciles net income as reported on our condensed consolidated statements of operations to Adjusted EBITDA:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	\$ 7,798	\$ 6,514	\$ 26,144	\$ 29,361
Interest expense (income), net	80	(388)	253	(1,812)
Provision for income taxes	1,657	1,893	6,358	7,480
Depreciation and amortization of intangible assets (1)	3,371	2,566	9,937	7,152
Long-term incentive compensation and related payroll tax expense (2)	5,519	3,627	11,122	10,553
Restructuring and other related charges (3)	—	1,001	—	1,535
Other non-recurring items (4)	830	2,322	3,345	3,939
Adjusted EBITDA	\$ 19,255	\$ 17,535	\$ 57,159	\$ 58,208

(1) Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of \$2.1 million and \$6.2 million for the three and nine months ended September 30, 2026, respectively, and \$1.3 million and \$3.7 million for the three and nine months ended September 30, 2025, respectively. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

(2) Long-term incentive compensation and related payroll tax expense includes stock-based compensation and related payroll tax expense, and cash incentive grants awarded to employees located in jurisdictions where we do not issue stock-based compensation due to tax, regulatory or similar reasons. The immaterial expense associated with these cash incentive grants was less than \$0.1 million for the three and nine months ended September 30, 2026 and 2025.

(3) Costs are recorded in "Services and other cost of goods sold" and "Restructuring and other related charges," respectively, on the condensed consolidated statements of operations.

Includes restructuring and other related charges of \$0.4 million for the three and nine months ended September 30, 2025, respectively. These charges are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

(4) For the three months ended September 30, 2026 and 2025, other non-recurring items consist of \$0.8 million and \$2.3 million, respectively, of fees related to non-recurring acquisition projects. For the nine months ended September 30, 2026 and 2025, other non-recurring items consist of \$3.3 million and \$3.9 million, respectively, of fees related to non-recurring acquisition projects.

Adjusted EBITDA for the three months ended September 30, 2026 was \$19.3 million compared to \$17.5 million for the three months ended September 30, 2025. The increase was largely driven by higher quarter to date income before income taxes in 2026. Adjusted EBITDA for the nine months ended September 30, 2026 was \$57.2 million compared to \$58.2 million for the nine months ended September 30, 2025. The decrease was largely driven by lower year to date net income, due to internal investments and incremental costs year over year from the two recent acquisitions. Year-over-year changes in foreign exchange rates favorably impacted Adjusted EBITDA by approximately \$0.1 million for the three months ended September 30, 2026 and favorably impacted Adjusted EBITDA by approximately \$1.7 million for the nine months ended September 30, 2026.

Critical Accounting Policies

Our accounting policies are fully described in Note 1, *Summary of Significant Accounting Policies*, to our Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2025 and Note 2, *Summary of Significant Accounting Policies*, of our interim Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for the three months ended September 30, 2026.

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our market risk during the three months ended September 30, 2026. For additional information, refer to Part II, Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, included in our Form 10-K.

Item 4 - Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2026. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There have been no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended September 30, 2026.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

We are subject to certain legal proceedings and claims incidental to the operation of our business. We are also subject to certain other legal proceedings and claims that have arisen in the ordinary course of business that have not been fully adjudicated. We currently do not anticipate that these matters, if resolved against us, will have a material adverse impact on our financial results.

For further information regarding our legal proceedings and claims, see Note 17, *Legal Proceedings and Contingencies*, included in Part I, Item 1, *Condensed Consolidated Financial Statements*, of this Quarterly Report on Form 10-Q.

Item 1A – Risk Factors

There have been no material changes in or additions to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 26, 2026.

Item 2 – Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The following table provides information about purchases by the Company of its shares of common stock during the third quarter of 2026:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2026 through July 31, 2026	—	\$ —	—	\$ 47,108,263
August 1, 2026 through August 31, 2026	—	\$ —	—	\$ 47,108,263
September 1, 2026 through September 30, 2026	—	\$ —	—	\$ 47,108,263

- (1) On May 7, 2026, the Board of Directors terminated the stock repurchase program adopted on May 9, 2024 and adopted a new stock repurchase program under which the Company is authorized to repurchase up to \$50.0 million of our issued and outstanding shares of common stock. Share purchases under the program will take place in open market transactions, privately negotiated transactions or tender offers, and may be made from time to time depending on market conditions, share price, trading volume, and other factors. The timing of the repurchases and the amount of stock repurchased in each transaction is subject to our sole discretion and will depend upon market and business conditions, applicable legal and credit requirements, and other corporate considerations. The authorization is effective until May 7, 2028 unless the total amount has been used or authorization has been cancelled.

Item 6 - Exhibits

[Exhibit 31.1 – Rule 13a-14\(a\)/15d-14\(a\) Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 29, 2026](#)

[Exhibit 31.2 – Rule 13a-14\(a\)/15d-14\(a\) Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 29, 2026](#)

[Exhibit 32.1 – Section 1350 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 29, 2026](#)

[Exhibit 32.2 – Section 1350 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 29, 2026](#)

Exhibit 101.INS – Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

Exhibit 101.SCH – Inline XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL – Inline XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.LAB – Inline XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE – Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 101.DEF – Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 104 – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 29, 2026.

OneSpan Inc.

/s/ Victor Limongelli

Victor Limongelli
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jorge Martell

Jorge Martell
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Victor Limongelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneSpan 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 in order 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 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 the 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; and
5. The registrant's other certifying officer 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 registrant's board of directors (or persons fulfilling the equivalent functions):
 - (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.

Dated: October 29, 2026

/s/ Victor Limongelli

Victor Limongelli
President and Chief Executive Officer
(Principal Executive Officer)

**Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jorge Martell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneSpan 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 in order 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 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 the 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; and
5. The registrant's other certifying officer 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 registrant's board of directors (or persons fulfilling the equivalent functions):
 - (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.

Dated: October 29, 2026

/s/ Jorge Martell

Jorge Martell

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Victor Limongelli, certify, based upon a review of the Quarterly Report on Form 10-Q for OneSpan Inc. for the third quarter ended September 30, 2026, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Victor Limongelli

Victor Limongelli
President and Chief Executive Officer

October 29, 2026

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Jorge Martell, certify, based upon a review of the Quarterly Report on Form 10-Q for OneSpan Inc. for the third quarter ended on September 30, 2026, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Jorge Martell

Jorge Martell
Chief Financial Officer

October 29, 2026