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 JUNE 30, 2025

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	**36-4169320**
(State or Other Jurisdiction of Incorporation or Organization)	**(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 38,324,622 shares of Common Stock, $0.001 par value per share, outstanding at July 29, 2025.

OneSpan Inc.
Form 10-Q
For the Quarter Ended June 30, 2025
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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)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 92,886	$ 83,160
Accounts receivable, net of allowances of $1,316 at June 30, 2025 and $1,600 at December 31, 2024	35,064	56,229
Inventories, net	11,447	10,792
Prepaid expenses	6,998	6,547
Contract assets	14,365	8,687
Other current assets	8,723	9,479
Total current assets	169,483	174,894
Property and equipment, net	21,371	20,966
Operating lease right-of-use assets	8,209	7,725
Goodwill	103,262	92,365
Intangible assets, net of accumulated amortization	10,675	7,481
Deferred income taxes	28,983	20,516
Other assets	15,116	14,787
Total assets	$ 357,099	$ 338,734
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 15,643	$ 13,310
Deferred revenue	54,460	67,465
Accrued wages and payroll taxes	9,914	13,793
Short-term income taxes payable	5,692	4,403
Dividend payable	431	4,765
Other accrued expenses	9,417	6,339
Deferred compensation	18	200
Total current liabilities	95,575	110,275
Long-term deferred revenue	2,935	3,390
Long-term lease liabilities	7,030	6,932
Deferred income taxes	4,148	3,680
Other long-term liabilities	4,904	1,927
Total liabilities	114,592	126,204
Commitments and contingencies		
Stockholders' equity		
Preferred stock: 500 shares authorized, none issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock: $0.001 par value per share, 75,000 shares authorized; 41,975 and 41,782 shares issued; 38,251 and 38,058 shares outstanding at June 30, 2025 and December 31, 2024, respectively	38	38
Additional paid-in capital	126,356	122,534
Treasury stock, at cost: 3,724 shares outstanding at June 30, 2025 and December 31, 2024	(47,380)	(47,380)
Retained earnings	169,238	151,256
Accumulated other comprehensive loss	(5,745)	(13,918)
Total stockholders' equity	242,507	212,530
Total liabilities and stockholders' equity	$ 357,099	$ 338,734

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue				
Product and license	$ 32,237	$ 32,438	$ 69,477	$ 70,236
Services and other	27,606	28,486	53,732	55,531
Total revenue	59,843	60,924	123,209	125,767
Cost of goods sold				
Product and license	8,296	11,247	17,014	20,953
Services and other	7,580	9,336	15,137	17,078
Total cost of goods sold	15,876	20,583	32,151	38,031
Gross profit	43,967	40,341	91,058	87,736
Operating costs				
Sales and marketing	11,505	10,510	22,962	23,437
Research and development	9,444	8,341	17,372	16,600
General and administrative	11,779	11,557	21,326	21,564
Restructuring and other related charges	48	1,711	469	3,208
Amortization of intangible assets	685	585	1,241	1,180
Total operating costs	33,461	32,704	63,370	65,989
Operating income	10,506	7,637	27,688	21,747
Interest income, net	732	521	1,424	622
Other (expense) income, net	(669)	331	(678)	622
Income before income taxes	10,569	8,489	28,434	22,991
Provision for income taxes	2,227	1,936	5,587	2,970
Net income	$ 8,342	$ 6,553	$ 22,847	$ 20,021
Net income per share				
Basic	$ 0.22	$ 0.17	$ 0.60	$ 0.52
Diluted	$ 0.21	$ 0.17	$ 0.59	$ 0.52
Weighted average common shares outstanding				
Basic	38,205	38,529	38,156	38,229
Diluted	39,012	39,007	39,026	38,680

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	$ 8,342	$ 6,553	$ 22,847	$ 20,021
Other comprehensive income (loss)				
Cumulative translation adjustment, net of tax	5,547	(488)	8,221	(2,143)
Pension adjustment, net of tax	(24)	(29)	(48)	(59)
Unrealized gain on available-for-sale securities	—	2	—	2
Comprehensive income	$ 13,865	$ 6,038	$ 31,020	$ 17,821

See accompanying notes to condensed consolidated financial statements.

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

For the Three and Six Months Ended June 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

See accompanying notes to condensed consolidated financial statements.

For the Three and Six Months Ended June 30, 2024:

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, 2023	37,519	$ 38	3,724	$ (47,377)	$ 118,620	$ 98,939	$ (11,079)	$ 159,141
Net income	—	—	—	—	—	13,468	—	13,468
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(1,655)	(1,655)
Stock-based compensation	—	—	—	—	1,540	—	—	1,540
Vesting of restricted stock awards	402	—	—	—	—	—	—	—
Tax payments for stock issuances	(153)	—	—	—	(1,595)	—	—	(1,595)
Pension adjustment, net of tax	—	—	—	—	—	—	(30)	(30)
Balance at March 31, 2024	37,768	$ 38	3,724	$ (47,377)	$ 118,565	$ 112,407	$ (12,764)	$ 170,869
Net income	—	—	—	—	—	6,553	—	6,553
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(488)	(488)
Stock-based compensation	—	—	—	—	1,908	—	—	1,908
Vesting of restricted stock awards	29	—	—	—	—	—	—	—
Tax payments for stock issuances	(11)	—	—	—	(236)	—	—	(236)
Unrealized gain (loss) on available-for-sale securities	—	—	—	—	—	—	2	2
Pension adjustment, net of tax	—	—	—	—	—	—	(29)	(29)
Balance at June 30, 2024	37,786	$ 38	3,724	$ (47,377)	$ 120,237	$ 118,960	$ (13,279)	$ 178,579

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities:		
Net income	$ 22,847	$ 20,021
Adjustments to reconcile net income from operations to net cash used in operations:		
Depreciation and amortization of intangible assets	4,585	4,145
Loss on disposal of asset	26	—
Write-off of intangible assets	—	804
Write-off of property and equipment, net	—	955
Deferred tax expense (benefit)	439	(108)
Stock-based compensation	6,227	3,448
Recovery of credit losses	(66)	(31)
Changes in operating assets and liabilities, net of the effects from acquisition:		
Accounts receivable, net	24,875	19,877
Inventories, net	700	2,621
Contract assets	(4,925)	(1,666)
Accounts payable	1,296	(2,634)
Income taxes payable	1,109	(107)
Accrued expenses	(4,983)	(4,046)
Deferred compensation	(182)	(231)
Deferred revenue	(17,994)	(13,662)
Other assets and liabilities	1,629	(124)
Net cash provided by operating activities	35,583	29,262
Cash flows from investing activities:		
Additions to property and equipment	(3,483)	(5,321)
Additions to intangible assets	(5)	(39)
Cash paid for acquisition of business, net of cash acquired	(12,052)	—
Net cash used in investing activities	(15,540)	(5,360)
Cash flows from financing activities:		
Dividends paid	(9,196)	—
Contingent payment related to acquisition	—	(200)
Payment of debt issuance costs	(566)	—
Tax payments for restricted stock issuances	(2,405)	(1,831)
Net cash used in financing activities	(12,167)	(2,031)
Effect of exchange rate changes on cash	1,679	(1,098)
Net increase in cash	9,555	20,773
Cash, cash equivalents, and restricted cash, beginning of period	83,331	43,530
Cash, cash equivalents, and restricted cash, end of period	$ 92,886	$ 64,303

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 delivers cutting-edge solutions in two key areas: advanced secure authentication, which is provided through its Security Solutions business unit, and digital agreements, which is provided through its Digital Agreements business unit. The Company's secure authentication solutions protect devices, users, and applications with robust multi-factor and passwordless authentication and other fraud prevention technologies. Its digital agreements solutions combine identity verification, electronic signatures, and digital workflows to streamline agreements, enhance compliance, and accelerate business processes. OneSpan empowers organizations to automate and secure both customer-facing and revenue-generating processes, supporting a wide range of use cases—from simple transactions to complex workflows requiring elevated security. OneSpan has operations in Austria, Australia, Belgium, Canada, China, France, Japan, The Netherlands, Singapore, Switzerland, the United Arab Emirates, the United Kingdom (U.K.), and the United States (U.S.).

Dividends

During the three months ended June 30, 2025, the Company paid its quarterly cash dividend declared on May 1, 2025 as part of a recurring quarterly dividend program. The quarterly cash dividend of $0.12 per share was paid to shareholders of record as of the close of business on May 16, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

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, 2024.

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 six months ended June 30, 2025 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 (expense) income, net. Foreign exchange transaction losses aggregated to $1.0 million and $1.1 million for the three and six months ended June 30, 2025 respectively. Foreign exchange transaction gains aggregated to $0.1 million and $0.2 million for the three and six months ended June 30, 2024, 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, 2024 filed with the SEC on February 27, 2025 that impact the Company's condensed consolidated financial statements and related notes.

Restricted Cash

The Company is a party to lease agreements that require letters of credit to secure the obligations, which totaled $0.2 million as of December 31, 2024. The restricted cash related to the letters of credit will be held for a period greater than 12 months, and, therefore, is recorded as "Other assets" on the condensed consolidated balance sheets. The Company had an immaterial restricted cash balance recorded as of June 30, 2025.

Other Accrued Expenses

Other accrued expenses consist of the following:

(In thousands)	June 30, 2025	December 31, 2024
Current operating lease liabilities	$ 2,380	$ 2,351
Accrued sales tax and VAT	624	1,127
Other accrued expenses	5,010	1,980
Accrued professional fees	1,403	881
Total	$ 9,417	$ 6,339

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 December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) – *Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures. Public business entities are required to adopt for annual fiscal periods beginning after December 15, 2024 and early adoption is permitted. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

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 July 2025, the FASB issued ASU 2025-05, Financial Instruments – Credit Losses (Topic 326) – *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, to introduce a practical expedient to calculating current expected credit loss by assuming that the current conditions as of the balance sheet date will not change for the remaining life of the asset. This expedient can only be applied to current accounts receivable and current contract assets. This update is effective for annual reporting periods beginning after December 15, 2025 and interim periods within those annual periods, and this update is applied prospectively. Early adoption is permitted in both interim and annual periods in which financials have not been issued. 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 is evaluated regularly by 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:

- **Security Solutions**. 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 Security Solutions segment are on-premises and, to a lesser extent, cloud software products, and include multi-factor authentication, transaction signing, and mobile application security solutions.

- **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 largely 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 six months ended June 30, 2025 and 2024, along with the items necessary to reconcile the segment information to the totals reported in the accompanying condensed consolidated financial statements.

(In thousands, except percentages)	Three Months Ended June 30, 2025 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 44,235	$ 15,608	$ —	$ 59,843
Cost of goods sold	11,413	4,463	—	15,876
Gross profit	32,822	11,145	—	43,967
Gross margin	*74 %*	*71 %*	*	*73 %*
Sales and marketing	7,329	3,467	709	11,505
Research and development	5,358	3,587	499	9,444
Other segment items (1)(3)	336	1,212	10,964	12,512
Operating income (loss) (2)(4)	19,799	2,879	(12,172)	10,506
Interest income, net				732
Other income (expense), net				(669)
Income before income taxes				$ 10,569

(In thousands, except percentages)	Three Months Ended June 30, 2024 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 45,461	$ 15,463	$ —	$ 60,924
Cost of goods sold	14,861	5,722	—	20,583
Gross profit	30,600	9,741	—	40,341
Gross margin	*67 %*	*63 %*	*	*66 %*
Sales and marketing	5,533	3,891	1,086	10,510
Research and development	4,097	4,217	27	8,341
Other segment items (1)(3)	278	1,788	11,787	13,853
Operating income (loss) (2)(4)	20,692	(155)	(12,900)	7,637
Interest income, net				521
Other income (expense), net				331
Income before income taxes				$ 8,489

(In thousands, except percentages)	Six Months Ended June 30, 2025 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 91,948	$ 31,261	$ —	$ 123,209
Cost of goods sold	23,041	9,110	—	32,151
Gross profit	68,907	22,151	—	91,058
Gross margin	*75 %*	*71 %*	*	*74 %*
Sales and marketing	14,201	6,870	1,891	22,962
Research and development	10,277	6,593	502	17,372
Other segment items (1)(3)	471	2,443	20,122	23,036
Operating income (loss) (2)(4)	43,958	6,245	(22,515)	27,688
Interest income, net				1,424
Other income (expense), net				(678)
Income before income taxes				$ 28,434

(In thousands, except percentages)	Six Months Ended June 30, 2024 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 95,891	$ 29,876	$ —	$ 125,767
Cost of goods sold	27,788	10,243	—	38,031
Gross profit	68,103	19,633	—	87,736
Gross margin	*71 %*	*66 %*	*	*70 %*
Sales and marketing	12,077	9,121	2,239	23,437
Research and development	8,098	8,448	54	16,600
Other segment items (1)(3)	1,357	2,484	22,111	25,952
Operating income (loss) (2)(4)	46,571	(420)	(24,404)	21,747
Interest income, net				622
Other income (expense), net				622
Income before income taxes				$ 22,991

*Percentage not meaningful.

(1) Security Solutions other segment items includes general and administrative expense and restructuring and other related charges for the three and six months ended June 30, 2025 and 2024.

(2) Security Solutions operating income includes $0.2 million and $0.4 million of total amortization and depreciation expense for both the three and six months ended June 30, 2025 and 2024, respectively.

Security Solutions operating income includes $0.1 million and $0.2 million of restructuring and other related charges for the three and six months ended June 30, 2025, respectively. Security Solutions operating income includes $0.3 million and $1.4 million of restructuring and other related charges for the three and six months ended June 30, 2024, respectively.

(3) Digital Agreements other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the three and six months ended June 30, 2025 and 2024.

(4) Digital Agreements operating income includes $1.8 million and $3.5 million of total amortization and depreciation expense for three and six months ended June 30, 2025, respectively. Digital Agreements operating loss includes $1.6 million and $3.2 million of total amortization and depreciation expense for three and six months ended June 30, 2024, respectively.

Digital Agreements operating income includes $0.1 million and $0.2 million of restructuring and other related charges for the three and six months ended June 30, 2025, respectively. Digital Agreements operating loss includes $1.2 million and $1.3 million of restructuring and other related charges for the three and six months ended June 30, 2024, 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 six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 20,602	$ 15,574	$ 14,857	$ 14,785
Maintenance and support	8,666	25	9,742	490
Professional services and other (1)	951	9	1,123	188
Hardware products	14,016	—	19,739	—
Total Revenue	$ 44,235	$ 15,608	$ 45,461	$ 15,463

	Six Months Ended June 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 48,674	$ 31,119	$ 41,039	$ 28,597
Maintenance and support	16,650	49	19,808	994
Professional services and other (1)	1,545	93	2,728	285
Hardware products	25,079	—	32,316	—
Total Revenue	$ 91,948	$ 31,261	$ 95,891	$ 29,876

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the three and six months ended June 30, 2025 and approximately 1% of total revenue for the three and six months ended June 30, 2024.

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.

Revenue by major products and services

(In thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Subscription	$ 36,176	$ 29,642	$ 79,793	$ 69,636
Maintenance and support	8,691	10,232	16,699	20,802
Professional services and other (1)	960	1,311	1,638	3,013
Hardware products	14,016	19,739	25,079	32,316
Total Revenue	$ 59,843	$ 60,924	$ 123,209	$ 125,767

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the three and six months ended June 30, 2025 and approximately 1% of total revenue for the three and six months ended June 30, 2024.

Revenue by location of customer

We classify our sales by customer location in three geographic regions: 1) EMEA, which includes Europe, Middle East and Africa; 2) the Americas, which includes North, Central, and South America; 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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue				
EMEA	$ 23,398	$ 25,194	$ 54,404	$ 57,036
Americas	23,879	21,099	44,974	42,443
APAC	12,566	14,631	23,831	26,288
Total revenue	$ 59,843	$ 60,924	$ 123,209	$ 125,767
% of Total Revenue				
EMEA	39 %	41 %	44 %	45 %
Americas	40 %	35 %	37 %	34 %
APAC	21 %	24 %	19 %	21 %

Timing of revenue recognition

(In thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Products and licenses transferred at a point in time	$ 32,237	$ 32,438	$ 69,477	$ 70,236
Services transferred over time	27,606	28,486	53,732	55,531
Total Revenue	$ 59,843	$ 60,924	$ 123,209	$ 125,767

Contract balances

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers as of June 30, 2025 and December 31, 2024:

(In thousands)	June 30, 2025	December 31, 2024
Receivables, inclusive of trade and unbilled	$ 35,064	$ 56,229
Contract Assets (current and non-current)	$ 16,454	$ 10,686
Contract Liabilities (Deferred Revenue current and non-current)	$ 57,395	$ 70,855

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 six months ended June 30, 2025 included $50.1 million that was included on the December 31, 2024 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 June 30, 2025:

(In thousands)	2025	2026	2027	Beyond 2027	Total
Future revenue related to current unsatisfied performance obligations	$ 33,903	$ 44,120	$ 18,199	$ 5,169	$ 101,391

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)	June 30, 2025	December 31, 2024
Capitalized costs to obtain contracts, current	$ 4,608	$ 4,478
Capitalized costs to obtain contracts, non-current	$ 11,543	$ 12,431

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Amortization of capitalized costs to obtain contracts	$ 1,193	$ 942	$ 2,360	$ 1,826

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)	June 30, 2025	December 31, 2024
Component parts	$ 5,343	$ 4,385
Finished goods	6,104	6,407
Total	$ 11,447	$ 10,792

Note 6 – Business Acquisitions

On June 4, 2025, the Company acquired Nok Nok Labs, Inc ("Nok Nok Labs") pursuant to a merger agreement (the "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 estimated fair values as of the acquisition date.

Pursuant to the terms of the Merger Agreement, the total provisional purchase consideration for the acquisition was $18.4 million, consisting of $13.8 million in cash consideration paid at closing and $4.6 million in deferred consideration. Of the deferred amount, $1.9 million is expected to be paid in the third quarter of 2025 and $2.7 million (the "Holdback Amount") has been 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. The Company incurred transaction related expenses of $1.1 million in connection with the acquisition of Nok Nok Labs, which expenses are included in general and administrative expenses on the condensed consolidated statement of operations for the three and six months ended June 30, 2025.

Nok Nok Labs is allocated entirely to the Company's Security Solutions reportable operating segment. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed:

(In thousands)	As of Date of Opening Balance Sheet	
Fair value of assets acquired and and liabilities assumed:		
Cash and cash equivalents	$	1,751
Accounts receivable, net		2,030
Prepaid expenses		120
Property and equipment, net		20
Other assets		40
Operating lease right-of-use assets		149
Developed technology		3,100
Customer relationships		1,300
Goodwill		5,414
Deferred tax asset, net of valuation allowance		9,263
Accounts payable		(449)
Other accrued expenses		(136)
Short-term lease liabilities		(165)
Deferred revenue		(2,877)
State income tax liability		(159)
Deferred tax liability		(972)
Total net assets acquired	$	18,429
Total consideration	$	18,429
Hold back		(2,700)
Deferred consideration		(1,926)
Cash acquired		(1,751)
Cash paid for acquisition of business, net of cash acquired	$	12,052

The fair value of the acquired accounts receivable approximates the carrying value due to the short-term nature of the expected timeframe to collect the amounts due to the Company and the contractual cash flows expected to be collected related to these receivables.

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 a market approach. The estimated useful lives over which intangible assets will be amortized are as follows: developed technology (6 years) and customer relationships (5 years).

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. The acquisition resulted in recorded goodwill 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 condensed consolidated financial statements for the three and six months ended June 30, 2025 include the results of operations related to the Nok Nok Labs acquisition from the June 4, 2025 acquisition date through June 30, 2025.

The initial accounting for the acquisition is not complete, and measurement period adjustments may be recorded in fiscal year 2025, 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, including the impact of the ongoing Section 382 analysis and (ii) the finalization of the net working capital adjustment, which is required to be settled within 90 days of the acquisition date 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.

The financial impact of this acquisition was not material to the condensed consolidated financial statements, and therefore, the Company has not presented pro forma results of operations for the acquisition. Furthermore, revenue and net income from Nok Nok Labs have not been separately presented for the three and six months ended June 30, 2025 as they were immaterial to the Company's overall revenue and net income for the period.

Note 7 – Goodwill

The following table presents the changes in goodwill during the six months ended June 30, 2025:

(In thousands)	Security Solutions	Digital Agreements	Total
Net balance at December 31, 2024	$ 71,760	$ 20,605	$ 92,365
Foreign currency exchange rate effect	4,288	1,195	5,483
Acquisition during the period (1)	5,414	—	5,414
Net balance at June 30, 2025	$ 81,462	$ 21,800	$ 103,262

(1) Represents goodwill recorded in conjunction with the acquisition of Nok Nok Labs during the six months ended June 30, 2025. See Note 6 , *Business Acquisitions,* for additional information.

No impairment of goodwill was recorded during the six months ended June 30, 2025 and 2024.

Note 8 – Intangible Assets, net

Intangible assets, net as of June 30, 2025 and December 31, 2024 consist of the following:

		As of June 30, 2025		As of December 31, 2024	
(In thousands)	Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired technology	6	$ 3,100	$ 50	$ —	$ —
Customer relationships	5 to 12	36,672	29,980	34,653	28,091
Patents, trademarks, and other	10 to 20	13,426	12,493	13,356	12,437
Total		$ 53,198	$ 42,523	$ 48,009	$ 40,528

Amortization expense was $0.7 million and $1.2 million for the three and six months ended June 30, 2025 respectively, compared to $0.7 million and $1.4 million for the three and six months ended June 30, 2024 respectively. Amortization expense includes cost of sales amortization expense directly related to delivering cloud subscription revenue of $0.1 million and $0.2 million for the three and six months ended June 30, 2024 respectively. There was no cost of sales amortization expense for the three and six months ended June 30, 2025. Costs 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.

In connection with the continued execution of cost reductions, during the quarter ended June 30, 2024, the Company decided to stop any incremental development investments supporting its previously acquired blockchain technology and related commercial efforts (see Note 18, *Restructuring and Other Related Charges)*. This asset contributed no revenue as it was still in its investment stage. As a result, the Company wrote-off $0.8 million associated with the remaining unamortized value of this intangible asset in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024.

There was no impairment of intangible assets recorded during the six months ended June 30, 2025 and 2024.

Note 9 – Property and Equipment, net

The following table presents the major classes of property and equipment, net, as of June 30, 2025 and December 31, 2024:

(In thousands)	June 30, 2025	December 31, 2024
Office equipment and software	$ 9,508	$ 8,658
Leasehold improvements	7,998	7,639
Furniture and fixtures	3,768	3,519
Capitalized software	22,174	19,298
Total	43,448	39,114
Accumulated depreciation	(22,077)	(18,148)
Property and equipment, net	$ 21,371	$ 20,966

Depreciation expense was $1.8 million and $3.3 million for the three and six months ended June 30, 2025, respectively, compared to $1.4 million and $2.8 million for the three and six months ended June 30, 2024, respectively. Depreciation expense includes cost of sales depreciation expense directly related to delivering cloud subscription revenue of $1.3 million and $2.3 million for the three and six months ended June 30, 2025, respectively, and $0.8 million and $1.5 million for the three and six months ended June 30, 2024, respectively. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

In connection with the continued execution of cost reductions, the Company decided to stop any incremental development investments supporting its previously acquired blockchain technology and related commercial efforts. As a result, the Company wrote-off the internal capitalized software used to build out connection points for its blockchain technology and its e-signature product (see Note 18, *Restructuring and Other Related Charges)*. The total write off amounted to $1.0 million within property and equipment, net, of which $0.7 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024. The remaining write-off amount of $0.3 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024.

Note 10 – Fair Value Measurements

The fair values of cash equivalents, accounts receivables, and accounts payable approximate their carrying amounts due to their short duration. 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, which are measured at fair value on a recurring basis, as of June 30, 2025 and December 31, 2024:

		Fair Value Measurement at Reporting Date Using		
(In thousands)	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury Bills	$ 12,491	$ 12,491	$ —	$ —
Money Market Funds	$ 43,340	$ 43,340	$ —	$ —

		Fair Value Measurement at Reporting Date Using		
(In thousands)	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury Bills	$ 3,500	$ 3,500	$ —	$ —
Money Market Funds	$ 51,690	$ 51,690	$ —	$ —

The Company classifies its investments in debt securities as available-for-sale. The Company reviews available-for-sale debt securities for impairments related to losses and other factors each quarter. The unrealized gains and losses on the available-for-sale debt securities were not material as of June 30, 2025 and December 31, 2024. The Company did not have any financial liabilities that are measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024.

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 six months ended June 30, 2025 were as follows:

(In thousands)		
Balance at December 31, 2024	$	1,600
Provision for (recovery of) credit loss		(66)
Write-offs		(218)
Balance at June 30, 2025	$	1,316

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 June 30, 2025, the Company had outstanding letters of credit of $0.2 million and no 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. As of June 30, 2025, the Company was in compliance with all covenants under the Credit Agreement.

The Company capitalized $1.6 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 period ended June 30, 2025, the amortization of debt issuance costs was less than $0.1 million.

Note 13 – Leases

Operating lease cost details for the three and six months ended June 30, 2025 and 2024 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Building rent	$ 201	$ 204	$ 432	$ 516
Automobile rentals	351	330	615	677
Total net operating lease costs	$ 552	$ 534	$ 1,047	$ 1,193

At June 30, 2025, the Company's weighted average remaining lease term for its operating leases is 4.8 years, and the weighted average discount rate for its operating leases is 6%.

During the six months ended June 30, 2025, there were $1.2 million of operating cash payments for lease liabilities and $0.7 million of right-of-use assets obtained in exchange for new lease liabilities.

Maturities of the Company's operating leases as of June 30, 2025 are as follows:

(In thousands)	As of June 30, 2025
2025	$ 1,465
2026	2,551
2027	2,133
2028	2,017
2029	1,168
Later years	1,481
Less imputed interest	(1,406)
Total lease liabilities	$ 9,409

Note 14 – Income Taxes

The Company's estimated annual effective tax rate for 2025 before discrete items is expected to be approximately 20%. The Company's global effective tax rate is lower than the U.S. statutory tax rate of 21% primarily due to the impact of foreign operations and the release of valuation allowances for the current year earnings for companies with a valuation allowance, offset by nondeductible expenses. The ultimate tax expense will depend on the mix of earnings in various jurisdictions. Income taxes, net of refunds, of $4.6 million and $4.4 million were paid during the six months ended June 30, 2025 and 2024, 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.

Certain operations have incurred net operating losses (NOLs), which are currently subject to a valuation allowance. These NOLs may become deductible to the extent these operations become profitable. For each of its operations, the Company evaluates whether it is more likely than not that the tax benefits related to NOLs will be realized. As part of this evaluation, the Company considers evidence such as tax planning strategies, historical operating results, forecasted taxable income, and recent financial performance. In the year that certain operations record a loss, the Company does not recognize a corresponding tax benefit, thus increasing its effective tax rate, or decreasing its effective tax rate when reporting income in a jurisdiction that has a valuation allowance. Upon determining that it is more likely than not that the NOLs will be realized, the Company will reduce the tax valuation allowances related to these NOLs, which will result in a reduction of its income tax expense and its effective tax rate in the period.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. which includes changes to U.S. tax law that will affect OneSpan beginning in 2026. These changes include modifications to the international tax framework. The Company is currently assessing the impact of OBBBA on its condensed consolidated financial statements.

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

Under the OneSpan Inc. 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 2019 Omnibus Incentive Plan, as shown in the table below.

During the six months ended June 30, 2025, the Company awarded 0.3 million restricted stock units subject to time-based vesting. The fair value of the unissued time-based restricted stock unit grants was $5.1 million at the dates of grant and the grants are being amortized over the vesting periods of one to three years.

During the six months ended June 30, 2025, the Company awarded restricted stock units subject to the achievement of service and future performance criteria, which allows for up to 0.3 million shares to be earned if the performance criteria are achieved at the target level. The fair value of these awards was $5.7 million as the dates of grant and the awards are being amortized over the requisite service period of one to three years. The Company currently believes that approximately 100% of these shares are expected to be earned.

The following table summarizes total compensation expense for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Stock-based compensation	$ 3,451	$ 1,908	$ 6,227	$ 3,448
Other long-term incentive plan compensation (1)	16	86	30	167
Total compensation	$ 3,467	$ 1,994	$ 6,257	$ 3,615

(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 six months ended June 30, 2025 and 2024 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	2025	2024	2025	2024
Net income	$ 8,342	$ 6,553	$ 22,847	$ 20,021
Weighted average common shares outstanding:				
Basic	38,205	38,529	38,156	38,229
Incremental shares with dilutive effect:				
Restricted stock units	807	478	870	451
Diluted	39,012	39,007	39,026	38,680
Net income per share:				
Basic	$ 0.22	$ 0.17	$ 0.60	$ 0.52
Diluted	$ 0.21	$ 0.17	$ 0.59	$ 0.52

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 June 30, 2025, the Company has recorded an accrual of $0.5 million for loss contingencies associated with employment-termination benefits and employee related taxes.

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 June 30, 2025, the Company does not have any reasonably possible losses for which an estimate can be made.

Note 18 – Restructuring and Other Related Charges

In 2021 and 2022, the Company's Board of Directors approved cost reduction actions (the "Restructuring Plan") designed to streamline its business and improve efficiency. On August 3, 2023, the Board approved further cost reduction actions (the "2023 Actions") to seek to drive higher levels of Adjusted EBITDA while maintaining the Company's long-term growth potential. The Company has incurred and expects to continue to incur restructuring charges in connection with the 2023 Actions, and anticipates that these charges will consist primarily of charges related to employee transition and severance payments, with a significantly smaller amount of charges relating to vendor contract termination and rationalization actions.

In connection with the Restructuring Plan (including the 2023 Actions), the Company recorded a total of $0.1 million and $0.5 million in restructuring charges for the three and six months ended June 30, 2025, respectively, and $3.2 million and $4.7 million in restructuring charges for the three and six months ended June 30, 2024, respectively. The Company recorded less than $0.1 million of these restructuring charges in "Services and other cost of goods sold" in the condensed consolidated statements of operations for both the three and six months ended June 30, 2025 and approximately $1.5 million in "Services and other cost of goods sold" for both the three and six months ended June 30, 2024. The remaining restructuring charge amounts of less than $0.1 million and $0.5 million is recorded in “Restructuring and other related charges” in the condensed consolidated statements of operations for the three and six months ended June 30, 2025, respectively, and $1.7 million and $3.2 million for the three and six months ended June 30, 2024, respectively.

The main categories of charges are in the following areas:

- Employee costs – include severance, related benefits and retention pay costs incurred as a result of eliminating positions in certain areas of the Company. For the three and six months ended June 30, 2025 employee costs were $0.1 million and $0.4 million, respectively. For the three and six months ended June 30, 2024, employee costs were $1.2 million and $2.6 million, respectively. In total, there were approximately 336 employees, across multiple functions, whose positions were made redundant. The $0.5 million current portion of the restructuring liability at June 30, 2025 is included in "Accrued wages and payroll taxes" in the consolidated balance sheet and is expected to be paid within the next 12 months.

- Real estate rationalization costs – includes costs to align the real estate footprint with the Company's needs. During 2023, the Company vacated its Chicago and Brussels office spaces, which resulted in the abandonment and termination of the underlying leases. In August 2024, the Company finalized its early termination agreement with the Chicago office landlord to terminate and release any further obligations for either party. The remaining contract termination fees of $0.5 million were paid in January 2025 and no liability was outstanding as of June 30, 2025.

- Product and services optimization costs - include costs to discontinue products and services that are no longer advancing the Company's operating model. The Company made the decision to stop any incremental development investments supporting its previously acquired blockchain technology, and related commercial efforts. As a result, the Company wrote-off the related acquired technology and previously capitalized software. The Company recorded a $0.8 million write-off of intangible assets in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024 (see Note 8, *Intangible Assets, net*). For capitalized software, the Company recorded a write-off of $1.0 million of property and equipment, net, of which $0.7 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024 (see Note 9, *Property and Equipment, net*). The remaining write-off amount of $0.3 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the three and six months ended June 30, 2024.

- Vendor rationalization costs – include costs for contractually committed services the Company is no longer utilizing. The Company recognized $0 and $0.1 million of vendor rationalization costs for the three and six months ended June 30, 2025, respectively, and $0.1 million and $0.2 million for the three and six months ended June 30, 2024, respectively. These costs are included in "Restructuring and other related charges" on the condensed consolidated statements of operations.

The table below sets forth the changes in the carrying amount of the restructuring charge liability for the six months ended June 30, 2025.

(In thousands)	Employee Costs	Real Estate Rationalization	Total
Balance as of December 31, 2024	$ 1,257	$ 525	$ 1,782
Additions	406	—	406
Payments	(1,129)	(525)	(1,654)
Balance as of June 30, 2025	$ 534	$ —	$ 534

Note 19 – Subsequent Events

On August 5, 2025, the Board of Directors declared a quarterly cash dividend of $0.12 per share as part of the Company's recurring quarterly dividend program initiated in December 2024. This dividend will be paid on September 5, 2025 to shareholders of record as of the close of business on August 15, 2025. 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 six-month periods ended June 30, 2025 and 2024 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, 2024 (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; our plans for managing our Security Solutions and Digital Agreements segments; expectations about trends in our cost of goods sold, gross margin, and sales and marketing, research and development, and general and administrative expenses; the 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 27, 2025) and Part II, Item IA of our Quarterly Report on Form 10-Q for the three months ended March 31, 2025 (filed with the SEC on May 1, 2025). 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 delivers cutting-edge solutions in two key areas: advanced secure authentication and digital agreements. Our secure authentication solutions protect devices, users, and applications with robust multi-factor and passwordless authentication and other fraud prevention technologies. Our digital agreements solutions combined identity verification, electric signatures, and digital workflows to streamline agreements, enhance compliance, and accelerate business processes. We empower organizations to automate and secure both customer-facing and revenue-generating processes, supporting a wide range of use cases—from simple transactions to complex workflows requiring elevated security. Trusted by global blue-chip enterprises, including more than 60% of the world’s 100 largest banks, OneSpan processes millions of digital agreements and billions of transactions in more than 100 countries annually.

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 lines of business, which are our reportable segments: Security Solutions and Digital Agreements.

- **Security Solutions**. 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 Security Solutions segment are on-premises and, to a lesser extent, cloud software products, and include multi-factor authentication, transaction signing, and mobile application security solutions.

- **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 largely 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 six months ended June 30, 2025, and Security Solutions and Digital Agreements subscription revenue grew 39% and 5% as compared to the three months ended June 30, 2024, respectively, and 19% and 9% as compared to the six months ended June 30, 2024, respectively.

Overview of Key Factors Impacting our Results of Operations

As discussed in greater detail below in "Results of Operations", the following factors and trends had a significant impact on our financial results for the three and six months ended June 30, 2025:

"Mobile-first" trend. Security Solutions total revenue decreased by 3% and 4% during the three and six months ended June 30, 2025, respectively, as compared to the equivalent periods in 2024. A key factor contributing to this decrease was a reduction in hardware revenues driven by certain customers adopting a “mobile first” approach, which prioritizes using mobile authentication solutions to enhance user experience over traditional hardware authentication devices, particularly for consumer banking. This trend has generally resulted in a reduction of sales volumes of our Digipass hardware authenticator devices, as banks adopt a higher mix of software authentication licenses delivered through software applications on mobile devices.

Increase in multi-year on-premises term subscription contracts. Revenue for the Security Solutions segment for the three and six months ended June 30, 2025 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 can result in a positive year-over-year revenue impact as customers shift from single-year to multi-year contracts.

Foreign exchange rate impact for three months ended June 30, 2025. Changes in foreign exchange rates favorably impacted both total revenue and Security Solutions revenue by approximately $1.2 million for the three months ended June 30, 2025 as compared to the equivalent period in 2024. The impact of changes in foreign exchange rates for the six months ended June 30, 2025, as well as the impact of these changes on the Digital Agreements segment, were immaterial.

2024 write-off. In the three and six months ended June 30, 2024, we wrote off costs associated with acquired technology and capitalized internally-developed software costs due to our decision to discontinue investment in blockchain technology. This write-off significantly impacted various year-over-year comparisons, as discussed below.

Restructuring Plan

In 2021 and 2022, our Board approved cost reduction actions designed to advance our operating model, streamline our business, improve efficiency, and enhance our capital resources.

On August 3, 2023, our Board of Directors approved further cost reduction actions (the "2023 Actions"). In connection with the 2023 Actions, we have incurred and expect to continue to incur restructuring charges, most of which relate to employee transition and severance payments and employee benefits, with a significantly smaller amount of charges related to vendor contract termination and rationalization actions. We currently expect that we will incur restructuring charges of approximately $0 to $0.5 million related to the 2023 Actions for the remainder of 2025, substantially all of which relate to employee transition and severance payments.

We plan to incrementally take actions under the restructuring plan until December 31, 2025, when the plan terminates. We completed substantially all of the workforce reductions planned as part of the 2023 Actions in 2023 and 2024. The vendor contract component of the 2023 Actions is planned for completion by the end of 2025.

As part of the restructuring plan (including the 2023 Actions), we reduced headcount by eliminating approximately 336 positions. We incurred severance and related benefits costs, recorded in “Restructuring and other related charges” in the consolidated statements of operations.

Business Acquisition

On June 4, 2025, we acquired Nok Nok Labs, Inc ("Nok Nok Labs") pursuant to a merger agreement that resulted in our purchase of 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. We expect that the technology acquired in the acquisition will provide OneSpan's customers with a wider range of flexible, adaptable authentication options. The results of operations since the acquisition date are included in our Security Solutions reportable operating segment. See Note 6, *Business Acquisitions*, for additional information.

Credit Agreement

On June 23, 2025, OneSpan Inc. and certain of its subsidiaries entered into a $100.0 million credit agreement (the “Credit Agreement) with MUFG Bank, Ltd ("MUFG") 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. The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. We may borrow, repay and reborrow funds under the revolving credit facility until its maturity on June 23, 2030. As of June 30, 2025, the Company had outstanding letters of credit of $0.2 million and no borrowings outstanding under the Credit Agreement. See Note 12, *Debt*, for additional information.

Components of Operating Results

Revenue

We generate revenue from the sale of our subscriptions, maintenance and support, professional 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, maintenance and support, and professional 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 June 30, 2025 compared to the comparable prior year period resulted in an increase in operating expenses of less than $0.4 million. We estimate the change in currency rates during the six months ended June 30, 2025 compared to the comparable prior year period resulted in an increase in operating expenses of $0.2 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 June 30, 2025 and 2024, operating expenses included $3.5 million and $2.0 million, respectively, of expenses related to stock-based and long-term incentive plans. During the six months ended June 30, 2025 and 2024, operating expenses included $6.3 million and $3.6 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 consist of employee costs which include severance, retention pay, and related benefits incurred from headcount reductions as part of our restructuring plan, including the 2023 Actions; real estate rationalization costs incurred to optimize our real estate footprint 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 incurred to advance our operating model which include write-offs of capitalized software assets no longer in use; write-offs of acquired blockchain technology and related capitalized software due to the discontinuation of incremental development investments and related commercial efforts; and vendor rationalization costs for contractually committed services the Company is no longer utilizing. We plan to incrementally incur additional restructuring costs through December 31, 2025, when the restructuring plan terminates and the 2023 Actions are completed.

Segment Results

Segment operating income (loss) consists of the revenue generated by a segment, less the direct costs of revenue, sales and marketing, research and development amortization and any impairment charges that are incurred directly by a segment. Unallocated corporate costs include general and administrative expense and other company-wide costs that are not attributable to a particular segment. Financial results by reportable operating segment are included below under Results of Operations. As of December 31, 2024, we adopted ASU 2023-07, Segment Reporting (Topic 280) to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. See Note 3, *Segment Information*, for additional information.

Interest Income, Net

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

Other (Expense) Income, Net

Other (expense) income, 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 Security Solutions business is owned by our U.S 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 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 30%.

Impact of Currency Fluctuations

During the three months ended June 30, 2025 and 2024, we generated approximately 78% and 85% of our revenues and incurred approximately 54% and 60% of our operating expenses, respectively, outside of the U.S. During the six months ended June 30, 2025 and 2024, we generated approximately 81% and 84% of our revenues and incurred approximately 56% and 61% 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 six months ended June 30, 2025 was denominated in U.S. Dollars. For the six months ended June 30, 2025, approximately 56% of our revenue was denominated in U.S. Dollars, 41% was denominated in Euros and 3% was denominated in other currencies. For the six months ended June 30, 2024, approximately 54% of our revenue was denominated in U.S. Dollars, 42% was denominated in Euros and 4% 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 gain of $5.5 million and $8.2 million during the three and six months ended June 30, 2025, respectively. For the three and six months ended June 30, 2024, translation adjustments arising from differences in exchange rates generated a comprehensive loss of $0.5 million and $2.1 million, respectively.

Gains and losses resulting from foreign currency transactions are included in the condensed consolidated statements of operations in other (expense) income, net. Foreign exchange transaction losses aggregated $1.0 million and $1.1 million for the three and six months ended June 30, 2025, respectively. For the three and six months ended June 30, 2024, gains resulting from foreign currency transactions were $0.1 million and $0.2 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.

	Three Months Ended June 30, 2025			
(In thousands, except percentages)	**Security Solutions**	**Digital Agreements**	**Corporate and Other**	**Total**
Revenue	$ 44,235	$ 15,608	$ —	$ 59,843
Cost of goods sold	11,413	4,463	—	15,876
Gross profit	32,822	11,145	—	43,967
Gross margin	*74 %*	*71 %*	*	*73 %*
Sales and marketing	7,329	3,467	709	11,505
Research and development	5,358	3,587	499	9,444
Other segment items (1)(3)	336	1,212	10,964	12,512
Operating income (loss) (2)(4)	19,799	2,879	(12,172)	10,506
Interest income, net				732
Other income (expense), net				(669)
Income before income taxes				$ 10,569

(In thousands, except percentages)	Three Months Ended June 30, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 45,461	$ 15,463	$ —	$ 60,924
Cost of goods sold	14,861	5,722	—	20,583
Gross profit	30,600	9,741	—	40,341
Gross margin	*67 %*	*63 %*	*	*66 %*
Sales and marketing	5,533	3,891	1,086	10,510
Research and development	4,097	4,217	27	8,341
Other segment items (1)(3)	278	1,788	11,787	13,853
Operating income (loss) (2)(4)	20,692	(155)	(12,900)	7,637
Interest income, net				521
Other income (expense), net				331
Income before income taxes				$ 8,489

(In thousands, except percentages)	Six Months Ended June 30, 2025			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 91,948	$ 31,261	$ —	$ 123,209
Cost of goods sold	23,041	9,110	—	32,151
Gross profit	68,907	22,151	—	91,058
Gross margin	*75 %*	*71 %*	*	*74 %*
Sales and marketing	14,201	6,870	1,891	22,962
Research and development	10,277	6,593	502	17,372
Other segment items (1)(3)	471	2,443	20,122	23,036
Operating income (loss) (2)(4)	43,958	6,245	(22,515)	27,688
Interest income, net				1,424
Other income (expense), net				(678)
Income before income taxes				$ 28,434

(In thousands, except percentages)	Six Months Ended June 30, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 95,891	$ 29,876	$ —	$ 125,767
Cost of goods sold	27,788	10,243	—	38,031
Gross profit	68,103	19,633	—	87,736
Gross margin	*71 %*	*66 %*	*	*70 %*
Sales and marketing	12,077	9,121	2,239	23,437
Research and development	8,098	8,448	54	16,600
Other segment items (1)(3)	1,357	2,484	22,111	25,952
Operating income (loss) (2)(4)	46,571	(420)	(24,404)	21,747
Interest income, net				622
Other income (expense), net				622
Income before income taxes				$ 22,991

*Percentage not meaningful.

(1) Security Solutions other segment items includes general and administrative expense and restructuring and other related charges for the three and six months ended June 30, 2025 and 2024.

(2) Security Solutions operating income includes $0.2 million and $0.4 million of total amortization and depreciation expense for both three and six months ended June 30, 2025 and 2024, respectively.

Security Solutions operating income includes $0.1 million and $0.2 million of restructuring and other related charges for the three and six months ended June 30, 2025, respectively. Security Solutions operating income includes $0.3 million and $1.4 million of restructuring and other related charges for the three and six months ended June 30, 2024, respectively.

(3) Digital Agreements other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the three and six months ended June 30, 2025 and 2024.

(4) Digital Agreements operating income includes $1.8 million and $3.5 million of total amortization and depreciation expense for three and six months ended June 30, 2025, respectively. Digital Agreements operating loss includes $1.6 million and $3.2 million of total amortization and depreciation expense for three and six months ended June 30, 2024, respectively.

Digital Agreements operating income includes $0.1 million and $0.2 million of restructuring and other related charges for the three and six months ended June 30, 2025, respectively. Digital Agreements operating loss includes $1.2 million and $1.3 million of restructuring and other related charges for the three and six months ended June 30, 2024, respectively.

Revenue

Revenue by products and services allocated to the segments for the three and six months ended June 30, 2025, and 2024 is as follows:

	Three Months Ended June 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 20,602	$ 15,574	$ 14,857	$ 14,785
Maintenance and support	8,666	25	9,742	490
Professional services and other (1)	951	9	1,123	188
Hardware products	14,016	—	19,739	—
Total Revenue	$ 44,235	$ 15,608	$ 45,461	$ 15,463

	Six Months Ended June 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 48,674	$ 31,119	$ 41,039	$ 28,597
Maintenance and support	16,650	49	19,808	994
Professional services and other (1)	1,545	93	2,728	285
Hardware products	25,079	—	32,316	—
Total Revenue	$ 91,948	$ 31,261	$ 95,891	$ 29,876

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the three and six months ended June 30, 2025 and approximately 1% of total revenue for the three and six months ended June 30, 2024.

Total revenue decreased by $1.1 million, or 2%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Changes in foreign exchange rates as compared to the same period in 2024 favorably impacted revenue by approximately $1.2 million. For the six months ended June 30, 2025, revenue decreased by $2.6 million, or 2%, compared to the six months ended June 30, 2024. Changes in foreign exchange rates as compared to the same period in 2024 favorably impacted revenue by approximately $0.1 million.

Additional information on our revenue by segment follows.

- **Security Solutions** revenue decreased $1.2 million, or approximately 3%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The decrease in Security Solutions revenue was primarily attributable to lower volumes of hardware devices sold due largely to the mobile-first trend discussed in the "Overview" section above, and to a lesser extent, lower perpetual-based maintenance due to our transition to term licenses and cloud subscription license models. The decrease was partially offset by higher on-premises license and maintenance revenues, primarily from existing customers, and revenue from customers acquired in our acquisition of Nok Nok Labs. Timing of customer renewals and the transition of certain customers from single-year to multi-year term license contracts positively impacted on-premises revenue in the quarter. Changes in foreign exchange rates for the three months ended June 30, 2025 compared to the same period in 2024 favorably impacted Security Solutions revenue by $1.2 million.

- For the six months ended June 30, 2025, Security Solutions revenue decreased $3.9 million, or approximately 4%, which was primarily attributable to lower volumes of hardware devices sold due to the mobile-first trend, and to a lesser extent, lower perpetual-based maintenance and professional services revenues due to our transition to term licenses and cloud subscription license models. The decrease was partially offset by higher on-premises license and maintenance revenues, primarily from existing customers, increased cloud subscription revenue, and revenue from customers acquired in our acquisition of Nok Nok Labs. Timing of customer renewals and the transition of certain customers from single-year to multi-year term license contracts positively impacted on-premises revenue in the period. Changes in foreign exchange rates for the six months ended June 30, 2025 compared to the same period in 2024 favorably impacted Security Solutions revenue by $0.1 million.

- **Digital Agreements** revenue increased $0.1 million, or 1%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. For the six months ended June 30, 2025, Digital Agreements revenue increased $1.4 million, or 5%. The increase in Digital Agreements revenue for both periods was primarily attributable to higher cloud subscription revenue from existing customer expansions and, to a lesser extent, new logos and overages, partially offset by lower term-based maintenance revenue due to our transition to cloud subscription licenses. Changes in foreign exchange rates compared to the same period in 2024 favorably impacted Digital Agreements revenue by less than $0.1 million for the three months ended June 30, 2025. Changes in foreign exchange rates compared to the same period in 2024 negatively impacted Digital Agreements revenue by less than $0.1 million for the six months ended June 30, 2025.

Our revenue is heavily influenced by the timing of orders and shipments, as well as the timing of customer 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) EMEA, which includes Europe, Middle East and Africa; 2) the Americas, which includes sales in North, Central, and South America; and 3) Asia Pacific (APAC), which also includes Australia and New Zealand. The breakdown of revenue in each of our major geographic areas was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except percentages)	2025	2024	2025	2024
Revenue				
EMEA	$ 23,398	$ 25,194	$ 54,404	$ 57,036
Americas	23,879	21,099	44,974	42,443
APAC	12,566	14,631	23,831	26,288
Total revenue	$ 59,843	$ 60,924	$ 123,209	$ 125,767
% of Total Revenue				
EMEA	39 %	41 %	44 %	45 %
Americas	40 %	35 %	37 %	34 %
APAC	21 %	24 %	19 %	21 %

For the three months ended June 30, 2025, revenue generated in EMEA was $1.8 million, or 7%, lower than the same period in 2024. For the six months ended June 30, 2025, revenue generated in EMEA was $2.6 million, or 5%, lower than the same period in 2024. The decrease for both periods was primarily due to lower hardware volumes attributed to the mobile-first trend and end-of-life products, partially offset by an increase in revenue from software authentication and mobile application security products.

For the three months ended June 30, 2025, revenue generated in the Americas was $2.8 million, or 13%, higher than the three months ended June 30, 2024, primarily due to an increase in revenue from software authentication products, and to a lesser extent, Digital Agreements revenue. For the six months ended June 30, 2025, revenue generated in the Americas was $2.5 million, or 6%, higher than the same period in 2024, primarily due to an increase in revenue from software authentication products and Digital Agreements revenue, partially offset by lower hardware revenue.

For the three months ended June 30, 2025, revenue generated in APAC was $2.1 million, or 14%, lower than the three months ended June 30, 2024. For the six months ended June 30, 2025, revenue generated in APAC was $2.5 million, or 9%, lower than the same period in 2024. The decrease for both periods was primarily attributable to lower hardware volumes and a decrease in revenue from software authentication products, partially offset by an increase in revenue from mobile application security products.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold for our products and services for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except percentages)	**2025**	**2024**	**2025**	**2024**
Cost of goods sold				
Product and license	$ 8,296	$ 11,247	$ 17,014	$ 20,953
Services and other	7,580	9,336	15,137	17,078
Total cost of goods sold	$ 15,876	$ 20,583	$ 32,151	$ 38,031
Gross profit	$ 43,967	$ 40,341	$ 91,058	$ 87,736
Gross margin				
Product and license	74 %	65 %	76 %	70 %
Services and other	73 %	67 %	72 %	69 %
Total gross margin	73 %	66 %	74 %	70 %

The cost of product and license revenue decreased by $3.0 million, or 26%, and $3.9 million, or 19% during the three and six months ended June 30, 2025, respectively, compared to the three and six months ended June 30, 2024. The decrease in cost of product and license revenue for both the three and six months ended June 30, 2025 was driven primarily by lower hardware revenue and hardware costs, partially offset by higher third-party license costs.

The cost of services and other revenue decreased by $1.8 million, or 19%, and $1.9 million, or 11% during the three and six months ended June 30, 2025, compared to the three and six months ended June 30, 2024. The decrease was largely due to the prior year impact of the 2024 write-off discussed in the "Overview" above. Lower cloud platform costs for the three and six months ended June 30, 2025 were also a factor in the year-over-year decrease.

Gross profit increased by $3.6 million, or 9%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Gross margin was 73% for the three months ended June 30, 2025, compared to 66% for the three months ended June 30, 2024. Gross profit increased $3.3 million, or 4% during the six months ended June 30, 2025 compared to the six months ended June 30, 2024. Gross profit margin was 74% for the six months ended June 30, 2025, compared to 70% for the six months ended June 30, 2024. The increase in profit margin in both periods was primarily driven by an increase in software revenue and a decrease in hardware revenue, along with an increase in hardware margin due to favorable hardware customer mix and the prior year impact of the 2024 write-off.

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 an unfavorable impact on overall cost of goods sold of $0.2 million for three months ended June 30, 2025 and $0.1 million for six months ended June 30, 2025. Had currency rates during the three months ended June 30, 2025 been equal to rates in the comparable period of 2024, 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 six months ended June 30, 2025 been equal to rates in the comparable period of 2024, the gross margin would have been less than 1 percentage point higher.

Additional information on our gross profit by segment follows.

- **Security Solutions** gross profit increased $2.2 million, or 7%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Security Solutions gross margin for the three months ended June 30, 2025 was 74%, compared to 67% for the three months ended June 30, 2024. The increase in gross margin was primarily due to an increase in software revenue and a decrease in hardware revenue, along with an increase in hardware margin due to favorable hardware customer mix. For the six months ended June 30, 2025, Security Solutions gross profit increased $0.8 million, or 1%, compared to the same period in 2024. Security Solutions gross margin for the six months ended June 30, 2025 was 75%, compared to 71% for the six months ended June 30, 2024. The increase in the gross margin was due to the same reasons set forth above.

- **Digital Agreements** gross profit increased $1.4 million, or 14%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Digital Agreements gross margin for the three months ended June 30, 2025 was 71%, compared to 63% for the three months ended June 30, 2024. The increase is primarily attributed to the prior year impact of the 2024 write-off discussed above. For the six months ended June 30, 2025, Digital Agreements gross profit increased $2.5 million, or 13%, compared to the same period in June 30, 2024. Digital Agreements gross margin for the six months ended June 30, 2025 was 71%, compared to 66% for the six months ended June 30, 2024. The increase in gross profit and gross margin was driven by higher cloud subscription revenue and the 2024 write-off, partially offset by lower term-based maintenance revenue.

Operating Expenses

Operating expenses increased by $0.8 million, or 2%, during the three months ended June 30, 2025 compared to the three months ended June 30, 2024. For the three months ended June 30, 2025, changes in foreign exchange rates negatively impacted operating expenses by approximately $0.4 million as compared to the same period in 2024. Operating expenses decreased by $2.6 million, or 4%, during the six months ended June 30, 2025 compared to the six months ended June 30, 2024. For the six months ended June 30, 2025, changes in foreign exchange rates negatively impacted operating expenses by approximately $0.2 million as compared to the same period in 2024.

The following table presents the breakout of operating expenses by category for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Operating costs				
Sales and marketing	$ 11,505	$ 10,510	$ 22,962	$ 23,437
Research and development	9,444	8,341	17,372	16,600
General and administrative	11,779	11,557	21,326	21,564
Restructuring and other related charges	48	1,711	469	3,208
Amortization of intangible assets	685	585	1,241	1,180
Total operating costs	$ 33,461	$ 32,704	$ 63,370	$ 65,989

Sales and Marketing Expenses

Sales and marketing expenses for the three months ended June 30, 2025 increased by $1.0 million, or 9%, compared to the three months ended June 30, 2024. The increase in expense was driven primarily by increased commissions, stock-based compensation expense and the acquisition of Nok Nok Labs, offset by lower consulting costs. Sales and marketing expenses for the six months ended June 30, 2025 decreased by $0.5 million, or 2%, compared to the six months ended June 30, 2024. The decrease was driven primarily by lower employee compensation costs year-over-year which included decreases in salaries and benefits as a result of headcount reductions, along with decreased consulting and marketing costs, and lower travel and entertainment expenses. The decrease was partially offset by increased commissions, stock-based compensation expense and the acquisition of Nok Nok Labs.

Average full-time sales, marketing, support, and operating employee headcount for the three and six months ended June 30, 2025 was 163 and 160, respectively, compared to 166 and 175 for the three and six months ended June 30, 2024, respectively. Average headcount was 2% and 9% lower for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024.

Research and Development Expenses

Research and development expenses for the three months ended June 30, 2025 increased by $1.1 million, or 13%, compared to the three months ended June 30, 2024. Research and development expenses for the six months ended June 30, 2025 increased by $0.8 million, or 5%, compared to the six months ended June 30, 2024. The increase in expense for both periods was primarily driven by increased stock-based compensation expense, lower software capitalization, and people costs associated with the acquisition of Nok Nok Labs, partially offset by lower consulting costs and lower year-over-year software costs.

Average full-time research and development employee headcount for the three and six months ended June 30, 2025 was 228 and 225, respectively, compared to 239 and 245 for the three and six months ended June 30, 2024, respectively. Average headcount was less than 4% and 8% lower for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2025 increased by $0.2 million, or 2%, compared to the three months ended June 30, 2024. The increase in expense for the three months ended June 30, 2025 as compared to the prior year period was largely driven by increased stock-based compensation expense, the Nok Nok Labs acquisition, and higher consulting costs in 2025 compared to prior year, offset by lower employee compensation costs, which included a decrease in salaries, payroll taxes, and related benefits as a result of lower headcount as well as lower bonus accruals. General and administrative expenses for the six months ended June 30, 2025 decreased by $0.2 million, or 1%, compared to the six months ended June 30, 2024. The decrease in expense for the six months ended June 30, 2025 as compared to the prior year period was largely driven by lower employee compensation costs, which included a decrease in salaries, payroll taxes, and related benefits as a result of lower headcount as well as lower bonus accruals. This decrease was partially offset by increased stock-based compensation expense and higher consulting costs in 2025 compared to prior year.

Average full-time general and administrative employee headcount for the three and six months ended June 30, 2025 was 86 and 86, respectively, compared to 101 and 106 for the three and six months ended June 30, 2024, respectively. Average headcount was 15% and 19% lower for the three and six months ended June 30, 2025, compared to the same periods in 2024.

Restructuring and Other Related Charges

Restructuring and other related charges for the three months ended June 30, 2025 decreased by $1.7 million, or 97%, compared to the three months ended June 30, 2024, driven by minimal headcount reduction and vendor rationalization costs in 2025 compared to severance costs of $1.2 million incurred in 2024, as well as additional capitalized software and the prior year impact of the 2024 write-off. Restructuring and other related charges for the six months ended June 30, 2025 decreased by $2.7 million, or 85%, compared to the six months ended June 30, 2024. The decrease was largely due to minimal headcount reduction and vendor rationalization costs in 2025 compared to severance costs of $2.6 million incurred in 2024 as well as additional capitalized software and and the prior year impact of the 2024 write-off.

Amortization of Intangible Assets

Amortization of intangible assets expense for the three months ended June 30, 2025 increased by $0.2 million, or 17%, compared to the three months ended June 30, 2024. Amortization of intangible assets expense for the six months ended June 30, 2025 increased by less than $0.1 million, or 5%, compared to the six months ended June 30, 2024.

Segment Operating Income (Loss)

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

- **Security Solutions** operating income for the three months ended June 30, 2025 was $19.8 million, which was a year-over-year decrease of $0.9 million, or 4%, from the three months ended June 30, 2024. Operating income for the six months ended June 30, 2025 was $44.0 million, which was a year-over-year decrease of $2.6 million, or 6% from the six months ended June 30, 2024. The decrease was largely due to higher sales and marketing expenses and research and development expenses, including those from the acquisition of Nok Nok Labs.

- **Digital Agreements** operating income for the three and six months ended June 30, 2025 was $2.9 million and $6.2 million, respectively, compared to an operating loss of $0.2 million and $0.4 million for the three and six months ended June 30, 2024, respectively. The improvement in operating income for the three and six months ended June 30, 2025 was driven by higher gross profit and lower operating expenses, including research and development expenses, sales and marketing expenses, employee compensation costs, marketing expenses, and travel and entertainment costs.

Interest income, net

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Interest income, net	$ 732	$ 521	$ 1,424	$ 622

Interest income, net, was $0.7 million and $0.5 million for the three months ended June 30, 2025 and 2024, respectively. Interest income, net, was $1.4 million and $0.6 million for the six months ended June 30, 2025 and 2024, respectively. The increase in interest income was due to higher average excess cash invested in the period compared to last year.

Other (Expense) Income, net

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Other (expense) income, net	$ (669)	$ 331	$ (678)	$ 622

Other (expense) income, 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 expense, net, for both the three and six months ended June 30, 2025 was $0.7 million. Other income, net, for the three and six months ended June 30, 2024 was $0.3 million and $0.6 million, respectively. The change was largely driven by increased foreign exchange transaction losses in 2025 compared to foreign exchange transaction gains in 2024.

Provision for Income Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Provision for income taxes	$ 2,227	$ 1,936	$ 5,587	$ 2,970

We recorded income tax expense of $2.2 million and $1.9 million for the three months ended June 30, 2025 and 2024, respectively. Higher income tax expense for the three months ended June 30, 2025 was primarily attributable to an increase in income before taxes. We recorded income tax expense of $5.6 million and $3.0 million for the six months ended June 30, 2025 and 2024, respectively. The increase in income tax expense for the six months ended June 30, 2025 was primarily attributable to an increase in income before taxes and a $1.1 million tax benefit recorded during the six months ended June 30, 2024 in connection with a Mutual Agreement Procedure request. Additional information on this request can be found in our 2024 Annual Report on Form 10-K.

Liquidity and Capital Resources

At June 30, 2025, we had cash and cash equivalent balances of $92.9 million. Our cash and cash equivalents balance includes money market funds and U.S. treasury bills with maturities at acquisition of less than three months.

At December 31, 2024, we had cash and cash equivalent balances of $83.2 million.

We are party to lease agreements that require letters of credit to secure the obligations, which totaled $0.2 million as of December 31, 2024. The restricted cash related to the letters of credit will be held for a period greater than 12 months, and therefore, is recorded as "Restricted cash" and a long-term asset on the condensed consolidated balance sheets. The Company had an immaterial restricted cash balance recorded as "Other current assets" as of June 30, 2025.

As of June 30, 2025, we held $65.1 million of cash and cash equivalents in subsidiaries outside of the United States. Of that amount, $63.8 million is not subject to repatriation restrictions, but may be subject to taxes upon repatriation.

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

Our cash flows are as follows:

	Six Months Ended June 30,	
(In thousands)	**2025**	**2024**
Cash provided by (used in):		
Operating activities	$ 35,583	$ 29,262
Investing activities	(15,540)	(5,360)
Financing activities	(12,167)	(2,031)
Effect of foreign exchange rate changes on cash and cash equivalents	1,679	(1,098)

Operating Activities

Cash used in 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 six months ended June 30, 2025, $35.6 million of cash was provided by operating activities. This was driven by a higher net income for the period and a higher decrease in our accounts receivable balance, partially offset by a decrease in deferred revenue. For the six months ended June 30, 2024, $29.3 million of cash was provided by operating activities.

Our working capital at June 30, 2025 was $73.9 million compared to $64.6 million at December 31, 2024. The increase was driven by lower deferred revenue and accrued wages and payroll taxes and by increased cash and cash equivalents and contract assets, partially offset by lower accounts receivable and higher other accrued expenses.

Investing Activities

Changes in cash flows from investing activities primarily relate to timing of purchases, maturities and sales of investments, 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 six months ended June 30, 2025, net cash used in investing activities was $15.5 million, compared to net cash used in investing activities of $5.4 million for the six months ended June 30, 2024. Cash used in investing activities primarily consisted of cash paid for the acquisition of Nok Nok Labs and additions to property and equipment.

Financing Activities

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

Cash of $12.2 million used in financing activities during the six months ended June 30, 2025 was attributable to dividends paid and tax payments for stock issuances. Cash of $2.0 million used in financing activities during the six months ended June 30, 2024 was attributable to tax payments for stock issuances and cash paid for the holdback component of a prior year acquisition.

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 June 30, 2025, we reported ARR of $177.8 million, which was 8% higher than ARR of $165.3 million at June 30, 2024. The contribution to ARR from our acquisition of Nok Nok Labs was $8.1 million and consisted primarily of the annualized value of the active portions of the company's term-based license contracts, and to a lesser extent, its SaaS and maintenance contracts. Changes in foreign exchange rates as compared to the prior year negatively impacted ARR by approximately $0.5 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 101% at June 30, 2025 as compared to 112% at June 30, 2024. The year-over-year change in NRR was primarily due to a decrease in expansion contracts following a strong increase in expansion contracts during the quarter ended June 30, 2024, and to a lesser extent, an increase in contracts that reduced in value, or contracted.

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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Net income	$ 8,342	$ 6,553	$ 22,847	$ 20,021
Interest income, net	(732)	(521)	(1,424)	(622)
Provision for income taxes	2,227	1,936	5,587	2,970
Depreciation and amortization of intangible assets (1)	2,456	2,063	4,585	4,145
Long-term incentive compensation and related payroll tax expense (2)	3,678	2,017	6,926	4,063
Restructuring and other related charges (3)	88	3,218	534	4,734
Other non-recurring items (4)	1,579	906	1,618	1,077
Adjusted EBITDA	$ 17,638	$ 16,172	$ 40,673	$ 36,388

(1) Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of $1.3 million and $2.3 million for the three and six months ended June 30, 2025, respectively, and $0.9 million and $1.7 million for the three and six months ended June 30, 2024, 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 and $0.1 million for the three months ended June 30, 2025 and 2024, respectively, and less than $0.1 million and $0.2 million for the six months ended June 30, 2025 and 2024, respectively.

Starting January 1, 2025, employer payroll taxes related to employee stock-based award transactions are included in long-term incentive compensation and related payroll tax expense. Prior period amounts have been adjusted to reflect these changes. We are excluding these payroll taxes from Adjusted EBITDA results since they are tied to the timing and size of the vesting of the underlying stock-based awards and the price of our common stock at the time of vesting, which may vary from period to period independent of our operating performance. Employer payroll taxes related to employee stock-based award transactions amounted to $0.2 million and less than $0.1 million for the three months ended June 30, 2025 and 2024, respectively, and $0.7 million and $0.4 million for the six months ended June 30, 2025 and 2024, respectively.

(3) Includes write-offs of intangible assets and property and equipment, net, of $0.8 million and $1.0 million, respectively, for the three and six months ended June 30, 2024. 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 less than $0.1 million and $0.1 million for the three and six months ended June 30, 2025, respectively, and less than $0.1 million for both the three and six months ended June 30, 2024. 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 June 30, 2025 and 2024, other non-recurring items consist of $1.6 million and $0.9 million, respectively, of fees related to non-recurring projects. For the six months ended June 30, 2025 and 2024, other non-recurring items consist of $1.6 million and $1.1 million, respectively, of fees related to non-recurring projects.

Adjusted EBITDA for the three months ended June 30, 2025 was $17.6 million compared to $16.2 million for the three months ended June 30, 2024. The increase was largely driven by lower cost of sales, partially offset by increased operating expenses and other expense, net. Adjusted EBITDA for the six months ended June 30, 2025 was $40.7 million compared to $36.4 million for the six months ended June 30, 2024. The increase for both periods was largely driven by lower cost of sales as well as lower operating expenses and higher interest income, partially offset by increased other expense, net . Year-over-year changes in foreign exchange rates favorably impacted Adjusted EBITDA by approximately $0.4 million for the three months ended June 30, 2025 and favorably impacted Adjusted EBITDA by approximately $0.2 million for the six months ended June 30, 2025.

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, 2024 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 June 30, 2025.

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our market risk during the three months ended June 30, 2025. 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 June 30, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2025, 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 June 30, 2025.

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, 2024, filed with the SEC on February 27, 2025 and Part II, Item IA of our Quarterly Report on Form 10-Q for the three months ended March 31, 2025 filed with the SEC on May 1, 2025.

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 second quarter of 2025:

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)
April 1, 2025 through April 30, 2025	—	$ —	—	$ —
May 1, 2025 through May 31, 2025	—	$ —	—	$ —
June 1, 2025 through June 30, 2025	—	$ —	—	$ —

(1) On May 9, 2024, the Board of Directors terminated the stock repurchase program adopted on May 11, 2022 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 9, 2026 unless the total amount has been used or authorization has been cancelled.

Item 6 - Exhibits

Exhibit 10.1 - Amended and Restated 2019 Omnibus Incentive Plan

Exhibit 10.2 - Credit Agreement, dated as of June 23, 2025, by and among OneSpan Inc., as Borrower, certain subsidiaries of OneSpan Inc., as Guarantors, the Lenders party thereto, and MUFG Bank, Ltd., as Administrative Agent, Swingline Lender and L/C Issuer (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 8-K filed on June 23, 2025)

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 August 5, 2025

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 August 5, 2025.

Exhibit 32.1 – Section 1350 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 5, 2025.

Exhibit 32.2 – Section 1350 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 5, 2025

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

*Compensatory plan or management contract.

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 August 5, 2025.

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)

ONESPAN INC.

AMENDED AND RESTATED 2019 OMNIBUS INCENTIVE PLAN

I. INTRODUCTION

1.1 Purposes. The purposes of the OneSpan Inc. 2019 Omnibus Incentive Plan (this "Plan") are (i) to align the interests of the Company's stockholders and the recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company's growth and success, (ii) to advance the interests of the Company by attracting and retaining Non-Employee Directors, officers, other employees, consultants, independent contractors and agents and (iii) to motivate such persons to act in the long term best interests of the Company and its stockholders.

1.2 Certain Definitions.

"Agreement" shall mean the written or electronic agreement evidencing an award hereunder between the Company and the recipient of such award.

"Board" shall mean the Board of Directors of the Company.

"Change in Control" shall have the meaning set forth in Section 5.8(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Compensation Committee of the Board, or a subcommittee thereof, or such other committee designated by the Board, in each case, consisting of two or more members of the Board, each of whom is intended to be (i) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act and (ii) "independent" within the meaning of the rules of the Nasdaq Capital Market or, if the Common Stock is not listed on the Nasdaq Capital Market, within the meaning of the rules of the principal stock exchange on which the Common Stock is then traded.

"Common Stock" shall mean the common stock, par value $0.001 per share, of the Company, and all rights appurtenant thereto.

"Company" shall mean OneSpan Inc., a corporation organized under the laws of the State of Delaware, or any successor thereto.

"Company Transaction" shall mean the consummation of (i) a reorganization, merger or consolidation of the Company, or (ii) the sale or other disposition of all or substantially all of the assets of the Company and its direct and indirect subsidiaries taken as a whole to a Person or Persons who are not "related persons" as defined in Treasury Regulation § 1.409A-3(i)(5)(vii)(B); except in each case a transaction pursuant to which:

(1) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such transaction will beneficially own, directly or indirectly, 50% or more of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets, either directly or through one or more subsidiaries) in substantially the same proportions as their

ownership, immediately prior to such transaction, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be; and

(2) individuals who were members of the Board immediately prior to the approval by the stockholders of the Company of such transaction will constitute at least a majority of the members of the board of directors of the entity resulting from such transaction;

"Convertible Security" shall mean any security convertible into or exchangeable for shares of Common Stock of the Company, or any option, warrant or other right to acquire shares of Common Stock of the Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean the closing transaction price of a share of Common Stock as reported on the Nasdaq Capital Market on the date as of which such value is being determined or, if the Common Stock is not listed on the Nasdaq Capital Market, the closing transaction price of a share of Common Stock on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in compliance with Section 409A of the Code.

"Free-Standing SAR" shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock) or, to the extent set forth in the applicable Agreement, cash or a combination thereof, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

"Incentive Stock Option" shall mean an option to purchase shares of Common Stock that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

"Incumbent Board" shall have the meaning set forth in Section 5.8(b)(2).

"Non-Employee Director" shall mean any director of the Company who is not an officer or employee of the Company or any Subsidiary.

"Nonqualified Stock Option" shall mean an option to purchase shares of Common Stock which is not an Incentive Stock Option.

"Other Stock Award" shall mean an award granted pursuant to Section 3.4 of the Plan.

"Outstanding Common Stock" shall have the meaning set forth in Section 5.8(b)(1).

"Outstanding Voting Securities" shall have the meaning set forth in Section 5.8(b)(1).

"Performance Award" shall mean a right to receive an amount of cash, Common Stock, or a combination of both, contingent upon the attainment of specified Performance Measures within a specified Performance Period.

"Performance Measures" shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the grant or exercisability of all or a portion of an option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder's interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award, Other Stock Award or Performance Award, to the holder's receipt of the shares of Common Stock subject to such award or of payment with respect to such award. One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries, business or geographical units or operating areas of the Company (except with respect to the total shareholder return and earnings per share criteria) or individual basis, may be used by the Committee in establishing Performance Measures under this Plan: (i) earnings before any or all of interest, tax, depreciation or amortization (actual or adjusted and either in the aggregate or on a per-share of Common Stock basis); (ii) earnings (either in the aggregate or on a per-share of Common Stock basis); (iii) net income or loss (either in the aggregate or on a per-share of Common Stock basis); (iv) operating profit; (v) cash flow (either in the aggregate or on a per-share of Common Stock basis); (vi) free cash flow (either in the aggregate on a per-share of Common Stock basis); (vii) costs; (viii) gross revenues; (ix) reductions in expense levels; (x) operating and maintenance cost management and employee productivity; (xi) stock price or total shareholder return (including growth measures and total stockholder return or attainment by the shares of Common Stock of a specified value for a specified period of time); (xii) net economic value; (xiii) economic value added; (xiv) aggregate product unit and pricing targets; (xv) strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, geographic business expansion goals, objectively identified project milestones, production volume levels, cost targets, and goals relating to acquisitions or divestitures; (xvi) achievement of return on net assets, return on assets, return on investment capital, or return on equity; (xvii) achievement of objectives relating to diversity, employee turnover, or employee retention rates; (xviii) results of customer satisfaction surveys; (xix) debt ratings, debt leverage and debt service; or (xx) such other goals as the Committee may determine whether or not listed herein. Each such goal may be determined on a pre-tax or post-tax basis or on an absolute or relative basis, and may include comparisons based on current internal targets, the past performance of the Company (including the performance of one or more subsidiaries, divisions, or operating units) or the past or current performance of other companies or market indices (or a combination of such past and current performance). In addition to the ratios specifically enumerated above, performance goals may include comparisons relating to capital (including, but not limited to, the cost of capital), shareholders' equity, shares outstanding, assets or net assets, sales, or any combination thereof. In establishing a Performance Measure or determining the achievement of a Performance Measure, the Committee may provide that achievement of the applicable Performance Measures may be amended or adjusted to include or exclude components of any Performance Measure, including, without limitation, foreign exchange gains and losses, asset write-downs, acquisitions and divestitures, change in fiscal year, unbudgeted capital expenditures, special charges such as restructuring or impairment charges, debt refinancing costs, extraordinary or noncash items, unusual, infrequently occurring, nonrecurring or one-time events affecting the Company or its financial statements or changes in law or accounting principles. Performance Measures shall be subject to such other special rules and conditions as the Committee may establish at any time.

"Performance Period" shall mean any period designated by the Committee during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

"Person" shall have the meaning set forth in Section 5.8(b)(1).

"Prior Plan" shall mean the VASCO Data Security International, Inc. 2009 Equity Incentive Plan and each other equity plan maintained by the Company under which awards are outstanding as of the effective date of this Plan.

"Restricted Stock" shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

"Restricted Stock Award" shall mean an award of Restricted Stock under this Plan.

“**Restricted Stock Unit**” shall mean a right to receive one share of Common Stock or, in lieu thereof and to the extent set forth in the applicable Agreement, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“**Restricted Stock Unit Award**” shall mean an award of Restricted Stock Units under this Plan.

“**Restriction Period**” shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award or Other Stock Award shall remain in effect.

“**SAR**” shall mean a stock appreciation right which may be a Free Standing SAR or a Tandem SAR.

“**Stock Award**” shall mean a Restricted Stock Award, Restricted Stock Unit Award or Other Stock Award.

“**Subsidiary**” shall mean any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity.

“**Substitute Award**” shall mean an award granted under this Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, including a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an option or SAR.

“**Tandem SAR**” shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock) or, to the extent set forth in the applicable Agreement, cash or a combination thereof, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

“**Tax Date**” shall have the meaning set forth in Section 5.5.

“**Ten Percent Holder**” shall have the meaning set forth in Section 2.1(a).

1.3Administration. This Plan shall be administered by the Committee. Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) options to purchase shares of Common Stock in the form of Incentive Stock Options or Nonqualified Stock Options; (ii) SARs in the form of Tandem SARs or Free Standing SARs; (iii) Stock Awards in the form of Restricted Stock, Restricted Stock Units or Other Stock Awards; and (iv) Performance Awards. The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock subject to an award, the number of SARs, the number of Restricted Stock Units, the dollar value subject to a Performance Award, the purchase price or base price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding awards shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding awards shall lapse and (iv) the Performance Measures (if any) applicable to any outstanding awards shall be deemed to be satisfied at the target, maximum or any other level. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder to the Board (or any members thereof) or, subject to applicable law, to a subcommittee of the Board, a member of the Board, the Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate; provided, however, that the Committee may not delegate its power and authority to a member of the Board, the Chief Executive Officer or other executive officer of the Company with regard to the selection for participation in this Plan of an officer, director or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an award to such an officer, director or other person.

No member of the Board or Committee, and neither the Chief Executive Officer nor any other executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Chief Executive Officer or other executive officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company's Certificate of Incorporation and/or By-laws) and under any directors' and officers' liability insurance that may be in effect from time to time.

1.4 Eligibility. Participants in this Plan shall consist of such officers, other employees, Non-Employee Directors, consultants, independent contractors, agents, and persons expected to become officers, other employees, Non-Employee Directors, consultants, independent contractors and agents of the Company and its Subsidiaries as the Committee in its sole discretion may select from time to time. The Committee's selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. Except as otherwise provided for in an Agreement, for purposes of this Plan, references to employment by the Company shall also mean employment by a Subsidiary, and references to employment shall include service as a Non-Employee Director, consultant, independent contractor or agent. The Committee shall determine, in its sole discretion, the extent to which a participant shall be considered employed during an approved leave of absence. The aggregate value of cash compensation and the grant date fair value of shares of Common Stock that may be awarded or granted during any fiscal year of the Company to any Non-Employee Director shall not exceed $400,000.

1.5 Shares Available. Subject to adjustment as provided in Section 5.7 and to all other limits set forth in this Plan, 6,500,000 shares of Common Stock shall be available for all awards under this Plan, other than Substitute Awards. Subject to adjustment as provided in Section 5.7, no more than 6,500,000 shares of Common Stock in the aggregate may be issued under the Plan in connection with Incentive Stock Options. To the extent the Company grants an option, a Free-Standing SAR, a Stock Award or settles a Performance Award in shares of Common Stock, the number of shares of Common Stock that remain available for future grants under the Plan shall be reduced by an amount equal to the number of shares subject to such option, Free-Standing SAR, Stock Award or Performance Award.

To the extent that shares of Common Stock subject to an outstanding option, SAR, Stock Award or Performance Award granted under the Plan or a Prior Plan, other than Substitute Awards, are not issued or delivered by reason of (i) the expiration, termination, cancellation or forfeiture of such award (excluding shares subject to an option cancelled upon settlement in shares of a related Tandem SAR or shares subject to a Tandem SAR cancelled upon exercise of a related option) or (ii) the settlement of such award in cash, then such shares of Common Stock shall again be available under this Plan; provided, however, that shares of Common Stock subject to an award under this Plan or a Prior Plan shall not again be available for issuance under this Plan if such shares are (x) shares that were subject to an option or stock-settled SAR and were not issued or delivered upon the net settlement or net exercise of such option or SAR, (y) shares delivered to or withheld by the Company to pay the purchase price or the withholding taxes related to an outstanding award or (z) shares repurchased by the Company on the open market with the proceeds of an option exercise.

The number of shares of Common Stock available for awards under this Plan shall not be reduced by (i) the number of shares of Common Stock subject to Substitute Awards or (ii) available shares under a stockholder approved plan of a company or other entity which was a party to a corporate transaction with the Company (as appropriately adjusted to reflect such corporate transaction) which become subject to awards granted under this Plan (subject to applicable stock exchange requirements).

Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

1.6 Minimum Vesting Requirements. No award (or any portion of any award) granted under the Plan shall become exercisable or vested prior to the one-year anniversary of the date of grant; provided, however, that, such restriction shall not apply to awards granted under this Plan with respect to the number of shares of Common Stock which, in the aggregate, does not exceed five percent (5%) of the total number of shares available for awards under this Plan as set forth in Section 1.5. This Section 1.6 shall not restrict the right of the Committee to accelerate or continue the vesting or exercisability of an award upon or after a Change in Control or termination of employment or otherwise pursuant to Section 1.3 of the Plan.

II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options. The Committee may, in its discretion, grant options to purchase shares of Common Stock to such eligible persons as may be selected by the Committee. Each option, or portion thereof, that is not an Incentive Stock Option, shall be a Nonqualified Stock Option. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which options designated as Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently $100,000) established by the Code, such options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a)Number of Shares and Purchase Price. The number of shares of Common Stock subject to an option and the purchase price per share of Common Stock purchasable upon exercise of the option shall be determined by the Committee; provided, however, that the purchase price per share of Common Stock purchasable upon exercise of an option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option; provided further, that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a "Ten Percent Holder"), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

Notwithstanding the foregoing, in the case of an option that is a Substitute Award, the purchase price per share of the shares subject to such option may be less than 100% of the Fair Market Value per share on the date of grant, provided, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate purchase price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate purchase price of such shares.

(b)Option Period and Exercisability. The period during which an option may be exercised shall be determined by the Committee; provided, however, that no option shall be exercised later than ten years after its date of grant; provided further, that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an option or to the exercisability of all or a portion of an option. The Committee shall determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c)Method of Exercise. An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full (or arrangement made for such payment to the Company's satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the option, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the participant. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 5.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.2 Stock Appreciation Rights. The Committee may, in its discretion, grant SARs to such eligible persons as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a)Number of SARs and Base Price. The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee; provided, however, that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR (or, if earlier, the date of grant of the option for which the SAR is exchanged or substituted).

Notwithstanding the foregoing, in the case of an SAR that is a Substitute Award, the base price per share of the shares subject to such SAR may be less than 100% of the Fair Market Value per share on the date of grant, provided, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate base price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate base price of such shares.

(b)Exercise Period and Exercisability. The period for the exercise of an SAR shall be determined by the Committee; provided, however, that (i) no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option and (ii) no Free-Standing SAR shall be exercised later than ten years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c), or such shares shall be transferred to the holder in book entry form with restrictions on the shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of a stock-settled SAR, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c)Method of Exercise. A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until any withholding taxes thereon, as described in Section 5.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.3 Termination of Employment or Service. All of the terms relating to the exercise, cancellation or other disposition of an option or SAR (i) upon a termination of employment with or service to the Company of the holder of such option or SAR, as the case may be, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

2.4 No Repricing. The Committee shall not, without the approval of the stockholders of the Company, (i) reduce the purchase price or base price of any previously granted option or SAR, (ii) cancel any previously granted option or SAR in exchange for another option or SAR with a lower purchase price or base price or (iii) cancel any previously granted option or SAR in exchange for cash or another award if the purchase price of such option or the base price of such SAR exceeds the Fair Market Value of a share of Common Stock on the date of such cancellation, in each case, other than in connection with a Change in Control or the adjustment provisions set forth in Section 5.7.

2.5 No Dividend Equivalents. Notwithstanding anything in an Agreement to the contrary, the holder of an option or SAR shall not be entitled to receive dividend equivalents with respect to the number of shares of Common Stock subject to such option or SAR.

III. STOCK AWARDS

3.1 Stock Awards. The Committee may, in its discretion, grant Stock Awards to such eligible persons as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Restricted Stock Award, a Restricted Stock Unit Award or, in the case of an Other Stock Award, the type of award being granted.

3.2 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a)Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee.

(b)Vesting and Forfeiture. The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period or (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c)Stock Issuance. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d)Rights with Respect to Restricted Stock Awards. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that a distribution or dividend with respect to shares of Common Stock, including a regular cash dividend, shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made.

3.3 Terms of Restricted Stock Unit Awards. Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a)Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Unit Award, including the number of shares that are earned upon the attainment of any specified Performance Measures, and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee.

(b)Vesting and Forfeiture. The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period or (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c)Settlement of Vested Restricted Stock Unit Awards. The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents, and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Any dividend equivalents with respect to Restricted Stock Units that are subject to vesting conditions shall be subject to the same vesting conditions as the underlying awards. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award.

3.4 Other Stock Awards. Subject to the limitations set forth in the Plan, the Committee is authorized to grant other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock, including without limitation shares of Common Stock granted as a bonus and not subject to any vesting conditions, dividend equivalents, deferred stock units, stock purchase rights and shares of Common Stock issued in lieu of obligations of the Company to pay cash under any compensatory plan or arrangement, subject to such terms as shall be determined by the Committee. The Committee shall determine the terms and conditions of such awards, which may include the right to elective deferral thereof, subject to such terms and conditions as the Committee may specify in its discretion. Any distribution, dividend or dividend equivalents with respect to Other Stock Awards that are subject to vesting conditions shall be subject to the same vesting conditions as the underlying awards.

3.5 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

IV. PERFORMANCE AWARDS

4.1 Performance Awards. The Committee may, in its discretion, grant Performance Awards to such eligible persons as may be selected by the Committee.

4.2 Terms of Performance Awards. Performance Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Value of Performance Awards and Performance Measures. The method of determining the value of the Performance Award and the Performance Measures and Performance Period applicable to a Performance Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Performance Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Performance Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) Settlement of Vested Performance Awards. The Agreement relating to a Performance Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock shall have such rights as a stockholder of the Company as determined pursuant to Section 3.2(d). Any dividends or dividend equivalents with respect to a Performance Award shall be subject to the same restrictions as such Performance Award. Prior to the settlement of a Performance Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

V. GENERAL

5.1 Effective Date and Term of Plan. This Plan shall be submitted to the stockholders of the Company for approval at the Company's 2019 annual meeting of stockholders and, if approved by the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at such annual meeting of stockholders, shall become effective as of the date on which the Plan was approved by the Board. This Plan shall terminate as of the first annual meeting of the Company's stockholders to occur on or after the tenth anniversary of its effective date, unless terminated earlier by the Board. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

Awards hereunder may be made at any time prior to the termination of this Plan, provided that no Incentive Stock Option may be granted later than ten years after the date on which the Plan was approved by the Board. In the event that this Plan is not approved by the stockholders of the Company, this Plan and any awards hereunder shall be void and of no force or effect.

5.2 Amendments. The Board may amend this Plan as it shall deem advisable; provided, however, that no amendment to the Plan shall be effective without the approval of the Company's stockholders if (i) stockholder approval is required by applicable law, rule or regulation, including any rule of the Nasdaq Capital Market, or any other stock exchange on which the Common Stock is then traded, or (ii) such amendment seeks to modify the Non-Employee Director compensation limit set forth in Section 1.4 or the prohibition on repricing set forth in Section 2.4 hereof; provided further, that no amendment may materially impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 Agreement. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and, to the extent required by the Company, executed or electronically accepted by the recipient of such award. Upon such execution or acceptance and delivery of the Agreement to the Company within the time period specified by the Company, such award shall be effective as of the effective date set forth in the Agreement.

5.4 Non-Transferability. No award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company or, to the extent expressly permitted in the Agreement relating to such award, to the holder's family members, a trust or entity established by the holder for estate planning purposes, a charitable organization designated by the holder or pursuant to a domestic relations order, in each case, without consideration. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

5.5 Tax Withholding. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, payment by the holder of such award of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. An Agreement may provide that (i) the Company shall withhold whole shares of Common Stock which would otherwise be delivered to a holder, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the "Tax Date"), or withhold an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) the holder may satisfy any such obligation by any of the following means: (A) a cash payment to the Company; (B) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation; (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, in either case equal to the amount necessary to satisfy any such obligation; (D) in the case of the exercise of an option, a cash payment by a broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of exercise or (E) any combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the award. Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate (or, if permitted by the Company, such other rate as will not cause adverse accounting consequences under the accounting rules then in effect, and is permitted under applicable IRS withholding rules). Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder.

5.6 Restrictions on Shares. Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the number and class of securities available under this Plan, the terms of each outstanding option and SAR (including the number and class of securities subject to each outstanding option or SAR and the purchase price or base price per share), the terms of each outstanding Stock Award (including the number and class of securities subject thereto), and the terms of each outstanding Performance Award (including the number and class of securities subject thereto, if applicable), shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

5.8 Change in Control.

(a)Subject to the terms of the applicable award Agreements, in the event of a "Change in Control," the Board, as constituted prior to the Change in Control, may, in its discretion:

(1) require that (i) some or all outstanding options and SARs shall become exercisable in full or in part, either immediately or upon a subsequent termination of employment, (ii) the Restriction Period applicable to some or all outstanding Stock Awards shall lapse in full or in part, either immediately or upon a subsequent termination of employment, (iii) the Performance Period applicable to some or all outstanding awards shall lapse in full or in part, and (iv) the

Performance Measures applicable to some or all outstanding awards shall be deemed to be satisfied at the target, maximum or any other level;

(2) require that shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as determined by the Board in accordance with Section 5.7; and/or

(3) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (i) a cash payment in an amount equal to (A) in the case of an option or an SAR, the aggregate number of shares of Common Stock then subject to the portion of such option or SAR surrendered, whether or not vested or exercisable, multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such option or SAR, (B) in the case of a Stock Award or a Performance Award denominated in shares of Common Stock, the number of shares of Common Stock then subject to the portion of such award surrendered to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to Section 5.8(a)(1), whether or not vested, multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, and (C) in the case of a Performance Award denominated in cash, the value of the Performance Award then subject to the portion of such award surrendered to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to Section 5.8(a)(1); (ii) shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (i) above; or (iii) a combination of the payment of cash pursuant to clause (i) above and the issuance of shares pursuant to clause (ii) above.

(b)For purposes of this Plan, a "Change in Control" means the occurrence of any of the following events:

(1) An acquisition by any individual, entity or group, within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 40% of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company, other

than an acquisition by virtue of the exercise, exchange or conversion of any Convertible Securities unless such securities were themselves acquired directly from the Company; (B) any acquisition by the Company; (C) any acquisition by T. Kendall Hunt or any of his affiliates; or (D) any acquisition by any Person pursuant to a transaction which complies with clauses (1) and (2) of the exception contained in the definition of "Company Transaction;"

(2) Within any period of 12 consecutive months, a change in the composition of the Board such that the individuals who, immediately prior to such period, constituted the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes hereof, that any individual who becomes a member of the Board during such period, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board;

(3) A Company Transaction; or

(4) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company (other than to an entity pursuant to a transaction which would comply with clauses (1) and (2) of the exception contained in the definition of "Company Transaction"), assuming for this purpose that such transaction would be a Company Transaction;

provided, that for purposes of the definition of "Change of Control" and "Company Transaction," a series of transactions undertaken with a common purpose shall be treated as a single transaction that begins at the consummation of the first transaction in the series and ends at the consummation of the last transaction in the series; and provided further, that with respect to any nonqualified deferred compensation that becomes payable on account of the Change in Control, the transaction or event described in clause (1), (2), (3) or (4) also constitutes a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5) if required in order for the payment not to violate Section 409A of the Code.

5.9 Deferrals. The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the settlement of all or a portion of any award made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion, subject to the requirements of Section 409A of the Code.

5.10 No Right of Participation, Employment or Service. Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment or service of any person at any time without liability hereunder.

5.11 Rights as Stockholder. No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.12 Designation of Beneficiary. To the extent permitted by the Company, a holder of an award may file with the Company a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such option or SAR pursuant to procedures prescribed by the Company. Each beneficiary designation shall become effective only when filed in writing with the Company during the holder's lifetime on a form prescribed by the Company. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Company of a new beneficiary designation shall cancel all previously filed beneficiary designations. If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding award held by such holder, to the extent vested or exercisable, shall be payable to or may be exercised by such holder's executor, administrator, legal representative or similar person.

5.13 Awards Subject to Clawback. The awards granted under this Plan and any cash payment or shares of Common Stock delivered pursuant to such an award are subject to forfeiture, recovery by the Company or other action pursuant to the applicable award Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

5.14 Governing Law. This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.15 Foreign Employees. Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals and/or reside outside of the United States on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries operates or has employees.

EXHIBIT 31.1

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: August 5, 2025

/s/ Victor Limongelli

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

EXHIBIT 31.2

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: August 5, 2025

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

EXHIBIT 32.1

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 second quarter ended June 30, 2025, 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

August 5, 2025

EXHIBIT 32.2

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 second quarter ended on June 30, 2025, 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

August 5, 2025