Investor Presentation – Q2 2024

August 1, 2024

OneSpan
The Digital Agreements Company

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding our 2024 financial guidance and our plans to continue to focus on driving efficient revenue growth, profitability and cash flow as we work to improve our long-term operating profile 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: our ability to execute our updated business transformation plan and cost reduction and restructuring actions in the expected timeframe and to achieve the outcomes we expect from them; unintended costs and consequences of our cost reduction and restructuring actions, including higher than anticipated restructuring charges, disruption to our operations, litigation or regulatory actions, reduced employee morale, attrition of valued employees, adverse effects on our reputation as an employer, loss of institutional know-how, slower customer service response times, and reduced ability to complete or undertake new product development projects and other business, product, technical, compliance or risk mitigation initiatives; 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, and political instability; claims that we have infringed the intellectual property rights of others; price competitive bidding; 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, as updated by the “Risk Factors” section of our subsequent Quarterly Reports on Form 10-Q (if any). Our filings with the Securities and Exchange Commission (the “SEC”) and other important information can be found in the Investor Relations section of our website at investors.onespan.com. Statements in this presentation are made as of August 1, 2024, and the continued availability of this presentation after that date shall under no circumstances create an implication that the information contained herein is correct as of any date after August 1, 2024. 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 presentation, except as required by law.

Company Overview

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OneSpan – The Digital Agreements Security Company[1]

595	4,000+	100+	>60%	$247M	$165M	112%	$64M
Employees	Customers	Countries	of the World's 100 Largest Banks are Customers	Revenue (TTM)	ARR[2]	NRR[3]	Cash & Equiv.

[1] Metrics as of 6/30/24
[2,3] See Appendix for definitions.

Trusted Security Partner to Global Blue-Chip Enterprises

Banking

- BANK OF AMERICA
- BNP PARIBAS
- BMO
- usbank
- CHASE
- CREDIT SUISSE
- FIFTH THIRD BANK
- HSBC
- NAVY FEDERAL CREDIT UNION
- MUFG
- ING
- PNC
- RBC Royal Bank
- Deutsche Bank
- Standard Chartered
- TRUIST
- SOCIETE GENERALE
- bdc
- MIZUHO
- bankID

Other Financial Services

- Action Financial Services, LLC
- BUY WAY
- CDKGlobal
- easyfinancial goeasy
- AL
- Good Shepherd Microfinance
- LENDESK
- SEI
- SavvyFi

Insurance

- AMERICAN NATIONAL
- DONEGAL INSURANCE GROUP
- Erie Insurance
- GAINSCO Auto Insurance
- GUIDEWIRE
- P&V
- GENERALI
- the co-operators
- Wawanesa Insurance

Government

- USDA
- NASA JPL
- SBA U.S. Small Business Administration
- U.S. Department of Transportation
- UNITED STATES POSTAL SERVICE

Healthcare

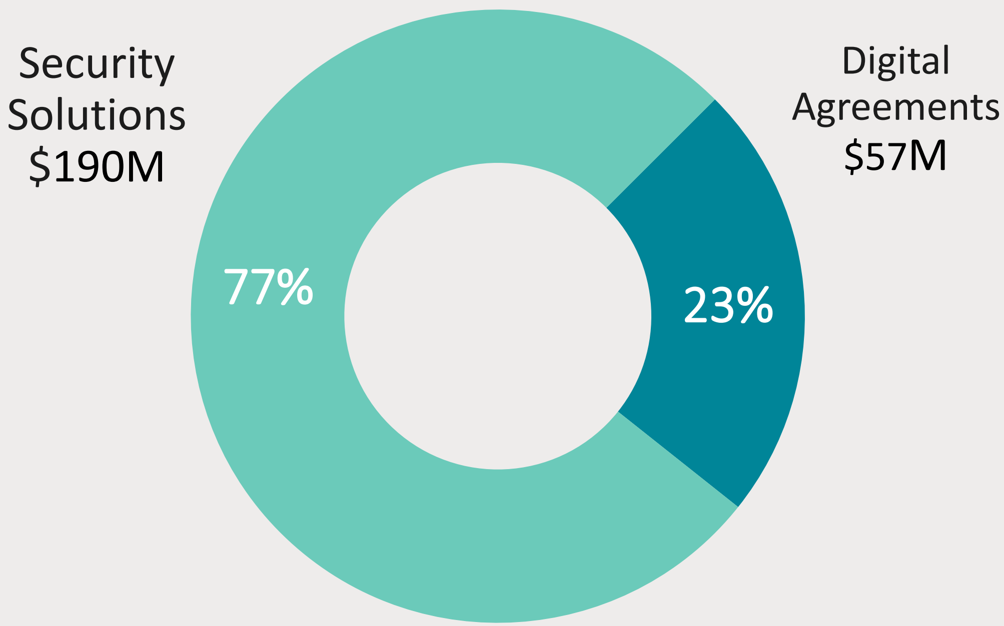
- PointClickCare
- Netsmart
- GHdC GRAND HÔPITAL de CHARLEROI
- MCKESSON Canada
- Cerner
- cdmv

Other

- THE ADECCO GROUP
- akyla
- IBM
- ncino
- TATA
- PG&E Pacific Gas and Electric Company
- SECURITAS
- TUI

Two Operating Segments

$247M TTM Revenue (6/30/24)



Security Solutions

- Leading provider of authentication and transaction signing solutions for the who's who of global banks
- Transition to subscription from perpetual software license model is substantially complete
- 43% GAAP operating margin (TTM)

Digital Agreements

- Enterprise class e-signature solution differentiated by robust security, white-labelling and pricing model
- Transition to SaaS is substantially complete
- Approaching profitable GAAP operating income

TTM Revenue Mix by Geography (6/30/24)		
EMEA – 46%	Americas – 34%	APAC – 20%

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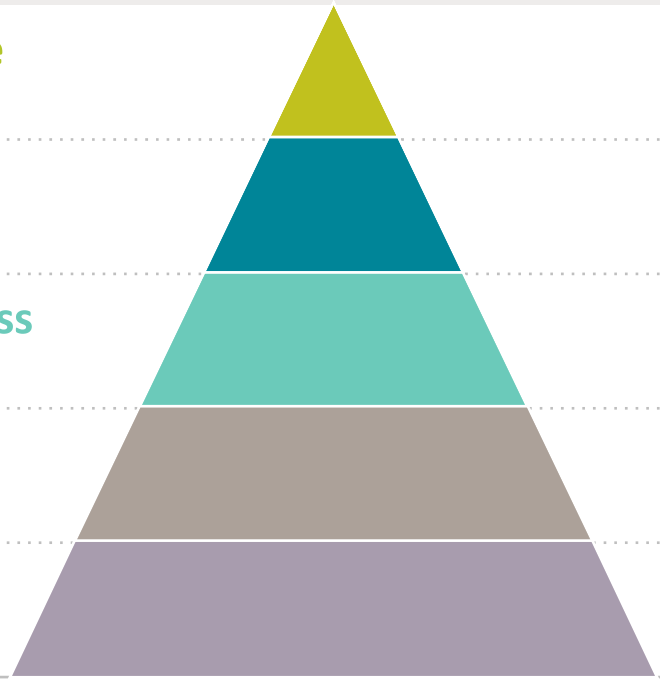
GTM Focused on Enterprise Sales and Growing Partner Network

CUSTOMER SEGMENTATION BASED ON EMPLOYEE COUNT	OSPN SALES FOCUS	PARTNER COVERAGE		
Tiers *(Employee Count)*	Efficient Resource Allocation with Sellers	Global System Integrators	Resellers & Distributors	Platform Partners
Large Enterprise *100,000+*	SAM	✓		✓
Enterprise *10,000 – 100,000*	NAM	✓		✓
Medium Business *5,000 – 10,000*	NAM	✓		✓
Mid-Market *2,000 – 5,000*	TAM		✓	✓
Small Business *< 2,000*	ISR		✓	✓



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SAM, NAM, TAM, ISR defined as strategic account manager, named account manager, territory account manager, and inside sales representative, respectively.

Competitive Differentiation

- **World-class security DNA in identity verification, authentication and transaction signing**
- **Deep expertise in end-user experience, cloud workflows, document verification and electronic signing**
- **Deep roots and experience in highly regulated global markets**
- **Ability to leverage product portfolio in time of market convergence**
- **Valuable blue-chip installed base with deep roots in financial institutions**

Financial Highlights & Outlook

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Q2 2024 Financial Highlights

$61M
Revenue
(9% growth)

$165M
ARR[1]
(15% growth)

$16M
Adjusted EBITDA
(27% Margin)

$30M
Subscription Revenue
(29% growth)

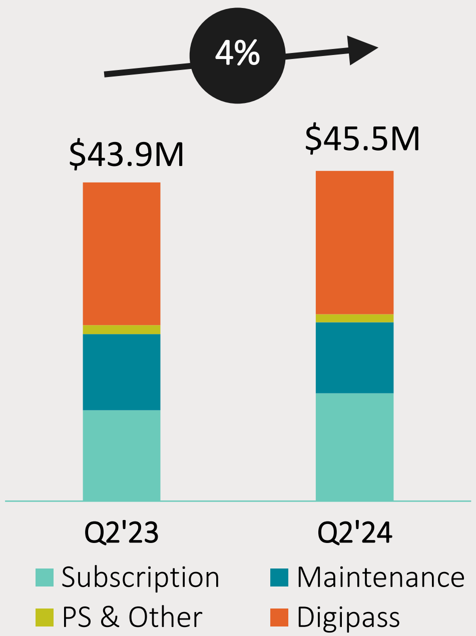
112%
NRR[1]

$64M
Cash and Equiv.
no long-term debt

[1] See Appendix for definition.

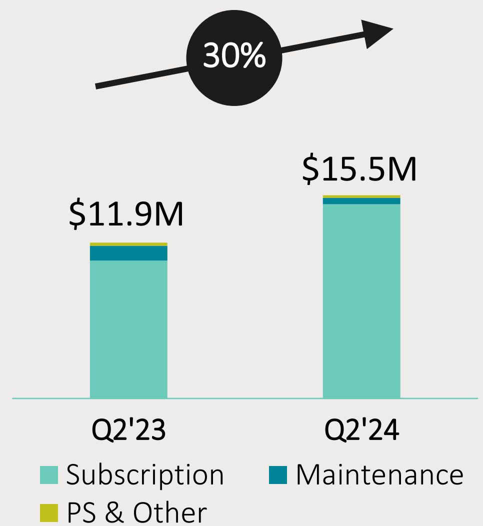
Q2 2024 Revenue Growth

Security Solutions



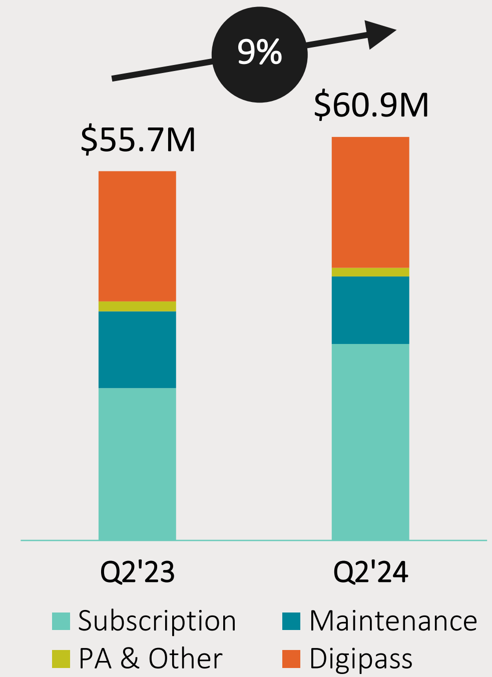
- Subscription revenue increased 19%
- Maintenance revenue decreased by design, by $0.8M y/y
- Digipass revenue was flat y/y

Digital Agreements



- Subscription revenue increased 41%
- Maintenance revenue decreased by design, by $0.6M y/y

Total Company



- Subscription revenue increased 29%
- Maintenance revenue decreased 12%
- Digipass revenue was flat y/y

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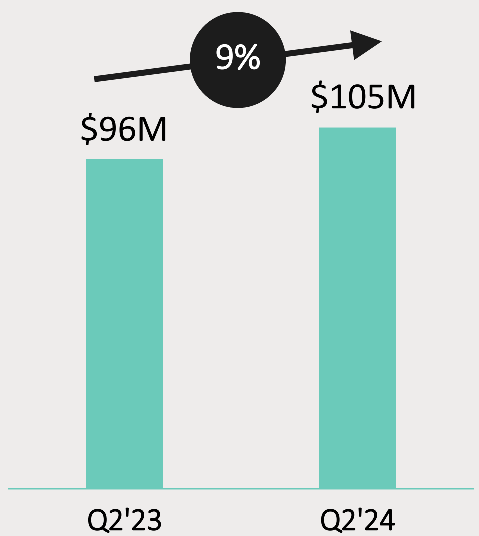
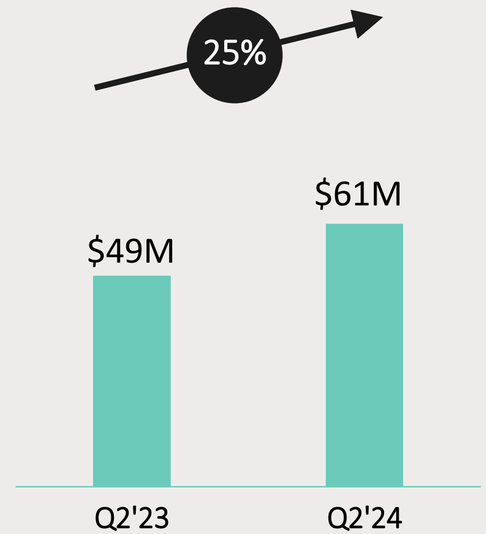
Q2 2024 ARR Growth[1,2]

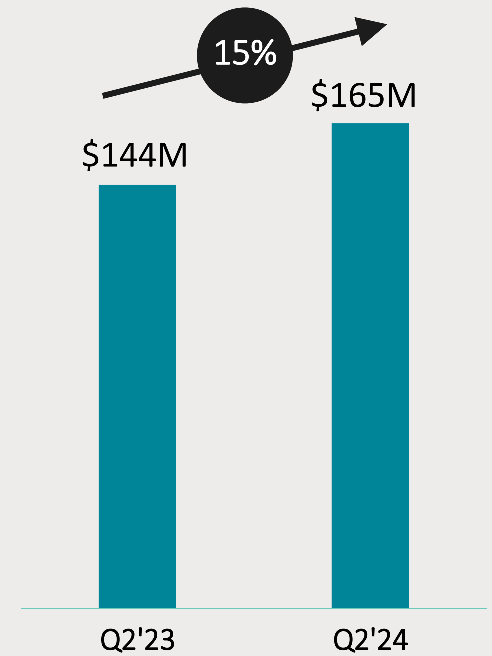
Security Solutions



Digital Agreements



Total Company



[1] ARR is approximate. The sum of Security Solutions and Digital Agreements ARR may differ from total company ARR due to rounding.
[2] We made the decision to show only ARR growth rates going forward and not subscription and maintenance ARR growth rates since nearly all Digital Agreements ARR and approximately 80% of Security Solutions ARR is now subscription-based.

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2024 Guidance Metrics

Metric	FY23 Actual	FY24 Guidance (previous)	FY24 Guidance (current)
Revenue	$235.1M	$238M - $246M	$238M - $246M
Adjusted EBITDA[1]	$12.0M	$51M - $55M	$55M - $59M
ARR[2]	$154.6M	$160M - $168M	$166M - $170M

[1] Adjusted EBITDA is a non-GAAP financial measure. The Company is not providing a reconciliation of Adjusted EBITDA guidance to GAAP net income, the most directly comparable GAAP measure, because we are unable to predict certain items included in GAAP net income without unreasonable efforts. Please refer to the Appendix for more information regarding non-GAAP financial measures.
[2] See Appendix for definition.

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Cost Reduction Actions

Approximate combined annualized cost savings from our 2023 Cost Reduction Actions and Phase Two of our Restructuring Plan, announced May 2022[1,2,3]	
Cumulative, end of Q4, 2022:	$10.0 million
Cumulative, end of Q4, 2023:	$58.5 million
1H 2024 annualized cost savings:	$15.0 million
Cumulative, end of Q2, 2024:	$73.5 million
Cumulative, end of FY24 (est.):	$75.0 million

[1] 2023 Cost Reduction Actions announced in August 2023.
[2] Two phases to our restructuring plan were announced. Phase One was announced in December 2021 and was substantially completed by March 31, 2022, resulting in approximately $11.8 million of annualized cost savings.
[3] In early 2024, we identified opportunities for additional cost reductions, as well as operational efficiencies, totaling incremental cost savings during the year of approximately $10 million on an annualized basis.

Appendix

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Non-GAAP Reconciliation

Reconciliation of Net Income to Adjusted EBITDA[5]
(in thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Net income (loss)	$ (17,751)	$ 6,553	$ (26,107)	$ 20,021
Interest income, net	(585)	(521)	(1,088)	(622)
Provision for income taxes	601	1,936	1,290	2,970
Depreciation and amortization of intangible assets[1]	1,516	2,063	2,835	4,145
Long-term incentive compensation[2]	4,571	1,994	8,494	3,615
Restructuring and other related charges[3]	5,846	3,218	6,552	4,734
Other non-recurring items[4]	1,974	906	2,559	1,077
Adjusted EBITDA	$ (3,828)	$ 16,149	$ (5,465)	$ 35,940

[1] Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of $0.9 million and $1.7 million for the three and six months ended June 30, 2024, respectively, and $0.2 million and $0.3 million for the three and six months ended June 30, 2023, respectively. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

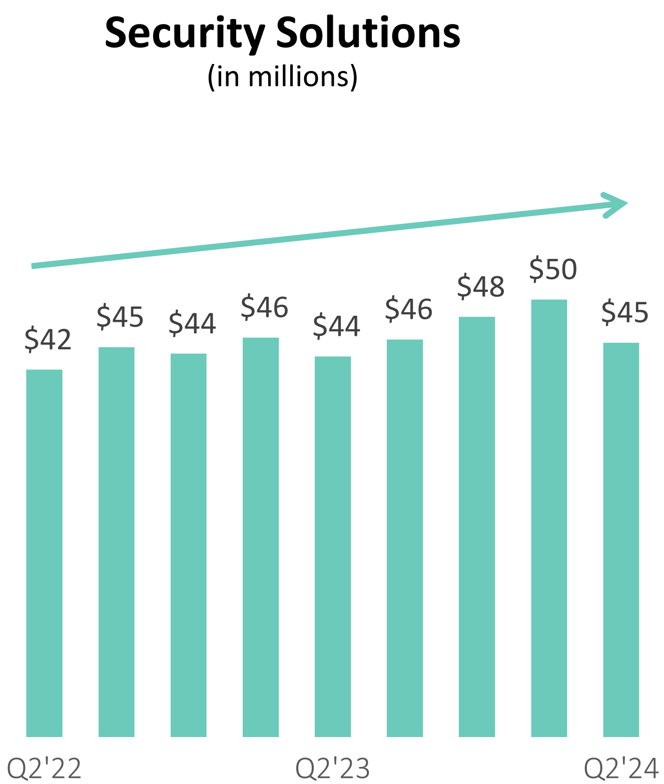
[2] Long-term incentive compensation includes stock-based compensation and cash incentive grants awarded to employees located in jurisdictions where we do not issue stock-based compensation due to tax, regulatory or similar reasons. The immaterial expense associated with these cash incentive grants was $0.1 million for both the three months ended June 30, 2024 and 2023 and $0.2 million for both the six months ended June 30, 2024 and 2023.

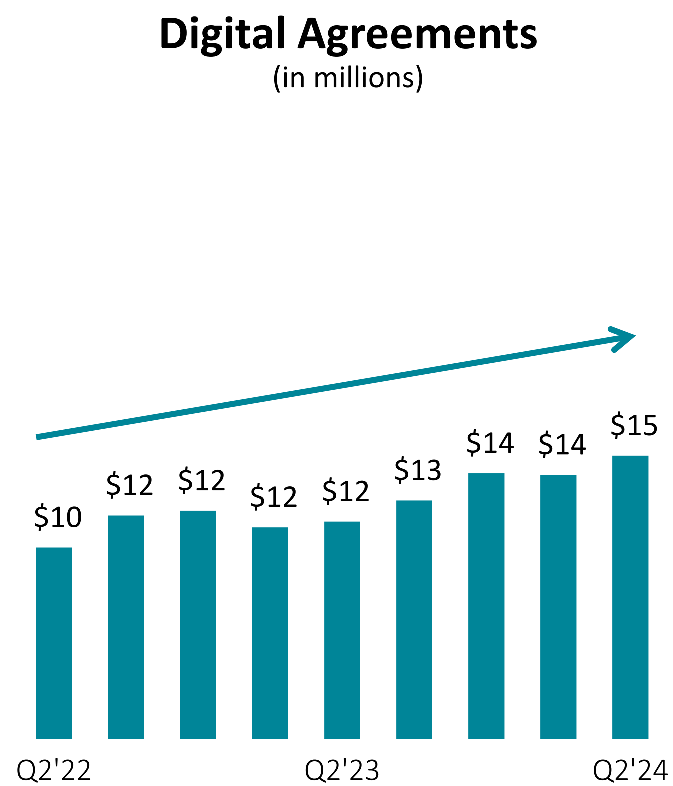
[3] Includes write-offs of intangible assets and property and equipment, net of $0.8 million and $1.0 million, respectively, for the three and six months ended June 30, 2024 and $0 for both the three and six months ended June 30, 2023. Costs are recorded in "Services and other cost of goods sold" and "Restructuring and other related charges," respectively, on the condensed consolidated statements of operations. Includes immaterial restructuring and other related charges of less than $0.1 million for both the three and six months ended June 30, 2024 and $0 for both the three and six months ended June 30, 2023. These charges are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

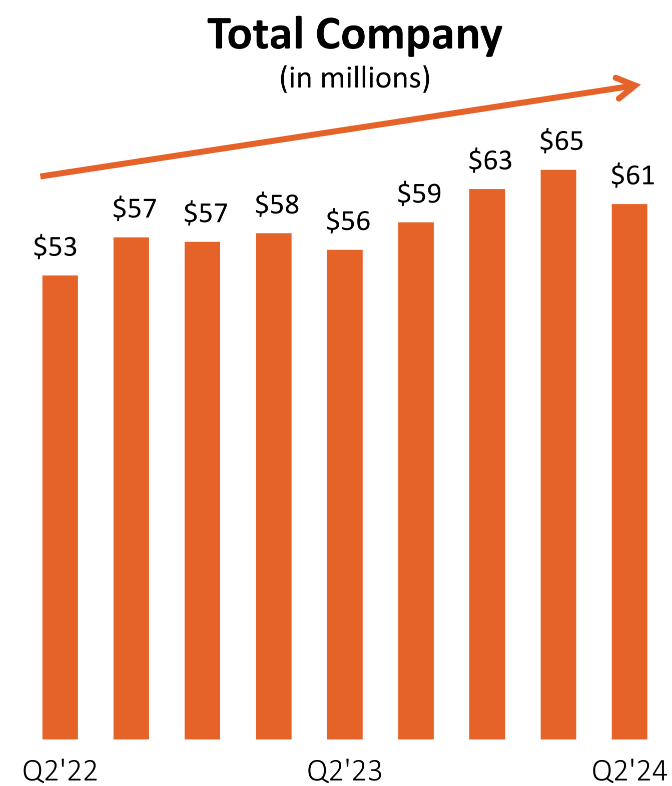
[4] For the three months ended June 30, 2024, other non-recurring items consist of $0.9 million of fees related to non-recurring projects. For the three months ended June 30, 2023, other non-recurring items consist of $1.6 million of inventory impairment charges and $0.4 million of fees related to non-recurring projects. For the six months ended June 30, 2024, other non-recurring items consist of $1.1 million of fees related to non-recurring projects. For the six months ended June 30, 2023, other non-recurring items consist of $1.6 million of inventory impairment charges and $1.0 million of fees related to non-recurring projects and our acquisition of ProvenDB.

[5] Adjusted EBITDA is a non-GAAP financial measure. The Company is not providing a reconciliation of Adjusted EBITDA guidance to GAAP net income, the most directly comparable GAAP measure, because we are unable to predict certain items included in GAAP net income without unreasonable efforts. Please refer to slide 20 for definitions and additional information about Adjusted EBITDA.

Revenue Trend – Last Two Years[1]







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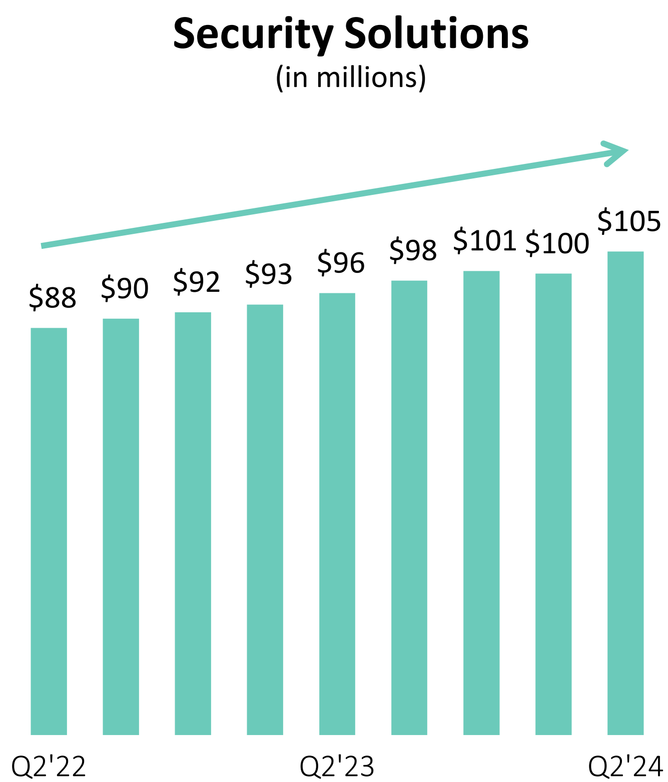
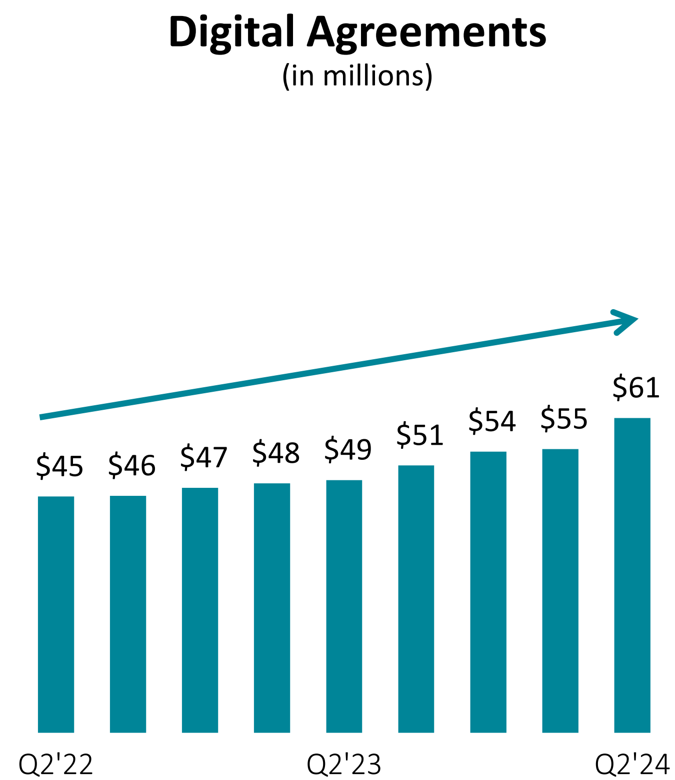
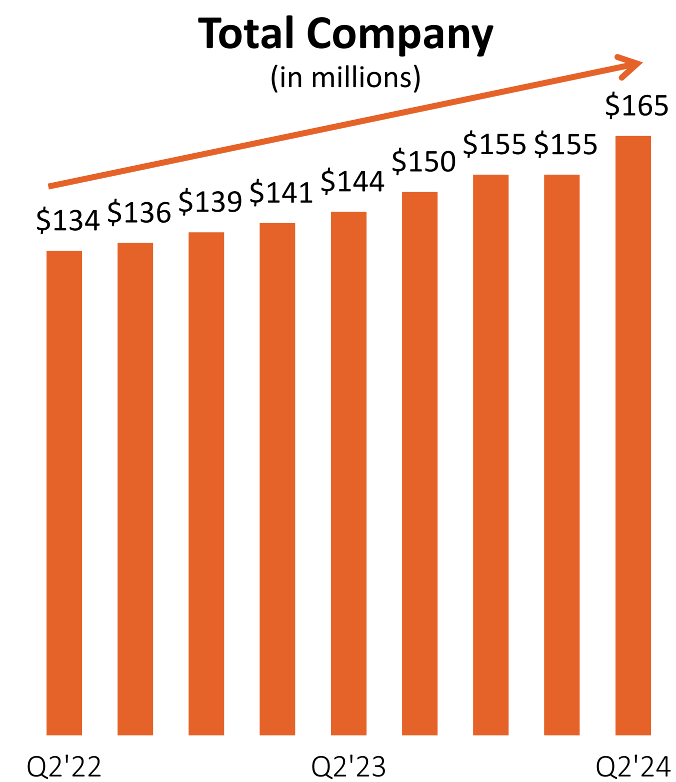
[1] Rounding of Security Solutions and Digital Agreements revenue may result in minor differences when comparing their sum to total company revenue.

ARR Trend – Last Two Years[1,2]







[1] Q1'24 ARR was impacted from the sunsetting of products. In addition, on 1/1/24, we transitioned our Identity Verification solution from Security Solutions to Digital Agreements to reflect its greater alignment with the Digital Agreement product portfolio. The transition resulted in the reallocation of approximately $1.5 million of ARR from Security Solutions to Digital Agreements in Q1'24.
[2] Rounding of Security Solutions and Digital Agreements ARR may result in minor differences when comparing their sum to total company ARR.

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Definitions

1 – **ARR, or Annual Recurring Revenue,** 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. 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 discussion with the customer for a new recurring contract or renewal and the customer has not notified us of an intention to not renew. See our Annual Report on Form 10-K for the year ended December 31, 2023 or any subsequently filed quarterly reports on Form 10-Q for additional information describing how we define ARR, including how ARR differs from GAAP revenue.

2 – **NRR, or Net Recurring Revenue,** is defined as the approximate year-over-year growth in ARR from the same set of customers at the end of the prior year period.

Non-GAAP Financial Measures

We report financial results in accordance with GAAP. We also evaluate our performance using certain Non-GAAP financial metrics, namely Adjusted EBITDA, Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) Per Diluted Share. Our management believes that these measures, when taken together with the corresponding GAAP financial metrics, provide useful supplemental information regarding the performance of our business.

These Non-GAAP financial measures are not measures of performance under GAAP and should not be considered in isolation or as alternatives or substitutes for the most directly comparable financial measures calculated in accordance with GAAP. While we believe that these Non-GAAP financial measures are useful for the purposes described below, they have limitations associated with their use, since they exclude items that may have a material impact on our reported results and may be different from similar measures used by other companies.

We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation, amortization, long-term incentive compensation, restructuring and other related charges, and certain non-recurring items, including acquisition related costs, rebranding costs, and non-routine shareholder matters. 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, 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, 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.

We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue for a specified period.

Reconciliations of Adjusted EBITDA to its most directly comparable GAAP financial measure, net income, appear above.

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