

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

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. 3)<sup>1</sup>

OneSpan Inc.  
(Name of Issuer)

Common Stock, \$0.001 par value per share  
(Title of Class of Securities)

68287N100  
(CUSIP Number)

CHRISTOPHER S. KIPER  
LEGION PARTNERS ASSET MANAGEMENT, LLC  
12121 Wilshire Blvd, Suite 1240  
Los Angeles, CA 90025  
(424) 253-1773

STEVE WOLOSKY, ESQ.  
ELIZABETH GONZALEZ-SUSSMAN, ESQ.  
OLSHAN FROME WOLOSKY LLP  
1325 Avenue of the Americas  
New York, New York 10019  
(212) 451-2300  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

February 25, 2021  
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

*Note:* Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

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<sup>1</sup> The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the *Notes*).

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1	NAME OF REPORTING PERSON  Legion Partners, L.P. I	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,168,979
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,168,979
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,168,979	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.34%	
14	TYPE OF REPORTING PERSON  PN	

1	NAME OF REPORTING PERSON  Legion Partners, L.P. II	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  120,249
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  120,249
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  120,249	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  Less than 1%	
14	TYPE OF REPORTING PERSON  PN	

1	NAME OF REPORTING PERSON  Legion Partners Offshore I SP I*	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  484,518
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  484,518
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  484,518	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  1.19%	
14	TYPE OF REPORTING PERSON  CO	

\* Legion Partners Offshore I SP I is a segregated portfolio company of Legion Partners Offshore Opportunities SPC I.

1	NAME OF REPORTING PERSON  Legion Partners, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,289,228
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,289,228
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,289,228	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.63%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  Legion Partners Asset Management, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,773,746
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,773,746
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,773,746	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  6.83%	
14	TYPE OF REPORTING PERSON  IA	

1	NAME OF REPORTING PERSON  Legion Partners Holdings, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,773,946
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,773,946
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,773,946	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  6.83%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  Christopher S. Kiper	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,773,946
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,773,946
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,773,946	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  6.83%	
14	TYPE OF REPORTING PERSON  IN	



1	NAME OF REPORTING PERSON  Raymond T. White	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,773,946
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,773,946
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,773,946	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  6.83%	
14	TYPE OF REPORTING PERSON  IN	

1	NAME OF REPORTING PERSON  Michael J. McConnell	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  PF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  6,000
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  6,000
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  6,000	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  Less than 1%	
14	TYPE OF REPORTING PERSON  IN	

1	NAME OF REPORTING PERSON  Sarika Garg	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  - 0 -	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  IN	

1	NAME OF REPORTING PERSON  Sagar Gupta	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  - 0 -	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  IN	

1	NAME OF REPORTING PERSON  Rinki Sethi	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  - 0 -	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  IN	

The following constitutes Amendment No. 3 to the Schedule 13D filed by the undersigned (the "Amendment No. 3"). This Amendment No. 3 amends the Schedule 13D as specifically set forth herein.

Item 2. Identity and Background.

Item 2 is hereby amended and restated to read as follows:

(a) This statement is filed by:

- (i) Legion Partners, L.P. I, a Delaware limited partnership ("Legion Partners I");
- (ii) Legion Partners, L.P. II, a Delaware limited partnership ("Legion Partners II");
- (iii) Legion Partners Offshore I SP I, a segregated portfolio company of Legion Partners Offshore Opportunities SPC I, a company organized under the laws of the Cayman Islands ("Legion Partners Offshore I");
- (iv) Legion Partners, LLC, a Delaware limited liability company ("Legion Partners GP"), which serves as the general partner of each of Legion Partners I and Legion Partners II;
- (v) Legion Partners Asset Management, LLC, a Delaware limited liability company ("Legion Partners Asset Management"), which serves as the investment advisor of each of Legion Partners I, Legion Partners II and Legion Partners Offshore I;
- (vi) Legion Partners Holdings, LLC, a Delaware limited liability company ("Legion Partners Holdings"), which serves as the sole member of each of Legion Partners Asset Management and Legion Partners GP;
- (vii) Christopher S. Kiper, who serves as a managing director of Legion Partners Asset Management and a managing member of Legion Partners Holdings;
- (viii) Raymond T. White, who serves as a managing director of Legion Partners Asset Management and a managing member of Legion Partners Holdings;
- (ix) Michael J. McConnell, as a nominee for the Board of Directors of the Issuer (the "Board");
- (x) Sarika Garg, as a nominee for the Board;
- (xi) Sagar Gupta, as a nominee for the Board; and
- (xii) Rinki Sethi (together with Ms. Garg and Messrs. Gupta and McConnell, the "Nominees"), as a nominee for the Board.

Each of the foregoing is referred to as a "Reporting Person" and collectively as the "Reporting Persons." Each of the Reporting Persons is party to that certain Joint Filing and Solicitation Agreement, as further described in Item 6. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

Set forth on Schedule A annexed hereto (“Schedule A”) is the name and present principal occupation or employment, principal business address and citizenship of the executive officers and directors of Legion Partners Offshore I. To the best of the Reporting Persons’ knowledge, except as otherwise set forth herein, none of the persons listed on Schedule A beneficially owns any securities of the Issuer or is a party to any contract, agreement or understanding required to be disclosed herein.

(b) The address of the principal office of each of Legion Partners I, Legion Partners II, Legion Partners GP, Legion Partners Asset Management, Legion Partners Holdings and Messrs. Gupta, Kiper and White is 12121 Wilshire Blvd, Suite 1240, Los Angeles, CA 90025. The principal office of Legion Partners Offshore I is Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The principal business address of Ms. Garg is 960 Crooked Creek Dr., Los Altos, CA 94024. The principal business address of Mr. McConnell is 2031 Tondolea Lane, La Canada, CA 91011. The principal business address of Ms. Sethi is 1355 Market Street, San Francisco, CA 94103.

(c) The principal business of each of Legion Partners I, Legion Partners II and Legion Partners Offshore I is investing in securities. The principal business of Legion Partners GP is serving as the general partner of each of Legion Partners I and Legion Partners II. The principal business of Legion Partners Asset Management is managing investments in securities and serving as the investment advisor of each of Legion Partners I, Legion Partners II and Legion Partners Offshore I. The principal business of Legion Partners Holdings is serving as the sole member of Legion Partners Asset Management and sole member of Legion Partners GP. The principal occupation of each of Messrs. Kiper and White is serving as a managing director of Legion Partners Asset Management and a managing member of Legion Partners Holdings. The principal occupation of Ms. Garg is serving as a Strategic Advisor to Tradeshift, Inc. The principal occupation of Mr. Gupta is serving as a Senior Analyst at Legion Partners Asset Management. The principal occupation of Mr. McConnell is serving as a private investor. The principal occupation of Ms. Sethi is serving as Vice President and Chief Information Security Officer of Twitter, Inc.

(d) No Reporting Person, nor any person listed on Schedule A annexed hereto, has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) No Reporting Person, nor any person listed on Schedule A annexed hereto, has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Messrs. Kiper, White, Gupta and McConnell and Meses. Garg and Sethi are citizens of the United States of America. The citizenship of the persons listed on Schedule A is set forth therein.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The Shares purchased by each of Legion Partners I, Legion Partners II, Legion Partners Offshore I and Legion Partners Holdings were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market purchases, except as otherwise noted in Schedule B, which is incorporated herein by reference.

The aggregate purchase price of the 2,168,979 Shares owned directly by Legion Partners I is approximately \$37,472,008, including brokerage commissions. The aggregate purchase price of the 120,249 Shares owned directly by Legion Partners II is approximately \$2,152,706, including brokerage commissions. The aggregate purchase price of the 484,518 Shares owned directly by Legion Partners Offshore I is approximately \$11,498,560, including brokerage commissions. The aggregate purchase price of the 200 Shares owned directly by Legion Partners Holdings is approximately \$3,458, including brokerage commissions.

The 6,000 Shares owned directly by Mr. McConnell were purchased with personal funds in the open market. The aggregate purchase price of such Shares is approximately \$114,200, excluding brokerage commissions.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

On February 25, 2021, Legion Partners Holdings delivered a letter to the Issuer (the “Nomination Notice”) nominating a slate of four highly-qualified candidates, Sarika Garg, Sagar, Gupta, Michael McConnell and Rinki Sethi, for election to the Board at the Issuer’s 2021 annual meeting of stockholders (the “2021 Annual Meeting”). The Reporting Persons believe the Nominees have the necessary experience, qualifications, and skill sets to serve as directors of the Issuer, which are described in more detail in their biographies below.

Also on February 25, 2021, the Reporting Persons issued a press release and public letter (together with the press release, the “Shareholder Letter”) announcing that Legion Partners Holdings had nominated the Nominees for election to the Board at the 2021 Annual Meeting. In the Shareholder Letter, the Reporting Persons argued that the Board, and particularly the long-tenured incumbent members, have failed to address the Issuer’s long-term stock price underperformance, have overseen a long history of poor capital allocation decisions, have failed to take strategic action with respect to the Issuer’s Hardware business, and lacks the relevant skillsets necessary to transform the Issuer into a pure play modern software company. The full text of the Shareholder Letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**The Nominees are:**

**Sarika Garg**, age 45, has served as Founder and CEO at Silverbond, Inc., a B2B embedded financing company, since October 2020. Ms. Garg has also served as a Strategic Advisor to Tradeshift Inc., a cloud based business network and platform for supply chain payments, marketplaces, and apps, since January 2020, where she previously served in several senior executive roles including as Chief Strategy Officer, from January 2018 to January 2020, Senior Vice President and General Manager of Marketplaces, from March 2016 to January 2018, and Vice President of Product Marketing, from May 2015 to February 2016. Prior to that, Ms. Garg served as Head of Product Development at Ariba Network (n/k/a SAP Ariba), a software and information technology services company, from December 2012 to April 2015, following its acquisition by SAP SE (NYSE: SAP), a multinational software corporation, where Ms. Garg served in a number of roles from 2001 to 2012, including most recently serving as Senior Director of Product Management from 2011 to 2012. Ms. Garg has served on the board of directors of Fyle Inc., an expense management software provider, since March 2019. Ms. Garg has also served as Co-Chair of the Founders & Funders Committee at Neythri.org, a non-profit global community of South Asian women professionals committed to helping each other succeed, from January 2020 to January 2021. Ms. Garg received a Master of Science in Management Information Systems from Creighton University and a Bachelor of Science in Biology from the University Maharani College.



**Sagar Gupta**, age 33, has served as Senior Analyst at Legion Partners Asset Management LLC, a long-only, value-oriented activist manager, since January 2018. Previously, Mr. Gupta served as a Founding Senior Analyst at Finchwood Capital, L.P., a long-term oriented long-short investment firm, from March 2015 to January 2018. Prior to that, Mr. Gupta served as an Analyst at Balyasny Asset Management L.P., an institutional investment firm, from March 2014 to February 2015. Mr. Gupta served as an Associate at Kohlberg Kravis Roberts & Co. Inc., a global investment firm that manages multiple alternative asset classes, from July 2012 to March 2014. Previously, Mr. Gupta served as an Analyst at UBS Investment Bank, a subsidiary investment bank of UBS Group AG (NYSE: UBS), from July 2010 to June 2012. In addition, Mr. Gupta was a private angel investor in Teachable, a SaaS platform for creators and educators, which was acquired by Hotmart Technology in March 2020 for over \$200 million. Mr. Gupta previously served as President of the Board of Performing Arts Workshop, a non-profit organization dedicated to helping young people develop critical thinking, creative expression and basic learning skills through the arts, from May 2013 to June 2018. Mr. Gupta received a Bachelor of Science in Business Administration from the University of Berkeley.

**Michael J. McConnell**, age 54, currently serves as a private investor. Mr. McConnell served as the Managing Director of Shamrock Capital Advisors, a private investment company managing private equity/hedge funds for the Disney family, from 1994 to 2007. Additionally, he served as Interim Executive Chairman and Chief Executive Officer of Spark Networks SE (“Spark”) (NYSE: LOV), a leader in affinity-based online subscription dating networks, from August 2014 through December 2014. Prior to Spark, he served as the Executive Chairman at Redflex Holdings Ltd. (ASX: RDF), a provider of intelligent transport system solutions and services, from February 2013 to February 2014 and a nonexecutive director from August 2011 to November 2014. Mr. McConnell also served as the Chief Executive Officer of Collectors Universe, Inc. (NASDAQ: CLCT), a provider of third-party authentication and grading of high value collectibles, from March 2009 to October 2012. Currently, Mr. McConnell serves on the board of directors of Vonage Holdings Corp. (NASDAQ: VG), a cloud communications provider, since March 2019 and Adacel Technologies Limited (ASX: ADA), an Australian based air traffic management and air traffic control simulation and training company, since May 2017 and as its Chairman since April 2019. Previously, Mr. McConnell served on the board of directors of SPS Commerce, Inc. (NASDAQ: SPSC), a provider of cloud-based supply chain management services, from March 2018 to May 2019, Guidance Software, Inc. (formerly NASDAQ: GUID), a global provider of forensic security solutions, from April 2016 until the company was sold in November 2017 and Spark from July 2014 until the company was sold in November 2017. Mr. McConnell also serves on the board of privately held Jacob Stern & Sons, Inc., an importer, exporter, processor and distributor of specialty agricultural products, since July 2019. He is also a member of the City of La Canada Finance and Investment Advisory committee. Mr. McConnell received a B.A. in Economics from Harvard University and an M.B.A from the Darden School (Shermet Scholar) of the University of Virginia.

**Rinki Sethi**, age 38, has served as Vice President and Chief Information Security Officer of Twitter, Inc. (NYSE: TWTR), a microblogging and social networking service, since September 2020, and on the board of directors of OneProsper International, a non-profit empowering girls in rural India to attend school, since January 2020. Ms. Sethi also serves as an Advisor to various companies, such as Fika Ventures, a seed fund that focuses on enterprise and B2B software, FinTech, marketplaces, and digital health, since September 2020, 11.2 Capital, an early stage venture capital fund, since December 2020, LevelOps, an engineering optimization platform, since September 2019, Authomize, a startup developing a cloud-based authorization solution, since March 2020, apisec.ai, an enterprise-class API security management platform, since June 2020 and Oort, a venture-backed security and infrastructure startup, since October 2020. Ms. Sethi also serves as an Investor in Silicon Valley CISO Investments, a group of Chief Information Security Officers that operate as an angel investor syndicate, since October 2019 and Board Advisor of SecureWorld, a cybersecurity conference series, providing globally relevant education and networking for InfoSec professionals, since January 2012. Previously, Ms. Sethi served as Vice President and Chief Information Security Officer of Rubrik, Inc., a cloud data management company, from April 2019 to September 2020. Prior to that, Ms. Sethi served as Vice President of Information Security of International Business Machines Corporation (NYSE: IBM), a multinational technology company, from October 2018 to April 2019. Ms. Sethi served in various roles at Palo Alto Networks Inc. (NYSE: PANW), a multinational cybersecurity company, including most recently as Vice President of Information Security and Senior Director of Information Security, from November 2015 to October 2018. Ms. Sethi also served in numerous roles at Intuit Inc. (NASDAQ: INTU), a business and financial software company, including most recently serving as Director & Head of Product Security and Principal of Security Business Partner, from October 2012 to November 2015. Earlier in her career, Ms. Sethi served in several roles at eBay Inc. (NASDAQ: EBAY), a multinational e-commerce corporation, including serving as Chief of Staff & Senior Manager of Global Fraud, Global Infosec Communication & Strategy Manager and Global Infosec Policy & Strategy Manager. Prior to that, Ms. Sethi served as a Security Engineer at Walmart.com, an ecommerce team of Walmart Inc. (NYSE: WMT) and as an Information Security Specialist at Pacific Gas and Electric Company (NYSE: PCG), a natural gas and electric utilities company. Ms. Sethi served on the board of directors of Women in CyberSecurity, a non-profit organization focused on recruiting, retaining & advancing women in cybersecurity, from December 2017 to November 2018. Ms. Sethi received a Masters of Science in Information Security from Capella University and a Bachelor of Science in Computer Science Engineering from the University of California Davis.

Item 5. Interest in Securities of the Issuer.

Items 5(a)-(c) are hereby amended and restated to read as follows:

The aggregate percentage of Shares reported owned by each person named herein is based upon 40,634,029 Shares outstanding as of November 1, 2020, which is the total number of Shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 5, 2020.

A. Legion Partners I

- (a) As of the close of business on February 24, 2021, Legion Partners I beneficially owned 2,168,979 Shares.

Percentage: Approximately 5.34%

- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 2,168,979
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 2,168,979

- (c) Legion Partners I has not entered into any transactions in the Shares since the filing of Amendment No. 2 to the Schedule 13D.

B. Legion Partners II

(a) As of the close of business on February 24, 2021, Legion Partners II beneficially owned 120,249 Shares.

Percentage: Less than 1%

(b) 1. Sole power to vote or direct vote: 0  
2. Shared power to vote or direct vote: 120,249  
3. Sole power to dispose or direct the disposition: 0  
4. Shared power to dispose or direct the disposition: 120,249

(c) The transactions in the Shares by Legion Partners II since the filing of Amendment No. 2 to the Schedule 13D are set forth in Schedule B and are incorporated herein by reference.

C. Legion Partners Offshore I

(a) As of the close of business on February 24, 2021, Legion Partners Offshore I beneficially owned 484,518 Shares.

Percentage: Approximately 1.19%

(b) 1. Sole power to vote or direct vote: 0  
2. Shared power to vote or direct vote: 484,518  
3. Sole power to dispose or direct the disposition: 0  
4. Shared power to dispose or direct the disposition: 484,518

(c) The transactions in the Shares by Legion Partners Offshore I since the filing of Amendment No. 2 to the Schedule 13D are set forth in Schedule B and are incorporated herein by reference.

D. Legion Partners GP

(a) Legion Partners GP, as the general partner of each of Legion Partners I and Legion Partners II, may be deemed the beneficial owner of the (i) 2,168,979 Shares owned by Legion Partners I and (ii) 120,249 Shares owned by Legion Partners II.

Percentage: Approximately 5.63%

(b) 1. Sole power to vote or direct vote: 0  
2. Shared power to vote or direct vote: 2,289,228  
3. Sole power to dispose or direct the disposition: 0  
4. Shared power to dispose or direct the disposition: 2,289,228

(c) Legion Partners GP has not entered into any transactions in the Shares since the filing of Amendment No. 2 to the Schedule 13D. The transactions in the Shares on behalf of Legion Partners II since the filing of Amendment No. 2 to the Schedule 13D are set forth on Schedule B and are incorporated herein by reference.

E. Legion Partners Asset Management

(a) Legion Partners Asset Management, as the investment advisor of each of Legion Partners I, Legion Partners II, and Legion Partners Offshore I, may be deemed the beneficial owner of the (i) 2,168,979 Shares owned by Legion Partners I, (ii) 120,249 Shares owned by Legion Partners II, and (iii) 484,518 Shares owned by Legion Partners Offshore I.

Percentage: Approximately 6.83%

- (b)
  - 1. Sole power to vote or direct vote: 0
  - 2. Shared power to vote or direct vote: 2,773,746
  - 3. Sole power to dispose or direct the disposition: 0
  - 4. Shared power to dispose or direct the disposition: 2,773,746
- (c) Legion Partners Asset Management has not entered into any transactions in the Shares since the filing of Amendment No. 2 to the Schedule 13D. The transactions in the Shares on behalf of each of Legion Partners II and Legion Partners Offshore I since the filing of Amendment No. 2 to the Schedule 13D are set forth on Schedule B and are incorporated herein by reference.

F. Legion Partners Holdings

- (a) As of the close of business on February 24, 2021, Legion Partners Holdings directly owned 200 Shares. Legion Partners Holdings, as the sole member of Legion Partners Asset Management and sole member of Legion Partners GP, may be deemed the beneficial owner of the (i) 2,168,979 Shares owned by Legion Partners I, (ii) 120,249 Shares owned by Legion Partners II, and (iii) 484,518 Shares owned by Legion Partners Offshore I.

Percentage: Approximately 6.83%

- (b)
  - 1. Sole power to vote or direct vote: 0
  - 2. Shared power to vote or direct vote: 2,773,946
  - 3. Sole power to dispose or direct the disposition: 0
  - 4. Shared power to dispose or direct the disposition: 2,773,946
- (c) Legion Partners Holdings has not entered into any transactions in the Shares since the filing of Amendment No. 2 to the Schedule 13D. The transactions in the Shares on behalf of each of Legion Partners II and Legion Partners Offshore I since the filing of Amendment No. 2 to the Schedule 13D are set forth on Schedule B and are incorporated herein by reference.

G. Messrs. Kiper and White

- (a) Each of Messrs. Kiper and White, as a managing director of Legion Partners Asset Management and a managing member of Legion Partners Holdings, may be deemed the beneficial owner of the (i) 2,168,979 Shares owned by Legion Partners I (ii) 120,249 Shares owned by Legion Partners II, (iii) 484,518 Shares owned by Legion Partners Offshore I and (iv) 200 Shares owned by Legion Partners Holdings.

Percentage: Approximately 6.83%

- (b)
  - 1. Sole power to vote or direct vote: 0
  - 2. Shared power to vote or direct vote: 2,773,946
  - 3. Sole power to dispose or direct the disposition: 0
  - 4. Shared power to dispose or direct the disposition: 2,773,946

- (c) None of Messrs. Kiper and White has entered into any transactions in the Shares since the filing of Amendment No. 2 to the Schedule 13D. The transactions in the Shares on behalf of each of Legion Partners II and Legion Partners Offshore I since the filing of Amendment No. 2 to the Schedule 13D are set forth on Schedule B and are incorporated herein by reference

H. Mr. McConnell

- (a) As of the close of business on February 24, 2021, Mr. McConnell beneficially owned directly 6,000 Shares.  
Percentage: Less than 1%
- (b)
  - 1. Sole power to vote or direct vote: 0
  - 2. Shared power to vote or direct vote: 6,000
  - 3. Sole power to dispose or direct the disposition: 0
  - 4. Shared power to dispose or direct the disposition: 6,000
- (c) Mr. McConnell has not entered into any transactions in the Shares during the past sixty days.

I. Mr. Gupta and Mses. Garg and Sethi

- (a) As of the close of business on February 24, 2021, Mr. Gupta and Mses. Garg and Sethi did not beneficially own any Shares.  
Percentage: 0%
- (b)
  - 1. Sole power to vote or direct vote: 0
  - 2. Shared power to vote or direct vote: 0
  - 3. Sole power to dispose or direct the disposition: 0
  - 4. Shared power to dispose or direct the disposition: 0
- (c) Mr. Gupta and Mses. Garg and Sethi have not entered into any transactions in the Shares during the past sixty days.

The filing of this Schedule 13D shall not be deemed an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any securities of the Issuer that he or it does not directly own. Each of the Reporting Persons specifically disclaims beneficial ownership of the securities reported herein that he, she or it does not directly own.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended to add the following:

On February 25, 2021 Legion Partners Holdings and certain of its affiliates entered into letter agreements (the "Indemnification Agreements") with each of the Nominees, except Mr. Gupta, pursuant to which Legion Partners Holdings has agreed to indemnify such Nominees against claims arising from the Solicitation (as defined below) and any related transactions. A form of the Indemnification Agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

On February 25, 2021, the Reporting Persons entered into a Joint Filing and Solicitation Agreement (the “Joint Filing and Solicitation Agreement”), in which, among other things, (a) the parties agreed, to the extent required by applicable law, to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer, (b) the parties agreed to solicit proxies or written consents for the election of the Nominees, or any other person(s) nominated by Legion, to the Board at the 2021 Annual Meeting (the “Solicitation”), (c) the Nominees agreed not to undertake or effect any purchase, sale, acquisition or disposal of any securities of the Company without the prior consent of Legion, and (d) the parties agreed that Legion has the right to pre-approve all expenses incurred in connection with the Solicitation and agreed to pay directly all such pre-approved expenses. The Joint Filing and Solicitation Agreement is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Each of the Nominees has granted Christopher S. Kiper and Raymond T. White powers of attorney (the “POAs”) to execute certain SEC filings and other documents in connection with the Solicitation. A form of Power of Attorney is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

As set forth on Schedule B, on February 19, 2021, Legion Partners Offshore I exercised certain American-style call options held by it with a strike price of \$17.50 and acquired the 50,000 Shares underlying such options.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibits:

- 99.1 [Press Release and Letter](#)
- 99.2 [Form of Indemnification Agreement.](#)
- 99.3 [Joint Filing and Solicitation Agreement.](#)
- 99.4 [Form of Power of Attorney.](#)

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 25, 2021

Legion Partners, L.P. I

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners, L.P. II

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners Offshore I SP I

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners, LLC

By: Legion Partners Holdings, LLC  
Managing Member

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper  
Title: Managing Member

Legion Partners Asset Management, LLC

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners Holdings, LLC

By: /s/ Christopher S. Kiper

Name: Christopher S. Kiper

Title: Managing Member

/s/ Christopher S. Kiper

Christopher S. Kiper

Individually and as attorney-in-fact for Sarika Garg, Sagar Gupta,  
Michael J. McConnell and Rinki Sethi

/s/ Raymond White

Raymond White



**SCHEDULE A****Directors and Officers of Legion Partners Offshore I SP I**

<u>Name and Position</u>	<u>Principal Occupation</u>	<u>Principal Business Address</u>	<u>Citizenship</u>
Christopher S. Kiper* Director			
Anne-Marie Leadbetter Director	Serving as an independent Cayman company director through employment at The Harbour Trust Co. Ltd.	Windward 1, Regatta Office Park, Grand Cayman, Cayman Islands KY1-1103	Canada
Scott Craven Jones Director	Serving as Investment Professional at the Carne Global Financial Services (US) LLC and Park Agency, Inc.	P.O. Box 151, Kenilworth, IL 60043	United States of America

\* Mr. Kiper is a Reporting Person and, as such, all information regarding Mr. Kiper is set forth in the Schedule 13D

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**SCHEDULE B****Transactions in the Shares of the Issuer Since Amendment No. 2 to the Schedule 13D**

<u>Nature of the Transaction</u>	<u>Amount of Securities Purchased/(Sold)</u>	<u>Price (\$)</u>	<u>Date of Purchase/Sale</u>
<b><u>LEGION PARTNERS, L.P. II</u></b>			
Purchase of Common Stock	7,077	23.1492	01/29/2021
<b><u>LEGION PARTNERS OFFSHORE I SPI</u></b>			
Acquisition of Common Stock <sup>1</sup>	50,000	17.5000	02/19/2021

<sup>1</sup> Represents shares acquired in connection with the exercise of certain American-style call options which had an expiration date of February 19, 2021 and a strike price of \$17.50.

**LEGION PARTNERS NOMINATES FOUR HIGHLY-QUALIFIED INDEPENDENT CANDIDATES FOR ELECTION TO THE ONESPAN BOARD**

*Company's Board, Led by Chairman John Fox, Has Failed to Address OneSpan's Persistent and Significant Valuation Discount to Peers*

*Believes Board Lacks Relevant Skill Sets to Drive Successful Transformation of OneSpan into a Pure-Play Software Company and Has Overseen Long Periods of Underperformance and Misguided Capital Allocation*

*OneSpan Has Apparently Ignored Inbounds from Interested Parties Regarding Potential Strategic Transactions*

*Legion Partners' Nominees Possess Strong Technology Industry, Corporate Governance and Strategic Expertise Needed to Push for a Comprehensive Strategic Review of OneSpan that Could Create Value Above \$43 Per Share*

**LOS ANGELES, Calif.**--(February 25, 2021)-- Legion Partners Asset Management, LLC, which, together with its affiliates (collectively, "Legion Partners"), beneficially owns 2,773,946 shares of common stock of OneSpan Inc. ("OneSpan" or the "Company") (Nasdaq: OSPN), representing approximately 6.8% of the outstanding stock, today issued an open letter to stockholders. In the letter, Legion Partners announced it has nominated four highly-qualified independent directors for election to the Company's Board of Directors (the "Board") at the Company's 2021 annual meeting of stockholders: Sarika Garg, Sagar Gupta, Michael J. McConnell and Rinki Sethi. Legion Partners also outlined its concerns with the Company's persistent and significant valuation discount to its peers, poor corporate governance, and misguided capital allocation, and detailed its belief that the Company should undergo a comprehensive strategic review that could return significant value to stockholders.

Legion Partners is the second-largest institutional stockholder of OneSpan. Since its initial investment in April 2018, Legion Partners has sought to collaborate with the Board and management team on matters including financial disclosures, investor communications, Board refreshment, asset divestitures, capital allocation and other governance matters. After 30+ meetings with the Board and management team over nearly three years, Legion Partners has lost confidence in the Board's ability to successfully lead the Company's transformation to a cloud-first recurring revenue software company. Leadership and oversight that better fits the Company's business model and is aligned with long-term shareholders is particularly critical at this juncture, thus warranting significant Board change.

Key concerns highlighted in the letter include:

1. **Long-Term TSR Underperformance and Undervaluation** – OneSpan's total shareholder returns have severely lagged peers and indices over multiple time periods, leading to a worst-in-class valuation among public cybersecurity companies and other direct software peers.
  2. **Long-Tenured Directors Lack Relevant Skillsets** – the Board has defensively added new directors over the past two years and only this week announced the long overdue retirement of Michael P. Cullinane after serving for 22 years, likely to offset our impending nomination and its 2021 guidance that was not well received by the market given the 2.6% drop in the stock the next trading day. No other long-tenured incumbent independent director in a key Board leadership position has stepped down, despite these individuals lacking skillsets needed to transform OneSpan into a pure play modern software company.
-

3. **Failure to Take Strategic Action** – based on credible market sources, the Board has apparently ignored inbound inquiries from parties interested in strategic transactions. According to Legion Partners’ valuation analysis, OneSpan shares are worth \$43 assuming 13.5x EV / ARR plus modest values for the remaining non-recurring components. However, Legion Partners believes this value is being overlooked by the market given the poor optics caused by the legacy Hardware segment, which if sold, could help rerate OneSpan’s stock price.
4. **Poor Capital Allocation** – the Board has overseen a long history of M&A failures and questionable judgment on capital allocation priorities, presenting a key risk for shareholders given the Company’s large, idle cash balance.

A full copy of the letter can be found here:



February 25, 2021

Dear Fellow Stockholders,

Legion Partners Asset Management, LLC (together with its affiliates, “Legion Partners” or “we”) is a long-term stockholder beneficially owning 2,773,946 shares of common stock of OneSpan Inc. (“OneSpan” or the “Company”) (Nasdaq: OSPN), representing approximately 6.8% of the outstanding stock. We have nominated four highly-qualified independent directors for election to the Company’s Board of Directors (the “Board”) at the Company’s 2021 annual meeting of stockholders (the “Annual Meeting”).

We believe the Board’s long-tenured members are stuck in the past and remain attached to OneSpan’s legacy Hardware business, while value creation will best be achieved via a transformation into a cloud-first recurring revenue software company. OneSpan counts over 60 of the top 100 global banks as trusted customers, providing it an enviable base to sell to, as it continues to drive ~30% software-as-a-service (“SaaS”), term license software, and maintenance growth (as best reflected in its Annual Recurring Revenue metric, or “ARR”). We believe the Company’s advanced security software and digital workflow solutions are critical to large financial institutions, as OneSpan’s technology sits at the nexus of mobile and identity security, the most attractive frontier of the cybersecurity industry that now depends on a Zero Trust strategy that OneSpan has embarked upon.

Despite this ongoing substantial underlying value creation in the Company’s Software business, the Board has overseen precipitous share price drops that have caused a persistently low valuation of OneSpan’s stock. Since first investing in OneSpan in April 2018, we have sought for several years to engage privately with the Board and management team to help improve OneSpan’s performance. During this time, the Board has consistently dismissed several ideas to unlock shareholder value – ideas that we believe have widespread support amongst OneSpan’s shareholder base, many of which were detailed in our public letter dated August 18, 2020 following the Company’s Q2 2020 earnings report where the Company was forced to pull full year guidance. These ideas have been focused on conducting a strategic review of the legacy Hardware segment and the eSignature business (OneSpan Sign), enhancing financial disclosures and investor communications, and Board refreshment.

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Instead, the Board – led by Chairman John Fox – has largely failed to take any material action towards correcting OneSpan’s depressed valuation, apart from removing former CEO Mr. T. Kendall Hunt as a director in response to our public letter in August 2020, which detailed his questionable stock sales one day prior to the Company’s Q2 2020 earnings release. Unsurprisingly, the incremental additions to the Board, likely made under pressure from us, have not been enough to reverse the severe underperformance of OneSpan’s stock. We believe more substantive change is necessary.

In our view, the time has come for shareholders to #ProtectOneSpan from this Board’s longstanding underperformance by electing strong technology leaders to the Board who will seek to begin a comprehensive strategic review of the Company to determine the best path forward for the Company and all its stakeholders.

### Long-Term TSR Underperformance and Undervaluation

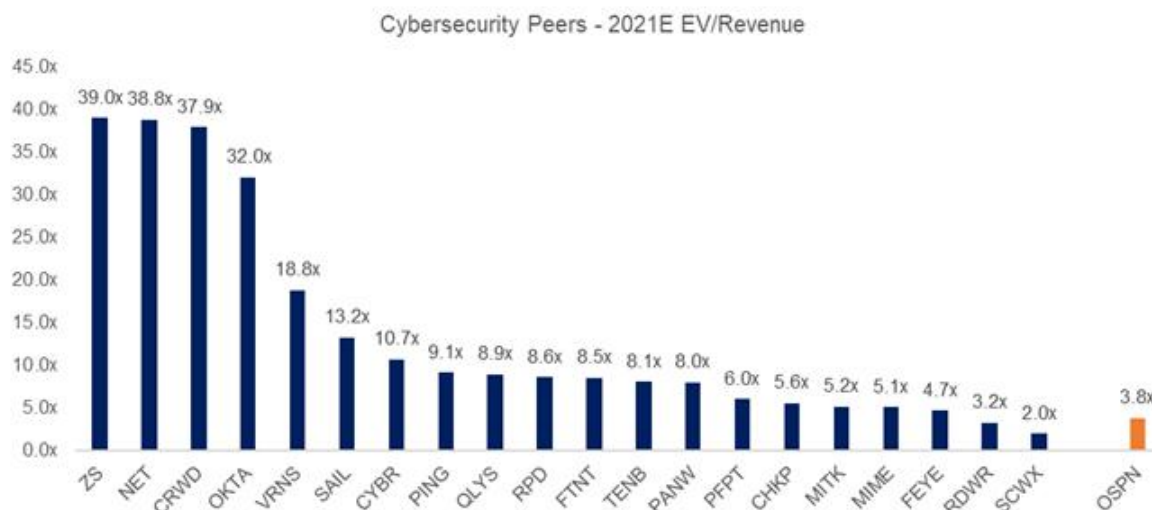
The Company’s total shareholder returns have severely lagged its peers and indices over multiple time periods.

<b>OSPN Relative TSR vs. Major Benchmarks</b>					
<b>OSPN vs.</b>	<b>1 Year</b>	<b>2 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Direct Software Peers	(129%)	(172%)	(255%)	(360%)	(503%)
Cybersecurity Peers	(77%)	(59%)	(152%)	(256%)	(157%)
ISS Peers	(39%)	(61%)	(155%)	(332%)	(317%)
Russell 3000	2%	7%	7%	(63%)	(46%)
MSCI ACWI/Software Index	(21%)	(42%)	(73%)	(212%)	(292%)
IGV	(31%)	(44%)	(80%)	(217%)	(352%)
NASDAQ	(23%)	(35%)	(38%)	(134%)	(231%)

Source: Capital IQ (as of 12/31/20)

Notes: Direct Software Peers include CRWD, DOCU, DT, NCNO, NET, NICE, OKTA, PING, QLYS, SPLK, VRNS, ZS; Cybersecurity Peers include CHKP, CRWD, CYBR, FEYE, FTNT, MIME, MITK, NET, OKTA, PANW, PFPT, PING, QLYS, RDWR, RPD, SAIL, SCWX, TENB, VRNS, ZS; ISS Peers include AMSWA, ATEN, BL, BNFT, EVBG, FIVN, MODN, PRO, QADA, QLYS, QTWO, RPD, SNCR, SPSC, VRNS, WK, ZIXI; IGV references the iShares Expanded Tech-Software Sector ETF

Without any meaningful changes to Board leadership and corporate strategy, it is no surprise that OneSpan's valuation continues to trade near the bottom of public cybersecurity peers:



Source: Capital IQ (as of 2/24/21)

We find the Board's failings to be wholly unacceptable given the state of the Company's transition and believe dramatic improvements to OneSpan's strategy and execution – led by a more substantially refreshed Board – are necessary to successfully complete its transition to a cloud-first recurring revenue software Company and implement thoughtful capital allocation.

### Long-Tenured Directors Lack Relevant Skillsets

OneSpan's Board is led by its longest tenured members who have demonstrated consistency in one regard – the inability to take sufficient strategic action towards fixing structural and governance problems that we believe are strongly hampering the Company's success. These long-tenured directors gained the bulk of their technology "experience" long before the proliferation of cloud computing, and for some, the Internet. It should not be too much to ask that a modern software company's board should be led and overseen by individuals with modern software experience. Yet the same directors that oversaw former CEO Mr. Hunt's subpar operational performance for decades are still leading the Board and its key committees today. In particular, Chairman Fox has been a director since April 2005 and not only is Chairman of the full Board, but also chairs the Compensation Committee in addition to being an ex-officio member of the Finance and Strategy Committee.

We believe it would be prudent to install Board members with experience in cloud-first recurring revenue environments – doing so should help the Company further avoid self-inflicted disasters that have become far too common and help complete a successful completion of the transformation. However, despite having less than 2% cumulative ownership in OneSpan, the Board has collectively enabled and prioritized the ongoing concentration of power amongst its longest-tenured and arguably least qualified directors over the welfare of all OneSpan stakeholders. OneSpan customers, employees, and shareholders all deserve better, thus necessitating the replacement of numerous directors immediately.

Board Director and Position	Ownership %	Cloud-First Recurring Revenue Experience	Age	Tenure
Michael P. Cullinane <i>Chair of Audit Committee (since 2001)</i>	0.474%	NO	70	22 Years
John N. Fox, Jr. <i>Chairman of Board (since 2019); Chair of Compensation Committee (since 2006); former Lead Independent Director (2017-2018)</i>	0.275%	NO	77	15 Years
Jean K. Holley <i>Chair of Governance and Nominating Committee (since 2014)</i>	0.286%	NO	61	14 Years
Matthew Moog <i>Independent Director</i>	0.137%	NO	49	8 Years
Marc Boroditsky <i>Independent Director</i>	0.018%	YES	57	1 Year
Marc Zenner <i>Independent Director</i>	0.035%	NO	57	1 Year
Naureen Hassan <i>Independent Director</i>	0.000%	NO	49	<1 Year
Marianne Johnson <i>Independent Director</i>	0.000%	NO	55	<1 Year
Alfred Nietzel <i>Independent Director</i>	0.000%	NO	59	<1 Year
Scott Clements <i>Director; CEO &amp; President</i>	0.348%	NO	57	3 Years

Source: Company Filings, Capital IQ (as of 2/23/21), Legion Partners' Estimates

Following the publication of our August 18, 2020 letter, we held a (virtual) meeting with CEO Scott Clements on September 15, 2020. Unfortunately, no independent directors chose to attend, and none since have directly communicated with us despite our continued outreach and offers to collaborate on Board refreshment. During that meeting, we were disappointed to learn that no formal transition plan was in place for additional legacy incumbent Board directors to leave the Board. We remain convinced that further accelerated Board refreshment – driven by shareholders and not the Board itself – will help address the Company's operational, governance and structural issues that we believe are causing the Company's valuation discount. As we have mentioned on numerous occasions, adding some new directors (though none were put in leadership positions) and removing Mr. Hunt was a start, but certainly not enough given decades of power concentrated with long-tenured directors that possess stale skillsets not sufficiently applicable to the Company's strategy going forward. As shown below, the Company's sell-side analysts clearly agree:

*"With the vacancy on the Board, OneSpan has the opportunity to add either a SaaS-focused Board member or a shareholder representative. We believe both options will aid in directing the company through the final stages of its transition from hardware to software."*

- Colliers Research (9/17/20)

Earlier this week and just one day before the Company communicated guidance for 2021 that was poorly received by the market given the 2.6% drop in the stock the next trading day, the Company announced that director Michael Cullinane will be retiring from the Board at the end of his current term which coincides with the Annual Meeting. In the announcement, the Company thanked Mr. Cullinane's leadership on the Board over his near 23-year tenure, "particularly in his longstanding role of Chairman of the Audit Committee, where he utilized his financial expertise and extensive experience as a public company chief financial officer to help guide the Company." Mr. Cullinane's most recent public company role was as the Chief Financial Officer of Divine, Inc. from 1999 to 2003, where he also served as a board director. Divine is widely regarded as one of the most spectacular disasters of the dotcom era. As a prolific acquirer of roughly 30 companies, some of which were in very poor financial health, Divine was ensnared in a variety of scandals which led to multiple lawsuits and a federal grand jury investigation into widescale fraud that allegedly involved Mr. Cullinane. After allegedly misleading investors and employees for years, Divine eventually entered bankruptcy in 2003. This colorful episode occurred during Mr. Cullinane's tenure on the Board, yet the Board apparently never felt the need to reassess his directorship at any time over 20 years and allowed him to continue serving in an important financial oversight role as Chair of the Audit Committee. We believe his "retirement" is a result of our pressure, and since it appears this Board will only act under pressure, it further highlights its extremely poor governance. Any well-functioning board should have demanded Mr. Cullinane resign long ago and should not have the ability to select his replacement.

## Failure to Take Strategic Action

Legion Partners strongly believes that the Company's legacy Hardware segment imposes a structural impediment to OneSpan's ability to trade at its fair value in the public markets. The legacy Hardware authenticator token business is in secular decline and the revenue base is shifting towards software-based mobile and identity cybersecurity solutions. The Hardware segment has become difficult for management to predict, contributing to multiple debacles on earnings calls. In our view, the Hardware segment carries inferior gross margins, produces volatile quarterly results, and is perceived to have high customer concentration. This overarching issue is also consistently cited by sell-side analysts as a key risk to owning OSPN shares and was aptly described in BTIG's initiation report from 3/26/20 (*emphasis ours*):

### ***“Investment Negative: Hardware Can Create Lumpiness on a Quarterly Basis in the Near-Term***

*While mgmt. expects hardware to generally decline in the mid-single digits, the line item is by nature lumpy and can be unpredictable. As was the case in F19, there can even be extended periods of hardware resurgences, distorting in-quarter profitability due to lower blended GMs. Moreover, one year's outperformance becomes the next year's tough comps. We look no further than F20 to see how a year of hardware outperformance in F19 can meaningfully depress total top-line outlook.*

*Equally as important as the financial impact of the hardware sales is its impact on investor perception of OneSpan as a software story. Even if investors can agree that hardware has and will decline over time, the optics around hardware staying flat or increasing as a % of revenue y/y can frustrate investors who are eager to move through the software transition. We recommend that investors evaluating OneSpan do so with the expectation that the transition towards software and towards recurring revenue will take time and will not always go in a straight line.*

As the BTIG analyst alluded, Hardware experienced a very difficult 2020 with revenue down nearly 36% year-over-year. Meanwhile, newer private competitors like Yubico have witnessed tremendous success in the hardware authentication space, greatly surpassing OneSpan which was a key player in the market for decades. Yubico has reportedly surpassed \$200 million in revenue in 2020 and expects to grow 70% year-over-year in 2021, counting large governments and global banks as customers<sup>1</sup>. It would be a gross understatement to say that this stands “in contrast” to OneSpan's Hardware segment performance. While the Company recently announced certain operational restructurings of the Hardware segment, we believe such steps should have been executed years ago, including under the previous management team, and highlight the Board's strong inertia and lack of effective oversight of inefficiencies in what used to be OneSpan's sole core business.

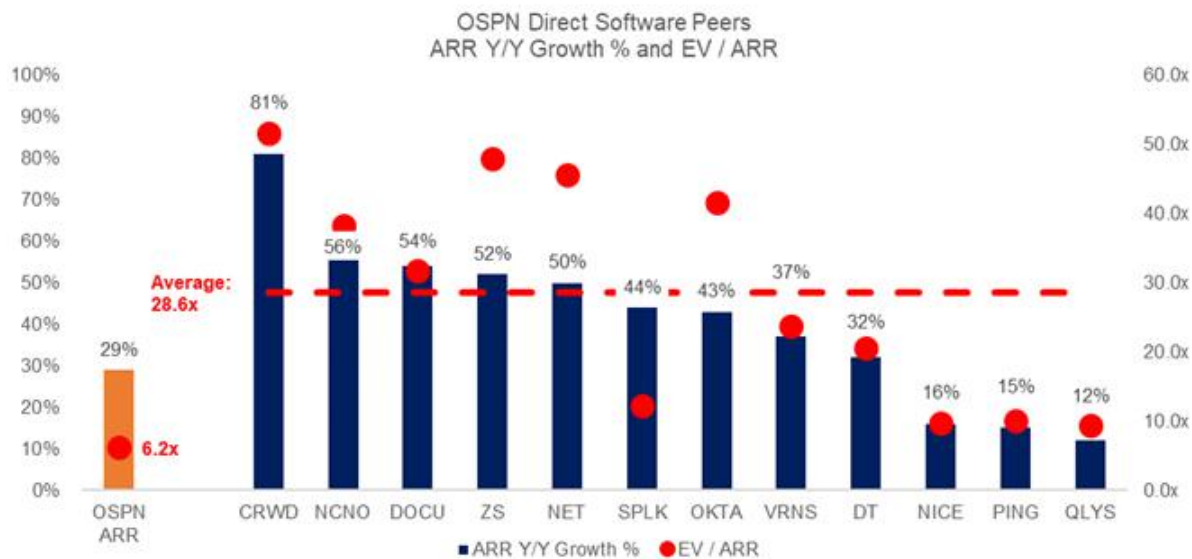
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<sup>1</sup> Source: The Hustle

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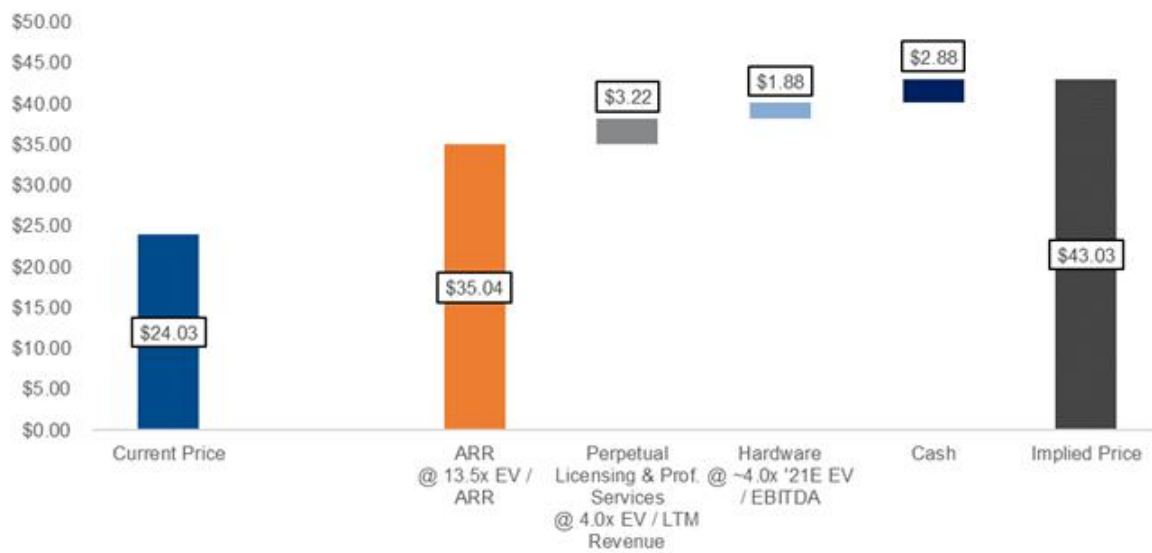
We have strongly recommended, privately at first and now publicly, that the Company undertake a strategic review process to monetize the Hardware business. Doing so would immediately transform OneSpan into a pure play software company and likely rerate its shares closer to peer levels. As demonstrated below, the implied valuation of OneSpan's recurring revenue (SaaS, term licenses and maintenance) trades at an ~80% discount to direct peers:



Source: Capital IQ (as of 2/24/21), Company Filings, Legion Partners' Estimates

Note: (1) all ARR figures as of most recent quarter reported (as of 2/24/21); (2) Includes pure play security and banking/eSignature software (term licensing and SaaS) peers and excludes security peers with substantial hardware/appliance or perpetual license revenue; (3) For OSPN, assumes 4.0x Enterprise Value (EV) / Revenue for perpetual licensing and professional services and 4.0x EV / EBITDA for Hardware (roughly 1.0x EV / Revenue); remaining EV applied to OSPN ARR for EV / ARR

Average ARR growth for OSPN's direct software peers is 41%, resulting in an average EV / ARR of 28.6x. Given OneSpan's overall ARR is growing roughly 30% per annum, with its term license and SaaS ARR growing north of 50% per annum, we conservatively utilized a discounted 13.5x EV / ARR in our valuation analysis below to imply a fair value of OneSpan shares at roughly \$43 per share, or nearly 80% higher than current levels.



Source: Capital IQ (as of 2/24/21), Company Filings, Legion Partners' Estimates

With the sale of Hardware, we believe investors will be able to analyze and appropriately value OneSpan's remaining high-value, high-growth components, unlocking significant shareholder value as outlined above.

Rather than proactively address this structural issue through a strategic review of the Hardware business when its revenue and value were much higher, the Board appears to have done nothing. Not only has the Board apparently refused to hire an independent investment bank to explore a sale of the Hardware segment, we have also been informed that **the Board has ignored inbound interest from parties interested in strategic transactions.**

**It is time for new directors to refresh the Board through more meaningful replacement, regain shareholders' trust, and push the Board to commence a strategic review of the Hardware segment as well as the entire Company.**

#### Poor Capital Allocation

We have yet to witness the Board's ability or willingness to develop a sensible capital allocation policy despite having more than 20 years to do so. Over OneSpan's history as a public company, the Board has overseen and approved a long list of 13 acquisitions, some of which were outright failures. For example, in 2011 the Company acquired DigiNotar. **Within 10 months of announcing the acquisition, DigiNotar suffered a severe cyberattack that effectively rendered its certificates useless and forced the subsidiary into bankruptcy, resulting in millions in losses to OneSpan.** We fear that total shareholder returns will continue to suffer if this Board is allowed to continue stamping its approval on complex and large acquisitions coupled with a poorly communicated rationale to shareholders.

Given this track record and management's recent stated interest in buying more companies, we are particularly concerned that the Board will approve another misguided acquisition since the Company is sitting on \$115 million of cash. Even more alarming is if this Board somehow manages to sell the Hardware business, it could provide an estimated additional \$50 to \$100 million of capital, which also would need to be thoughtfully allocated. Without having technical cybersecurity and software M&A specialists on the Board to oversee critical due diligence on any potential target, shareholders may fall victim to this Board's judgment on another disastrous acquisition.

The Company's \$300 million shelf registration filing in October 2019 also raises significant concern. Upon asking OneSpan's investor relations contact about the shelf filing, we were given no substantive explanation. Rather, we were met with the puzzling claim that the Board believes the filing was in accordance with "good governance." In our view, any discussions surrounding the idea of a large capital raise (especially in conjunction with a large acquisition) should not be taken lightly or as a matter of due course. Instead, it should be overseen by a refreshed Board that possesses the necessary skills to assess the risks and benefits and guide such a significant capital allocation decision.

### **Legion Partners' Nominees**

Our slate consists of highly experienced technologists, operators, executives and investors. We believe these individuals, if elected, would bring unique and diverse perspectives to OneSpan's Board. Consistent with their fiduciary duties, our nominees would also seek to undertake a comprehensive strategic review of the Company.

We have included brief biographies of our nominees below:

#### **Sarika Garg (age 45)**

- Sarika Garg is currently a strategic advisor to, and the former Chief Strategy Officer of, Tradeshift, the largest business commerce company in the world providing a global commerce SaaS platform that connects and enables payments between buyers and sellers – the company has grown to over 800 employees with offices in 13 countries having attained a private market valuation of \$1.1 billion
  - As the former Chief Strategy Officer, Ms. Garg led corporate strategy (organic and inorganic growth, including four acquisitions), brand and product innovation, go-to-market strategy, and marketing & communications
  - Prior to Tradeshift, Ms. Garg spent over a decade at SAP as a top executive within the Office of the CEO with a focus on product innovation and strategy
  - At SAP, Ms. Garg played a leading role in the post-merger integration of the \$3.4 billion acquisition of SuccessFactors, focusing on the market launch of the SAP Cloud strategy and portfolio (successfully executed within a record three months of the merger) as well as on enabling the sales teams to reach aggressive Cloud targets
  - In addition, Ms. Garg was tapped to lead product management for Ariba Network following its \$4.3 billion acquisition by SAP – in this role she drove over \$200 million in revenue as head of Ariba Seller Cloud
  - Ms. Garg is considered a world-renowned expert on SaaS operations, sales and architectures, particularly in the financial technology space, and was featured in the Wall Street Journal and as a speaker at the World Economic Forum in Davos on leadership in the technology industry
  - Ms. Garg was also recognized as one of the Top 50 Women Leaders in SaaS in The Software Report in both 2018 and 2019
  - Since 2018, Ms. Garg has served as a member of the board of directors at Fyle, a private company focused on intelligent expense management within email; she is also a member of the invitation-only Forbes Business Development Council for senior-level sales and business development executives
  - We believe Ms. Garg will bring significant software operational, sales, technology and M&A leadership experience to OneSpan's Board of Directors
-

**Sagar Gupta (age 33)**

- Sagar Gupta has spent over a decade advising and investing in public technology, media and telecommunications (TMT) companies and currently leads all TMT investing at Legion Partners as a Senior Analyst
- Prior to joining Legion Partners, Mr. Gupta was an investment analyst at Balyasny Asset Management, a global hedge fund with approximately \$9 billion in assets under management, where he focused on long/short TMT equities investments
- Prior to Balyasny Asset Management, Mr. Gupta was an investment professional at KKR & Co. (NYSE: KKR), a leading global investment firm, where he focused on special situations and private debt investments across all industries
- Mr. Gupta began his career as an investment banker at UBS, a leading global financial services firm, where he focused on advising TMT companies globally in all matters of capital raising and M&A
- In addition, Mr. Gupta was a private angel investor in Teachable, a SaaS platform for creators and educators, which was acquired by Hotmart Technology in March 2020 for over \$200 million
- Legion Partners is the second-largest institutional investor in OneSpan – we believe our firm and Mr. Gupta are well-aligned with the broader OneSpan shareholder base which deserves true, independent ownership representation on the Board of Directors
- We believe Mr. Gupta will bring significant governance, capital markets and investment expertise, particularly in the technology & software space, to the Board

**Michael McConnell (age 54)**

- Michael McConnell is a private investor who brings over 20 years of public company non-executive Board, CEO operating and public company investor experience
  - Mr. McConnell is currently an Independent Director on the board of Vonage (Nasdaq: VG), an enterprise communications SaaS company, since 2019
  - Mr. McConnell previously served on the board of SPS Commerce (Nasdaq: SPSC), a leading supply chain SaaS company, from 2018 through 2019
  - During his tenure on the board of SPS Commerce, the company overhauled its sales strategy resulting in significantly higher sales productivity and shareholder value creation
  - Mr. McConnell previously served as chairman of the board of Spark Networks (NYSE: LOV), a global Internet subscription company, from 2014 until the company was sold in 2017; Mr. McConnell also served as Interim Executive Chairman and Chief Executive Officer of Spark Networks during his board tenure
  - Mr. McConnell previously served on the board of Guidance Software (Nasdaq: GUID), a provider of forensic security and risk management applications, from 2016 until the company was sold in 2017
  - Mr. McConnell is currently an independent director at Adacel Technologies (ASX: ADA), a developer of air traffic management systems and technology and has led a significant recent operational turnaround
  - Mr. McConnell is the former Managing Director of Shamrock Capital Advisors, an investment manager of private equity and hedge funds, where he was a member of the Executive Committee and head of the Shamrock Activist Value Fund
  - Mr. McConnell has served on numerous other public and private company boards in the United States, Australia, New Zealand, Israel and Ireland
  - We believe Mr. McConnell will bring extensive executive, operational, board, governance and investment experience, particularly in the technology & software space, to the Board
-

**Rinki Sethi (age 38)**

- Rinki Sethi is the Chief Information Security Officer at Twitter (NYSE: TWTR), a social networking platform
- Ms. Sethi is an award-winning leader in security innovation with experience leading and developing innovative security infrastructure for Fortune 500 companies including IBM, Walmart.com, Intuit and eBay
- Ms. Sethi has more than 16 years of experience leading strategy and vision in product security, security operations and security architecture, including previously leading a technical team of over 500 engineers globally and its \$500 million budget
- Ms. Sethi was recognized by CSO Magazine & Executive Women's Forum with the "One to Watch" award, and in 2010 she led a team at eBay to receive the "Information Security Team of the Year" by SC Magazine
- In addition, Ms. Sethi recently won an award for Senior Information Security Practitioner by ISC2, the most recognized non-profit security organization
- Prior to Twitter, Ms. Sethi served as the first Chief Information Security Officer at Rubrik, a private cloud data management company – the company has over 1,400 employees across six global offices having attained a private market valuation of \$3.3 billion
- Prior to Rubrik, Ms. Sethi served as the Enterprise Chief Information Security Officer at IBM (NYSE: IBM), where she was responsible for driving a world-class security operations center as well as identity and access management practice
- Prior to IBM, Ms. Sethi served as the Vice President of Security Operations & Strategy at Palo Alto Networks (NYSE: PANW), a leading next-generation cybersecurity software company, where she was responsible for creation, coordination and execution of the company's security strategy
- In addition, at Palo Alto Networks, Ms. Sethi was deeply involved in the technical M&A due diligence of numerous acquisitions including LightCyber, Secdo and Evident.io
- Ms. Sethi previously served on the board of directors of WiCyS (Women in Cybersecurity), a non-profit dedicated to recruitment, retention and advancement of women in cybersecurity
- Ms. Sethi is a member of ISACA, ISC2, SANS, IEEE and Infragard; in addition, she is certified in CISSP (#83820), GIAC GSEC, NSA-IAM, CEH, CISA and from Palo Alto Networks, ASE and ACE

**Conclusion**

Legion Partners believes many of the structural challenges the Company has struggled with are a direct result of a Board led by long-tenured directors with a lack of relevant skillset needed to lead the transformation of the Company to a modern, pure play software business. While the Company has added new directors over the past two years and caused the long overdue resignations of two long-tenured directors, one of which will not step down until the Annual Meeting, the incremental changes, likely in reaction to our demands for Board change and their anticipation of a negative reaction to the Q4 2020 earnings call, have not been enough to change the base of power in the boardroom and reverse the severe underperformance of OneSpan's stock.

In our view, the time has come for shareholders to #ProtectOneSpan from this Board's longstanding underperformance by electing strong technology leaders to the Board who will seek to begin a comprehensive strategic review of the Company to determine the best path forward for the Company and all its stakeholders.

Over the next few months, we look forward to sharing more details about our nominees and plans to #ProtectOneSpan.

Sincerely,

Chris Kiper and Ted White  
Legion Partners Asset Management, LLC

\* \* \*

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## **About Legion Partners**

Legion Partners is a value-oriented investment manager based in Los Angeles, with a satellite office in Sacramento, CA. Legion Partners seeks to invest in high-quality businesses that are temporarily trading at a discount, utilizing deep fundamental research and long-term shareholder engagement. Legion Partners manages a concentrated portfolio of North American small-cap equities on behalf of some of the world's largest institutional and HNW investors.

### **Media Contact:**

Sloane & Company

Joe Germani / Dan Zacchei

[jgermani@sloanep.com](mailto:jgermani@sloanep.com) / [dzacchei@sloanep.com](mailto:dzacchei@sloanep.com)

### **Investor Contact:**

Saratoga Proxy Consulting LLC

John Ferguson / Joe Mills

(212) 257-1311

[info@saratogaproxy.com](mailto:info@saratogaproxy.com)

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## CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

Legion Partners Holdings, LLC, a Delaware limited liability company (“Legion Partners Holdings”), together with the other participants named herein, intend to file a preliminary proxy statement and accompanying WHITE proxy card with the Securities and Exchange Commission (“SEC”) to be used to solicit votes for the election of its slate of highly-qualified director nominees at the 2021 annual meeting of stockholders of OneSpan Inc., a Delaware corporation (the “Company”).

LEGION PARTNERS HOLDINGS STRONGLY ADVISES ALL STOCKHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN THIS PROXY SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR.

The participants in the proxy solicitation are anticipated to be Legion Partners Holdings, Legion Partners, L.P. I, a Delaware limited partnership (“Legion Partners I”), Legion Partners, L.P. II, a Delaware limited partnership (“Legion Partners II”), Legion Partners Offshore I SP I, a segregated portfolio company of Legion Partners Offshore Opportunities SPC I, a company organized under the laws of the Cayman Islands (“Legion Partners Offshore I”), Legion Partners, LLC, a Delaware limited liability company (“Legion Partners GP”), Legion Partners Asset Management, LLC, a Delaware limited liability company (“Legion Partners Asset Management”), Christopher S. Kiper, Raymond T. White, Sarika Garg, Sagar Gupta, Michael J. McConnell and Rinki Sethi.

As of the date hereof, Legion Partners I directly beneficially owns 2,168,979 shares of Common Stock, par value \$0.001 par value per share, of the Company (the “Common Stock”). As of the date hereof, Legion Partners II directly beneficially owns 120,249 shares of Common Stock. As of the date hereof, Legion Partners Offshore I directly beneficially owns 484,518 shares of Common Stock. As the general partner of each of Legion Partners I and Legion Partners II, Legion Partners GP may be deemed to beneficially own the 2,289,228 shares of Common Stock beneficially owned in the aggregate by Legion Partners I and Legion Partners II. As the investment advisor of each of Legion Partners I, Legion Partners II and Legion Partners Offshore I, Legion Partners Asset Management may be deemed to beneficially own the 2,773,746 shares of Common Stock beneficially owned in the aggregate by Legion Partners I, Legion Partners II and Legion Partners Offshore I. As of the date hereof, Legion Partners Holdings directly beneficially owns 200 shares of common stock and, as the sole member of each of Legion Partners Asset Management and Legion Partners GP, Legion Partners Holdings may also be deemed to beneficially own the 2,773,746 shares of Common Stock beneficially owned in the aggregate by Legion Partners I, Legion Partners II and Legion Partners Offshore I. As a managing director of Legion Partners Asset Management and managing member of Legion Partners Holdings, each of Messrs. Kiper and White may be deemed to beneficially own the 2,773,746 shares of Common Stock beneficially owned in the aggregate by Legion Partners I, Legion Partners II and Legion Partners Offshore I. As of the date hereof, Mr. McConnell directly beneficially owns 6,000 shares of Common Stock. As of the date hereof, none of Mr. Gupta or Ms. Garg and Sethi own beneficially or of record any securities of the Company.

**LEGION PARTNERS HOLDINGS, LLC**  
**12121 Wilshire Blvd, Suite 1240**  
**Los Angeles, CA 90025**

February \_\_, 2021

**Re: OneSpan Inc.**

Dear \_\_\_\_\_:

Thank you for agreeing to serve as a nominee for election to the Board of Directors of OneSpan Inc. (the "Company") in connection with the proxy solicitation that Legion Partners Holdings, LLC and certain of its affiliates (collectively, the "Legion Group") is considering undertaking to nominate and elect directors at the Company's 2021 annual meeting of stockholders, or any other meeting of stockholders held in lieu thereof, and any adjournments, postponements, reschedulings or continuations thereof (the "Legion Group Solicitation"). Your outstanding qualifications, we believe, will prove a valuable asset to the Company and all of its stockholders. This letter (this "Agreement") will set forth the terms of our agreement.

The members of the Legion Group agree to jointly and severally indemnify and hold you harmless against any and all claims of any nature, whenever brought, arising from the Legion Group Solicitation and any related transactions, irrespective of the outcome; provided, however, that you will not be entitled to indemnification for claims arising from your gross negligence, willful misconduct, intentional and material violations of law, criminal actions, provision to the Legion Group of false or misleading information (including false or misleading information on any questionnaire you are requested to complete by the Legion Group or the Company) or material breach of the terms of this Agreement; provided further, that upon your becoming a director of the Company, this indemnification shall not apply to any claims made against you in your capacity as a director of the Company. This indemnification will include any and all losses, liabilities, damages, demands, claims, suits, actions, judgments, or causes of action, assessments, costs and expenses, including, without limitation, interest, penalties, reasonable attorneys' fees, and any and all reasonable costs and expenses incurred in investigating, preparing or defending against any litigation, commenced or threatened, any civil, criminal, administrative or arbitration action, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation asserted against, resulting, imposed upon, or incurred or suffered by you, directly or indirectly, as a result of or arising from the Legion Group Solicitation and any related transactions (each, a "Loss").

In the event of a claim against you pursuant to the prior paragraph or the occurrence of a Loss, you shall give the Legion Group prompt written notice of such claim or Loss (provided that failure to promptly notify the Legion Group shall not relieve us from any liability which we may have on account of this Agreement, except to the extent we shall have been materially prejudiced by such failure). Upon receipt of such written notice, the Legion Group will provide you with counsel to represent you. Such counsel shall be reasonably acceptable to you. In addition, you will be reimbursed promptly for all Losses suffered by you and as incurred as provided herein. The Legion Group may not enter into any settlement of loss or claim without your consent unless such settlement includes a release of you from any and all liability in respect of such claim.

You hereby agree to keep confidential and not disclose to any party, without the prior written consent of the Legion Group, any confidential, proprietary or non-public information (collectively, "Information") of the Legion Group, its affiliates or any members of any group formed by the Legion Group pursuant to Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended ("13D Group") which you have heretofore obtained or may obtain in connection with your service as a nominee hereunder. Notwithstanding the foregoing, Information shall not include any information that is publicly disclosed by the Legion Group, its affiliates or any members of any 13D Group or any information that you can demonstrate is now, or hereafter becomes, through no act or failure to act on your part, otherwise generally known to the public.

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Notwithstanding the foregoing, if you are required by applicable law, rule, regulation or legal process to disclose any Information you may do so provided that you first promptly notify the Legion Group so that the Legion Group or any member thereof may seek a protective order or other appropriate remedy or, in the Legion Group's sole discretion, waive compliance with the terms of this Agreement. In the event that no such protective order or other remedy is obtained or the Legion Group does not waive compliance with the terms of this Agreement, you may consult with counsel at the cost of the Legion Group and you may furnish only that portion of the Information which you are advised by counsel is legally required to be so disclosed and you will request that the party(ies) receiving such Information maintain it as confidential.

All Information, all copies thereof, and any studies, notes, records, analysis, compilations or other documents prepared by you containing such Information, shall be and remain the property of the Legion Group and, upon the request of a representative of the Legion Group, all such Information shall be returned or, at the Legion Group's option, destroyed by you, with such destruction confirmed by you to the Legion Group in writing.

This Agreement shall be governed by the laws of the State of New York, without regard to the principles of the conflicts of laws thereof.

\* \* \*

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If you agree to the foregoing terms, please sign below to indicate your acceptance.

Very truly yours,

LEGION PARTNERS HOLDINGS, LLC

By: \_\_\_\_\_  
Name: Christopher S. Kiper  
Title: Managing Member

**ACCEPTED AND AGREED:**

\_\_\_\_\_  
[Nominee Name]

**JOINT FILING AND SOLICITATION AGREEMENT**

WHEREAS, certain of the undersigned are stockholders, direct or beneficial, of OneSpan Inc., a Delaware corporation (the “Company”);

WHEREAS, Legion Partners Holdings LLC, a Delaware limited liability company, Legion Partners, L.P. I, a Delaware limited partnership, Legion Partners, L.P. II, a Delaware limited partnership, Legion Partners Offshore I SP I, a segregated portfolio company of Legion Partners Offshore Opportunities SPC I, a company organized under the laws of the Cayman Islands, Legion Partners, LLC, a Delaware limited liability company, Legion Partners Asset Management, LLC, a Delaware limited liability company, Christopher S. Kiper and Raymond T. White (collectively, “Legion”), Sarika Garg, Sagar Gupta, Michael J. McConnell and Rinki Sethi (collectively, the “Nominees”) wish to form a group for the purpose of seeking representation on the Board of Directors of the Company (the “Board”) at the 2021 annual meeting of stockholders of the Company (including any other meeting of stockholders held in lieu thereof, and any adjournments, postponements, reschedulings or continuations thereof, the “Annual Meeting”) and for the purpose of taking all other action necessary to achieve the foregoing.

NOW, IT IS AGREED, this 25 day of February 2021 by the parties hereto:

1. In accordance with Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each of the undersigned (collectively, the “Group”) agrees to the joint filing on behalf of each of them of statements on Schedule 13D, and any amendments thereto, with respect to the securities of the Company. Each member of the Group shall be responsible for the accuracy and completeness of his, her or its own disclosure therein, and is not responsible for the accuracy and completeness of the information concerning the other members, unless such member knows or has reason to know that such information is inaccurate.

2. So long as this agreement is in effect, each of the undersigned shall provide written notice to Olshan Frome Wolosky LLP (“Olshan”) of (i) any of their purchases or sales of securities of the Company; or (ii) any securities of the Company over which they acquire or dispose of beneficial ownership. Notice shall be given no later than 24 hours after each such transaction.

3. So long as this Agreement is in effect, each of the Nominees agrees to provide Legion advance written notice prior to effecting any purchase, sale, acquisition or disposal of any securities of the Company which he or she has, or would have, direct or indirect beneficial ownership so that Legion has an opportunity to review the potential implications of any such transaction in the securities of the Company and pre-clear any such potential transaction in the securities of the Company by any such Nominee. Each of the Nominees agrees that he or she shall not undertake or effect any purchase, sale, acquisition or disposal of any securities of the Company without the prior written consent of Legion.

4. Each of the undersigned agrees to form the Group for the purpose of (i) soliciting proxies or written consents for the election of the persons nominated by the Group to the Board at the Annual Meeting, (ii) taking such other actions as the parties deem advisable, and (iii) taking all other action necessary or advisable to achieve the foregoing.

5. Legion shall have the right to pre-approve all expenses incurred in connection with the Group’s activities and agrees to pay directly all such pre-approved expenses.

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6. Each of the undersigned agrees that any SEC filing, press release or stockholder communication proposed to be made or issued by the Group or any member of the Group in connection with the Group's activities set forth in Section 4 shall be first approved by Legion, or its representatives, which approval shall not be unreasonably withheld.

7. The relationship of the parties hereto shall be limited to carrying on the business of the Group in accordance with the terms of this Agreement. Such relationship shall be construed and deemed to be for the sole and limited purpose of carrying on such business as described herein. Nothing herein shall be construed to authorize any party to act as an agent for any other party, or to create a joint venture or partnership, or to constitute an indemnification. Nothing herein shall restrict any party's right to purchase or sell securities of the Company, as he, she or it deems appropriate, in his, her or its sole discretion, respectively, provided that all such transactions are made in compliance with the terms of this Agreement and all applicable securities laws.

8. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

9. In the event of any dispute arising out of the provisions of this Agreement or their investment in the Company, the parties hereto consent and submit to the exclusive jurisdiction of the Federal and State Courts in the State of New York.

10. Any party hereto may terminate his, her or its obligations under this Agreement on 24 hours' written notice to all other parties, with a copy by fax to Elizabeth Gonzalez-Sussman at Olshan, Fax No. (212) 451-2222.

11. Each party acknowledges that Olshan shall act as counsel for both the Group and Legion and its affiliates relating to their investment in the Company.

12. Each of the undersigned parties hereby agrees that this Agreement shall be filed as an exhibit to a Schedule 13D pursuant to Rule 13d-1(k)(1)(iii) under the Exchange Act.

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

Legion Partners, L.P. I

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners, L.P. II

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners Offshore I SP I

By: Legion Partners Asset Management, LLC  
Investment Advisor

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Member

Legion Partners, LLC

By: Legion Partners Holdings, LLC  
Managing Member

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Member

Legion Partners Asset Management, LLC

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Director

Legion Partners Holdings, LLC

By: /s/ Christopher S. Kiper  
Name: Christopher S. Kiper  
Title: Managing Member

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/s/ Christopher S. Kiper  
Christopher S. Kiper

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/s/ Raymond White  
Raymond White

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/s/ Sarika Garg  
Sarika Garg

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/s/ Sagar Gupta  
Sagar Gupta

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/s/ Michael J. McConnell  
Michael J. McConnell

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/s/ Rinki Sethi  
Rinki Sethi

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**POWER OF ATTORNEY**

Know all by these presents, that the undersigned hereby constitutes and appoints Raymond White and Christopher S. Kiper, or either of them, the undersigned's true and lawful attorneys-in-fact to take any and all action in connection with (i) the undersigned's beneficial ownership of, or participation in a group with respect to, securities of OneSpan Inc., a Delaware corporation (the "Company"), directly or indirectly beneficially owned by Legion Partners Holdings, LLC or any of its affiliates (collectively, the "Group"), and (ii) any proxy solicitation of the Group to elect the Group's slate of director nominees to the board of directors of the Company at the 2021 annual meeting of stockholders of the Company (the "Solicitation"). Such action shall include, but not be limited to:

1. if applicable, executing for and on behalf of the undersigned any Schedule 13D, and amendments thereto, filed by the Group that are required to be filed under Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules thereunder in connection with the undersigned's beneficial ownership of, or participation in a group with respect to, securities of the Company or the Solicitation;
2. if applicable, executing for and on behalf of the undersigned all Forms 3, 4 and 5 required to be filed under Section 16(a) of the Exchange Act in connection with the undersigned's beneficial ownership of, or participation in a group with respect to, securities of the Company or the Solicitation;
3. executing for and on behalf of the undersigned all Joint Filing and Solicitation Agreements or similar documents pursuant to which the undersigned shall agree to be a member of the Group;
4. performing any and all acts for and on behalf of the undersigned that may be necessary or desirable to complete and execute any such document, complete and execute any amendment or amendments thereto, and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and
5. taking any other action of any type whatsoever in connection with the Solicitation, including entering into any settlement agreement, that in the opinion of such attorneys-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorneys-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorneys-in-fact may approve in such attorneys-in-fact's discretion.

The undersigned hereby grants to such attorneys-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorneys-in-fact, or such attorneys-in-fact's substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Section 13(d), Section 16 or Section 14 of the Exchange Act.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer a member of the Group unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this \_\_\_ day of February 2021.

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[NOMINEE]