



# Investor Presentation Q4 and FY 2021

February 22, 2022

# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding the potential benefits, performance and functionality of our products and solutions, strategies relating to our business and the future of our business and our expectations regarding our financial performance in the future. Forward-looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "intend", "continue", "outlook", "confident", "may", "will", "should", "could", or "might", and other similar expressions. These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could materially affect our business and financial results include, but are not limited to: market acceptance of our products and solutions and competitors' offerings; the potential effects of technological changes; the impact of the COVID-19 pandemic and actions taken to contain it; our ability to effectively manage acquisitions, divestitures, alliances, joint ventures and other portfolio actions; the execution of our transformative strategy on a global scale; the increasing frequency and sophistication of hacking attacks; claims that we have infringed the intellectual property rights of others; changes in customer requirements; price competitive bidding; changing laws, government regulations or policies; pressures on price levels; investments in new products or businesses that may not achieve expected returns; disruption in global transportation and supply chains; reliance on third parties for certain products and data center services, impairment of goodwill or amortizable intangible assets causing a significant charge to earnings; actions of activist stockholders; and exposure to increased economic and operational uncertainties from operating a global business, as well as those factors set forth in our the "Risk Factors" section of our most recently filed Annual Report on Form 10-K. Our filings with the Securities and Exchange Commission (the "SEC") and other important information can be found in the Investor Relations section of our website at [investors.onespan.com](https://investors.onespan.com). We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this presentation, except as required by law.

# Q4 2021 and Full Year 2021 Highlights; Full Year 2022 Guidance

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# FY 2021 Financial Highlights

**\$125M**

Annual Recurring  
Revenue (ARR)<sup>1</sup>

**20%**

ARR Growth

**>30%**

Subscription and  
Term ARR growth

**115%**

Dollar-Based Net  
Expansion (DBNE)<sup>2</sup>

**38%**

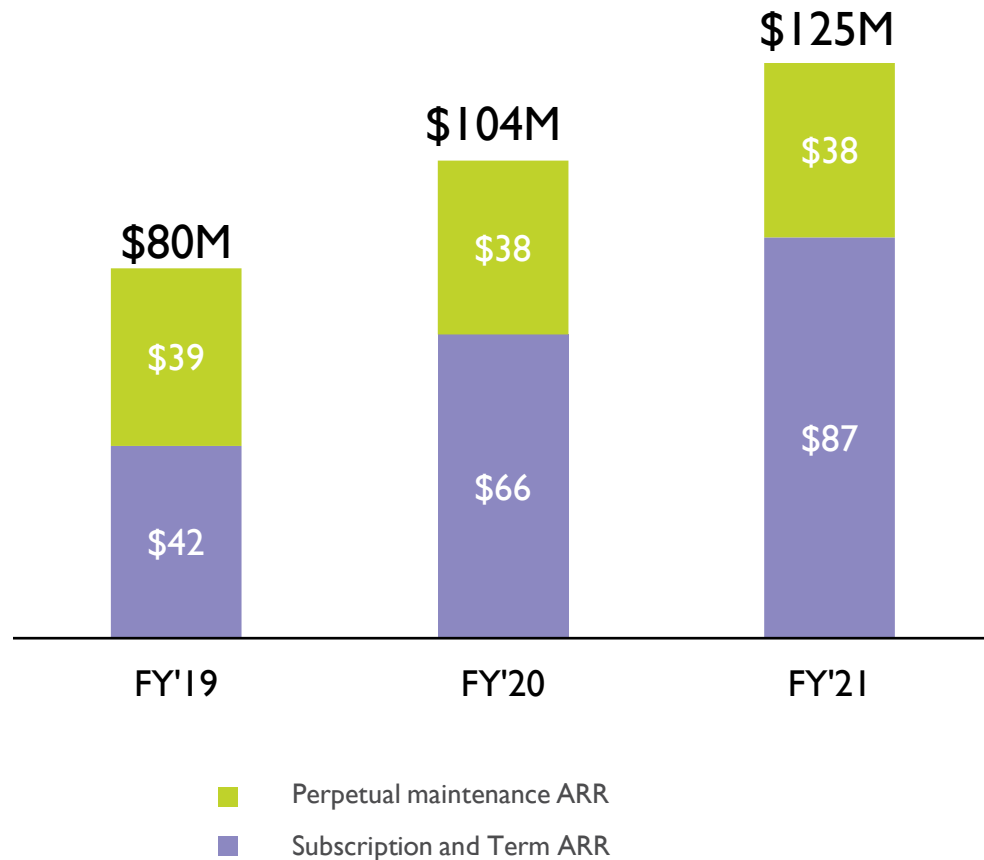
Subscription  
revenue growth

**89%**

of Software and Services  
revenue is recurring

# ARR Growth

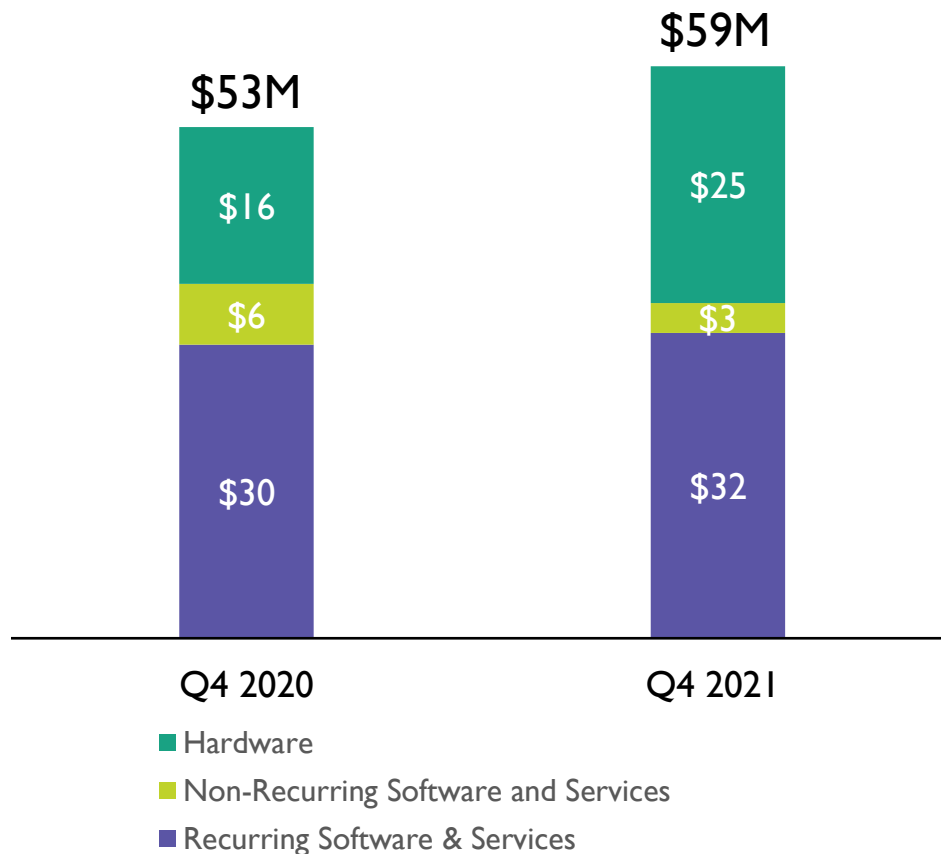
Annual Recurring Revenue



ARR Category	FY'21 Y/Y Growth
Total ARR	20%
Subscription and Term ARR	>30%

# Q4 2021 Revenue

Y/Y Revenue Comparison



**\$59M**

Total revenue

**91%**

of Software & Services  
revenue is recurring –  
record high

**53%**

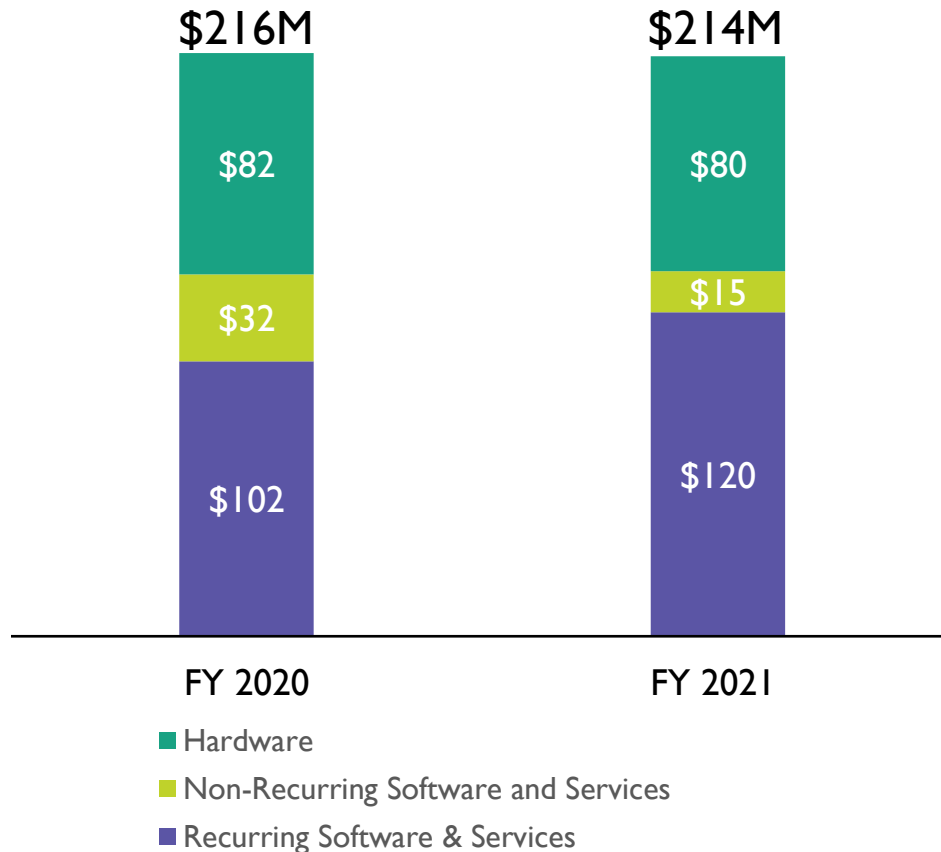
of Total revenue is  
recurring

**59%**

of Total revenue is  
Software & Services

# FY 2021 Revenue

Y/Y Revenue Comparison



**\$214M**

Total revenue

**18%**

Recurring revenue growth

**56%**

of Total revenue is recurring

**63%**

of Total revenue is Software & Services

# FY 2022 Outlook

GUIDANCE METRICS	FY22 GUIDANCE
Total Revenue	≥ FY21 Revenue
Adjusted EBITDA	≥ Break-Even





# Appendix

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# Revenue

## Revenue by major products and services

(in millions, unaudited)

	Three months ended,							
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30	Sept. 30	Dec. 31
	2020	2020	2020	2020	2021	2021	2021	2021
Subscription	\$5.7	\$6.1	\$7.4	\$8.5	\$8.4	\$9.8	\$10.2	\$9.8
Term-based software licenses	9.2	5.0	2.3	8.1	8.0	5.9	7.6	8.8
Maintenance, support, and other	11.0	12.1	12.4	13.7	12.5	13.0	12.7	13.0
Total recurring revenue	<u>\$25.9</u>	<u>\$23.2</u>	<u>\$22.1</u>	<u>\$30.4</u>	<u>\$28.9</u>	<u>\$28.8</u>	<u>\$30.5</u>	<u>\$31.6</u>
Perpetual software licenses	9.3	6.2	6.3	4.7	2.8	3.0	2.7	2.1
Professional services	1.4	1.3	1.4	1.6	1.4	1.0	1.2	1.0
Total software and service revenue	<u>\$36.6</u>	<u>\$30.8</u>	<u>\$29.8</u>	<u>\$36.7</u>	<u>\$33.1</u>	<u>\$32.8</u>	<u>\$34.4</u>	<u>\$34.7</u>
Hardware products	19.7	24.2	21.7	16.2	17.7	19.5	17.9	24.5
Total revenue <sup>1</sup>	<u>\$56.4</u>	<u>\$55.0</u>	<u>\$51.4</u>	<u>\$52.9</u>	<u>\$50.8</u>	<u>\$52.3</u>	<u>\$52.3</u>	<u>\$59.2</u>
<i>Recurring % of software and services revenue</i>	71%	76%	74%	83%	87%	88%	89%	91%
<i>Recurring % of total revenue</i>	46%	42%	43%	57%	57%	55%	58%	53%

# Non-GAAP Reconciliation

## Reconciliation of Net Income to Adjusted EBITDA (in thousands, unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2021	2020	2021
Net income (loss)	\$ (1,756)	\$ (13,773)	\$ (5,455)	\$ (30,584)
Interest income, net	(15)	3	(404)	1
Provision for income taxes	277	6,847	2,035	4,441
Depreciation and amortization / impairment of intangible assets	2,810	2,166	12,003	8,926
Long-term incentive compensation	1,840	1,581	6,001	5,202
Non-recurring items <sup>1</sup>	-	2,618	-	6,951
Adjusted EBITDA	<u>\$ 3,156</u>	<u>\$ (558)</u>	<u>\$ 14,180</u>	<u>\$ (5,063)</u>

<sup>1</sup>Non-recurring items include \$2.6 million and \$3.5 million of outside services costs associated with our strategic action plan for the three months and twelve months ended December 31, 2021, respectively. For the twelve months ended December 31, 2021, non-recurring items also include \$2.8 million of outside service costs related to the proxy contest for the twelve months ended December 31, 2021, and the related \$0.7 million settlement with Legion Partners Holdings, LLC.

# Definitions

<sup>1</sup>**ARR** is calculated as the annualized value of our customer recurring contracts with a term of at least one-year, as of the measuring date. These include subscription, term-based license, and maintenance contracts and exclude one-time fees. To the extent that we are negotiating a renewal with a customer after the expiration of a recurring contract, we continue to include that revenue in ARR if we are actively in discussion with the customer for a new recurring contract or renewal, or until such customer notifies us that it is not renewing its recurring contract.

<sup>2</sup>**DBNE** is defined as the year-over-year growth in ARR from the same set of customers at the end of the prior year period.

# Non-GAAP Financial Measures

We report financial results in accordance with GAAP. We also evaluate our performance using certain non-GAAP operating metrics, namely Adjusted EBITDA, non-GAAP Net Income and non-GAAP diluted EPS. Our management believes that these measures provide useful supplemental information regarding the performance of our business and facilitates in comparison to our historical operating results.

These non-GAAP financial measures are not measures of performance under GAAP and should not be considered in isolation or as alternatives or substitutes for the most directly comparable financial measures calculated in accordance with GAAP. While we believe that these non-GAAP financial measures are useful within the context described below, they are in fact incomplete and are not measures that should be used to evaluate our full performance or our prospects. Such an evaluation needs to consider all of the complexities associated with our business including, but not limited to how past actions are affecting current results and how they may affect future results, how we have chosen to finance the business, and how taxes affect the final amounts that are or will be available to stockholders as a return on their investment. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are found above.

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

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