



Investor Presentation Q2 2021

August 4, 2021

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; 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. 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.

Q2 2021 Highlights and Full Year 2021 Outlook

Q2 2021 Financial Highlights

\$112M

Annual Recurring
Revenue (ARR)¹

24%

ARR Growth

~40%

Subscription and
Term ARR growth

116%

Dollar-Based Net
Expansion (DBNE)²

60%

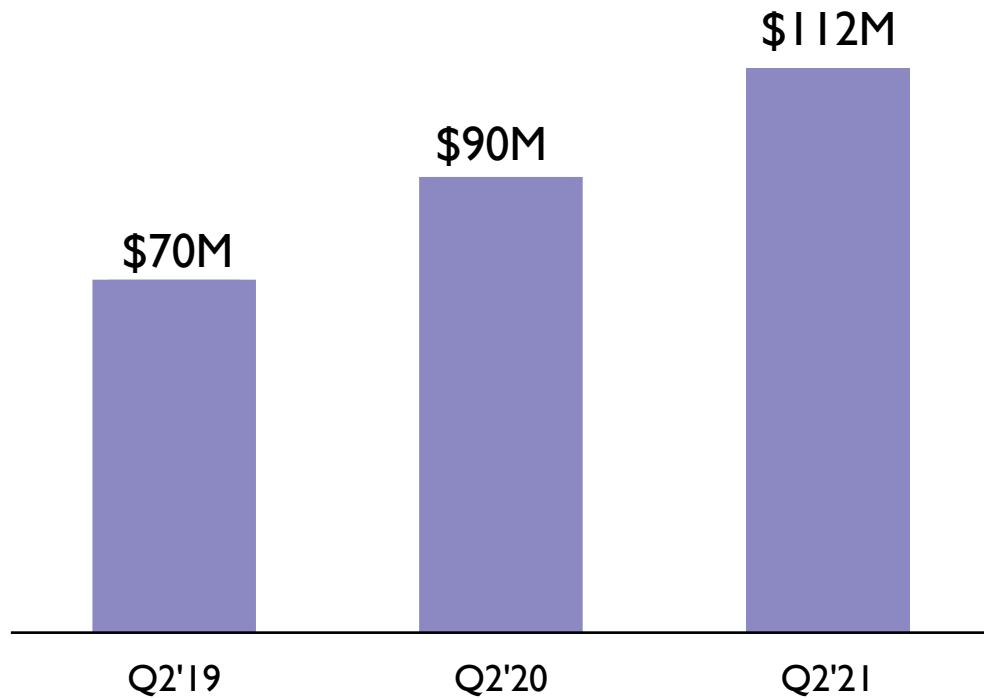
Subscription
revenue growth

88%

of Software and Services
revenues are recurring

Q2 2021 – ARR Growth

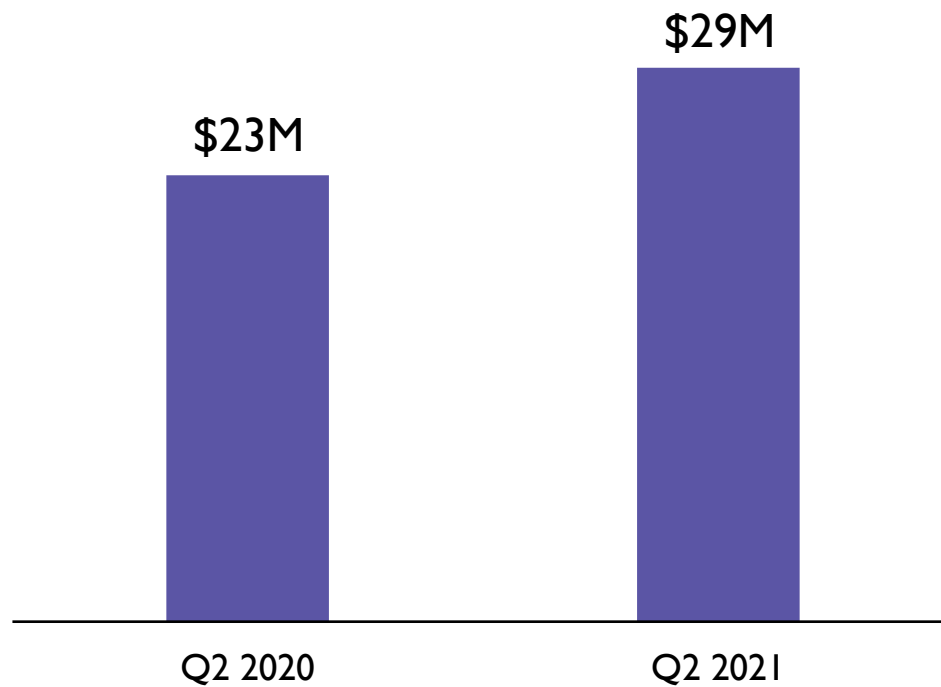
Annual Recurring Revenue



ARR Category	Q2'21 Y/Y Growth
Total ARR	24%
Subscription and Term ARR	~40%

Q2 2021 – Recurring Revenue

Y/Y Recurring Revenue Comparison



\$29M

record second quarter
recurring revenue

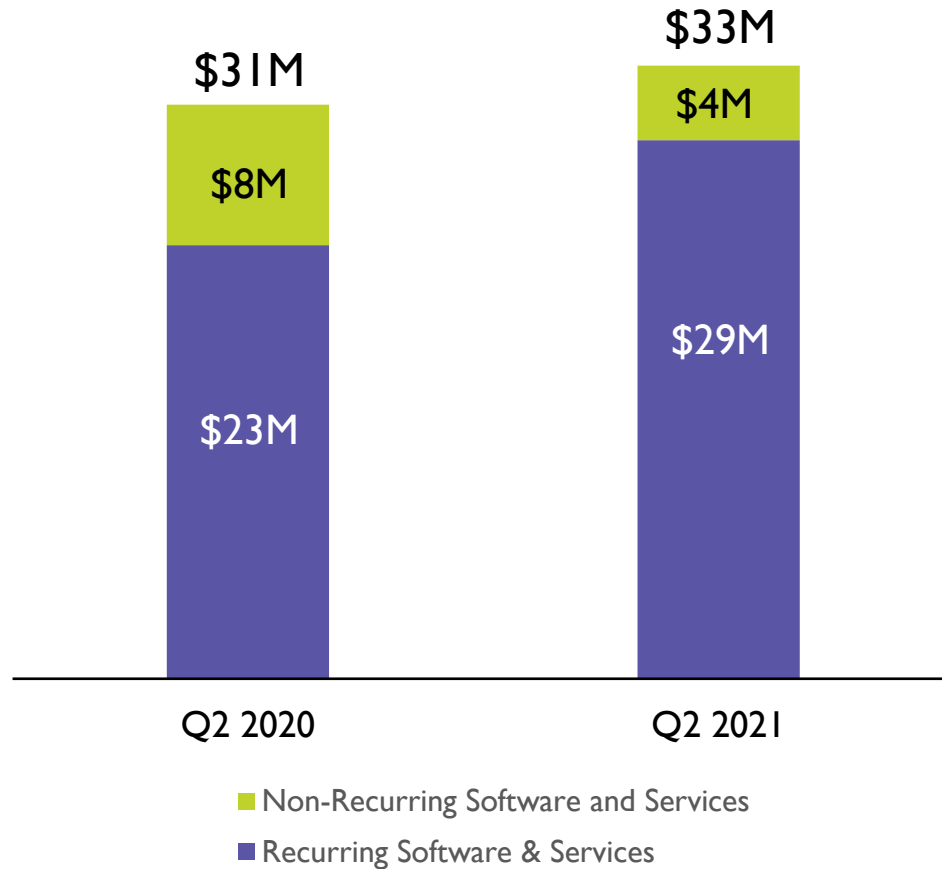
24%

growth in recurring
revenue

Recurring Revenue	Q2'21 Y/Y Growth
Subscription	60%
Term	19%
Maintenance	8%
Total	24%

Q2 2021 – Transition to Recurring S&S Revenue

Y/Y S&S Revenue Comparison

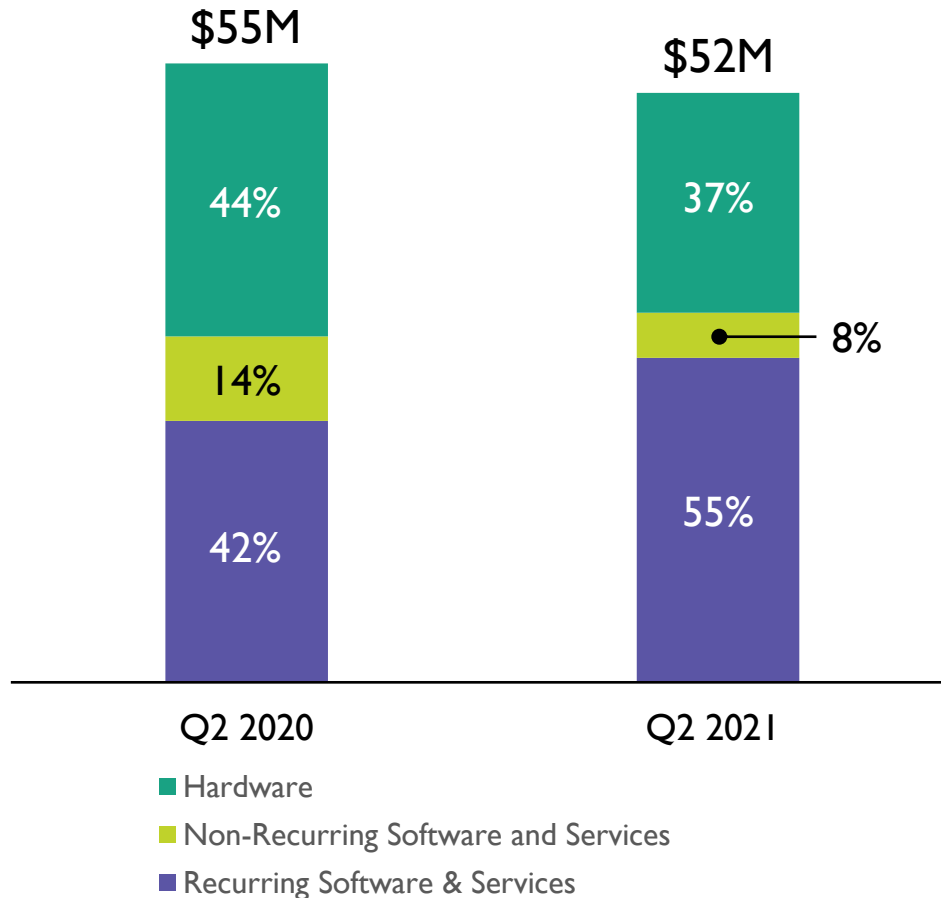


\$33M
Software & Services
revenue

88%
of Software & Services
revenue is recurring –
record high

Q2 2021 – Total Revenue

Y/Y Revenue Comparison



\$52M
Total revenue

55%
of Total revenue is
recurring

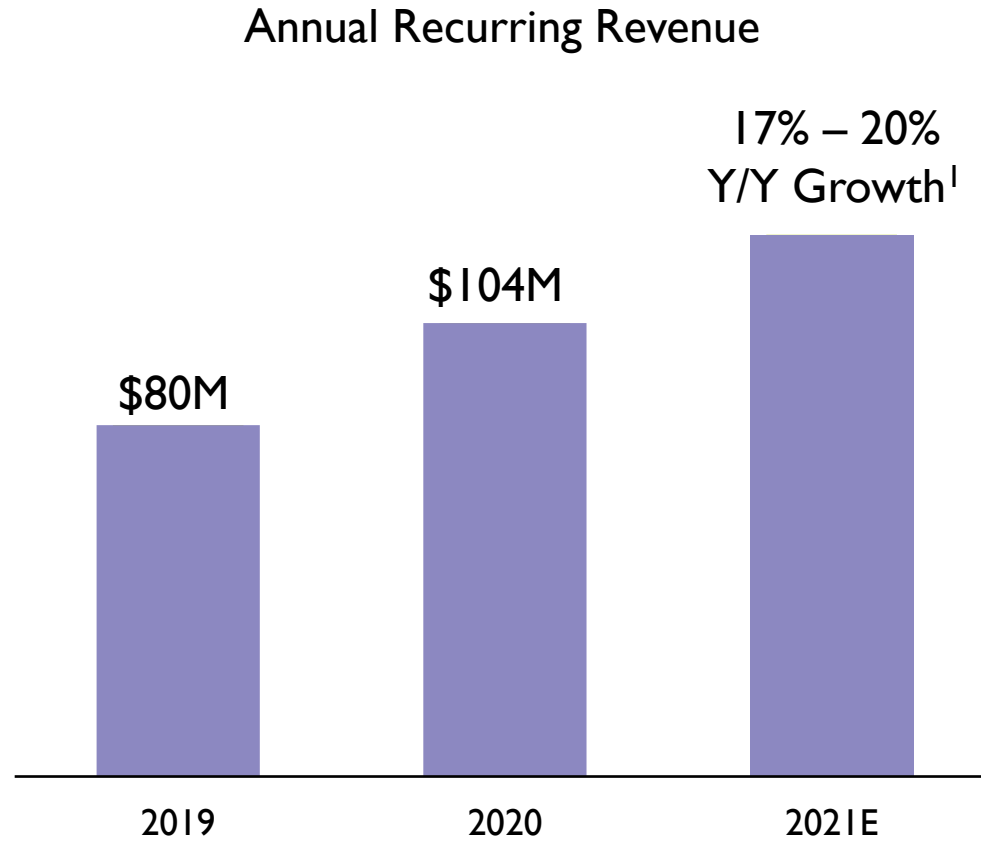
63%
of Total revenue is
Software & Services

20%
decline in
Hardware revenue

FY 2021 Outlook

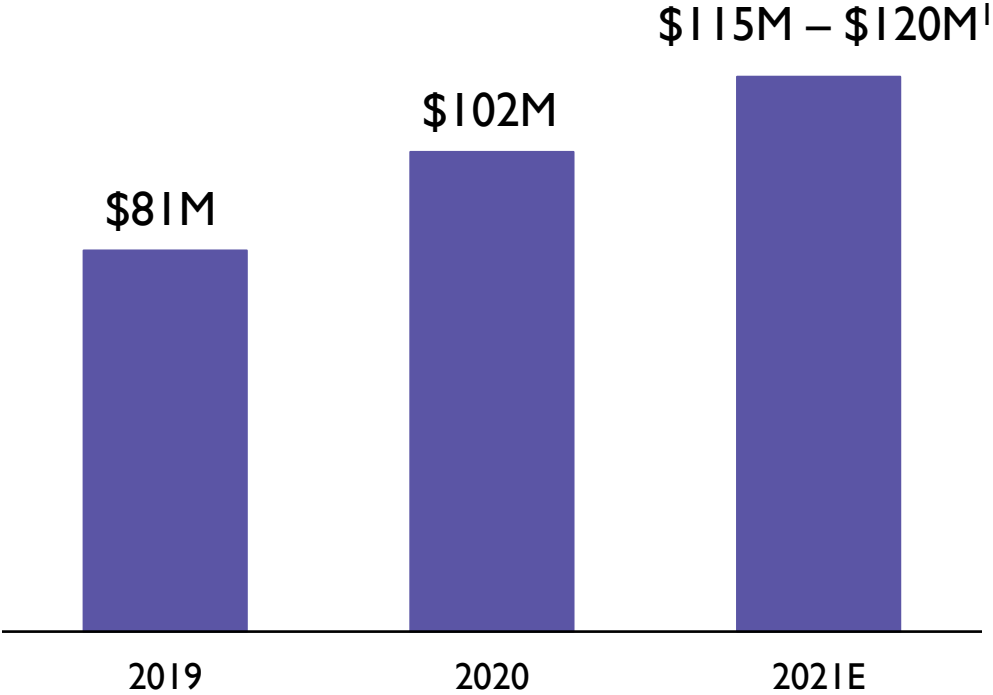
GUIDANCE METRICS	FY21 GUIDANCE
Total Revenue	\$205M – \$215M
Recurring Revenue	\$115M – \$120M
ARR Growth	17% – 20%
Adjusted EBITDA	\$(12M) – \$(15M)

FY 2021E – ARR Growth

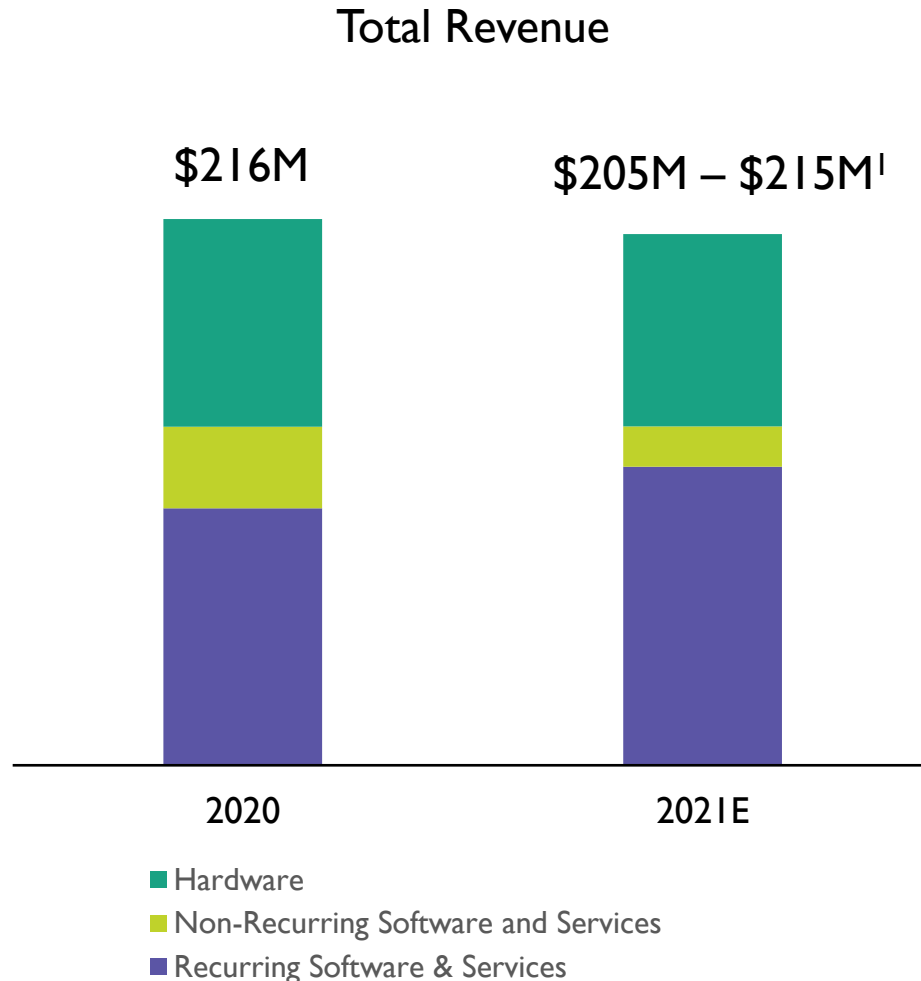


FY 2021E – Recurring Revenue

Full Year Recurring Revenue



FY 2021 E – Total Revenue



Revenue	2021 E ¹
Recurring S&S	\$115M – \$120M
Non-recurring S&S	Perpetual to term-license transition
Hardware	Mid single-digit y/y decline



Appendix

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	March 31	June 30
	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Subscription	\$5.3	\$5.3	\$5.6	\$6.1	\$5.7	\$6.1	\$7.4	\$8.5	\$8.4	\$9.8
Term-based software licenses	0.6	2.0	7.1	6.4	9.2	5.0	2.3	8.1	8.0	5.9
Maintenance, support, and other	9.7	9.9	10.6	12.0	11.0	12.1	12.4	13.7	12.5	13.0
Total recurring revenue	<u>\$15.5</u>	<u>\$17.2</u>	<u>\$23.2</u>	<u>\$24.5</u>	<u>\$25.9</u>	<u>\$23.2</u>	<u>\$22.1</u>	<u>\$30.4</u>	<u>\$28.9</u>	<u>\$28.8</u>
Perpetual software licenses	6.5	9.0	12.1	12.6	9.3	6.2	6.3	4.7	2.8	3.0
Professional services	0.8	0.8	2.3	1.8	1.4	1.3	1.4	1.6	1.4	1.0
Total software and service revenue	<u>\$22.8</u>	<u>\$27.1</u>	<u>\$37.7</u>	<u>\$38.9</u>	<u>\$36.6</u>	<u>\$30.8</u>	<u>\$29.8</u>	<u>\$36.7</u>	<u>\$33.1</u>	<u>\$32.8</u>
Hardware products	24.3	29.0	42.0	31.6	19.7	24.2	21.7	16.2	17.7	19.5
Total revenue ¹	<u>\$47.1</u>	<u>\$56.2</u>	<u>\$79.7</u>	<u>\$70.5</u>	<u>\$56.4</u>	<u>\$55.0</u>	<u>\$51.4</u>	<u>\$52.9</u>	<u>\$50.8</u>	<u>\$52.3</u>
Recurring % of software and services revenue	68%	64%	62%	63%	71%	76%	74%	83%	87%	88%
Recurring % of total revenue	33%	31%	29%	35%	46%	42%	43%	57%	57%	55%

Non-GAAP Reconciliation

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2021	2020	2021
Net income (loss)	\$ (2,025)	\$ (6,685)	\$ (2,021)	\$ (15,836)
Interest income, net	(126)	(2)	(333)	(6)
Provision (benefit) for income taxes	973	(1,143)	1,663	(1,644)
Depreciation and amortization of intangible assets	3,078	2,272	6,097	4,582
Long-term incentive compensation	1,165	1,567	2,880	3,109
Non-recurring items ¹	-	3,025	-	3,573
Adjusted EBITDA	<u>\$ 3,065</u>	<u>\$ (966)</u>	<u>\$ 8,286</u>	<u>\$ (6,222)</u>

¹Non-recurring items include \$2.3 million and \$2.7 million of outside service costs related to the proxy contest for the three and six months ended June 30, 2021, respectively, as well as the related \$0.7 million settlement with Legion Partners Holdings, LLC..

Definitions

1 - **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.

2 - **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 financial measures, namely Adjusted EBITDA. Our management believes that this measure provides useful supplemental information regarding the performance of our business and facilitates comparisons to our historical operating results. 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 above, 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 Adjusted EBITDA to the most directly comparable GAAP financial measure 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, lease exit costs, non-routine shareholder matters), deal with the structure or financing of the business (e.g., interest, acquisition related costs, rebranding 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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