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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _______ TO

Commission file number 000-24389

OneSpan Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**36-4169320**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

1 Marina Park Drive, Unit 1410
Boston, Massachusetts 02210
(Address of Principal Executive Offices) (Zip Code)

(312) 766-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common Stock, par value $0.001 per share	OSPN	Nasdaq

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer ,a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Emerging growth company	☐
		Smaller reporting company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

There were 38,027,123 shares of Common Stock, $0.001 par value per share, outstanding at October 28, 2025.

OneSpan Inc.
Form 10-Q
For the Quarter Ended September 30, 2025
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

OneSpan Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 85,554	$ 83,160
Accounts receivable, net of allowances of $704 at September 30, 2025 and $1,600 at December 31, 2024	27,480	56,229
Inventories, net	11,236	10,792
Prepaid expenses	6,877	6,547
Contract assets	16,718	8,687
Other current assets	9,665	9,479
Total current assets	157,530	174,894
Property and equipment, net	21,368	20,966
Operating lease right-of-use assets	7,697	7,725
Goodwill	102,291	92,365
Intangible assets, net of accumulated amortization	9,983	7,481
Deferred income taxes	28,993	20,516
Other assets	15,661	14,787
Total assets	$ 343,523	$ 338,734
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 10,378	$ 13,310
Deferred revenue	50,535	67,465
Accrued wages and payroll taxes	11,289	13,793
Short-term income taxes payable	9,343	4,403
Dividend payable	564	4,765
Other accrued expenses	7,888	6,339
Deferred compensation	34	200
Total current liabilities	90,031	110,275
Long-term deferred revenue	2,817	3,390
Long-term lease liabilities	6,451	6,932
Deferred income taxes	1,008	3,680
Other long-term liabilities	4,893	1,927
Total liabilities	105,200	126,204
Commitments and contingencies		
Stockholders' equity		
Preferred stock: 500 shares authorized, none issued and outstanding at September 30, 2025 and December 31, 2024	—	—
Common stock: $0.001 par value per share, 75,000 shares authorized; 42,125 and 41,782 shares issued; 37,953 and 38,058 shares outstanding at September 30, 2025 and December 31, 2024, respectively	38	38
Additional paid-in capital	127,726	122,534
Treasury stock, at cost: 4,172 and 3,724 shares outstanding at September 30, 2025 and December 31, 2024, respectively	(53,677)	(47,380)
Retained earnings	170,940	151,256
Accumulated other comprehensive loss	(6,704)	(13,918)
Total stockholders' equity	238,323	212,530
Total liabilities and stockholders' equity	$ 343,523	$ 338,734

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Revenue				
Product and license	$ 27,712	$ 28,640	$ 97,189	$ 98,875
Services and other	29,344	27,602	83,076	83,133
Total revenue	57,056	56,242	180,265	182,008
Cost of goods sold				
Product and license	7,030	7,394	24,044	28,347
Services and other	8,023	7,300	23,160	24,377
Total cost of goods sold	15,053	14,694	47,204	52,724
Gross profit	42,003	41,548	133,061	129,284
Operating costs				
Sales and marketing	11,391	10,138	34,353	33,574
Research and development	8,796	7,533	26,168	24,133
General and administrative	12,152	11,343	33,478	32,907
Amortization of intangible assets	741	585	1,982	1,766
Restructuring and other related charges	696	697	1,165	3,905
Total operating costs	33,776	30,296	97,146	96,285
Operating income	8,227	11,252	35,915	32,999
Interest income, net	388	624	1,812	1,246
Other (expense) income, net	(208)	(1,915)	(886)	(1,293)
Income before income taxes	8,407	9,961	36,841	32,952
Provision for income taxes	1,893	1,688	7,480	4,658
Net income	$ 6,514	$ 8,273	$ 29,361	$ 28,294
Net income per share				
Basic	$ 0.17	$ 0.21	$ 0.77	$ 0.74
Diluted	$ 0.17	$ 0.21	$ 0.76	$ 0.73
Weighted average common shares outstanding				
Basic	38,136	38,695	38,149	38,323
Diluted	38,768	39,458	38,845	38,864

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	$ 6,514	$ 8,273	$ 29,361	$ 28,294
Other comprehensive income (loss)				
Cumulative translation adjustment, net of tax	(934)	5,907	7,287	3,764
Pension adjustment, net of tax	(25)	(32)	(73)	(91)
Unrealized gain on available-for-sale securities	—	(2)	—	—
Comprehensive income	$ 5,555	$ 14,146	$ 36,575	$ 31,967

See accompanying notes to condensed consolidated financial statements.

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

For the Three and Nine Months Ended September 30, 2025:

Description	Common Stock		Treasury - Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	38,058	$ 38	3,724	$ (47,380)	$ 122,534	$ 151,256	$ (13,918)	$ 212,530
Net income	—	—	—	—	—	14,505	—	14,505
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	2,674	2,674
Stock-based compensation	—	—	—	—	2,776	—	—	2,776
Vesting of restricted stock awards	179	—	—	—	—	—	—	—
Tax payments for stock issuances	(80)	—	—	—	(1,327)	—	—	(1,327)
Dividends declared ($0.12 per share)	—	—	—	—	—	(15)	—	(15)
Pension adjustment, net of tax	—	—	—	—	—	—	(24)	(24)
Balance at March 30,2025	38,157	$ 38	3,724	$ (47,380)	$ 123,983	$ 165,746	$ (11,268)	$ 231,119
Net income	—	—	—	—	—	8,342	—	8,342
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	5,547	5,547
Stock-based compensation	—	—	—	—	3,451	—	—	3,451
Vesting of restricted stock awards	157	—	—	—	—	—	—	—
Tax payments for stock issuances	(63)	—	—	—	(1,078)	—	—	(1,078)
Dividends declared ($0.12 per share)	—	—	—	—	—	(4,850)	—	(4,850)
Pension adjustment, net of tax	—	—	—	—	—	—	(24)	(24)
Balance at June 30,2025	38,251	$ 38	3,724	$ (47,380)	$ 126,356	$ 169,238	$ (5,745)	$ 242,507
Net income	—	—	—	—	—	6,514	—	6,514
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(934)	(934)
Stock-based compensation	—	—	—	—	3,374	—	—	3,374
Vesting of restricted stock awards	287	—	—	—	—	—	—	—
Tax payments for stock issuances	(137)	—	—	—	(2,004)	—	—	(2,004)
Share repurchases	(448)	—	448	(6,297)	—	—	—	(6,297)
Dividends declared ($0.12 per share)	—	—	—	—	—	(4,812)	—	(4,812)
Pension adjustment, net of tax	—	—	—	—	—	—	(25)	(25)
Balance at September 30, 2025	37,953	$ 38	4,172	$ (53,677)	$ 127,726	$ 170,940 0	$ (6,704)	$ 238,323

See accompanying notes to condensed consolidated financial statements.

For the Three and Nine Months Ended September 30, 2024:

Description	Common Stock Shares	Common Stock Amount	Treasury - Common Stock Shares	Treasury - Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2023	37,519	$ 38	3,724	$ (47,377)	$ 118,620	$ 98,939	$ (11,079)	$ 159,141
Net income	—	—	—	—	—	13,468	—	13,468
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(1,655)	(1,655)
Stock-based compensation	—	—	—	—	1,540	—	—	1,540
Vesting of restricted stock awards	402	—	—	—	—	—	—	—
Tax payments for stock issuances	(153)	—	—	—	(1,595)	—	—	(1,595)
Pension adjustment, net of tax	—	—	—	—	—	—	(30)	(30)
Balance at March 31, 2024	37,768	$ 38	3,724	$ (47,377)	$ 118,565	$ 112,407	$ (12,764)	$ 170,869
Net income	—	—	—	—	—	6,553	—	6,553
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(488)	(488)
Stock-based compensation	—	—	—	—	1,908	—	—	1,908
Vesting of restricted stock awards	29	—	—	—	—	—	—	—
Tax payments for stock issuances	(11)	—	—	—	(236)	—	—	(236)
Unrealized gain on available-for-sale securities	—	—	—	—	—	—	2	2
Pension adjustment, net of tax	—	—	—	—	—	—	(29)	(29)
Balance at June 30, 2024	37,786	$ 38	3,724	$ (47,377)	$ 120,237	$ 118,960	$ (13,279)	$ 178,579
Net income	—	—	—	—	—	8,273	—	8,273
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	5,907	5,907
Share-based compensation	—	—	—	—	2,662	—	—	2,662
Vesting of restricted stock awards	205	—	—	—	—	—	—	—
Tax payments for stock issuances	(81)	—	—	—	(801)	—	—	(801)
Unrealized loss on available-for-sale securities	—	—	—	—	—	—	(2)	(2)
Pension adjustment, net of tax	—	—	—	—	—	—	(32)	(32)
Balance at September 30, 2024	37,910	$ 38	3,724	$ (47,377)	$ 122,098	$ 127,233 0	$ (7,406)	$ 194,586

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	$ 29,361	$ 28,294
Adjustments to reconcile net income from operations to net cash provided by operations:		
Depreciation and amortization of intangible assets	7,152	6,086
Loss on disposal of asset	27	—
Write-off of intangible assets	—	804
Write-off of property and equipment, net	709	1,053
Deferred tax expense (benefit)	(2,716)	(14)
Stock-based compensation	9,601	6,110
Recovery of credit losses	(303)	(124)
Changes in operating assets and liabilities, net of the effects from acquisition:		
Accounts receivable, net	32,702	35,552
Inventories, net	909	2,639
Contract assets	(7,758)	(2,080)
Accounts payable	(3,935)	(4,197)
Income taxes payable	4,763	519
Accrued expenses	(2,198)	(9,491)
Deferred compensation	(166)	(150)
Deferred revenue	(22,030)	(22,165)
Other assets and liabilities	767	405
Net cash provided by operating activities	46,885	43,241
Cash flows from investing activities:		
Additions to property and equipment	(6,018)	(7,273)
Additions to intangible assets	(54)	(53)
Cash paid for acquisition of business, net of cash acquired	(13,943)	—
Net cash used in investing activities	(20,015)	(7,326)
Cash flows from financing activities:		
Dividends paid	(13,878)	—
Contingent payment related to acquisition	—	(200)
Payment of debt issuance costs	(1,739)	—
Tax payments for restricted stock issuances	(4,409)	(2,632)
Repurchase of common stock	(6,297)	—
Net cash used in financing activities	(26,323)	(2,832)
Effect of exchange rate changes on cash	1,676	1,215
Net increase in cash	2,223	34,298
Cash, cash equivalents, and restricted cash, beginning of period	83,331	43,530
Cash, cash equivalents, and restricted cash, end of period	$ 85,554	$ 77,828

See accompanying notes to condensed consolidated financial statements.

OneSpan Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to "OneSpan," "Company," "we," "our," and "us," refer to OneSpan Inc. and its subsidiaries.

Note 1 – Description of the Company and Basis of Presentation

Description of the Company

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

Dividends

During the three months ended September 30, 2025, the Company paid its quarterly cash dividend declared on August 5, 2025 as part of a recurring quarterly dividend program. The quarterly cash dividend of $0.12 per share was paid to shareholders of record as of the close of business on August 15, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

Share Repurchase Program

During the three months ended September 30, 2025, the Company repurchased 0.4 million shares of its common stock for $6.3 million under its share repurchase program adopted in May 2024. As of September 30, 2025, approximately $43.7 million remained available for potential future repurchases under the repurchase program.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of OneSpan and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles in the United States of America ("U.S. GAAP") for complete financial statements and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results of the interim periods presented. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

The condensed consolidated financial statements include the accounts of the Company. All intercompany accounts and transactions have been eliminated in consolidation.

Estimates and Assumptions

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation and Transactions

The financial position and results of operations of the majority of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Accordingly, assets and liabilities are translated into U.S. Dollars using current exchange rates as of the balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the year. Translation adjustments arising from differences in exchange rates are charged or credited to other comprehensive income (loss). Gains and losses resulting from foreign currency transactions are included in the condensed consolidated statements of operations in other (expense) income, net. Foreign exchange transaction losses aggregated to $0.2 million and $1.3 million for the three and nine months ended September 30, 2025 respectively. Foreign exchange transaction losses aggregated to $2.0 million and $1.8 million for the three and nine months ended September 30, 2024, respectively.

Note 2 – Summary of Significant Accounting Policies

There have been no changes to the significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 27, 2025 that impact the Company's condensed consolidated financial statements and related notes.

Restricted Cash

The Company was a party to lease agreements that require letters of credit to secure the obligations, which totaled $0.2 million as of December 31, 2024. The restricted cash related to the letters of credit that were held for a period greater than 12 months, and, therefore, was recorded as "Other assets" on the condensed consolidated balance sheets. The Company had no restricted cash balance recorded as of September 30, 2025.

Other Accrued Expenses

Other accrued expenses consist of the following:

(In thousands)	September 30, 2025	December 31, 2024
Current operating lease liabilities	$ 2,324	$ 2,351
Accrued sales tax and VAT	473	1,127
Other accrued expenses	4,216	1,980
Accrued professional fees	875	881
Total	$ 7,888	$ 6,339

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that are adopted by the Company as of the specified effective date.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) – *Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures. Public business entities are required to adopt for annual fiscal periods beginning after December 15, 2024 and early adoption is permitted. ASU 2023-09 is expected to impact the Company's income tax disclosures beginning with the consolidated financial statements included in the Annual Report on Form 10-K for fiscal year ending December 31 ,2025, but will have no impact on the Company's results of operations, cash flows, or financial condition.

In November 2024, the FASB issued ASU 2024-03, Comprehensive Income (Topic 220) – *Disaggregation of Income Statement Expenses*, to improve financial reporting by requiring disclosures in the notes to financial statements about specific types of expenses included in the expense captions presented on the face of the statement of operations. The requirements of the ASU are effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods beginning after December 15, 2027, with early adoption permitted. The requirements are able to be applied prospectively with the option for retrospective application. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures

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

In September 2025, the FASB issued ASU 2025-06, Intangible – Goodwill and Other – Internal-Use Software (Subtopic 350-40)– *Targeted Improvements to the Accounting for Internal Use Software,* to improve the guidance for the costs to develop software for internal use. Within the updated guidance, the FASB removed reference to prescriptive sequential software development stages. Instead, management will begin capitalizing eligible cost (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. This update is effective for annual reporting periods beginning after December 15, 2027. This update can be applied on a prospective basis, on a modified basis for in-process projects, or on a retrospective basis. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

Note 3 – Segment Information

Segments are defined as components of a company that engage in business activities from which they may earn revenues and incur expenses, and for which separate financial information is available and regularly provided to the chief operating decision maker (CODM), in deciding how to allocate resources and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company's reportable segments are business units that offer different products and services and are as follows:

- **Security Solutions**. Security Solutions consists of our broad portfolio of software products, software development kits (SDKs), and Digipass authenticator devices that are used to build applications designed to defend against attacks on digital transactions across online environments, devices, and applications. The software products and SDKs included in the Security Solutions segment are on-premises and, to a lesser extent, cloud software products, and include multi-factor authentication, transaction signing, and mobile application security solutions.

- **Digital Agreements.** Digital Agreements consists of solutions that enable our clients to secure and automate business processes associated with their digital agreement and customer transaction lifecycles that require consent, non-repudiation and compliance. These solutions, which are largely cloud-based, include OneSpan Sign e-signature, OneSpan Notary, and Identity Verification.

Segment operating income (loss) consists of the revenues generated by a segment, less the direct costs of revenue, sales and marketing, research and development expenses, general and administrative expenses, restructuring and other related charges, and amortization of intangible assets expense that are incurred directly by a segment. Sales and marketing and research and development expenses were determined to be significant segment expenses. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not directly attributable to a particular segment.

The tables below set forth information about the Company's operating segments for the three and nine months ended September 30, 2025 and 2024, along with the items necessary to reconcile the segment information to the totals reported in the accompanying condensed consolidated financial statements.

(In thousands, except percentages)	Three Months Ended September 30, 2025			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 40,322	$ 16,734	$ —	$ 57,056
Cost of goods sold	10,325	4,728	—	15,053
Gross profit	29,997	12,006	—	42,003
Gross margin	*74 %*	*72 %*	*	*74 %*
Sales and marketing	7,202	3,443	746	11,391
Research and development	5,689	2,917	190	8,796
Other segment items (1)(3)	431	1,487	11,671	13,589
Operating income (loss) (2)(4)	16,675	4,159	(12,607)	8,227
Interest income, net				388
Other income (expense), net				(208)
Income before income taxes				$ 8,407

(In thousands, except percentages)	Three Months Ended September 30, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 40,837	$ 15,405	$ —	$ 56,242
Cost of goods sold	10,320	4,374	—	14,694
Gross profit	30,517	11,031	—	41,548
Gross margin	*75 %*	*72 %*	*	*74 %*
Sales and marketing	6,303	2,819	1,016	10,138
Research and development	3,843	3,671	19	7,533
Other segment items (1)(3)	171	1,122	11,332	12,625
Operating income (loss) (2)(4)	20,200	3,419	(12,367)	11,252
Interest income, net				624
Other income (expense), net				(1,915)
Income before income taxes				$ 9,961

(In thousands, except percentages)	Nine Months Ended September 30, 2025 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 132,270	$ 47,995	$ —	$ 180,265
Cost of goods sold	33,365	13,839	—	47,204
Gross profit	98,905	34,156	—	133,061
Gross margin	*75 %*	*71 %*	*	*74 %*
Sales and marketing	21,402	10,313	2,638	34,353
Research and development	15,966	9,510	692	26,168
Other segment items (1)(3)	902	3,930	31,793	36,625
Operating income (loss) (2)(4)	60,635	10,403	(35,123)	35,915
Interest income, net				1,812
Other income (expense), net				(886)
Income before income taxes				$ 36,841

(In thousands, except percentages)	Nine Months Ended September 30, 2024 Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 136,728	$ 45,280	$ —	$ 182,008
Cost of goods sold	38,108	14,616	—	52,724
Gross profit	98,620	30,664	—	129,284
Gross margin	*72 %*	*68 %*	*	*71 %*
Sales and marketing	18,380	11,940	3,254	33,574
Research and development	11,941	12,118	74	24,133
Other segment items (1)(3)	1,529	3,606	33,443	38,578
Operating income (loss) (2)(4)	66,770	3,000	(36,771)	32,999
Interest income, net				1,246
Other income (expense), net				(1,293)
Income before income taxes				$ 32,952

*Percentage not meaningful.

(1) Security Solutions other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the three months ended and September 30, 2025 and 2024, and for the nine months ended September 30, 2025 and 2024.

(2) Security Solutions operating income includes $0.4 million and $0.7 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively, and $0.2 million and $0.6 million for the three and nine months ended September 30, 2024, respectively.

Security Solutions operating income includes less than $0.1 million and $0.3 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively. Security Solutions operating income includes $0.2 million and $1.6 million of restructuring and other related charges for the three and nine months ended September 30, 2024, respectively.

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

(4) Digital Agreements operating income includes $1.9 million and $5.5 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively. Digital Agreements operating income includes $1.5 million and $4.6 million of total amortization and depreciation expense for the three and nine months ended September 30, 2024, respectively.

Digital Agreements operating income includes $0.0 million and $0.2 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively. Digital Agreements operating income includes $0.4 million and $1.4 million of restructuring and other related charges for the three and nine months ended September 30, 2024, respectively.

The following tables illustrate the disaggregation of revenues by category and services, including a reconciliation of the disaggregated revenues to revenues from the Company's two reportable operating segments for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,			
	2025		**2024**	
(In thousands)	**Security Solutions**	**Digital Agreements**	**Security Solutions**	**Digital Agreements**
Subscription	$ 21,106	$ 16,674	$ 18,603	$ 15,045
Maintenance and support	8,860	26	9,317	327
Professional services and other (1)	626	34	820	33
Hardware products	9,730	—	12,097	—
Total Revenue	$ 40,322	$ 16,734	$ 40,837	$ 15,405

	Nine Months Ended September 30,			
	2025		**2024**	
(In thousands)	**Security Solutions**	**Digital Agreements**	**Security Solutions**	**Digital Agreements**
Subscription	$ 69,780	$ 47,793	$ 59,642	$ 43,641
Maintenance and support	25,510	75	29,125	1,321
Professional services and other (1)	2,171	127	3,548	318
Hardware products	34,809	—	44,413	—
Total Revenue	$ 132,270	$ 47,995	$ 136,728	$ 45,280

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

Asset information by segment is not reported to or reviewed by the CODM to allocate resources, and therefore, the Company has not disclosed asset information for the segments.

Note 4 – Revenue from Contracts with Customers

The following tables present the Company’s revenues disaggregated by major products and services, geographical region and timing of revenue recognition.

Revenue by major products and services

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Subscription	$ 37,780	$ 33,648	$ 117,573	$ 103,283
Maintenance and support	8,886	9,644	25,585	30,446
Professional services and other (1)	660	853	2,298	3,866
Hardware products	9,730	12,097	34,809	44,413
Total Revenue	$ 57,056	$ 56,242	$ 180,265	$ 182,008

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

Revenue by location of customer

We classify our sales by customer location in three geographic regions: 1) EMEA, which includes Europe, Middle East and Africa; 2) the Americas, which includes North, Central, and South America; and 3) Asia Pacific (APAC), which includes Australia and New Zealand. The breakdown of revenue in each of our major geographic areas was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except percentages)	2025	2024	2025	2024
Revenue				
EMEA	$ 21,430	$ 22,342	$ 75,834	$ 79,377
Americas	26,105	22,106	71,079	64,549
APAC	9,521	11,794	33,352	38,082
Total revenue	$ 57,056	$ 56,242	$ 180,265	$ 182,008
% of Total Revenue				
EMEA	38 %	40 %	42 %	44 %
Americas	46 %	39 %	39 %	35 %
APAC	16 %	21 %	19 %	21 %

Timing of revenue recognition

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Products and licenses transferred at a point in time	$ 27,712	$ 28,640	$ 97,189	$ 98,875
Services transferred over time	29,344	27,602	83,076	83,133
Total Revenue	$ 57,056	$ 56,242	$ 180,265	$ 182,008

Contract balances

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

(In thousands)	September 30, 2025	December 31, 2024
Receivables, inclusive of trade and unbilled	$ 27,480	$ 56,229
Contract Assets (current and non-current)	$ 19,285	$ 10,686
Contract Liabilities (Deferred Revenue current and non-current)	$ 53,352	$ 70,855

Contract assets relate primarily to multi-year term license arrangements and the remaining contractual billings. These contract assets are transferred to receivables when the right to bill occurs over a 2 to 5 year period. The contract liabilities primarily relate to the advance consideration received from customers for subscription and maintenance services. Revenue is recognized for these services over time.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when it is expected, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. Extended payment terms are not typically included in contracts with customers.

Revenue recognized during the nine months ended September 30, 2025 included $58.2 million that was included on the December 31, 2024 consolidated balance sheet in contract liabilities. Deferred revenue decreased in the same period due to timing of annual renewals.

Transaction price allocated to the remaining performance obligations

Remaining performance obligations represent the revenue that is expected to be recognized in future periods related to performance obligations that are unsatisfied, or partially unsatisfied, as of the end of the period. The following table includes expected revenue to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2025:

(In thousands)	2025	2026	2027	Beyond 2027	Total
Future revenue related to current unsatisfied performance obligations	$ 18,923	$ 50,580	$ 23,775	$ 9,309	$ 102,587

The Company applies practical expedients and does not disclose information about remaining performance obligations (a) that have original expected durations of one year or less, or (b) where revenue is recognized as invoiced.

Costs of obtaining a contract

The Company incurs incremental costs related to commissions, which can be directly tied to obtaining a contract. The Company capitalizes commissions associated with certain new contracts and amortizes the costs over a period of up to 5 years, which is the determined benefit period based on the estimated customer relationship period or customer benefit period. The Company determined the period of benefit by taking into consideration the customer contracts, its technology and other factors, including customer attrition. Commissions are earned upon invoicing to the customer. For contracts with multiple year payment terms, because the commissions that are payable after year 1 are payable based on continued employment, they are expensed when incurred. Commissions and amortization expense are included in “Sales and Marketing” expense in the condensed consolidated statements of operations.

As a practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period for the assets that the Company otherwise would have recognized is one year or less. These costs are included in “Sales and Marketing” expense in the condensed consolidated statements of operations.

The following tables provide information related to the capitalized costs and amortization recognized in the current and prior period within "Other current assets" and "Other assets" on the condensed consolidated balance sheets:

(In thousands)	September 30, 2025	December 31, 2024
Capitalized costs to obtain contracts, current	$ 4,810	$ 4,478
Capitalized costs to obtain contracts, non-current	$ 11,645	$ 12,431

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Amortization of capitalized costs to obtain contracts	$ 1,270	$ 1,056	$ 3,630	$ 2,882

Note 5 – Inventories, net

Inventories, net, consisting principally of hardware and component parts, are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Inventories, net consist of the following:

(In thousands)	September 30, 2025	December 31, 2024
Component parts	$ 4,644	$ 4,385
Finished goods	6,592	6,407
Total	$ 11,236	$ 10,792

Note 6 – Business Acquisitions

On June 4, 2025, the Company acquired Nok Nok Labs, Inc ("Nok Nok Labs") pursuant to a merger agreement (the "Merger Agreement") that resulted in the Company purchasing all of the outstanding equity interests of Nok Nok Labs. Nok Nok Labs is a leading provider of passwordless software authentication solutions that use FIDO (Fast IDentity Online) authentication protocols. The technology acquired in the acquisition is expected to provide OneSpan's customers with a wider range of flexible, adaptable authentication options. The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. Under this method, the Company recognized the identifiable assets acquired and liabilities assumed at their estimated fair values as of the acquisition date.

Pursuant to the terms of the Merger Agreement, the total provisional purchase consideration for the acquisition was $18.4 million, consisting of $13.9 million in cash consideration paid, $1.8 million in cash acquired, and $2.7 million in deferred consideration. The $2.7 million (the "Holdback Amount") has been held back as security for potential indemnity claims made by the Company. Any unused portion of the Holdback Amount will be released to Nok Nok Labs security holders 18 months after the acquisition date. The Company incurred transaction related expenses of $1.1 million in connection with the acquisition of Nok Nok Labs, which expenses are included in general and administrative expenses on the condensed consolidated statement of operations for the three and nine months ended September 30, 2025.

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

(In thousands)	As of Date of Opening Balance Sheet
Fair value of assets acquired and and liabilities assumed:	
Cash and cash equivalents	$ 1,751
Accounts receivable, net	2,030
Prepaid expenses	120
Property and equipment, net	20
Other assets	40
Operating lease right-of-use assets	149
Developed technology	3,100
Customer relationships	1,300
Goodwill	5,414
Deferred tax asset, net of valuation allowance	9,263
Accounts payable	(449)
Other accrued expenses	(171)
Short-term lease liabilities	(165)
Deferred revenue	(2,877)
State income tax liability	(159)
Deferred tax liability	(972)
Total net assets acquired	$ 18,394
Total consideration	$ 18,394
Hold back	(2,700)
Cash acquired	(1,751)
Cash paid for acquisition of business, net of cash acquired	$ 13,943

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

As part of the purchase price allocation, the Company determined intangible assets were developed technology and customer relationships. The fair value of the intangible assets was estimated using a market approach. The estimated useful lives over which intangible assets will be amortized are as follows: developed technology (6 years) and customer relationships (5 years).

The excess of the provisional purchase price over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed has been recorded as goodwill. The acquisition resulted in recorded goodwill attributable to expected growth opportunities, potential synergies from combining the acquired business into the Company's existing businesses and an assembled workforce. Goodwill is not expected to be deductible for tax purposes.

Deferred revenue was recorded under ASC 606 in accordance with ASU 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*; therefore, a reduction in deferred revenues related to the estimated fair values of the acquired deferred revenues was not required.

The condensed consolidated financial statements for the nine months ended September 30, 2025 include the results of operations related to the Nok Nok Labs acquisition from the June 4, 2025 acquisition date through September 30, 2025.

The initial accounting for the acquisition is not complete, and measurement period adjustments may be recorded in fiscal year 2025, but no later than one year from the acquisition date. The areas that remain provisional primarily relate to (i) the assessment of deferred income tax assets, including the impact of the ongoing Section 382 analysis and (ii) the finalization of the net working capital adjustment, which is required to be settled within 90 days of the acquisition date, subject to seller shareholder approval and requests for extensions, and may impact the total purchase consideration. The Company believes the information currently available provides a reasonable basis for the provisional fair values of assets acquired and liabilities assumed. The Company will continue to evaluate these items and record necessary adjustments within the allowable measurement period.

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

Note 7 – Goodwill

The following table presents the changes in goodwill during the nine months ended September 30, 2025:

(In thousands)	Security Solutions	Digital Agreements	Total
Net balance at December 31, 2024	$ 71,760	$ 20,605	$ 92,365
Foreign currency exchange rate effect	3,528	984	4,512
Acquisition during the period (1)	5,414	—	5,414
Net balance at September 30, 2025	$ 80,702	$ 21,589	$ 102,291

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

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

Note 8 – Intangible Assets, net

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

		As of September 30, 2025		As of December 31, 2024	
(In thousands)	Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired technology	6	$ 3,100	$ 172	$ —	$ —
Customer relationships	5 to 12	36,506	30,418	34,653	28,091
Patents, trademarks, and other	10 to 20	13,468	12,501	13,356	12,437
Total		$ 53,074	$ 43,091	$ 48,009	$ 40,528

Amortization expense was \$0.7 million and \$2.0 million for the three and nine months ended September 30, 2025 respectively, compared to \$0.6 million and \$2.0 million for the three and nine months ended September 30, 2024 respectively. There was no cost of sales amortization expense for the three and nine months ended September 30, 2025, Amortization expense includes cost of sales amortization expense of \$0 and \$0.2 million for the three and nine months ended September 30, 2024 respectively, directly related to delivering cloud subscription revenue. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

Certain intangible assets are denominated in functional currencies besides the U.S. Dollar and are subject to currency fluctuations.

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

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

Note 9 – Property and Equipment, net

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

(In thousands)	September 30, 2025	December 31, 2024
Office equipment and software	$ 9,652	$ 8,658
Leasehold improvements	7,998	7,639
Furniture and fixtures	3,828	3,519
Capitalized software	23,788	19,298
Total	45,266	39,114
Accumulated depreciation	(23,898)	(18,148)
Property and equipment, net	$ 21,368	$ 20,966

Depreciation expense was $1.8 million and $5.2 million for the three and nine months ended September 30, 2025, respectively, compared to $1.4 million and $4.1 million for the three and nine months ended September 30, 2024, respectively. Depreciation expense includes cost of sales depreciation expense directly related to delivering cloud subscription revenue of $1.3 million and $3.7 million for the three and nine months ended September 30, 2025, respectively, and $0.7 million and $2.2 million for the three and nine months ended September 30, 2024, respectively. Costs of sales depreciation expense is recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

During the three and nine months ended September 30, 2025, the Company recorded a write-off of $0.7 million for capitalized labor, of which $0.3 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the nine months ended September 30, 2025. The remaining write-off amount of $0.4 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the three and nine months ended September 30, 2025. In connection with the continued execution of cost reductions, the Company decided to stop any incremental development investments supporting its previously acquired blockchain technology and related commercial efforts . As a result, the Company wrote off the internal capitalized software used to build out connection points for its blockchain technology and its e-signature product (see Note 18, *Restructuring and Other Related Charges)*. The total write-off amounted to $1.0 million within property and equipment, net, of which $0.7 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the nine months ended September 30, 2024. The remaining write-off amount of $0.3 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the nine months ended September 30, 2024.

Note 10 – Fair Value Measurements

The fair values of cash equivalents, accounts receivables, and accounts payable approximate their carrying amounts due to their short duration. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing base upon its own market assumptions.

The estimated fair value of financial instruments has been determined by using available market information and appropriate valuation methodologies, as defined in ASC 820, *Fair Value Measurements*. The fair value hierarchy consists of the following three levels:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived primarily from or corroborated by observable market data.
- Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following tables summarize the Company's financial assets by level in the fair value hierarchy, which are measured at fair value on a recurring basis, as of September 30, 2025 and December 31, 2024:

		Fair Value Measurement at Reporting Date Using		
(In thousands)	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money Market Funds	$ 28,989	$ 28,989	$ —	$ —

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

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

The Company's non-financial assets and liabilities, which include goodwill and long-lived assets held and used, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required, the Company would evaluate the non-financial assets and liabilities for impairment. If an impairment was to occur, the asset or liability would be recorded at its estimated fair value.

Note 11 – Allowance for Credit Losses

In accordance with accounting standards updates ("ASU") No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," the Company evaluates its allowance based on expected losses rather than incurred losses, which is known as the current expected credit loss ("CECL") model. The allowance is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The changes in the allowance for credit losses during the nine months ended September 30, 2025 were as follows:

(In thousands)	
Balance at December 31, 2024	$ 1,600
Recovery of credit loss	(303)
Write-offs	(593)
Balance at September 30, 2025	$ 704

Note 12 – Debt

On June 23, 2025, the Company entered into a $100.0 million credit agreement (the “Credit Agreement) with MUFG Bank, Ltd ("MUFG"), as administrative agent, swingline lender and L/C issuer, and other lenders party thereto. The Credit Agreement provides for a $100.0 million revolving credit facility with a $10.0 million letter of credit sublimit and a $10.0 million swingline loan sublimit. As of September 30, 2025, the Company had outstanding letters of credit of $0.4 million and no borrowings outstanding under the Credit Agreement. Any outstanding letters of credit reduce the availability of funds to borrow.

The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. The Company may borrow, repay and reborrow funds under the revolving credit facility until its maturity on June 23, 2030. Revolving loans may be prepaid by the Company, subject to notice and minimum threshold requirements, without penalty or premium, subject to customary breakage costs. The Company is required to pay a commitment fee on the daily unused amount of the revolving credit facility commitments ranging from 0.25% to 0.30% per annum, depending on its consolidated net leverage ratio.

At the Company's election, borrowings under the credit facility will bear interest at either (i) the base rate, defined as the highest of (a) the MUFG prime rate, (b) the federal funds rate plus 0.50%, and (c) term SOFR plus 1.00%, in each case, subject to a 1.00% floor, (ii) the term SOFR rate, (iii) the alternative currency daily rate, or (iv) the alternative currency term rate, in each case, plus the applicable rate. The applicable rate varies based on the Company's consolidated net leverage ratio and will range from 1.00% to 1.50% for base rate loans and 2.00% to 2.50% for term SOFR and alternative currency loans. With respect to term SOFR and alternative currency term rate loans, the Company may elect an interest period of one (1), three (3) or six (6) months.

The Credit Agreement also provides that the Company may, with the agreement of the lenders and/or new lenders and subject to certain conditions and limitations, add one or more incremental revolving facilities to increase commitments under the credit facility in an aggregate amount not to exceed the greater of (x) $100.0 million and (y) 100% of Consolidated EBITDA (as defined in the Credit Agreement) for the four consecutive fiscal quarters most recently ended for which financial statements have been delivered pursuant to the terms of the Credit Agreement.

All of the Company's obligations under the Credit Agreement are secured by a first-priority lien and security interest in substantially all of the Company's tangible and intangible assets. The material subsidiaries of OneSpan Inc., subject to certain exclusions, have guaranteed the obligations under the Credit Agreement and granted a lien and pledge, as applicable, on substantially all of their tangible and intangible property to secure the obligations under the Credit Agreement.

The Credit Agreement contains certain representations and warranties, affirmative covenants, negative covenants and conditions that are customarily required for similar financings. The negative covenants include limitations on indebtedness, liens, investments, fundamental changes, asset dispositions, restricted payments and transactions with affiliates, as well as financial covenants that require the maintenance of (i) a consolidated net leverage ratio (as defined in the Credit Agreement) of not more than 3.25 to 1.00 at any time during any period of four consecutive fiscal quarters, subject to certain exceptions and (ii) a minimum consolidated interest coverage ratio (as defined in the Credit Agreement) of not less than 3.00 to 1.00 as of the end of any fiscal quarter.

The Company capitalized $1.9 million of lender and third-party debt issuance costs incurred in connection with the Credit Agreement and will amortize these costs to interest expense over the term of the revolving credit facility. For the three and nine months ended September 30, 2025, the amortization of debt issuance costs was less than $0.2 million. As of September 30, 2025, the current portion of the debt issuance costs were $0.4 million and are included in the "Other current assets" line in the consolidated balance sheets and the non-current portion of the debt issuance costs were $1.4 million and are included in the "Other assets" line in the consolidated balance sheets.

Note 13 – Leases

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Building rent	$ 268	$ 331	$ 700	$ 847
Automobile rentals	358	337	973	1,014
Total net operating lease costs	$ 626	$ 668	$ 1,673	$ 1,861

At September 30, 2025, the Company's weighted average remaining lease term for its operating leases is 5 years, and the weighted average discount rate for its operating leases is 6%.

During the nine months ended September 30, 2025, there were $1.9 million of operating cash payments for lease liabilities and $0.5 million of right-of-use assets obtained in exchange for new lease liabilities.

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

(In thousands)	As of September 30, 2025
2025	$ 694
2026	2,597
2027	2,118
2028	2,002
2029	1,160
Later years	1,479
Less imputed interest	(1,275)
Total lease liabilities	$ 8,775

Note 14 – Income Taxes

The Company's estimated annual effective tax rate for 2025 before discrete items is expected to be approximately 21%. The Company's global effective tax rate is lower than the U.S. statutory tax rate of 21% primarily due to the benefit from Foreign-Derived Intangible Income (FDII) and the release of valuation allowances on current year earnings for companies with a valuation allowance. The benefits are mostly offset by differences in foreign income tax rates and nondeductible expenses. The ultimate tax expense will depend on the mix of earnings in various jurisdictions. Income taxes, net of refunds, of $6.0 million and $2.5 million were paid during the nine months ended September 30, 2025 and 2024, respectively.

Management assesses the need for a valuation allowance on a regular basis, weighing all positive and negative evidence to determine whether a deferred tax asset will be fully or partially realized. In evaluating the realizability of deferred tax assets, significant pieces of negative evidence such as 3-year cumulative losses are considered. Management also reviews reversal patterns of temporary differences to determine if the Company would have sufficient taxable income due to the reversal of temporary differences to support the realization of deferred tax assets.

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

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. which includes changes to U.S. tax law that will affect OneSpan. These changes include modifications to the international tax framework which will impact the Company starting in 2026. The law change also no longer requires that domestic R&D be capitalized which will impact the Company starting in 2025. The Company does not expect the impact of OBBBA to be material to its condensed consolidated financial statements.

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

Under the OneSpan Inc. 2019 Omnibus Incentive Plan, the Company awards restricted stock units subject to time-based vesting, restricted stock units which are subject to the achievement of future performance criteria and restricted stock units that are subject to the achievement of market conditions. The Company also awards a small amount of cash incentive awards under the 2019 Omnibus Incentive Plan, as shown in the table below.

During the nine months ended September 30, 2025, the Company awarded 0.4 million restricted stock units subject to time-based vesting. The fair value of the unissued time-based restricted stock unit grants was $5.8 million at the dates of grant and the grants are being amortized over the vesting periods of one to three years.

During the nine months ended September 30, 2025, the Company awarded restricted stock units subject to the achievement of service and future performance criteria, which allows for up to 0.3 million shares to be earned if the performance criteria are achieved at the target level. The fair value of these awards was $5.7 million as the dates of grant and the awards are being amortized over the requisite service period of one to three years. The Company currently believes that approximately 63% of these shares are expected to be earned.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Stock-based compensation	$ 3,374	$ 2,662	$ 9,601	$ 6,110
Other long-term incentive plan compensation (1)	16	82	46	248
Total compensation	$ 3,390	$ 2,744	$ 9,647	$ 6,358

(1) Other long-term incentive compensation consists of immaterial expense for cash incentive awards granted to employees located in jurisdictions where we do not issue stock-based compensation due to tax, regulatory or similar reasons.

Note 16 – Earnings per Share

Basic earnings per share is based on the weighted average number of shares outstanding and excludes the dilutive effect of common stock equivalents. Diluted earnings per share is based on the weighted average number of shares outstanding and includes the dilutive effect of common stock equivalents to the extent they are not anti-dilutive.

The details of the earnings per share calculations for the three and nine months ended September 30, 2025 and 2024 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share data)	2025	2024	2025	2024
Net income	$ 6,514	$ 8,273	$ 29,361	$ 28,294
Weighted average common shares outstanding:				
Basic	38,136	38,695	38,149	38,323
Incremental shares with dilutive effect:				
Restricted stock units	632	763	696	541
Diluted	38,768	39,458	38,845	38,864
Net income per share:				
Basic	$ 0.17	$ 0.21	$ 0.77	$ 0.74
Diluted	$ 0.17	$ 0.21	$ 0.76	$ 0.73

Note 17 – Legal Proceedings and Contingencies

The Company is subject to certain legal proceedings and claims that have arisen in the ordinary course of business. The Company currently does not anticipate that these matters, if resolved against the Company, will have a material adverse impact on its financial results or financial condition.

The Company accrues loss contingencies when losses become probable and are reasonably estimable. As of September 30, 2025, the Company has recorded an accrual of $0.5 million for loss contingencies associated with employment-termination benefits and employee related taxes.

The Company does not accrue for contingent losses that, in the judgment of the Company, are considered to be reasonably possible, but not probable. Although the Company intends to defend its legal matters vigorously, the ultimate outcome of these matters is uncertain. However, the Company does not expect the potential losses, if any, to have a material adverse impact on its operating results, cash flows, or financial condition. As of September 30, 2025, the Company does not have any reasonably possible losses for which an estimate can be made.

Note 18 – Restructuring and Other Related Charges

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

In connection with the Restructuring Plan (including the 2023 Actions), the Company recorded a total of $1.0 million and $1.5 million in restructuring charges for the three and nine months ended September 30, 2025, respectively, and $0.7 million and $5.5 million in restructuring charges for the three and nine months ended September 30, 2024, respectively. The Company recorded $0.3 million of these restructuring charges in "Services and other cost of goods sold" in the condensed consolidated statements of operations for both the three and nine months ended September 30, 2025 and less than $0.1 million and $1.5 million in "Services and other cost of goods sold" for three and nine months ended September 30, 2024. The remaining restructuring charge amounts of $0.7 million and $1.2 million is recorded in “Restructuring and other related charges” in the condensed consolidated statements of operations for the three and nine months ended September 30, 2025, respectively, and $0.7 million and $3.9 million for the three and nine months ended September 30, 2024, respectively.

The main categories of charges are in the following areas:

- Employee costs – include severance, related benefits and retention pay costs incurred as a result of eliminating positions in certain areas of the Company. For the three and nine months ended September 30, 2025 employee costs were $0.3 million and $0.7 million, respectively. For the three and nine months ended September 30, 2024, employee costs were $0.7 million and $3.4 million, respectively. In total, there were approximately 341 employees, across multiple functions, whose positions were made redundant. The $0.5 million current portion of the restructuring liability at September 30, 2025 is included in "Accrued wages and payroll taxes" in the consolidated balance sheet and is expected to be paid within the next 12 months.

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

- Product and services optimization costs - include costs to discontinue products and services that are no longer advancing the Company's operating model. For capitalized software during three and nine months ended September 30, 2025, the Company recorded a write-off of $0.7 million for capitalized labor, of which $0.3 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the nine months ended September 30, 2025. The remaining write-off amount of $0.4 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the three and nine months ended September 30, 2025. The Company made the decision to stop any incremental development investments supporting its previously acquired blockchain technology, and related commercial efforts. As a result, the Company wrote-off the related acquired technology and previously capitalized software. The Company recorded a $0.8 million write-off of intangible assets in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the nine months ended September 30, 2024 (see Note 8, *Intangible Assets, net*). For capitalized software during the nine months ended September 30, 2024, the Company recorded a write-off of $1.0 million of property and equipment, net, of which $0.7 million was recognized in "Services and other cost of goods sold" on the condensed consolidated statements of operations for the nine months ended September 30, 2024 (see Note 9, *Property and Equipment, net*). The remaining write-off amount of $0.3 million was recognized in "Restructuring and other related charges" on the condensed consolidated statements of operations for the nine months ended September 30, 2024.

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

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

(In thousands)	Employee Costs	Real Estate Rationalization	Total
Balance as of December 31, 2024	$ 1,257	$ 525	$ 1,782
Additions	582	—	582
Payments	(1,298)	(525)	(1,823)
Balance as of September 30, 2025	$ 541	$ —	$ 541

Note 19 – Subsequent Events

On October 6, 2025, the Company announced it obtained a 15% equity stake in ThreatFabric, a Dutch company that provides mobile threat intelligence, malware risk detection, and behavioral analytics, in exchange for funding of $11.7 million. The investment will be included as a separate item in the Consolidated Balance Sheets and the Company will record its proportionate share of ThreatFabric's net income or loss as a separate item in its Consolidated Statements of Operations. The agreement contains certain substantive rights such as a board seat and membership on an advisory committee; however, it does not result in controlling rights over ThreatFabric. The Company will classify this investment as a equity-method investment.

On October 30, 2025, the Board of Directors declared a quarterly cash dividend of $0.12 per share as part of the Company's recurring quarterly dividend program initiated in December 2024. This dividend will be paid on December 5, 2025 to shareholders of record as of the close of business on November 14, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to "OneSpan," "Company," "we," "our," and "us" refer to OneSpan Inc. and its subsidiaries.

This commentary should be read in conjunction with the condensed consolidated financial statements and related notes thereto of OneSpan for the three- and nine-month periods ended September 30, 2025 and 2024 as well as our consolidated financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations in our Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K").

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding our goal of driving profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth; our plans for managing our Security Solutions and Digital Agreements segments; expectations about trends in our cost of goods sold, gross margin, and sales and marketing, research and development, and general and administrative expenses; the impact of foreign currency rate fluctuations; expectations regarding sources and uses of cash; and our general expectations regarding our operational or financial performance in the future. Forward-looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "intend", "continue", "outlook", "may", "will", "should", "could", or "might", and other similar expressions. These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could materially affect our business and financial results include, but are not limited to: difficulties increasing or maintaining our rate of revenue growth; our ability to attract new customers and retain and expand sales to existing customers; our ability to successfully develop and market new product offerings and product enhancements; changes in customer requirements; the potential effects of technological changes; the loss of one or more large customers; difficulties enhancing and maintaining our brand recognition; competition; lengthy sales cycles; challenges retaining key employees and successfully hiring and training qualified new employees; security breaches or cyber-attacks; real or perceived malfunctions or errors in our products; interruptions or delays in the performance of our products and solutions; reliance on third parties for certain products and data center services; our ability to effectively manage third party partnerships, acquisitions, divestitures, alliances, or joint ventures; economic recession, inflation, tariffs or trade disputes, and political instability; claims that we have infringed the intellectual property rights of others; changing laws, government regulations or policies; pressures on price levels; component shortages; delays and disruption in global transportation and supply chains; impairment of goodwill or amortizable intangible assets causing a significant charge to earnings; actions of activist stockholders; and exposure to increased economic and operational uncertainties from operating a global business, as well as other factors described in the "Risk Factors" section of our most recent Annual Report on Form 10-K (filed with the SEC on February 27, 2025) and Part II, Item IA of our Quarterly Report on Form 10-Q for the three months ended March 31, 2025 (filed with the SEC on May 1, 2025). Our filings with the Securities and Exchange Commission and other important information can be found in the Investor Relations section of our website at investors.onespan.com. We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this Form 10-Q, except as required by law.

Our website address is included in this Quarterly Report on Form 10-Q as an inactive textual reference only.

Overview

OneSpan delivers cutting-edge solutions in two key areas: advanced secure authentication and digital agreements. Our secure authentication solutions protect devices, users, and applications with robust multi-factor and passwordless authentication and other fraud prevention technologies. Our digital agreements solutions combined identity verification, electric signatures, and digital workflows to streamline agreements, enhance compliance, and accelerate business processes. We empower organizations to automate and secure both customer-facing and revenue-generating processes, supporting a wide range of use cases—from simple transactions to complex workflows requiring elevated security. Trusted by global blue-chip enterprises, including more than 60% of the world's 100 largest banks, OneSpan processes millions of digital agreements and billions of transactions in more than 100 countries annually.

We offer our products primarily through a subscription licensing model and provide multiple deployment options, including cloud-based and on-premises solutions. Our solutions are sold worldwide through our direct sales force, as well as through distributors, resellers, systems integrators, and original equipment manufacturers.

We report our financial results under the following two lines of business, which are our reportable segments: Security Solutions and Digital Agreements.

- **Security Solutions**. Security Solutions consists of our broad portfolio of software products, software development kits (SDKs), and Digipass authenticator devices that are used to build applications designed to defend against attacks on digital transactions across online environments, devices, and applications. The software products and SDKs included in the Security Solutions segment are on-premises and, to a lesser extent, cloud software products, and include multi-factor authentication, transaction signing, and mobile application security solutions.

- **Digital Agreements.** Digital Agreements consists of solutions that enable our clients to secure and automate business processes associated with their digital agreement and customer transaction lifecycles that require consent, non-repudiation and compliance. These solutions, which are largely cloud-based, include OneSpan Sign e-signature, OneSpan Notary, and Identity Verification.

We seek to drive profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth. Both operating segments were profitable for the three and nine months ended September 30, 2025, and Security Solutions and Digital Agreements subscription revenue grew 13% and 11% as compared to the three months ended September 30, 2024, respectively, and 17% and 10% as compared to the nine months ended September 30, 2024, respectively.

Overview of Key Factors Impacting our Results of Operations

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

"Mobile-first" trend. Security Solutions total revenue decreased by 1% and 3% during the three and nine months ended September 30, 2025, respectively, as compared to the equivalent periods in 2024. A key factor contributing to this decrease was a reduction in hardware revenues driven by certain customers adopting a “mobile first” approach, which prioritizes using mobile authentication solutions to enhance user experience over traditional hardware authentication devices, particularly for consumer banking. This trend has generally resulted in a reduction of sales volumes of our Digipass hardware authenticator devices, as banks adopt a higher mix of software authentication licenses delivered through software applications on mobile devices.

Increase in multi-year on-premise term subscription contracts. Revenue for the Security Solutions segment for the three and nine months ended September 30, 2025 was positively impacted by a shift of certain customers from single-year to multi-year on-premises term subscription contracts. Although on-premises term subscription contracts may have a term of up to five years, we generally recognize the license revenue upfront after the contract becomes effective. This can result in a positive year-over-year revenue impact as customers shift from single-year to multi-year contracts.

Foreign exchange rate impact for the three months ended September 30, 2025. Changes in foreign exchange rates favorably impacted both total revenue and Security Solutions revenue by approximately $1.3 million for the three months ended September 30, 2025 as compared to the equivalent period in 2024. The impact of changes in foreign exchange rates for the nine months ended September 30, 2025, as well as the impact of these changes on the Digital Agreements segment, were immaterial.

2024 write-off. In the three and nine months ended September 30, 2024, we wrote off costs associated with acquired technology and capitalized internally-developed software costs due to our decision to discontinue investment in blockchain technology. This write-off significantly impacted various year-over-year comparisons, as discussed below. The write-offs for 2024 materially impacted operations compared to the immaterial write-off recorded in 2025.

Restructuring Plan

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

On August 3, 2023, our Board of Directors approved further cost reduction actions (the "2023 Actions"). In connection with the 2023 Actions, we have incurred and expect to continue to incur restructuring charges, most of which relate to employee transition and severance payments and employee benefits, with a significantly smaller amount of charges related to vendor contract termination and rationalization actions. We currently expect that we will incur restructuring charges of approximately less than $0.1 million to $0.2 million related to the 2023 Actions for the remainder of 2025, substantially all of which relate to employee transition and severance payments.

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

As part of the restructuring plan (including the 2023 Actions), we reduced headcount by eliminating approximately 341 positions. We incurred severance and related benefits costs, recorded in “Restructuring and other related charges” in the consolidated statements of operations.

Business Acquisition

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

Credit Agreement

On June 23, 2025, OneSpan Inc. and certain of its subsidiaries entered into a $100.0 million credit agreement (the “Credit Agreement) with MUFG Bank, Ltd ("MUFG") and other lenders party thereto. The Credit Agreement provides for a $100.0 million revolving credit facility with a $10.0 million letter of credit sublimit and a $10.0 million swingline loan sublimit. The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. We may borrow, repay and reborrow funds under the revolving credit facility until its maturity on June 23, 2030. As of September 30, 2025, the Company had outstanding letters of credit of $0.4 million and no borrowings outstanding under the Credit Agreement. Any outstanding letters of credit reduce the availability of funds to borrow. As of September 30,2025, the Company was in compliance with all covenants under the Credit Agreement. See Note 12, *Debt*, for additional information.

Components of Operating Results

Revenue

We generate revenue from the sale of our subscriptions, maintenance and support, professional services, and Digipass hardware products. We believe comparison of revenues between periods is heavily influenced by the timing of orders and shipments, reflecting the transactional nature of significant parts of our business.

- *Product and license revenue*. Product and license revenue includes Digipass hardware products and software licenses, which are provided on a perpetual or term basis subscription model.
- *Service and other revenue*. Service and other revenue includes solutions that are provided on a cloud-based subscription model, maintenance and support, and professional services.

Cost of Goods Sold

Our total cost of goods sold consists of cost of product and license revenue and cost of service and other revenue. We expect our cost of goods sold to increase in absolute dollars as our business grows, although it may fluctuate as a percentage of total revenue from period to period.

- *Cost of product and license revenue*. Cost of product and license revenue primarily consists of direct product and license costs, including personnel costs, production costs, freight, and inventory write-off adjustments for discontinued products and services.
- *Cost of service and other revenue*. Cost of service and other revenue primarily consists of costs related to cloud subscription solutions, including personnel and equipment costs, depreciation, amortization, and personnel costs of employees providing professional services and maintenance and support.

Gross Profit

Gross profit is revenue net of the cost of goods sold. Gross profit as a percentage of total revenue, or gross margin, has been and will continue to be affected by a variety of factors, including our average selling price, manufacturing costs, the mix of products sold, and the mix of revenue among products, subscriptions and services. We expect our gross margins to fluctuate over time depending on these factors.

Operating Expenses

Our operating expenses are generally based on anticipated revenue levels and fixed over short periods of time. As a result, small variations in revenue may cause significant variations in the period-to-period comparisons of operating income or operating income as a percentage of revenue.

Generally, the most significant factor driving our operating expenses is headcount. Direct compensation and benefit plan expenses generally represent between 50% and 60% of our operating expenses. In addition, a number of other expense categories are directly related to headcount. We attempt to manage our headcount within the context of the economic environments in which we operate and the investments we believe we need to make for our infrastructure to support future growth and for our products to remain competitive.

Historically, operating expenses have been impacted by changes in foreign exchange rates. We estimate the change in currency rates during the three months ended September 30, 2025 compared to the comparable prior year period resulted in an increase in operating expenses of less than $0.5 million. We estimate the change in currency rates during the nine months ended September 30, 2025 compared to the comparable prior year period resulted in an increase in operating expenses of $0.6 million.

The comparison of operating expenses can also be impacted significantly by costs related to our stock-based and long-term incentive plans. Long-term incentive plan compensation expense includes both stock-based incentives and an immaterial amount of cash-based incentives. During the three months ended September 30, 2025 and 2024, operating expenses included $3.4 million and $2.7 million, respectively, of expenses related to stock-based and long-term incentive plans. During the nine months ended September 30, 2025 and 2024, operating expenses included $9.6 million and $6.4 million, respectively, of expenses related to stock-based and long-term incentive plans.

Our operating expenses consist of:

- *Sales and marketing*. Sales and marketing expenses consist primarily of personnel costs, commissions and bonuses, trade shows, marketing programs and other marketing activities, travel, outside consulting costs, and long-term incentive compensation. Our sales and marketing expenses may fluctuate as a percentage of total revenue.
- *Research and development*. Research and development expenses consist primarily of personnel costs and long-term incentive compensation. Our research and development expenses may fluctuate as a percentage of total revenue.
- *General and administrative*. General and administrative expenses consist primarily of personnel costs, legal, consulting and other professional fees, transaction related expenses, and long-term incentive compensation. Our general and administrative expenses may fluctuate as a percentage of total revenue.
- *Amortization of intangible assets*. Acquired intangible assets are amortized over their respective amortization periods and are periodically evaluated for impairment or changes in estimated useful life.
- *Restructuring and related charges.* Restructuring and other related charges consist of employee costs which include severance, retention pay, and related benefits incurred from headcount reductions as part of our restructuring plan, including the 2023 Actions; real estate rationalization costs incurred to optimize our real

estate footprint which include lease contract termination costs, asset impairment charges, and lease right-of-use asset and lease liability write-off gains or losses; product and services optimization costs incurred to advance our operating model which include write-offs of capitalized software assets no longer in use; write-offs of acquired blockchain technology and related capitalized software due to the discontinuation of incremental development investments and related commercial efforts; and vendor rationalization costs for contractually committed services the Company is no longer utilizing. We plan to incrementally incur additional restructuring costs through December 31, 2025, when the restructuring plan terminates and the 2023 Actions are completed.

Segment Results

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

Interest Income, Net

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

Other (Expense) Income, Net

Other (expense) income, net, primarily includes exchange gains (losses) on transactions that are denominated in currencies other than our subsidiaries' functional currencies, subsidies received from foreign governments in support of our research and development in those countries and other miscellaneous non-operational expenses.

Income Taxes

Our effective tax rate reflects our global structure related to the ownership of our intellectual property ("IP"). The IP in our Security Solutions business is owned by our U.S subsidiaries. The e-signature IP in our Digital Agreements business is owned by a subsidiary in Canada. These subsidiaries have entered into agreements with most of the other OneSpan entities under which those other entities provide services to the IP owners on either a percentage of revenue or on a cost plus basis or both. Under this structure, the earnings of our service provider subsidiaries are relatively constant. These service provider companies tend to be in jurisdictions with higher effective tax rates. Fluctuations in earnings flow to the IP owners.

Changes in the effective rate reflect changes in the geographic mix of earnings and the tax rates in each of the countries in which it is earned. The statutory tax rate for the primary foreign tax jurisdictions ranges from 17% to 30%.

Impact of Currency Fluctuations

During the three months ended September 30, 2025 and 2024, we generated approximately 75% and 81% of our revenues and incurred approximately 53% and 58% of our operating expenses, respectively, outside of the U.S. During the nine months ended September 30, 2025 and 2024, we generated approximately 79% and 83% of our revenues and incurred approximately 55% and 60% of our operating expenses, respectively, outside of the U.S. As a result, changes in currency exchange rates, especially the Euro exchange rate and the Canadian Dollar exchange rate, can have a significant impact on our revenue and operating expenses.

While the majority of our revenue is generated outside of the U.S., a significant amount of our revenue earned during the nine months ended September 30, 2025 was denominated in U.S. Dollars. For the nine months ended September 30, 2025, approximately 57% of our revenue was denominated in U.S. Dollars, 40% was denominated in Euros and 3% was denominated in other currencies. For the nine months ended September 30, 2024, approximately 55% of our revenue was denominated in U.S. Dollars, 41% was denominated in Euros and 4% was denominated in other currencies.

In general, to minimize the net impact of currency fluctuations on operating income, we attempt to denominate an amount of billings in a currency such that it would provide a natural hedge against the operating expenses being incurred in that currency. We expect that changes in currency rates may impact our future results if we are unable to match amounts of revenue with our operating expenses in the same currency. If the amount of our revenue in Europe denominated in Euros continues as it is now or declines, we may not be able to balance fully the exposures of currency exchange rates on revenue and operating expenses.

The financial position and the results of operations of our foreign subsidiaries, with the exception of our subsidiaries in Switzerland, Singapore and Canada, are measured using the local currency as the functional currency. The functional currency for our subsidiaries in Switzerland, Singapore and Canada is the U.S. Dollar. Accordingly, assets and liabilities of our foreign subsidiaries are translated into U.S. Dollars using current exchange rates as of the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year.

Translation adjustments arising from differences in exchange rates generated a comprehensive loss of $0.9 million and gain of $7.3 million during the three and nine months ended September 30, 2025, respectively. For the three and nine months ended September 30, 2024, translation adjustments arising from differences in exchange rates generated a comprehensive gain of $5.9 million and $3.8 million, respectively.

Gains and losses resulting from foreign currency transactions are included in the condensed consolidated statements of operations in other (expense) income, net. Foreign exchange transaction losses aggregated $0.2 million and $1.3 million for the three and nine months ended September 30, 2025, respectively. For the three and nine months ended September 30, 2024, losses resulting from foreign currency transactions were $2.0 million and $1.8 million, respectively.

Results of Operations

The following table sets forth information about the Company's two operating segments, for the periods indicated, and selected segment and condensed consolidated operating results. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment.

	Three Months Ended September 30, 2025			
(In thousands, except percentages)	**Security Solutions**	**Digital Agreements**	**Corporate and Other**	**Total**
Revenue	$ 40,322	$ 16,734	$ —	$ 57,056
Cost of goods sold	10,325	4,728	—	15,053
Gross profit	29,997	12,006	—	42,003
Gross margin	*74 %*	*72 %*	*	*74 %*
Sales and marketing	7,202	3,443	746	11,391
Research and development	5,689	2,917	190	8,796
Other segment items (1)(3)	431	1,487	11,671	13,589
Operating income (loss) (2)(4)	16,675	4,159	(12,607)	8,227
Interest income, net				388
Other income (expense), net				(208)
Income before income taxes				$ 8,407

(In thousands, except percentages)	Three Months Ended September 30, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 40,837	$ 15,405	$ —	$ 56,242
Cost of goods sold	10,320	4,374	—	14,694
Gross profit	30,517	11,031	—	41,548
Gross margin	*75 %*	*72 %*	*	*74 %*
Sales and marketing	6,303	2,819	1,016	10,138
Research and development	3,843	3,671	19	7,533
Other segment items (1)(3)	171	1,122	11,332	12,625
Operating income (loss) (2)(4)	20,200	3,419	(12,367)	11,252
Interest income, net				624
Other income (expense), net				(1,915)
Income before income taxes				$ 9,961

(In thousands, except percentages)	Nine Months Ended September 30, 2025			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 132,270	$ 47,995	$ —	$ 180,265
Cost of goods sold	33,365	13,839	—	47,204
Gross profit	98,905	34,156	—	133,061
Gross margin	*75 %*	*71 %*	*	*74 %*
Sales and marketing	21,402	10,313	2,638	34,353
Research and development	15,966	9,510	692	26,168
Other segment items (1)(3)	902	3,930	31,793	36,625
Operating income (loss) (2)(4)	60,635	10,403	(35,123)	35,915
Interest income, net				1,812
Other income (expense), net				(886)
Income before income taxes				$ 36,841

(In thousands, except percentages)	Nine Months Ended September 30, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	$ 136,728	$ 45,280	$ —	$ 182,008
Cost of goods sold	38,108	14,616	—	52,724
Gross profit	98,620	30,664	—	129,284
Gross margin	*72 %*	*68 %*	*	*71 %*
Sales and marketing	18,380	11,940	3,254	33,574
Research and development	11,941	12,118	74	24,133
Other segment items (1)(3)	1,529	3,606	33,443	38,578
Operating income (loss) (2)(4)	66,770	3,000	(36,771)	32,999
Interest income, net				1,246
Other income (expense), net				(1,293)
Income before income taxes				$ 32,952

*Percentage not meaningful.

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

(2) Security Solutions operating income includes $0.4 million and $0.7 million of total amortization and depreciation expense for three and nine months ended September 30, 2025 and $0.2 million and $0.6 million for the three and nine months ended September 30, 2024, respectively.

Security Solutions operating income includes less than $0.1 million and $0.3 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively. Security Solutions operating income includes $0.2 million and $1.6 million of restructuring and other related charges for the three and nine months ended September 30, 2024, respectively.

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

(4) Digital Agreements operating income includes $1.9 million and $5.5 million of total amortization and depreciation expense for the three and nine months ended September 30, 2025, respectively. Digital Agreements operating income includes $1.5 million and $4.6 million of total amortization and depreciation expense for the three and nine months ended September 30, 2024, respectively.

Digital Agreements operating income includes $0.0 million and $0.2 million of restructuring and other related charges for the three and nine months ended September 30, 2025, respectively. Digital Agreements operating income includes $0.4 million and $1.4 million of restructuring and other related charges for the three and nine months ended September 30, 2024, respectively.

Revenue

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

	Three Months Ended September 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 21,106	$ 16,674	$ 18,603	$ 15,045
Maintenance and support	8,860	26	9,317	327
Professional services and other (1)	626	34	820	33
Hardware products	9,730	—	12,097	—
Total Revenue	$ 40,322	$ 16,734	$ 40,837	$ 15,405

	Nine Months Ended September 30,			
	2025		2024	
(In thousands)	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	$ 69,780	$ 47,793	$ 59,642	$ 43,641
Maintenance and support	25,510	75	29,125	1,321
Professional services and other (1)	2,171	127	3,548	318
Hardware products	34,809	—	44,413	—
Total Revenue	$ 132,270	$ 47,995	$ 136,728	$ 45,280

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the three and nine months ended September 30, 2025 and 2024.

Total revenue increased by $0.8 million, or 1%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. Changes in foreign exchange rates as compared to the same period in 2024 favorably impacted revenue by approximately $1.3 million. For the nine months ended September 30, 2025, revenue decreased by $1.7 million, or 1%, compared to the nine months ended September 30, 2024. Changes in foreign exchange rates as compared to the same period in 2024 favorably impacted revenue by approximately $1.5 million.

Additional information on our revenue by segment follows.

- **Security Solutions** revenue decreased $0.5 million, or approximately 1%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The decrease in Security Solutions revenue was primarily attributable to lower volumes of hardware devices sold due largely to the mobile-first trend discussed in the "Overview" section above, and to a lesser extent, lower perpetual-based maintenance due to our transition to term licenses and cloud subscription license models, offset by higher term licenses, primarily from existing customers, and revenue from customers acquired in our acquisition of Nok Nok Labs. Timing of customer renewals and the transition of certain customers from single-year to multi-year term license contracts positively impacted on-premises revenue in the quarter. Changes in foreign exchange rates for the three months ended September 30, 2025 compared to the same period in 2024 favorably impacted Security Solutions revenue by $1.3 million.

- For the nine months ended September 30, 2025, Security Solutions revenue decreased $4.5 million, or approximately 3%, which was primarily attributable to lower volumes of hardware devices sold due to the mobile-first trend, and to a lesser extent, lower perpetual-based maintenance and professional services revenues due to our transition to term licenses and cloud subscription license models. The decrease was partially offset by higher term license and maintenance revenues, primarily from existing customers, increased cloud subscription revenue, and revenue from customers acquired in our acquisition of Nok Nok Labs. Timing of customer renewals and the transition of certain customers from single-year to multi-year term license contracts positively impacted on-premises revenue in the period. Changes in foreign exchange rates for the nine months ended September 30, 2025 compared to the same period in 2024 favorably impacted Security Solutions revenue by $1.4 million.

- **Digital Agreements** revenue increased $1.3 million, or 9%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. For the nine months ended September 30, 2025, Digital Agreements revenue increased $2.7 million, or 6%. The increase in Digital Agreements revenue for both periods was primarily attributable to higher cloud subscription revenue from existing customer expansions and, to a lesser extent, new logos and overages, partially offset by lower term-based maintenance revenue due to our transition to cloud subscription licenses. Changes in foreign exchange rates compared to the same period in 2024 favorably impacted Digital Agreements revenue by less than $0.1 million for the three months ended September 30, 2025. Changes in foreign exchange rates compared to the same period in 2024 favorably impacted Digital Agreements revenue by less than $0.1 million for the nine months ended September 30, 2025.

Our revenue is heavily influenced by the timing of orders and shipments, as well as the timing of customer renewals in any given period. As a result, we believe that the overall strength of our business is best evaluated over a longer term where the impact of transactions in any given period is not as significant as in a quarter-over-quarter comparison.

Revenue by Geographic Regions: We classify our sales by customer location in three geographic regions: 1) EMEA, which includes Europe, Middle East and Africa; 2) the Americas, which includes sales in North, Central, and South America; and 3) Asia Pacific (APAC), which also includes Australia and New Zealand. The breakdown of revenue in each of our major geographic areas was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except percentages)	2025	2024	2025	2024
Revenue				
EMEA	$ 21,430	$ 22,342	$ 75,834	$ 79,377
Americas	26,105	22,106	71,079	64,549
APAC	9,521	11,794	33,352	38,082
Total revenue	$ 57,056	$ 56,242	$ 180,265	$ 182,008
% of Total Revenue				
EMEA	38 %	40 %	42 %	44 %
Americas	46 %	39 %	39 %	35 %
APAC	16 %	21 %	19 %	21 %

For the three months ended September 30, 2025, revenue generated in EMEA was $0.9 million, or 4%, lower than the same period in 2024. The increase in revenue from software authentication and mobile application security products were offset by lower hardware volumes attributed to the mobile-first trend and end-of-life products. For the nine months ended September 30, 2025, revenue generated in EMEA was $3.5 million, or 4%, lower than the same period in 2024. The decrease for this period was primarily due to lower hardware volumes attributed to the mobile-first trend and end-of-life products, partially offset by an increase in revenue from software authentication and mobile application security products.

For the three months ended September 30, 2025, revenue generated in the Americas was $4.0 million, or 18%, higher than the three months ended September 30, 2024, primarily due to an increase in revenue from software authentication products, and to a lesser extent, Digital Agreements revenue. For the nine months ended September 30, 2025, revenue generated in the Americas was $6.5 million, or 10%, higher than the same period in 2024, primarily due to an increase in revenue from software authentication products and Digital Agreements revenue, partially offset by lower hardware revenue.

For the three months ended September 30, 2025, revenue generated in APAC was $2.3 million, or 19%, lower than the three months ended September 30, 2024. For the nine months ended September 30, 2025, revenue generated in APAC was $4.7 million, or 12%, lower than the same period in 2024. The decrease for both periods was primarily attributable to lower hardware volumes and a decrease in revenue from software authentication products, partially offset by an increase in revenue from mobile application security products.

Cost of Goods Sold and Gross Margin

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

(In thousands, except percentages)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Cost of goods sold				
Product and license	$ 7,030	$ 7,394	$ 24,044	$ 28,347
Services and other	8,023	7,300	23,160	24,377
Total cost of goods sold	$ 15,053	$ 14,694	$ 47,204	$ 52,724
Gross profit	$ 42,003	$ 41,548	$ 133,061	$ 129,284
Gross margin				
Product and license	75 %	74 %	75 %	71 %
Services and other	73 %	74 %	72 %	71 %
Total gross margin	74 %	74 %	74 %	71 %

The cost of product and license revenue decreased by $0.4 million, or 5%, and $4.3 million, or 15% during the three and nine months ended September 30, 2025, respectively, compared to the three and nine months ended September 30, 2024. The decrease in cost of product and license revenue for both the three and nine months ended September 30, 2025 was driven primarily by lower hardware revenue and hardware costs, partially offset by higher third-party license costs.

The cost of services and other revenue increased by $0.7 million, or 10%, and decreased $1.2 million, or 5% during the three and nine months ended September 30, 2025, respectively, compared to the three and nine months ended September 30, 2024. The increase as compared to the three months ended September 30, 2024 was attributable to our increase in cloud subscription revenue from existing customer expansions and, to a lesser extent, new customers and overages. The decrease as compared to the nine months ended September 30, 2024 was largely due to the prior year impact of the 2024 write-off discussed in the "Overview" above. Lower cloud platform costs for the three and nine months ended September 30, 2025 were also a factor in the year-over-year decrease.

Gross profit increased by $0.5 million, or 1%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. Gross margin was 74% for the three months ended September 30, 2025, compared to 74% for the three months ended September 30, 2024. Gross profit increased $3.8 million, or 3% during the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. Gross profit margin was 74% for the nine months ended September 30, 2025, compared to 71% for the nine months ended September 30, 2024. The profit margin for three months ended September 30, 2025 was flat while the profit margin increase for the nine months ended September 30, 2025 was primarily driven by an increase in software revenue and higher-margin hardware revenue, despite lower overall hardware revenue, due to favorable hardware customer mix and the prior year impact of the 2024 write-off.

The majority of our inventory purchases are denominated in U.S. Dollars. Our sales are denominated in various currencies, including the Euro. The impact of changes in currency rates are estimated to have had an unfavorable impact on overall cost of goods sold of $0.2 million for three months ended September 30, 2025 and was flat for nine months ended

September 30, 2025. Had currency rates during the three months ended September 30, 2025 been equal to rates in the comparable period of 2024, the gross margin would have been less than 1 percentage point lower, driven by the favorable currency rate impact to revenue. Had currency rates during the nine months ended September 30, 2025 been equal to rates in the comparable period of 2024, the gross margin would have been less than 1 percentage point higher.

Additional information on our gross profit by segment follows.

- **Security Solutions** gross profit decreased $0.5 million, or 2%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. Security Solutions gross margin was 74% during the three months ended September 30, 2025, compared to 75% for the three months ended September 30, 2024. The gross margin declined slightly period over period, but included an increase in lower-margin software revenue, offset by higher-margin hardware revenue, despite lower overall hardware revenue, due to favorable hardware customer mix and the prior year impact of the 2024 write-off. For the nine months ended September 30, 2025, Security Solutions gross profit increased $0.3 million, or less than 1%, compared to the same period in 2024. Security Solutions gross margin for the nine months ended September 30, 2025 was 75%, compared to 72% for the nine months ended September 30, 2024. The increase in the gross margin was due to an increase in gross profit from software revenue at flat margins and higher-margin hardware revenue, despite lower overall hardware revenue, due to favorable hardware customer mix and the prior year impact of the 2024 write-off.

- **Digital Agreements** gross profit increased $1.0 million, or 9%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. Digital Agreements gross margin for the three months ended September 30, 2025 was 72%, compared to 72% for the three months ended September 30, 2024. For the nine months ended September 30, 2025, Digital Agreements gross profit increased $3.5 million, or 11%, compared to the same period in September 30, 2024. Digital Agreements gross margin for the nine months ended September 30, 2025 was 71%, compared to 68% for the nine months ended September 30, 2024. The increase in gross profit and gross margin was driven by higher cloud subscription revenue and the 2024 write-off, partially offset by lower term-based maintenance revenue.

Operating Expenses

Operating expenses increased by $3.5 million, or 11%, during the three months ended September 30, 2025 compared to the three months ended September 30, 2024. For the three months ended September 30, 2025, changes in foreign exchange rates negatively impacted operating expenses by approximately $0.5 million as compared to the same period in 2024. Operating expenses increased by $0.9 million, or 1%, during the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. For the nine months ended September 30, 2025, changes in foreign exchange rates negatively impacted operating expenses by approximately $0.6 million as compared to the same period in 2024.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Operating costs				
Sales and marketing	$ 11,391	$ 10,138	$ 34,353	$ 33,574
Research and development	8,796	7,533	26,168	24,133
General and administrative	12,152	11,343	33,478	32,907
Amortization of intangible assets	741	585	1,982	1,766
Restructuring and other related charges	696	697	1,165	3,905
Total operating costs	$ 33,776	$ 30,296	$ 97,146	$ 96,285

Sales and Marketing Expenses

Sales and marketing expenses for the three months ended September 30, 2025 increased by $1.3 million, or 12%, compared to the three months ended September 30, 2024. The increase in expense was driven primarily by higher employee compensation costs, which included increases in salaries, benefits and commission as a result of headcount additions, including the acquisition of Nok Nok Labs, offset by lower bonus accruals and share-based compensation costs. Sales and marketing expenses for the nine months ended September 30, 2025 increased by $0.8 million, or 2%, compared to the nine months ended September 30, 2024. The increase was driven primarily by higher commission costs. This increase was partially offset by decreased software licensing costs due to optimizing services and lower travel and entertainment expenses.

Average full-time sales, marketing, support, and operating employee headcount for the three and nine months ended September 30, 2025 was 169 and 165, respectively, compared to 148 and 166 for the three and nine months ended September 30, 2024, respectively. Average headcount was 14% higher and 1% lower for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024.

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2025 increased by $1.3 million, or 17%, compared to the three months ended September 30, 2024. The increase in expense for the period was primarily driven by higher compensation costs as a result of headcount additions and higher consulting costs, in each case associated with the acquisition of Nok Nok Labs, partially offset by higher internal software capitalization costs. Research and development expenses for the nine months ended September 30, 2025 increased by $2.0 million, or 8%, compared to the nine months ended September 30, 2024. The increase in expense for the period was primarily driven by higher compensation costs, higher consulting costs and lower internal software capitalization costs.

Average full-time research and development employee headcount for the three and nine months ended September 30, 2025 was 238 and 229, respectively, compared to 228 and 239 for the three and nine months ended September 30, 2024, respectively. Average headcount was 4% higher and 4% lower for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2025 increased by $0.8 million, or 7%, compared to the three months ended September 30, 2024. The increase in expense for the three months ended September 30, 2025 as compared to the prior year period was largely driven by increased stock-based compensation expense and director fees in 2025 compared to prior year. General and administrative expenses for the nine months ended September 30, 2025 increased by $0.6 million, or 2%, compared to the nine months ended September 30, 2024. The increase in expense for the nine months ended September 30, 2025 as compared to the prior year period was largely driven by increased stock-based compensation expense and higher consulting costs in 2025 compared to the prior year. This increase was partially offset by lower employee compensation costs, which included a decrease in salaries, payroll taxes, and related benefits as a result of lower headcount as well as lower bonus accruals.

Average full-time general and administrative employee headcount for the three and nine months ended September 30, 2025 was 89 and 88, respectively, compared to 95 and 102 for the three and nine months ended September 30, 2024, respectively. Average headcount was 6% and 14% lower for the three and nine months ended September 30, 2025, compared to the same periods in 2024.

Restructuring and Other Related Charges

Restructuring and other related charges for the three months ended September 30, 2025 decreased by less than $0.1 million, or less than 1%, compared to the three months ended September 30, 2024. We currently expect that we will incur minimal restructuring charges related to the 2023 Actions for the remainder of 2025. Restructuring and other related charges for the nine months ended September 30, 2025 decreased by $2.7 million, or 70%, compared to the nine months ended September 30, 2024. The decrease was largely due to minimal headcount reduction, vendor rationalization costs and capitalized software write-off in 2025 compared to 2024.

Amortization of Intangible Assets

Amortization of intangible assets expense for the three months ended September 30, 2025 increased by $0.2 million, or 27%, compared to the three months ended September 30, 2024. Amortization of intangible assets expense for the nine months ended September 30, 2025 increased by $0.2 million, or 12%, compared to the nine months ended September 30, 2024. The increase for both periods related to increased intangible assets associated with the acquisition of Nok Nok Labs.

Segment Operating Income (Loss)

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

- **Security Solutions** operating income for the three months ended September 30, 2025 was $16.7 million, which was a year-over-year decrease of $3.5 million, or 17%, from the three months ended September 30, 2024. Operating income for the nine months ended September 30, 2025 was $60.6 million, which was a year-over-year decrease of $6.1 million, or 9% , from the nine months ended September 30, 2024. The decrease was largely due to higher sales and marketing expenses and research and development expenses, including those from the acquisition of Nok Nok Labs.

- **Digital Agreements** operating income for the three months ended September 30, 2025 was $4.2 million compared to an operating income of $3.4 million for the three months ended September 30, 2024. Operating income for the nine months ended September 30, 2025 was $10.4 million compared to operating income of $3.0 million for the nine months ended September 30, 2024. The improvement in operating income for the three and nine months ended September 30, 2025 was driven by higher gross profit and lower operating expenses, including research and development expenses, sales and marketing expenses, employee compensation costs, marketing expenses, and travel and entertainment costs.

Interest income, net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Interest income, net	$ 388	$ 624	$ 1,812	$ 1,246

Interest income, net, was $0.4 million and $0.6 million for the three months ended September 30, 2025 and 2024, respectively. Interest income, net, was $1.8 million and $1.2 million for the nine months ended September 30, 2025 and 2024, respectively. The increase in interest income for the nine months ended September 30, 2025 was due to higher average excess cash invested in the period compared to last year.

Other (Expense) Income, net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Other (expense) income, net	$ (208)	$ (1,915)	$ (886)	$ (1,293)

Other (expense) income, net, primarily includes subsidies received from foreign governments in support of our research and development in those countries, exchange gains (losses) on transactions that are denominated in currencies other than our subsidiaries' functional currencies, and other miscellaneous non-operational, non-recurring expenses.

Other expense, net, for both the three and nine months ended September 30, 2025 was $0.2 million and $0.9 million. Other expense, net, for the three and nine months ended September 30, 2024 was $1.9 million and $1.3 million, respectively. The change was largely driven by improvement in foreign exchange transaction losses in 2025 compared to foreign exchange transaction losses in 2024, particularly as the Euro strengthened against the U.S. Dollar.

Provision for Income Taxes

(In thousands)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Provision for income taxes	$ 1,893	$ 1,688	$ 7,480	$ 4,658

We recorded income tax expense of $1.9 million and $1.7 million for the three months ended September 30, 2025 and 2024, respectively. Higher income tax expense for the three months ended September 30, 2025 was primarily attributable to an increase in the effective tax rate related to higher nondeductible expenses and a lower change in valuation allowance benefit. We recorded income tax expense of $7.5 million and $4.7 million for the nine months ended September 30, 2025 and 2024, respectively. The increase in income tax expense for the nine months ended September 30, 2025 was primarily attributable to an increase in income before taxes and an increase in our effective tax rate, along with a $1.2 million tax benefit recorded during the nine months ended September 30, 2024 in connection with a Mutual Agreement Procedure request. Additional information on this request can be found in our 2024 Annual Report on Form 10-K.

Liquidity and Capital Resources

At September 30, 2025, we had cash and cash equivalent balances of $85.6 million. Our cash and cash equivalents balance includes money market funds and U.S. treasury bills with maturities at acquisition of less than three months.

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

We are party to lease agreements that require letters of credit to secure the obligations, which totaled $0.2 million as of December 31, 2024. The restricted cash related to the letters of credit that were held for a period greater than 12 months, and therefore, was recorded as "Restricted cash" and a long-term asset on the condensed consolidated balance sheets. The Company had no restricted cash balance recorded as of September 30, 2025.

As of September 30, 2025, we held $49.7 million of cash and cash equivalents in subsidiaries outside of the United States. Of that amount, $48.6 million is not subject to repatriation restrictions, but may be subject to taxes upon repatriation.

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

Our cash flows are as follows:

(In thousands)	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Cash provided by (used in):		
Operating activities	$ 46,885	$ 43,241
Investing activities	(20,015)	(7,326)
Financing activities	(26,323)	(2,832)
Effect of foreign exchange rate changes on cash and cash equivalents	1,676	1,215

Operating Activities

Changes in cash flows from operating activities primarily consists of net income, as adjusted for non-cash items, and changes in operating assets and liabilities. Non-cash adjustments consist primarily of allowance for credit losses, amortization of intangible assets, deferred taxes, depreciation of property and equipment, and stock-based compensation. We expect cash inflows from operating activities to be affected by increases or decreases in sales and timing of collections. Our primary uses of cash from operating activities have been for personnel and vendor costs. We expect cash outflows from operating activities to be affected by changes in personnel costs and the timing of payment of expenditures.

For the nine months ended September 30, 2025, $46.9 million of cash was provided by operating activities. This was driven by a higher net income for the period and increases in stock-based compensation and depreciation and amortization, partially offset by a reduction in asset write-offs. For the nine months ended September 30, 2024, $43.2 million of cash was provided by operating activities.

Our working capital at September 30, 2025 was $67.5 million compared to $64.6 million at December 31, 2024. The increase was driven primarily by increases to contract assets and decreases in accounts receivable, accounts payable, and deferred revenues.

Investing Activities

Changes in cash flows from investing activities primarily relate to purchases of property and equipment, capitalized software activities, and activity in connection with acquisitions. We expect to continue to purchase property and equipment to support the growth of our business as well as to continue to invest in our infrastructure and activity in connection with potential acquisitions.

For the nine months ended September 30, 2025, net cash used in investing activities was $20.0 million, compared to net cash used in investing activities of $7.3 million for the nine months ended September 30, 2024. Cash used in investing activities primarily consisted of cash paid for the acquisition of Nok Nok Labs and additions to property and equipment.

Financing Activities

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

Cash of $26.3 million used in financing activities during the nine months ended September 30, 2025 was attributable to dividends paid, cash paid for share repurchases, tax payments for stock issuances, and payment of debt issuance costs. Cash of $2.8 million used in financing activities during the nine months ended September 30, 2024 was attributable to tax payments for stock issuances and cash paid for the holdback component of a prior year acquisition.

Key Business Metrics and Non-GAAP Financial Measures

In our quarterly earnings press releases and conference calls, we discuss the below key metrics and financial measures that are not calculated according to generally accepted accounting principles ("GAAP"). These metrics and non-GAAP financial measures help us monitor and evaluate the effectiveness of our operations and evaluate period-to-period comparisons. Management believes that these metrics and non-GAAP financial measures help illustrate underlying trends in our business. We use these metrics and non-GAAP financial measures to establish budgets and operational goals (communicated internally and externally), manage our business and evaluate our performance. We also believe that both management and investors benefit from referring to these metrics and non-GAAP financial measures as supplemental information in assessing our performance and when planning, forecasting, and analyzing future periods. We believe these metrics and non-GAAP financial measures are useful to investors both because they allow for greater transparency with respect to financial measures used by management in their financial and operational decision-making and also because they are used by investors and the analyst community to help evaluate the health of our business.

Annual Recurring Revenue

We use annual recurring revenue, or ARR, as an approximate measure to monitor the growth of our recurring business. ARR represents the annualized value of the active portion of SaaS, term-based license, and maintenance and support contracts at the end of the reporting period. ARR is calculated as the approximate annualized value of our customer recurring contracts as of the measurement date. These include subscription, term-based license, and maintenance and support contracts and exclude one-time fees. For term-based license arrangements, the amount included in ARR is consistent with the amount that we invoice the customer annually for the term-based license transaction. A customer with a one-year term-based license contract will be invoiced for the total value of the contract at the beginning of the contractual term, while a customer with a multi-year term-based license contract will be invoiced for each annual period at the beginning of each year of the contract. For contracts that include annual values that increase over time because there are additional deliverables in subsequent periods, we include in ARR only the annualized value of components of the contract that are considered active as of the date of the ARR calculation. We do not include the future committed increases in the contract value as of the date of the ARR calculation.

We consider a contract to be active from when the product or service contractual term commences (the "start date") until the right to use the product or service ends (the "expiration date"). Even if the contract with the customer is executed before the start date, the contract will not count toward ARR until the customer right to receive the benefit of the products or services has commenced.

To the extent that we are negotiating a renewal with a customer within 90 days after the expiration of a recurring contract, we continue to include that revenue in ARR if we are actively in discussions with the customer for a new recurring contract or renewal and the customer has not notified us of an intention not to renew. We exclude from the calculation of ARR renewal contracts that are more than 90 days after their expiration date, even if we are continuing to negotiate a renewal at that time.

ARR is not calculated based on recognized or unearned revenue and there is no direct relationship between revenue recognized in accordance with ASC 606 and the Company's ARR business metric. We believe ARR is a valuable operating measure to assess the health of our SaaS, term-based license, and maintenance and support contracts because it illustrates our customer recurring contracts as of the measurement date. ARR is not a forecast of future revenue, which can be impacted by contract start and end dates and renewal rates, and does not include revenue from perpetual licenses, purchases of Digipass authenticators, training, professional services or other sources of revenue that are not deemed to be recurring in nature.

ARR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue as ARR is an operating metric and is not intended to be combined with or replace these items. Investors should consider our ARR operating measure only in conjunction with our GAAP financial results.

At September 30, 2025, we reported ARR of $180.2 million, which was 10% higher than ARR of $163.9 million at September 30, 2024, and included the ARR contribution from our acquisition of Nok Nok Labs, which closed on June 4, 2025. ARR primarily consists of the annualized value of the active portions of term-based license and SaaS contracts, and to a lesser extent, maintenance contracts. Changes in foreign exchange rates as compared to the prior year positively impacted ARR by approximately $0.2 million.

Net Retention Rate

Net Retention Rate, or NRR, is defined as the approximate year-over-year percentage growth in ARR from the same set of customers at the end of the prior year period. It measures our ability to increase revenue across our existing customer base through expanded use of our platform, offset by customers whose subscription contracts with us are not renewed or renew at a lower amount. Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with customers. NRR is an important way in which we track our performance in this area.

We reported NRR of 103% at September 30, 2025 as compared to 106% at September 30, 2024. The year-over-year change in NRR was primarily due to a decrease in expansion contracts and to a lesser extent, an increase in contracts that reduced in value, or contracted, partially offset by a reduction in churned contracts.

Adjusted EBITDA

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

The following table reconciles net income as reported on our condensed consolidated statements of operations to Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2025	2024	2025	2024
Net income	$ 6,514	$ 8,273	$ 29,361	$ 28,294
Interest income, net	(388)	(624)	(1,812)	(1,246)
Provision for income taxes	1,893	1,688	7,480	4,658
Depreciation and amortization of intangible assets (1)	2,566	1,941	7,152	6,086
Long-term incentive compensation and related payroll tax expense (2)	3,627	3,020	10,553	7,082
Restructuring and other related charges (3)	1,001	720	1,535	5,454
Other non-recurring items (4)	2,322	1,983	3,939	3,060
Adjusted EBITDA	$ 17,535	$ 17,001	$ 58,208	$ 53,388

(1) Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of $1.3 million and $3.7 million for the three and nine months ended September 30, 2025, respectively, and $0.7 million and $2.4 million for the three and nine months ended September 30, 2024, respectively. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

(2) Long-term incentive compensation and related payroll tax expense includes stock-based compensation and related payroll tax expense, and cash incentive grants awarded to employees located in jurisdictions where we do not issue stock-based compensation due to tax, regulatory or similar reasons. The immaterial expense associated with these cash incentive grants was less than $0.1 million and $0.1 million for the three months ended September 30, 2025 and 2024, respectively, and less than $0.1 million and $0.2 million for the nine months ended September 30, 2025 and 2024, respectively.

Starting January 1, 2025, employer payroll taxes related to employee stock-based award transactions are included in long-term incentive compensation and related payroll tax expense. Prior period amounts have been adjusted to reflect these changes. We are excluding these payroll taxes from Adjusted EBITDA results since they are tied to the timing and size of the vesting of the underlying stock-based awards and the price of our common stock at the time of vesting, which may vary from period to period independent of our operating performance. Employer payroll taxes related to employee stock-based award transactions amounted to $0.2 million and $0.3 million for the three months ended September 30, 2025 and 2024, respectively, and $0.9 million and $0.7 million for the nine months ended September 30, 2025 and 2024, respectively.

(3) Includes write-offs of property and equipment, net, of $0.7 million for the three and nine months ended September 30, 2025. Includes write-offs of intangible assets and property and equipment, net, of $0.8 million and $1.0 million, respectively, for the nine months ended September 30, 2024. Costs are recorded in "Services and other cost of goods sold" and "Restructuring and other related charges," respectively, on the condensed consolidated statements of operations.

Includes restructuring and other related charges of than $0.4 million and $0.4 million for the three and nine months ended September 30, 2025, respectively, and less than $0.1 million and $0.1 million for the three and nine months ended September 30, 2024. These charges are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

(4) For the three months ended September 30, 2025 and 2024, other non-recurring items consist of $2.3 million and $2.0 million, respectively, of fees related to non-recurring projects. For the nine months ended September 30, 2025 and 2024, other non-recurring items consist of $3.9 million and $3.1 million, respectively, of fees related to non-recurring projects.

Adjusted EBITDA for the three months ended September 30, 2025 was $17.5 million compared to $17.0 million for the three months ended September 30, 2024. The increase was largely driven by lower costs of golds sold and lower foreign exchange losses, partially offset by increased sales and marketing and research and development expenses. Adjusted EBITDA for the nine months ended September 30, 2025 was $58.2 million compared to $53.4 million for the nine months ended September 30, 2024. The increase was largely driven by lower costs of goods sold and lower foreign exchange losses, partially offset by increased sales and marketing and research and development expenses. Year-over-year changes in foreign exchange rates unfavorably impacted Adjusted EBITDA by approximately $0.1 million for the three months ended September 30, 2025 and favorably impacted Adjusted EBITDA by approximately $0.1 million for the nine months ended September 30, 2025.

Critical Accounting Policies

Our accounting policies are fully described in Note 1, *Summary of Significant Accounting Policies*, to our Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2024 and Note 2, *Summary of Significant Accounting Policies,* of our interim Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for the three months ended September 30, 2025.

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our market risk during the three months ended September 30, 2025. For additional information, refer to Part II, Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, included in our Form 10-K.

Item 4 - Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There have been no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended September 30, 2025.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

We are subject to certain legal proceedings and claims incidental to the operation of our business. We are also subject to certain other legal proceedings and claims that have arisen in the ordinary course of business that have not been fully adjudicated. We currently do not anticipate that these matters, if resolved against us, will have a material adverse impact on our financial results.

For further information regarding our legal proceedings and claims, see Note 17, *Legal Proceedings and Contingencies*, included in Part I, Item 1, *Condensed Consolidated Financial Statements*, of this Quarterly Report on Form 10-Q.

Item 1A – Risk Factors

There have been no material changes in or additions to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 27, 2025 and Part II, Item IA of our Quarterly Report on Form 10-Q for the three months ended March 31, 2025 filed with the SEC on May 1, 2025.

Item 2 – Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The following table provides information about purchases by the Company of its shares of common stock during the third quarter of 2025:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2025 through July 31, 2025	—	$ —	—	$ 50,000,000
August 1, 2025 through August 31, 2025	391,697	$ 13.95	391,697	$ 44,537,394
September 1, 2025 through September 30, 2025	56,046	$ 14.90	56,046	$ 43,702,420

(1) On May 9, 2024, the Board of Directors terminated the stock repurchase program adopted on May 11, 2022 and adopted a new stock repurchase program under which the Company is authorized to repurchase up to $50.0 million of our issued and outstanding shares of common stock. Share purchases under the program will take place in open market transactions, privately negotiated transactions or tender offers, and may be made from time to time depending on market conditions, share price, trading volume, and other factors. The timing of the repurchases and the amount of stock repurchased in each transaction is subject to our sole discretion and will depend upon market and business conditions, applicable legal and credit requirements, and other corporate considerations. The authorization is effective until May 9, 2026 unless the total amount has been used or authorization has been cancelled.

Item 6 - Exhibits

Exhibit 31.1 – Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 30, 2025

Exhibit 31.2 – Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 30, 2025.

Exhibit 32.1 – Section 1350 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 30, 2025.

Exhibit 32.2 – Section 1350 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 30, 2025

Exhibit 101.INS – Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

Exhibit 101.SCH – Inline XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL – Inline XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.LAB – Inline XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE – Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 101.DEF – Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 104 – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 30, 2025.

OneSpan Inc.

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

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

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Victor Limongelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneSpan Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons fulfilling the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 30, 2025

/s/ Victor Limongelli

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

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jorge Martell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneSpan Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons fulfilling the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 30, 2025

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

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Victor Limongelli, certify, based upon a review of the Quarterly Report on Form 10-Q for OneSpan Inc. for the third quarter ended September 30, 2025, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Victor Limongelli

Victor Limongelli
President and Chief Executive Officer

October 30, 2025

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Jorge Martell, certify, based upon a review of the Quarterly Report on Form 10-Q for OneSpan Inc. for the third quarter ended on September 30, 2025, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Jorge Martell

Jorge Martell
Chief Financial Officer

October 30, 2025