

# Investor Presentation – Q1 2025

May 1, 2025



# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding our 2025 financial guidance; our plans to continue our focus on operational excellence and drive efficient revenue growth and profitability over the long-term; and our general expectations regarding our operational or financial performance in the future. Forward-looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "intend", "continue", "outlook", "may", "will", "should", "could", or "might", and other similar expressions. These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could materially affect our business and financial results include, but are not limited to: our ability to 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; unintended costs and consequences of our cost reduction and restructuring actions, including higher than anticipated restructuring charges, disruption to our operations, litigation or regulatory actions, or employee turnover; 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, as updated by the "Risk Factors" section of our subsequent Quarterly Reports on Form 10-Q (if any). Our filings with the Securities and Exchange Commission (the "SEC") and other important information can be found in the Investor Relations section of our website at [investors.onespan.com](http://investors.onespan.com). Statements in this presentation are made as of May 1, 2025, and the continued availability of this presentation after that date shall under no circumstances create an implication that the information contained herein is correct as of any date after May 1, 2025. We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this presentation, except as required by law.

# Company Overview



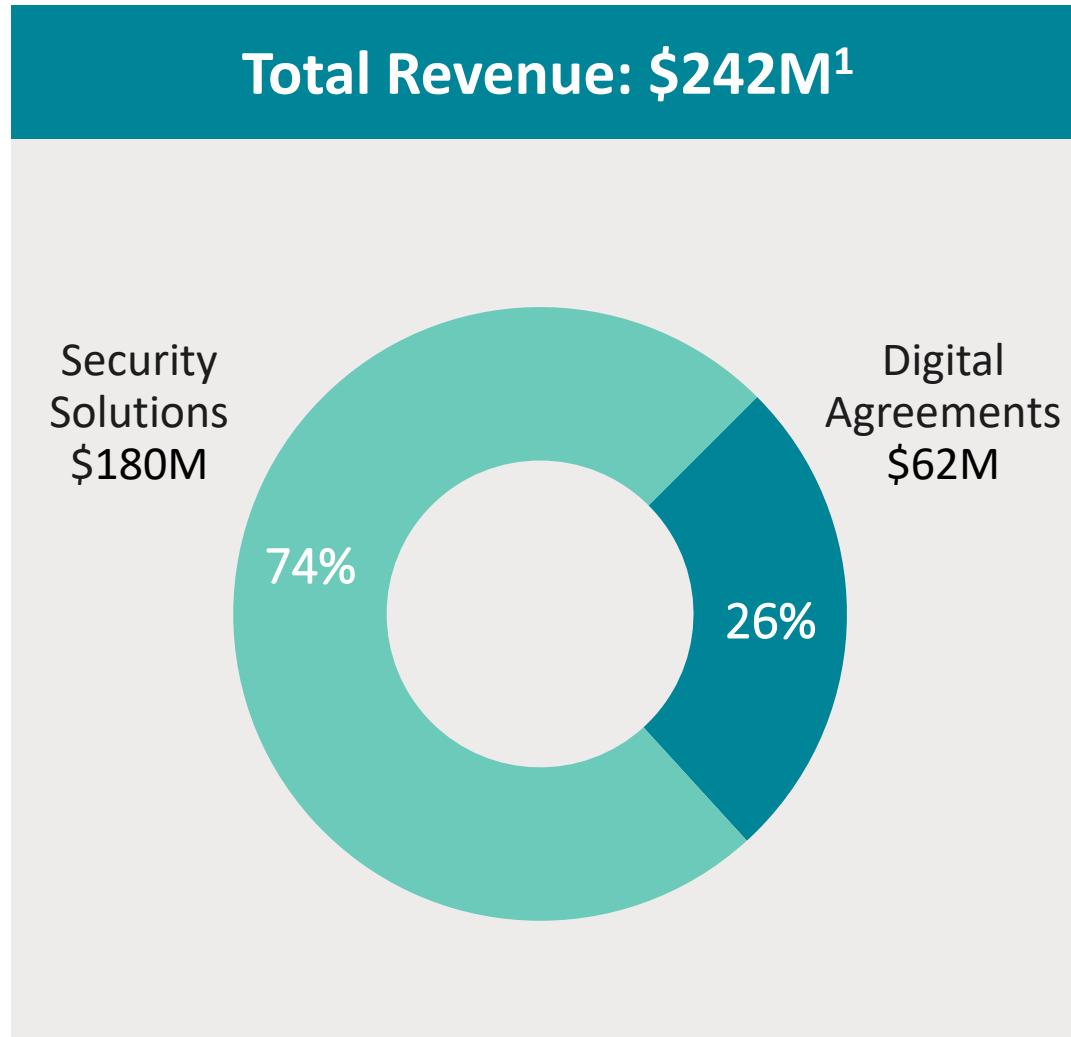
# OneSpan At-a-Glance<sup>1</sup>



# Trusted Security Partner to Global Blue-Chip Enterprises

Banking	Other Financial Services	Insurance	Government	Healthcare	Other
                  	<i>Action Financial Services, LLC</i>        	        	     	     	        

# Security Solutions & Digital Agreements Business Units



Common BU Attributes		
Operational Excellence		
Recurring Revenue Growth		
Enterprise Class Solutions		
Key Verticals – BFSI, Healthcare, Government		
Revenue by Geography <sup>1,2</sup>		
EMEA	45%	Mostly Security
Americas	36%	DA > Security
APAC	20%	Mostly Security

# SECURITY SOLUTIONS

- Trusted by the who's who of global banks to secure high value digital transactions
- (5%) Revenue growth<sup>1,2</sup>
- 6% Software & Services growth<sup>1,3</sup>
- **23% Subscription revenue growth<sup>1,3</sup>**
- **49% Segment operating margin<sup>1</sup>**
- Expanding solution set and channel partnerships to help drive future revenue growth

## Industry Leader in Securing Digital Banking Transactions



**MFA & Passwordless Authentication**



**Digital Transaction Security**



**Mobile Application Protection**

## Expanding into Workforce Authentication



**Digipass and Digipass FIDO2 Authenticators**

<sup>1</sup> Trailing twelve-months as of 3/31/25.

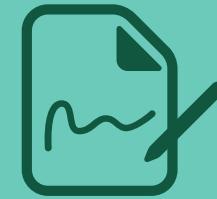
<sup>2</sup> The year-over-year decline in revenue growth is primarily attributed to a decline in hardware revenue driven by certain banks in EMEA and Asia Pacific adopting mobile-first policies with respect to consumer banking, and to a lesser extent, headwinds related to the sunsetting of certain software solutions.

<sup>3</sup> Sunsetted products impacted TTM Software & Services and TTM Subscription revenue growth by two and four percentage points, respectively.

# DIGITAL AGREEMENTS

- Robust security, white-labelling and pricing model differentiate; transition to SaaS substantially complete
- 16% Revenue growth<sup>1,2</sup>
- Transition to SaaS model substantially complete
- **23% Subscription revenue growth<sup>1</sup>**
- **20% average segment operating margin over the last three quarters<sup>3</sup>**
- Land and expand model with focus on new logos and profitable growth

## Key Enterprise-Class Solutions



E-Signatures



Identity Verification

## Add-on Offerings



Smart Forms



Remote Notary &  
Virtual Room



Secure Storage

<sup>1</sup> Trailing twelve-months as of 3/31/25.

<sup>2</sup> Sunsetted products impacted TTM revenue growth by 5 percentage points..

<sup>3</sup> Digital Agreements reported operating profits beginning Q3 2024.

# GTM Focused on Enterprise Sales and Growing Partner Network

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

# Competitive Differentiation

-  **World-class security DNA in authentication, transaction signing and identity verification**
-  **Deep expertise in end-user experience, cloud workflows, document verification and e-signatures**
-  **Strong roots and experience in highly regulated global markets**
-  **Broadest authentication portfolio in the industry; Enterprise-class e-signature provider**
-  **Global blue-chip installed base with deep roots in financial institutions**

# Financial Highlights & Outlook



# Q1 2025 Financial Highlights

**\$63M**

Revenue  
(-2% growth)

**\$44M**

Subscription Revenue  
(9% growth)

**\$168M**

ARR<sup>1</sup>  
(9% growth)

**107%**

NRR<sup>2</sup>

**\$23M**

Adjusted EBITDA  
(36% margin)

**\$0.45**

Non-GAAP EPS

**\$105M**

Cash and Equiv.  
no long-term debt

**\$0.12**

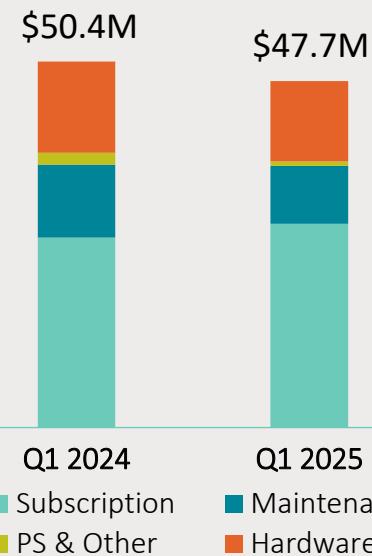
Dividend<sup>3</sup>

<sup>1,2</sup> See appendix for definition.

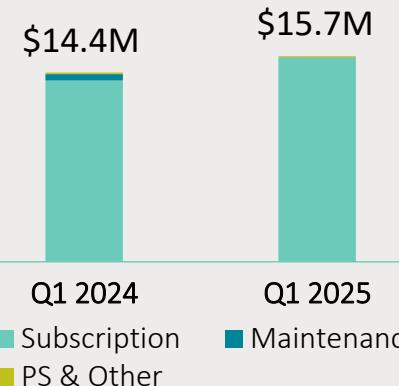
<sup>3</sup> OneSpan paid its first regular quarterly cash dividend of \$0.12 per share in Q1 2025. In late April 2025, the Company's Board of Directors approved an additional cash dividend of \$0.12 per share, payable on June 6, 2025, to shareholders of record at the close of business on May 16, 2025.

# Q1 2025 Revenue Growth<sup>1,2</sup>

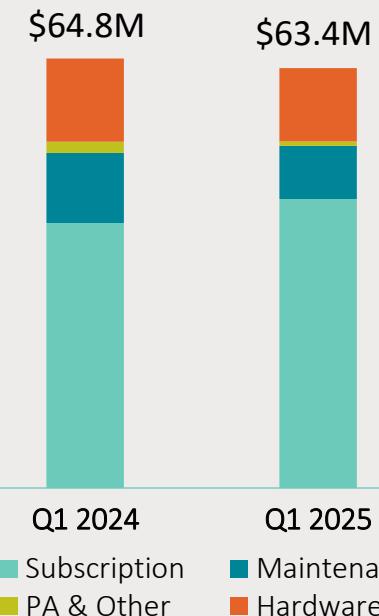
## Security Solutions (-5% growth)



## Digital Agreements (9% growth)



## Total Company (-2% growth)



- Subscription revenue increased 7%;
- Maintenance & PS rev. decreased by design
- Hardware revenue decreased 12%

- Subscription revenue increased 13%
- Maintenance & PS rev. decreased by design
- Total DA revenue increased 9%

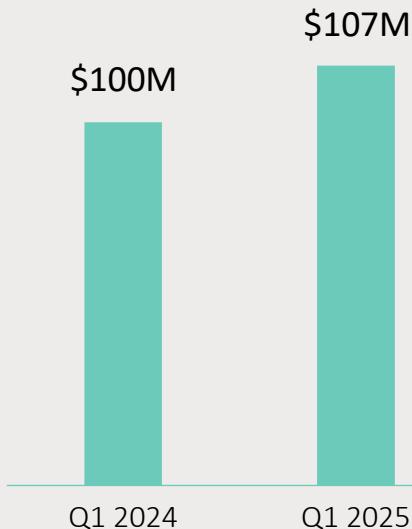
- Subscription revenue increased 9%;
- Maintenance & PS rev. decreased by design
- Total revenue decreased 2%

<sup>1</sup> Revenue headwind from sunsetted products totaled approximately \$1.4 million in Q1 2025.

<sup>2</sup> Headwinds from sunsetted products impacted Security subscription revenue growth by 3 percentage points, Security total revenue growth by 2 percentage points, Digital Agreements subscription revenue growth by 2 percentage points, Digital Agreements total revenue growth by 4 percentage points, total company subscription revenue by 3 percentage points, and total company revenue growth by 2 percentage points.

# Q1 2025 ARR Growth<sup>1</sup>

## Security Solutions (7% growth)



## Digital Agreements (12% growth)



## Total Company (9% growth)



<sup>1</sup> Headwinds from sunsetted products impacted Security ARR growth by 2 percentage points, Digital Agreements ARR growth by 2 percentage points, and total company ARR growth by 2 percentage points.

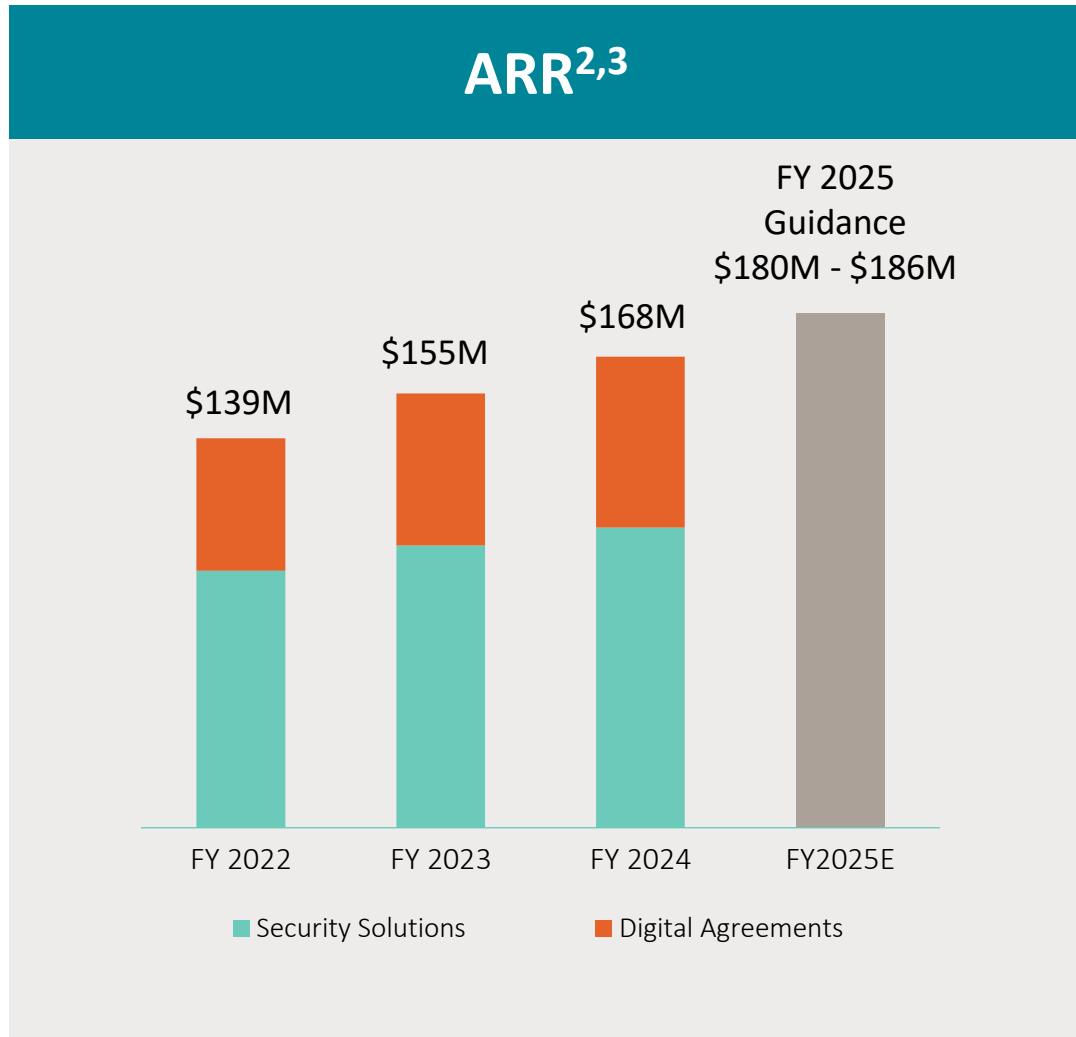
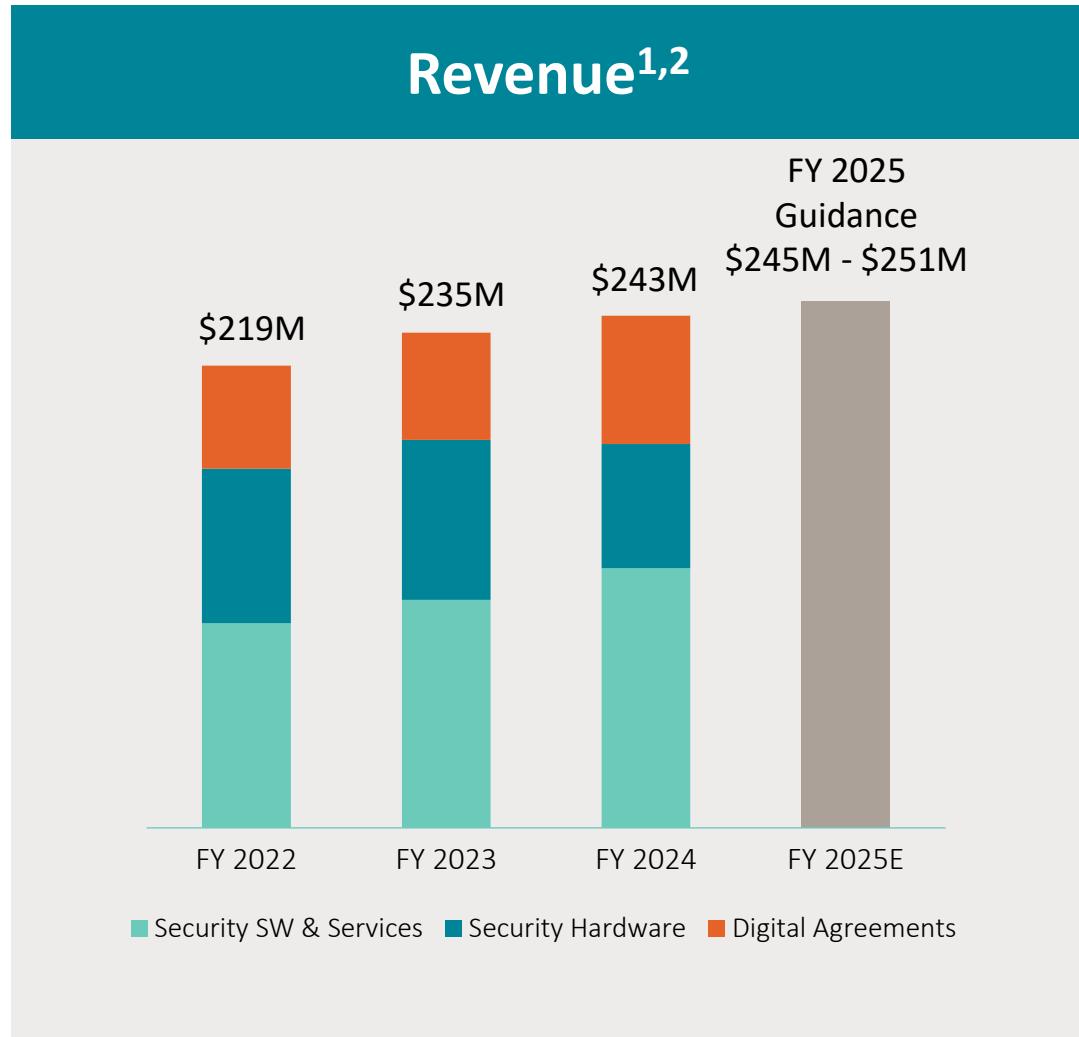
# 2025 Guidance Metrics

Metric	FY 2025 Guidance
Revenue	\$245M – \$251M
Adjusted EBITDA <sup>1</sup>	\$72M – \$76M
ARR <sup>2</sup>	\$180M – \$186M

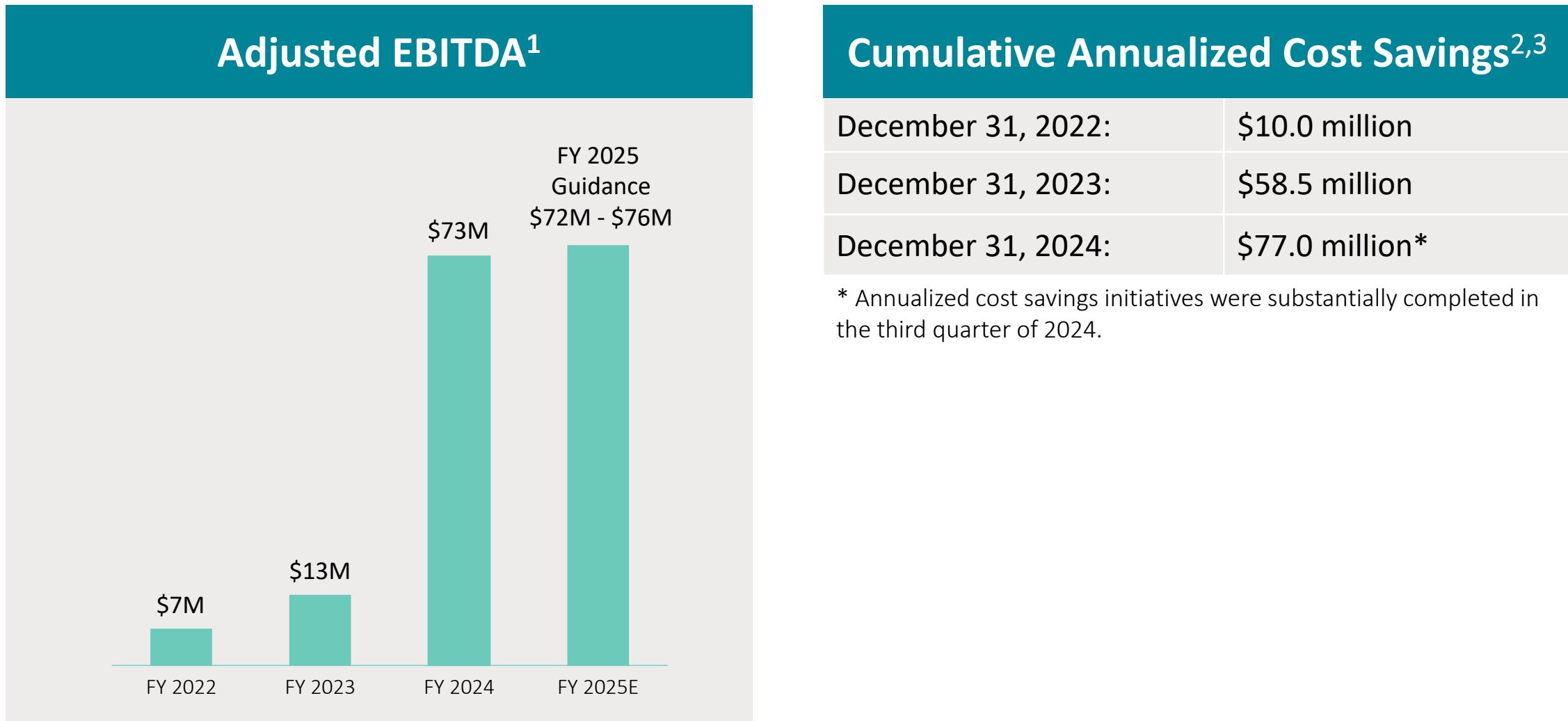
<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. The Company is not providing a reconciliation of Adjusted EBITDA guidance to GAAP net income, the most directly comparable GAAP measure, because we are unable to predict certain items included in GAAP net income without unreasonable efforts.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

<sup>2</sup> See Appendix for definition.

# Revenue and ARR: FY 2025 Guidance and Prior Year Results



# Adjusted EBITDA: Sharp Increase Driven by Cost Reductions



<sup>1</sup> Starting January 1, 2025, payroll taxes related to employee stock-based award transactions are included in the Adjusted EBITDA add-back. Prior period amounts have been adjusted to reflect these changes.

<sup>2</sup> Approximate combined annualized cost savings as of the dates noted from Phase Two of our Restructuring Plan, announced May 2022, and our 2023 Cost Reduction Actions, announced August 2023. In early 2024, we identified opportunities for additional cost reductions, as well as operational efficiencies, totaling incremental cost savings during the year of approximately \$10 million on an annualized basis.

<sup>3</sup> Phase one of our Restructuring Plan was announced in December 2021 and was substantially completed by March 31, 2022, resulting in approximately \$11.8 million of annualized cost savings.

# Appendix

# Reconciliation of Net Income to Adjusted EBITDA<sup>5</sup> (in thousands, unaudited)

	Three months ended March 31,	
	2024	2025
Net income (loss)	\$ 13,468	\$ 14,505
Interest income (expense), net	(101)	(692)
Provision for income taxes	1,034	3,360
Depreciation and amortization of intangible assets <sup>1</sup>	2,082	2,129
Long-term incentive compensation and related payroll taxes <sup>2</sup>	2,046	3,248
Restructuring and other related charges <sup>3</sup>	1,516	446
Other non-recurring items <sup>4</sup>	171	39
<b>Adjusted EBITDA</b>	<b>\$ 20,216</b>	<b>\$ 23,035</b>

<sup>1</sup> Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of \$1.1 million and \$0.8 million for the three months ended March 31, 2025 and 2024, respectively. Costs are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

<sup>2</sup> 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 March 31, 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. Employer payroll taxes related to employee stock-based award transactions amounted to \$0.5 million and \$0.4 million for the three months ended March 31, 2025 and 2024, respectively. Employer payroll taxes related to employee stock-based award transactions amounted to \$0.9 million for the twelve months ended December 31, 2024.

<sup>3</sup> Includes restructuring and other related charges of less than \$0.1 million for both the three months ended March 31, 2025 and 2024. These charges are recorded in "Services and other cost of goods sold" on the condensed consolidated statements of operations.

<sup>4</sup> For the three months ended March 31, 2025 and 2024, other non-recurring items consist of less than \$0.1 million and \$0.2 million, respectively, of fees related to non-recurring projects.

<sup>5</sup> Adjusted EBITDA is a non-GAAP financial measure. The Company is not providing a reconciliation of Adjusted EBITDA guidance to GAAP net income, the most directly comparable GAAP measure, because we are unable to predict certain items included in GAAP net income without unreasonable efforts. Please refer to slide 21 for definitions and additional information about Adjusted EBITDA.

# Definitions

1 - **ARR, or Annual Recurring Revenue**, is calculated as the approximate annualized value of our customer recurring contracts as of the measurement date. These include subscription, term-based license, and maintenance and support contracts and exclude one-time fees. To the extent that we are negotiating a renewal with a customer within 90 days after the expiration of a recurring contract, we continue to include that revenue in ARR if we are actively in discussion with the customer for a new recurring contract or renewal and the customer has not notified us of an intention to not renew. See our Annual Report on Form 10-K for the year ended December 31, 2024 or any subsequently filed quarterly reports on Form 10-Q for additional information describing how we define ARR, including how ARR differs from GAAP revenue.

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

# Non-GAAP Financial Measures

We report financial results in accordance with GAAP. We also evaluate our performance using certain non-GAAP financial metrics, including Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Net Income Per Diluted Share. Our management believes that these measures, when taken together with the corresponding GAAP financial metrics, provide useful supplemental information regarding the performance of our business, as further discussed in the descriptions of each of these non-GAAP metrics below.

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

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. 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.

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

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

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