

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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
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
(State or Other Jurisdiction of
Incorporation or Organization)

36-4169320
(IRS Employer
Identification No.)

1 Marina Park Drive, Unit 1410
Boston, Massachusetts 02210
(Address of Principal Executive Offices)(Zip Code)
Registrant's telephone number, including area code:
312-766-4001
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$.001 per share	OSPN	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the act. Yes No

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 definition 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 Smaller reporting company Emerging growth 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 pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2024, the aggregate market value of voting and non-voting common equity (based upon the last sale price of the common stock as reported on the NASDAQ Capital Market on June 30, 2024) held by non-affiliates of the registrant was \$479,950,263 at \$12.82 per share.

As of February 21, 2025, there were 38,175,819 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

Auditor Name: KPMG LLP

Auditor Location: Chicago, IL

Auditor Firm ID: 185

OneSpan Inc.
Annual Report on Form 10-K
For the Year Ended December 31, 2024
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References to OneSpan

Throughout this Annual Report on Form 10-K, the “Company,” “OneSpan,” “we,” “us,” and “our,” except where the context requires otherwise, refer to OneSpan Inc. and its consolidated subsidiaries, and “our board of directors” refers to the board of directors of OneSpan Inc.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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 of our operating segments, with a particular emphasis on subscription revenue growth; our focus on high-margin software solutions and continued investment in hardware authentication solutions; revenue trends, including revenue expectations for our hardware business; estimates concerning the timing and amount of savings, improvements in Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), and/or restructuring charges that may result from our cost reduction and restructuring actions; 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: 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 this Annual Report on Form 10-K. Our filings with the Securities and Exchange Commission (the “SEC”) and other important information can be found in the Investor Relations section of our website at investors.onespan.com. We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this Form 10-K, except as required by law.

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

PART I

Item 1 – Business

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 combine identity verification, electronic 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 secure authentication 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.

Business Segments

We report our financial results under the following two lines of business, which are our reportable operating 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 and transaction signing solutions, such as mobile application security and mobile software tokens.
- **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.

Business Developments

During 2022 and the first half of 2023, OneSpan was operating under a three-year strategic plan that focused on driving revenue growth in Digital Agreements. However, in mid-2023, we determined that we were unlikely to achieve the revenue growth levels set forth in that strategic plan within the contemplated three-year timeframe due to a number of factors, including increasing maturity and competitiveness in the market for e-signature solutions, limited awareness of our brand among buyers of e-signature tools, and higher pricing aggressiveness from competitors.

In response to these challenges, we modified our strategy to focus more heavily on improving profitability across the business. To this end, in August 2023, our Board approved additional restructuring actions designed to achieve higher levels of profitability while maintaining the Company's long-term growth potential.

We now seek to drive profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth. Digital Agreements became profitable for the first time in the third quarter of 2024 and both operating segments were profitable for the full year 2024. Security Solutions and Digital Agreements subscription revenue grew 33% and 28% year-over-year in 2024, respectively.

Security Solutions total revenue decreased 1% in 2024, largely due to a reduction in hardware revenues driven by certain customers adopting a “mobile first” approach, which prioritizes the mobile user experience over traditional desktop experiences, particularly for consumer banking. This approach has resulted in a reduction of Digipass hardware authenticator sales and an increase in sales of software authentication licenses delivered through software applications on mobile devices. As organizations embrace the convenience and accessibility of mobile technology, we expect to increase our focus on high-margin software solutions while continuing to invest in our hardware authentication solutions in order to meet diverse customer needs.

Digital Agreements total revenue increased 20% in 2024 and we substantially completed transitioning the segment to a software as a service ("SaaS") revenue model.

Industry Background

While digital transformation, the shift to cloud-delivered experiences and the growing adoption of artificial intelligence ("AI")-powered technologies across all industries have helped increase the pace of innovation and business execution, they have also increased security risks for organizations, their customers, and their employees. People and records associated with business interactions, transactions, and agreements have become the biggest attack surface, or point of vulnerability, to cyber-attacks.

Account takeover attacks ("ATO"), a rapidly growing cyber threat, are exploiting vulnerabilities in user authentication, targeting individuals and enterprises alike. Another growing threat is authorized push payment fraud (APP fraud), in which victims are manipulated into making real-time payments to fraudsters, typically by social engineering attacks involving impersonation. Additionally, the rise of generative AI in cyber threats has amplified the sophistication of phishing campaigns and social engineering attacks. Without secure and enforceable business processes and outcomes, companies everywhere are vulnerable to these and other cybersecurity threats. However, current security measures are typically at odds with the pressure for organizations to drive growth and support increasing customer expectations for frictionless user experiences.

For high-value transactions and agreements that have shifted to digital workflows, these challenges are amplified due to the fragmented legal requirements, regulatory rules, and complexity associated with doing business across state and national borders. In addition to automating and securing these digital workflows, cross-border identity verification, data privacy, and sovereignty regulations vary from one jurisdiction to the next, complicating compliance for organizations operating globally.

We expect that these trends will continue to accelerate and evolve, creating an opportunity for OneSpan to leverage our global security roots to deliver technology that enables intuitive yet secure customer experiences.

Our Products and Services Portfolio

We offer a portfolio of security, authentication, identity, electronic signature, and digital workflow products and solutions through our two business segments, Security Solutions and Digital Agreements.

Security Solutions

Cloud Authentication is a quick-to-deploy, cloud-based multi-factor authentication solution that supports a full range of authentication options including biometrics, push notification, visual cryptograms for transaction data security, SMS, and hardware authenticators. This allows customers to solve strong authentication problems across different endpoints to best meet their unique requirements through a single provider rather than integrating multiple modalities together. It eliminates cost associated with managing legacy on-premises authentication technology and provides a straightforward upgrade path to more comprehensive capabilities such as intelligent adaptive authentication.

Mobile Security Suite is a comprehensive software development Kit (SDK) and unique single framework that integrates built-in application security to allow for a variety of strong authentication technologies, dynamic linking, WYSIWYS (What-You-See-Is-What-You-Sign), authentication orchestration, and improved authentication user interface. Through a comprehensive library of APIs, customers can extend and strengthen security for applications, deliver user convenience, and streamline the application deployment and lifecycle management process.

Mobile Application Shielding protects mobile applications from attacks by malware, allowing secure usage of mobile applications even in hostile environments (e.g., on jailbroken mobile phones). The technology helps protect mobile application code against malicious code injection such that if a device becomes infected with malware, the application shielding technology will detect and prevent that code from running.

Authentication Server is a comprehensive, centralized, and flexible authentication platform designed to provide full lifecycle management through a single, integrated system. It enables secure multi-factor authentication for digital transactions and user access, supporting a wide range of authentication methods, including biometrics, one-time passwords, and mobile push notifications. By offering broad access to enterprise resources—from SSL VPNs to cloud-based applications—it enhances security while simplifying authentication management for both administrators and end users.

Authentication Suite is a comprehensive solution designed to protect organizations from cyber threats while offering authentication experiences across channels. With a flexible API-driven backend, support for both hardware and software authenticators, and a robust mobile SDK, the suite provides scalable security for high-volume applications like online banking, e-commerce, and gaming. Organizations can tailor authentication methods to meet their unique security needs, leveraging industry standards and technologies such as the FIDO and OATH standards, our Digipass technology, and our Cronto visual transaction signing solution for enhanced protection against sophisticated attacks. Its integration capabilities simplify deployment without disrupting existing systems, while built-in mobile authentication licenses enable secure user access across multiple devices.

Digipass Authenticators are our hardware authenticators, consisting of a wide variety of authentication devices, each of which has its own distinct characteristics to meet the needs of our customers. All models of Digipass authenticators are designed to work together so customers can switch devices without making changes to their existing infrastructure, and they are also fully interoperable with our mobile authentication software. Our Digipass models range from one-button devices and smart card readers to devices that include more advanced technologies, such as public key infrastructure ("PKI") and visual cryptography.

Our Digipass authenticators provide proven multi-factor authentication and transaction data signing. Our newer Digipass FX family of authenticators are FIDO2-certified phishing-resistant passkeys that enable passwordless authentication, significantly reducing the risk of social engineering. Our Digipass FX authenticators use the FIDO2 protocol, employing a private and public key pair system whereby private keys and biometric data never leave the device, thereby avoiding vulnerabilities associated with human error, such as phishing and password reuse.

Digital Agreements

OneSpan Sign supports a broad range of e-signature requirements from simple to complex, and from the occasional agreement to processing tens of thousands of transactions. OneSpan Sign provides multiple public cloud deployment options to meet global data residency needs. The solution is also available in a Federal Risk and Authorization Management Program ("FedRAMP") SaaS-level compliant cloud, allowing U.S. government agencies to implement e-signatures in the cloud and meet General Services Administration ("GSA") security requirements.

Customers can fully "white label" and configure OneSpan Sign to reinforce their brand for a seamless signing experience. Each step of the digital agreement workflow can be customized, from authentication to e-signing and secure digital storage. OneSpan Sign also provides comprehensive and secure electronic evidence for strong legal protection by capturing all actions that took place during the agreement process. This reduces the time and cost of gathering evidence and demonstrating legal and regulatory compliance. E-signature capabilities can be a critical component of the account opening and onboarding processes, providing a secure and user-friendly way to execute legally binding agreements.

OneSpan Notary is an online notary solution developed for organizations with in-house notaries. It includes live electronic signature, two-way secured videoconferencing, and strong identity proofing options, like ID Verification and Knowledge-based Authentication ("KBA"). It also simplifies the notarization process with guided workflows, the ability to upload eNotary Seal, recording, eJournaling, and audit trail capabilities in a single solution. OneSpan Notary is currently available for use in 30 U.S. states.

OneSpan Identity Verification gives banks and other financial institutions access to a wide range of identity verification services – all through a single API integration. This includes identity document (e.g., driver's license, passport, etc.) capture and real-time authenticity verification, as well as facial comparison ("selfie") and liveness detection (the ability to detect whether a digital interaction is with a live human being) to establish that the individual presenting the identity document is the same person whose picture appears on the authenticated identity document. Starting January 1, 2024, we began presenting OneSpan Identity Verification in the Digital Agreements segment to reflect the greater alignment of this solution with our Digital Agreements product portfolio.

OneSpan Integration Platform is a modern platform that enables organizations to easily integrate e-signatures powered by OneSpan Sign into well-known applications such as Microsoft Apps, Google Workspace, Salesforce, and Workday. These pre-built integrations allow organizations to manage an efficient, modern digital agreement process. Unlike traditional API-based e-signature implementations that demand significant time and budget, OneSpan Integration Platform offers a cost-effective, easy-to-deploy solution that addresses cross-departmental needs while enabling robust security and compliance. Leveraging pre-built low-code/no-code integrations reduces development costs and eliminates the need for specialized expertise.

Intellectual Property and Proprietary Rights and Licenses

We rely on a combination of patent, copyright, trademark, design, and trade secret laws, as well as employee and third-party non-disclosure agreements to protect our intellectual property ("IP") and other proprietary rights. We hold patents in the U.S. and in other countries, which cover multiple aspects of our technology. These patents expire between 2026 and 2040. In addition to the issued patents, we also have several patent applications pending in the U.S., Europe, and other countries. Many of our issued and pending patents are related to our Digipass product line. In addition to our owned IP, we license software from third parties for integration into our solutions, including open-source software and other software available on commercially reasonable terms.

We furthermore have registrations for most of our trademarks in most of the markets where we sell the corresponding products and services, as well as registrations of the designs of many of our Digipass devices, primarily in the European Union ("EU") and China.

Protecting IP rights can be difficult, particularly in countries that provide less protection to IP rights and in the absence of harmonized international IP standards. Competitors and others may already have IP rights covering similar products. We may not be able to secure IP rights covering our own products or may have difficulties obtaining IP licenses from other companies on commercially favorable terms. For a discussion of IP-related risks, see Item IA, *Risk Factors*.

Research and Development

Our research and development efforts are focused primarily on enhancing our solutions by building new features, functionality, and applications; developing technology to support new products; enhancing our transaction-cloud platform; and conducting product and quality assurance testing. We employ a team of full-time engineers and, from time to time, also engage independent engineering firms to conduct certain product development efforts on our behalf. For fiscal years ended December 31, 2024, 2023, and 2022, we incurred expenses, net of software capitalization, of \$32.4 million, \$38.4 million, and \$41.7 million, respectively, for research and development.

Production

Our Digipass authentication devices are manufactured by third-party manufacturers at several independent factories in Southern China and one within the European Union, in Romania. We maintain local personnel in China to conduct quality control and quality assurance procedures. Periodic visits to the factories are conducted by our personnel for quality management, assembly process review, and supplier relations.

Digipass devices are made primarily from commercially available electronic components, including microprocessors purchased from several suppliers. We purchase microprocessors and arrange for shipment to our third-party manufacturers for assembly and testing in accordance with our design specifications. The microprocessors are the most important components of the devices which are not commodity items readily available on the open market.

During 2022, the supply chain for our Digipass devices was impacted by the effects of the COVID-19 pandemic, the Russia-Ukraine conflict and the inflationary cost environment, particularly with respect to materials in the semiconductor market, including part shortages, increased freight costs, diminished transportation capacity and labor constraints. This resulted in disruptions in our supply chain during 2022, as well as difficulties and delays in procuring certain microprocessors. In addition, since late 2021, our costs have increased due to elevated lead times and increased material costs, in particular the need to purchase microprocessors from alternative sources. Although the supply chain issues we saw in 2022 stabilized during 2023 and continued to be relatively stable during 2024, global supply chains for semiconductors and electronic components remain vulnerable to disruption from range of risks, including natural disasters and extreme weather, geopolitical disputes, tariffs or trade disputes, regional or global conflicts, and scarcity of certain minerals and components.

In response to these supply chain conditions, beginning in 2022, we focused on improving our supplier network, engineering alternative designs, and working to reduce supply shortages and mitigate their impact. We actively manage our inventory in an effort to minimize supply chain disruptions and enable continuity of supply and services to our customers, and we may maintain elevated levels of inventory for certain of our products to prepare for potential supply constraints. We also regularly evaluate alternative manufacturing and supply arrangements, including moving more of our manufacturing from China to Romania or other locations, to mitigate supply chain risks. Despite these efforts, we may experience additional supply chain disruptions or cost increases affecting our Digipass business in the future. Please see Item IA, *Risk Factors*, for additional information.

Our software solutions are produced in-house or developed by third parties and sold under license.

Competition

The market for digital solutions for security, authentication, identity, electronic signature, and digital workflow products is very competitive and, like most technology-driven markets, is subject to rapid change and constantly evolving solutions and services. Our identity verification and authentication products are designed to allow authorized users access to digital business processes and properties, in some cases using patented technology, as a replacement for or supplement to a static password. Our main competitors in our identity verification and authentication markets are Gemalto (a subsidiary of Thales Group), RSA Security and Yubico. There are also many other companies in adjacent areas, such as mobile device management ("MDM"), threat protection, and identity and access management ("IAM"), that offer competing services.

In addition to these companies, we face competition from many small authentication solution providers, many of whom offer new technologies and niche solutions such as biometric or risk and behavioral analysis. We believe that competition in this market is likely to intensify as a result of increasing demand for security products.

Our primary competitors for electronic signature solutions are DocuSign and Adobe Systems. Both companies are significantly larger than us. In addition to these companies, there are numerous smaller and regional or niche providers of electronic signing solutions.

We believe that the principal competitive factors affecting the market for digital solutions for security, authentication, identity, electronic signature, and digital workflow products include the strength and effectiveness of the solution, technical features, ease of use, quality and reliability, customer service and support, brand recognition, customer base, distribution channels, and the total cost of ownership of the solution. With the exception of brand recognition, we believe that our products are currently competitive with respect to these factors; nevertheless, we may not be able to maintain our competitive position against current and potential competitors. Some of our present and potential competitors have significantly greater financial, technical, marketing, purchasing, and other resources. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, to devote greater resources to the development, promotion and sale of products, to establish and maintain greater brand recognition, or to deliver competitive products at a lower end-user price. Please see Item IA, *Risk Factors*, for additional information.

Sales and Marketing

Our solutions are sold worldwide through our direct sales force as well as through distributors, resellers, systems integrators, and original equipment manufacturers. Our sales staff coordinates sales activity through both our sales channels and those of our partners, making direct sales calls either alone or with the sales personnel of our partners. Our sales staff also provides product education seminars to sales and technical personnel of resellers and distributors and to potential end users of our products.

Customers and Markets

The majority of our revenue is derived from financial institutions, which include traditional banks, credit unions, and online-only banks. We also sell to the enterprise market segment, government, healthcare, and insurance industries in select regions around the globe.

Our top 10 customers contributed 20%, 22%, and 23% in 2024, 2023, and 2022, respectively, of our total worldwide revenue.

Because a significant portion of our sales is denominated in foreign currencies, changes in exchange rates impact results of operations. To mitigate exposure to risks associated with fluctuations in currency exchange rates, we attempt to denominate an amount of billings in a currency such that it would provide a natural hedge against operating expenses being incurred in that currency. For additional information regarding how currency fluctuations can affect our business, please refer to Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Financial Information Relating to Foreign and Domestic Operations

For financial information regarding OneSpan, see our consolidated financial statements and the related notes, which are included in Part IV of this Annual Report on Form 10-K. See Note 17, *Geographic, Customer and Supplier*

Information included in the notes to consolidated financial statements in Part IV of this Annual Report on Form 10-K for a breakdown of revenue, gross profit and long-lived assets between the U.S. and other regions.

Government Regulation

As a global cybersecurity and e-signature company, we are subject to complex and evolving global regulations in the various jurisdictions in which our products and services are used. Also, because banking and financial services is our largest industry target market, the government regulations affecting our customers in this area, such as the European Union Digital Operations Resilience Act, have a significant indirect effect on our business. Similar regulatory dynamics occur in the other primary markets where we have customers, such as healthcare and government. In addition, since we have significant operations in Europe, we are subject to many European Union laws concerning sustainability, which have been and may continue to be costly to comply with. Additional proposed or new legislation and regulations could also materially affect our business. Please see Item 1A, *Risk Factors*, for additional information.

Human Capital

OneSpan is powered by a team of approximately 571 employees that spans the globe, consisting of approximately 317 employees in the Americas, 221 employees in EMEA (includes Europe, the Middle East, and Africa), and 33 employees in the Asia Pacific region. As of December 31, 2024, approximately 107 of our employees were in in cost of goods sold, 150 in sales and marketing, 220 in research and development, and 94 in general and administrative.

We understand that achieving our business objectives will depend primarily on the skills, creativity, and determination of our people. We believe that people do their best work in an environment built on a compelling shared purpose, openness, trust, mutual accountability, and the opportunity to make a meaningful impact. We therefore seek to create an environment that will attract, retain and develop talented people who are motivated to find opportunities and create new possibilities for our customers, for themselves and their teams, and for OneSpan. To achieve this goal, we focus on the areas described below.

Competitive Compensation and Benefits. We seek to provide our employees with competitive and fair compensation and benefit offerings, and use market benchmarks to ensure external competitiveness while maintaining equity within the organization. We tie incentive compensation to business performance and provide a range of health, wellness, family leave, savings, retirement, and time-off benefits for our employees, which vary based on local regulations and norms.

Engagement. We seek input from our employees regularly through a variety of channels, including informal interactions, regular one-to-one meetings between managers and employees, department meetings, quarterly virtual all-company meetings and employee engagement surveys. This input helps us assess our progress in promoting an environment where employees are engaged, productive, and have a strong sense of belonging. We also use employee feedback to identify areas where we can do better and expect our managers to actively work to improve those areas.

Hybrid Workplace Policy. For our employees who live near one of our offices, we have adopted a hybrid work model whereby employees generally come to the office in person one to three times per week, on days designated by local office leadership. For the rest of the week, employees may work either remotely or from their local office. We believe this approach maintains the flexibility of remote work while also providing a regular opportunity for in-person interactions to collaborate, innovate, and build relationships with colleagues.

Workplace Environment and Access to Talent. With approximately 571 employees around the world and customers in more than 100 countries, we believe that our business benefits from a workplace that includes employees with a range of perspectives, experience, backgrounds and cultures. All of our employees take an annual training covering anti-harassment content and respect in the workplace.

We work with a variety of job sites and candidate application platforms to increase our access to a broad pool of potential employees. We also monitor the composition of our workforce by gender on an ongoing basis in order to make sure we are accessing and retaining the full range of available talent. We measure gender composition overall, by job level, and by job family. As of December 31, 2024, approximately 30% of our employees identified as female, down slightly from 31% in the end of 2023 and 2022 but up from 27% at the end of 2021. The percentage of women by job level (executive, vice president, director, manager, supervisor and individual) and job family (consisting of general and

administrative, research and development, sales and marketing, and Digipass) did not change materially in 2024 as compared to 2023.

Training and Talent Development. We promote and support employee development, compliance and organizational effectiveness by providing professional development and compliance training. All of our employees take a required annual training on the following topics: our code of conduct and ethics; cybersecurity; and preventing sexual harassment. In addition, we make a variety of professional development courses available to our employees at the Company's cost.

Feedback and Coaching. We believe regular feedback is an important component of employee development. Our managers provide ongoing feedback and performance coaching to their direct reports in regular one-to-one meetings, and are also encouraged to solicit their teams' feedback on their own performance.

Employee Recognition. We recognize our employees for driving business results and exemplifying our company values. We believe that these recognition programs help drive strong employee performance. Employees also have access to an internal communications channel to recognize their peers for their contributions to the company.

Community Outreach. We encourage employee volunteerism in the communities where we live and work by providing each employee with one paid day off each year to participate in volunteer activities of their choice.

Monitoring Employee Turnover. We monitor voluntary turnover and total attrition, as a whole and by tenure, region, and by job family. Total attrition captures all reasons employees leave, including voluntary turnover and involuntary turnover due to job eliminations or performance reasons, whereas voluntary turnover is limited to elective departures by employees. Our voluntary turnover across our global employee base in 2024 was 12.4%, which we believe compares favorably with global voluntary turnover rates in the technology industry. Our total attrition in 2024 was 24.3%, primarily due to our cost reduction and restructuring efforts discussed elsewhere in this Annual Report on Form 10-K.

Corporate Information

Our predecessor company, VASCO Corp., entered the data security business in 1991 through the acquisition of a controlling interest in ThumbScan, Inc., which we renamed VASCO Data Security, Inc. In 1997, VASCO Data Security International, Inc. was incorporated and in 1998, we completed a registered exchange offer with the holders of the outstanding securities of VASCO Corp., thereby becoming a publicly traded company. In May 2018, VASCO Data Security International, Inc., our publicly traded parent company, changed its name to OneSpan Inc.

Including our predecessor companies, we have completed 17 acquisitions and two dispositions since our inception, including the 2013 acquisition of Cronto Limited, a provider of secure visual transaction authentication solutions for online banking, and the 2015 acquisition of Silanis Technology Inc., a provider of e-signature and digital transaction solutions which we now market and sell under the OneSpan Sign name.

Our principal executive offices are located at 1 Marina Park Drive, Unit 1410, Boston, MA 02210.

"OneSpan" and other trademarks, trade names or service marks of OneSpan Inc. or its subsidiaries appearing in this Annual Report on Form 10-K are the property of OneSpan Inc. or its applicable subsidiary. This Annual Report on Form 10-K may contain additional trade names, trademarks and service marks of others, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K may appear without the ® or ™ symbols.

Available Information

We maintain an Internet website at www.onespan.com. The information on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered to be a part of this Annual Report on Form 10-K. Our website address is included in this Annual Report on Form 10-K as inactive textual reference only. Our reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and amendments to those reports, are accessible through our website, free of charge, as soon as reasonably practicable after these reports are filed electronically with, or otherwise furnished to, the Securities and Exchange Commission (the "SEC"). We also make available on our website the charters of our audit committee.

compensation committee and nominating and corporate governance committee, as well as our corporate governance guidelines and our code of business conduct and ethics.

Information about our Executive Officers

The following sets forth certain information with regard to each of our executive officers. There are no family relationships between any of the executive officers, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was selected.

VICTOR LIMONGELLI — Mr. Limongelli was appointed as OneSpan's Chief Executive Officer and President in July 2024 after joining the Company in January 2024 as its Interim Chief Executive Officer. Prior to joining OneSpan, Mr. Limongelli most recently served as Chief Executive Officer at BQE Software, Inc., a privately held SaaS company providing billing, accounting, and similar functionality to professional services firms, from September 2021 to April 2023. From April 2018 to August 2021, he served as Chief Executive Officer of MobileCause, Inc., a private equity-backed SaaS company focused on fundraising and donor engagement for nonprofits, and from November 2015 to April 2018, he was initially Chairman of the Board and then Chief Executive Officer of AccessData Group, a privately held security software company. From May 2003 through November 2014, Mr. Limongelli held a number of executive positions with Guidance Software, Inc., a publicly traded security software company, including over 9 years as President and 7 years as its Chief Executive Officer. Mr. Limongelli received an A.B. from Dartmouth College and a J.D. from Columbia University. Mr. Limongelli is 58 years old.

JORGE MARTELL — Mr. Martell has served as OneSpan's Chief Financial Officer since September 2022 and as its principal accounting officer since December 2023. From July 2016 to September 2022, he served as Chief Financial Officer and Treasurer and from April 2015 to July 2016 as Vice President of Finance, Corporate Controller, at Extreme Reach Inc., a private-equity owned omnichannel creative logistics company for brand advertising, where he played an integral role in optimizing the company's balance sheet and in executing the company's growth strategy through global M&A, prior to its acquisition by another private equity firm. From September 2012 to March 2015, Mr. Martell was Treasurer and Assistant Corporate Controller at Sapient Corporation, a technology company, where he led its global revenue organization, execution of its M&A financial strategy, and global treasury organization prior to its acquisition by Publicis Groupe. Earlier in his career, Mr. Martell held leadership roles at ABM Industries, Inc., a provider of facilities management solutions, and at KPMG LLP, a public accounting firm. Mr. Martell received a B.S. from the Institute of Technology and Higher Studies of Monterrey, Mexico. Mr. Martell is 46 years old.

ASHISH JAIN — Mr. Jain joined OneSpan in December 2024 as its Chief Technology Officer. Prior to that, Mr. Jain was Chief Product Officer and Chief Technology Officer at Arkose Labs, an enterprise fraud management and account security company, from March 2021 to June 2024. At Arkose, he led the development of the company's bot mitigation platform to help address consumer fraud and identity challenges for large enterprises. From August 2018 to March 2021, he served as Head of Identity at eBay, a global commerce marketplace provider, where he led the global engineering team to build the identity, risk, and trust platform to support onboarding, authentication, KYC, fraud and abuse protection for eBay's customers and third-party developers. From June 2011 through August 2018, Mr. Jain held product management roles at VMware, a virtualization and cloud computing software provider, most recently as Vice President, Workspace One/Digital Workspace. Earlier in his career, Mr. Jain held various product management and engineering roles at a number of technology companies, including PayPal, Ping Identity, and BEA Systems. Mr. Jain received a Bachelor of Engineering degree from BITS, Pilani, India, and an MBA from the University of Denver's Daniels College of Business. Mr. Jain is 51 years old.

LARA MATAAC — Ms. Mataac has served as OneSpan's General Counsel, Chief Compliance Officer and Secretary since June 2022. From April 2021 to June 2022, Ms. Mataac was General Counsel at Constant Contact, Inc., a provider of cloud-based online marketing solutions, where she led the legal and compliance team during a period of transition after the company's spinout from Endurance International Group (EIG) in February 2021. Before Constant Contact, Ms. Mataac was at EIG, a provider of cloud-based web presence and online marketing solutions, from February 2013 through March 2021, most recently as Deputy General Counsel. Before EIG, Ms. Mataac was corporate legal director at Bottomline Technologies, a software company. Earlier in her career, Ms. Mataac practiced corporate law at the firms Wilmer Cutler Pickering Hale & Dorr LLP and Fenwick & West LLP. Ms. Mataac received a B.A. from Wellesley College and a J.D. from Stanford University. Ms. Mataac is 48 years old.

Item 1A - Risk Factors

Risk Factors Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this Risk Factors Summary. These summary risks provide an overview of many of the risks we are exposed to in the normal course of our business, some of which have manifested and any of which may occur in the future. As a result, the following summary risks do not contain all of the information that may be important to you, and you should read them together with the more detailed discussion of risks set forth following this section under the heading "Risk Factors," and with the other information in this Annual Report on Form 10-K. Additional risks beyond those summary risks discussed below, in "Risk Factors" or elsewhere in this Annual Report on Form 10-K, could have an adverse effect on our business, results of operations, financial condition or prospects, and could cause the trading price of our common stock to decline. Our business, results of operations, financial condition or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. Consistent with the foregoing, we are exposed to a variety of risks, including the following significant risks:

- We may experience difficulties increasing or maintaining our rate of revenue growth.
- If our new product offerings and product enhancements do not keep pace with the needs of our customers or do not achieve sufficient customer acceptance, our competitive position and financial results will be negatively impacted.
- A significant portion of our sales are to a limited number of customers. The loss of substantial sales to any one of them could have an adverse effect on revenues and profits.
- The markets we serve are highly competitive, which may negatively affect our ability to add new customers, retain existing customers and grow our business.
- If we are not able to enhance our brand recognition and maintain our brand reputation, our business may be adversely affected.
- Our Digipass authenticator business has a complex global supply chain and is dependent on a limited number of suppliers for certain components, such that supply chain disruptions could materially impact our operations. Our Digipass business may also experience inventory-related losses.
- The sales cycle for our products is often long, and we may incur substantial expenses for sales that do not occur when anticipated or at all.
- Security breaches or cyberattacks could expose us to significant liability, cause our business and reputation to suffer and harm our competitive position.
- Real or perceived malfunctions and errors in our products could result in warranty and product liability risks and economic and reputational damages.
- If we are unable to retain key employees and successfully hire and train qualified new employees, we may be unable to achieve our business objectives. In addition, we may experience negative effects from the significant workforce reductions we have completed over the past several years.
- We depend on third-party hosting providers and other technology vendors, as well as our own infrastructure, to provide our products and solutions to our customers in a timely manner. Interruptions or delays in performance of our products and solutions could result in customer dissatisfaction, damage to our reputation, loss of customers, and a reduction in revenue.
- Our success depends in part on establishing and maintaining relationships with other companies to distribute our technology and products or to incorporate their technology into our products and services, or vice versa.
- We have operated at a loss for two of the past three years, and we may not be profitable in the future.
- Our financial results may fluctuate from period to period, making it difficult to project future results. If we fail to meet the expectations of securities analysts or investors, the price of our common stock could decline.
- Consolidations, failures and other developments in the banking and financial services industry may adversely impact our revenue.
- We face a number of risks associated with our international operations, any or all of which could result in a disruption in our business and a decrease in our revenue.
- Acquisitions or other strategic transactions may not achieve the intended benefits or may disrupt our current plans and operations.
- We may be subject to legal proceedings and/or liability for a variety of claims, including intellectual property disputes, labor and employment issues, commercial disagreements, securities law violations and other matters. These proceedings may be costly, subject us to significant liability, limit our ability to use certain technologies, increase our costs of doing business or otherwise adversely affect our business and operating results.
- We are subject to numerous laws, regulations and customer and product certification requirements governing the design, production, distribution, sale, use, and availability of our products. Any failure to comply with these laws,

regulations and requirements could result in unanticipated costs and other negative impacts, and could have a materially adverse effect on our business, results of operations and financial condition.

Risk Factors

Our business involves significant risks, some of which are described below. You should carefully consider the following risks, some of which have manifested and any of which may occur in the future, together with all of the other information in this Annual Report on Form 10-K, including in the preceding Risk Factors Summary, and our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K before making an investment decision with respect to any of our securities.

Risks Related to our Business and Industry

We may experience difficulties increasing or maintaining our rate of revenue growth.

During 2024, we made significant strides in improving profitability across our business, including achieving profitability in our Digital Agreements segment for the first time. Our revenue also grew modestly during 2024, and we are aiming to continue to grow our revenue in both Security Solutions and Digital Agreements going forward; however, this may be challenging. We expect revenue from our Digipass authenticator tokens to decrease modestly on a year-over-year basis in 2025, consistent with trends over the past decade as our banking customers have generally moved toward “mobile-first” authentication (authentication solutions delivered through a software application on a mobile device), especially for consumer banking. We will therefore need to grow our revenue relatively more in the software component of our Security Solutions segment and in the Digital Agreements segment to compensate for the anticipated decline in hardware as well as, to a lesser extent, the impact of the sunset of certain of our products in 2022, 2023 and 2024 and the decrease in maintenance and support revenue as we continue to transition legacy perpetual maintenance contracts to term licenses. Although we are making additional investments in software product development and in channel partnerships to enhance our software solutions, these efforts may not yield the additional revenue we seek for various reasons, such as competition, delays and challenges in developing products that meet our customers’ needs, long sales cycles, lack of brand awareness, general economic conditions, and other risks described in these Risk Factors. If we are unable to grow our revenue as planned, we may also be unable to continue to gradually increase our profitability, since we have already implemented significant restructuring activities over the past several years.

If our new product offerings and product enhancements do not keep pace with the needs of our customers or do not achieve sufficient customer acceptance, our competitive position and financial results will be negatively impacted.

Technological changes occur rapidly in our industry and development of new products and features is critical to maintain and grow our revenue. Our ability to attract and retain customers will depend in part upon our ability to enhance our current products and develop innovative new solutions to distinguish us from the competition and to meet customers’ changing needs. For instance, we believe that our bank and financial institution customers, who account for a majority of our revenue, may increasingly move away from multi-factor authentication methods and toward passkeys that use the FIDO2 passwordless authentication standard. If we are unable to provide our customers with high quality and innovative passkey solutions, or if we otherwise do not anticipate or adapt to changing technology, industry standards or customer requirements on a timely basis, competitive position and financial results will be negatively impacted.

Product developments and technology innovations by others may adversely affect our competitive position. The introduction by our competitors of products embodying new technologies or the emergence of new industry standards could render our existing products obsolete and unmarketable. For example, if our competitors are able to more quickly and effectively integrate new technologies such as generative artificial intelligence into their products, our competitive position may suffer.

We spend substantial amounts of time and money to research and develop new offerings and enhanced versions of our existing offerings in order to meet our customers’ rapidly evolving needs. When we develop a new offering or an enhanced version of an existing offering, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop or acquire new or enhanced offerings, their introduction must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market. In some cases, we determine that product initiatives we initially believed were promising do not warrant further investment. For example, in 2023, we decided to discontinue investments in our Digipass CX product in order to rationalize and focus our product portfolio, and incurred non-cash charges as a result. If other recent or future new product

offerings do not garner widespread customer adoption and implementation, we may incur future non-cash charges and our business may be adversely affected.

A significant portion of our sales are to a limited number of customers. The loss of substantial sales to any one of them could have an adverse effect on revenues and profits.

We derive a substantial portion of our revenue from a limited number of customers. The loss of substantial sales to any one of them could adversely affect our operations and results. In 2024, 2023, and 2022, our top 10 largest customers contributed 20%, 22%, and 23%, respectively, of our total worldwide revenue.

The markets we serve are highly competitive, which may negatively affect our ability to add new customers, retain existing customers and grow our business.

The market for digital solutions for security, authentication, identity, electronic signature, and digital workflow solutions is very competitive and, like most technology-driven markets, is subject to rapid change and constantly evolving solutions and services.

Our identity verification and authentication products are designed to allow authorized users access to digital business processes and properties, in some cases using patented technology, as a replacement for or supplement to a static password. Our main competitors in our identity verification and authentication markets are Gemalto, a subsidiary of Thales Group, Yubico and RSA Security. There are also many other companies in adjacent areas, such as mobile device management ("MDM"), threat protection, and identity and access management ("IAM"), that offer competing services. In addition to these companies, we face competition from many small authentication solution providers, many of whom offer new technologies and niche solutions such as biometric or risk and behavioral analysis. We believe that competition in this market is likely to intensify as a result of increasing demand for security products.

Our primary competitors for electronic signature solutions are DocuSign and Adobe Systems. Both companies are significantly larger than us. In addition to these companies, there are numerous smaller and regional or niche providers of electronic signing solutions.

Some of our present and potential competitors have significantly greater brand awareness and financial, technical, marketing, purchasing, and other resources than we do. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, devote greater resources to the development, promotion and sale of products, or deliver competitive products at a lower end-user price than we do. These factors have made it more difficult for us to compete successfully and may continue to do so, which would negatively affect our business.

If we are not able to enhance our brand recognition and maintain our brand reputation, our business may be adversely affected.

We believe that enhancing our brand recognition is important to our efforts to attract new customers and channel partners, and that our relative lack of brand awareness has made it more challenging to acquire new customers. Our brand recognition and reputation are dependent upon numerous factors, including:

- our marketing efforts;
- our ability to continue to offer high quality, innovative and reliable products;
- our ability to maintain customer satisfaction with our products;
- our ability to be responsive to customer concerns and provide high quality customer support, training and professional services;
- any misuse or perceived misuse of our products;
- positive or negative publicity, including through reviews by industry analysts;
- our ability to prevent or quickly react to any cyberattack on our information technology systems or security breach of or related to our software; and
- litigation or regulatory-related developments.

Improving our brand recognition is likely to require significant additional expenditures and may not be successful or yield increased revenues. If we do not successfully enhance our brand and maintain our reputation, we may continue to have difficulties attracting new customers, including due to reduced pricing power relative to competitors with stronger brands, and we could lose customers or renewals, which would adversely affect our business.

Our Digipass authenticator business has a complex global supply chain and is dependent on a limited number of suppliers for certain components, such that supply chain disruptions could materially impact our operations. Our Digipass business may also experience inventory-related losses.

In the event that the supply of components or finished products for our Digipass authenticator business is interrupted or relations with any of our principal component vendors or contract manufacturers is terminated, there could be increased costs and considerable delay in finding suitable replacement sources for components or alternative manufacturers for our hardware products. Our Digipass authentication devices are currently assembled at several facilities located in mainland China and one facility in Romania. The importation of these products from China and Romania exposes us to the possibility of product supply disruption and increased costs in the event of changes in the policies of the Chinese, Romanian or EU governments, political unrest, natural disasters, extreme weather or unstable economic conditions in China, Romania or the EU, or developments in China, Romania, the U.S. or the EU that are adverse to trade, including enactment of tariffs or other protectionist legislation. We experienced supply chain disruption in 2022 as a result of China's implementation and subsequent reversal of its "Zero COVID" policy and extreme heatwaves and drought affecting southern China, both of which affected our China-based contract manufacturers. We may experience similar disruptions again due to numerous factors, including tariffs and trade disputes, geopolitical tensions, armed conflict, impacts as a result of pandemics or other public health threats, and natural disasters and extreme weather, which may occur more frequently due to climate change. These factors have in the past, and may in the future, cause delays in our fulfillment of customer orders, which may in turn delay our recognition of revenue from such orders or cause customers not to place orders or to seek alternative suppliers.

To mitigate the risks associated with our China-based contract manufacturing facilities, we regularly evaluate alternative manufacturing and supply arrangements, such as moving some of the Digipass manufacturing currently done in China to Romania or to other locations. It is possible that such a transition, if it occurred, would cause a disruption in our Digipass manufacturing operations. Regardless of whether we undertake such a transition, supply chain disruptions or related cost increases affecting our Digipass devices could have a material adverse impact on our business.

Under some circumstances, we may purchase multiple years' supply of parts for our Digipass authenticator devices based on internal forecasts of demand, anticipated supply chain constraints, or other reasons. To meet customers' demands for accelerated delivery of product, we sometimes produce finished product for existing customers before we receive the executed order from the customer. Should our forecasts of future demand be inaccurate or if we produce product that is never ordered, we could incur substantial losses related to the realization of our inventory.

The sales cycle for our products is often long, and we may incur substantial expenses for sales that do not occur when anticipated or at all.

The sales cycle for our products, which is the period of time between the identification of a potential customer and completion of the sale, is typically lengthy and subject to a number of significant risks over which we have little control.

A typical sales cycle in the financial services market is often nine to 18 months long. We often need to spend significant time and resources to better educate and familiarize these potential customers with the value proposition of our products and solutions. Purchasing decisions for our products and services may be subject to delays due to a number of factors, many of which are outside of our control, such as:

- Time required for a prospective customer to recognize the need for our products;
- Effectiveness of our salesforce;
- Changes to regulatory requirements;
- The complexity of contracts with certain large business customers;
- The significant expense of some of our products and systems;
- Customer budgeting and procurement processes;
- Economic and other factors impacting customer budgets; and
- Customer evaluation, testing and approval process.

The timing of sales with our enterprise customers and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for these customers. As our operating expenses are based on anticipated revenue levels, a small fluctuation in the timing of sales can cause our operating results to vary significantly between

periods. In addition, during the sales cycle, we expend significant time and money on sales and marketing and contract negotiation activities, which may not result in a sale.

Security breaches or cyberattacks could expose us to significant liability, cause our business and reputation to suffer and harm our competitive position.

Our corporate infrastructure stores and processes our sensitive, proprietary and other confidential information (including information related to finance, technology, employees, marketing, sales, etc.) which is used daily in our operations. In addition, our solutions involve transmission and processing of our customers' confidential, proprietary, personal and sensitive information. We have legal and contractual obligations to protect the confidentiality and appropriate use of customer data. Because we are a digital agreements and cybersecurity company, and because the majority of our customers are banks and other financial institutions, which are frequent targets of cyberattacks, we may be an attractive target for cyber attackers or other data thieves.

High-profile cyberattacks and security breaches have increased in recent years, with the potential for such acts heightened because of the number of employees working remotely since the COVID-19 pandemic and the increase in sophisticated cyberattack methods, such as the use of artificial intelligence to launch automated, accelerated and enhanced cyberattacks. Because techniques used to obtain unauthorized access or to sabotage systems are constantly evolving, change frequently and often are not recognized until launched against a specific target, we may be unable to anticipate these techniques or to implement adequate preventative measures. As we seek to increase our client base and expand awareness of our brand, we may become a greater target for third parties seeking to compromise our security systems and we anticipate that hacking attempts and cyberattacks will increase in the future.

We have experienced several security incidents in the past. None have been material to date, but it is possible that we will experience a material event in the future. Even though we have established teams, processes and strategies to protect our assets, we may not always be successful in preventing or repelling unauthorized access to our systems. We also may face delays in our ability to identify or otherwise respond to a cybersecurity incident or other breach. Additionally, we use third-party service providers to provide some services to us that involve the storage or transmission of data, such as SaaS, cloud computing, and internet infrastructure and bandwidth, and they face various cybersecurity threats and may suffer cybersecurity incidents or other security breaches. Despite our security measures, our IT and infrastructure may be vulnerable to attacks. Threats to IT security can take a variety of forms. Individuals and groups of hackers and sophisticated organizations, including state-sponsored organizations or nation-states, continuously undertake attacks that pose threats to our customers and our own IT. These actors may use a wide variety of methods, which may include utilizing our products to launch phishing attacks, developing and deploying malicious software or exploiting vulnerabilities in hardware, software, or other infrastructure in order to attack our products and services or gain access to our networks, using social engineering techniques to induce our employees, users, partners, or customers to disclose passwords or other sensitive information or take other actions to gain access to our data or our users' or customers' data, or acting in a coordinated manner to launch distributed denial of service or other coordinated attacks. Inadequate account security practices may also result in unauthorized access to confidential and/or sensitive data.

Security incidents may have a number of negative consequences to us, including the following: requiring us to expend significant capital and other resources to alleviate the incidents and to improve our security technologies; impairing our ability to provide services to our customers and protect the privacy of their data delaying product development efforts; compromising confidential or technical business information or personal data; harming our reputation or competitive position; resulting in theft or misuse of our intellectual property or other assets; and exposing us to substantial litigation expenses and damages, indemnity and other contractual obligations, government fines and penalties, mitigation expenses, costs for remediation and incentives offered to affected parties, including customers, other business partners and employees, in an effort to maintain business relationships after an incident. We are continuously working to improve our IT systems, together with creating security boundaries around our critical and sensitive assets. We provide security awareness training to our employees and our key contractors that focuses on various aspects of cybersecurity. All these steps are taken to mitigate the risk of attack and to ensure our readiness to responsibly manage a security violation or attack. However, we may nevertheless be unable to anticipate attacks or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures and our products could be harmed, we could lose potential sales and existing customers, our ability to operate our business could be impaired, we may incur significant liabilities, we could suffer harm to our reputation and competitive position, and our business and financial condition could be negatively impacted.

Real or perceived malfunctions and errors in our products could result in warranty and product liability risks and economic and reputational damages.

Our products are inherently complex and may malfunction or contain undetected errors or defects when first introduced or as new versions are released. We have experienced these malfunctions and errors or defects in connection with new products and product upgrades, and we expect that these malfunctions, errors and defects will continue to be found from time to time in new or enhanced products. Malfunctions and defects may make our products vulnerable to attacks, prevent vulnerability detection, result in system instability or latency-related delays, or temporarily impact our customers' environments. These problems may result in a breach of a legal obligation or may cause physical harm or damage which could result in tort or warranty claims against us. We seek to reduce the risk of these losses by using qualified engineers in the design, manufacturing and testing of our hardware products, utilizing proper development, testing, and scanning of our software solutions (including SaaS), attempting to negotiate warranty disclaimers and liability limitation clauses in our sales agreements, and maintaining customary insurance coverage. However, these measures may ultimately prove ineffective in limiting our liability for damages.

In addition to any monetary liability for the failure of our products, a publicly known defect or perceived defect in our products could lead to customers delaying or withholding payments, regulatory audits, diverting the attention of our key personnel, an adverse impact on the market's perception of us and our products, and negative effects on our reputation and the demand for our products.

If we are unable to retain key employees and successfully hire and train qualified new employees, we may be unable to achieve our business objectives. In addition, we may experience negative effects from the significant workforce reductions we have completed over the past several years.

Our ability to successfully attain our business objectives will depend significantly on our ability to retain and motivate key employees and attract qualified new hires. In 2022, 2023 and 2024, we terminated the employment of approximately 330 employees as part of our cost reduction and restructuring efforts. These reductions may make it more difficult, more time-consuming and more expensive for us to retain key employees and attract new hires, both because our reputation in the hiring market may have been negatively affected by the reductions and because the remaining employees have had to assume additional work. We face intense competition for these employees from numerous technology, software and other companies, many of whom have greater resources than we do, and our employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The temporary or permanent loss of the services of our CEO, other members of senior management or other key employees for any reason could significantly delay or prevent the achievement of our objectives and harm our business, financial condition and results of operations. Further, the loss of key employees, particularly those in senior management roles, could be negatively perceived in the capital markets, which could reduce the market value of our securities.

Difficulties retaining, motivating and attracting qualified employees could have an adverse effect on our ability to achieve our business objectives and, as a result, our ability to compete could decrease and our financial results could be adversely affected. In addition, even if we are able to identify and recruit a sufficient number of new hires, these new hires will require significant training before they achieve full productivity, particularly in the case of sales employees.

In addition, while we believe the significant workforce reductions we completed in the past three years were necessary in order to position the company for profitable growth, it is possible that we could experience various negative effects from these reductions, including slower customer service response times and reduced ability to complete or undertake new product development projects and other business, product, technical, compliance or risk mitigation initiatives.

Our financial results may fluctuate from period to period, making it difficult to project future results. If we fail to meet the expectations of securities analysts or investors, the price of our common stock could decline.

Our revenue and results of operations have historically varied from period to period, and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control, including:

- The size, timing, and payment terms of significant orders, and any unexpected delay or cancellation of such orders;
- The variability of revenue realized from individual customers, as their buying patterns can vary significantly from period to period and are affected by the individual solutions purchased and the structure of the contract;

- Larger customers delaying renewal of their subscriptions or failing to renew at all;
- Changes in customer budgets;
- The effectiveness of our sales and marketing programs, including our ability to hire, train and retain our sales personnel;
- Changes in pricing by competitors;
- New product announcements or introductions by competitors;
- Technological changes in the market for our products, including the adoption of new technologies and standards;
- Our ability to develop, introduce and market new products and product enhancements on a timely basis;
- Market and customer acceptance of any new products and product enhancements that we introduce;
- With respect to our Digipass business, component costs and availability;
- Network outages, security breaches, technical difficulties or interruptions affecting our products;
- Seasonality in our business;
- Changes in foreign currency exchange rates;
- General economic and political conditions, as well as economic conditions specifically affecting industries in which our customers operate; and
- Other events or factors, including those resulting from pandemics, war, natural disasters, incidents of terrorism or responses to these events.

Any one of these or other factors discussed elsewhere in this Annual Report on Form 10-K, or the cumulative effect of a combination of these factors, may result in fluctuations in our financial results, which may cause us to miss our guidance and analyst expectations and cause the price of our common stock to decline.

We have operated at a loss for two of the past three fiscal years, and we may not be profitable in the future.

Over our approximately 30-year operating history, we have operated at a loss for many of those years, including for the years ended December 31, 2023 and 2022, for which we reported a net loss of \$29.8 million and \$14.4 million, respectively. Although we were profitable in 2024, we may not be able to maintain or increase our level of profitability. We intend to continue to incur significant expenses to maintain, develop and enhance our products and solutions, improve our infrastructure and technology, and grow our customer base. These efforts may be costlier than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and experience unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and common stock may significantly decrease.

We depend on third-party hosting providers and other technology vendors, as well as our own infrastructure, to provide our products and solutions to our customers in a timely manner. Interruptions or delays in performance of our products and solutions could result in customer dissatisfaction, damage to our reputation, loss of customers, and reduction in revenue.

We outsource portions of our cloud infrastructure to third-party hosting providers, principally Amazon Web Services, ("AWS"). We also outsource components of our services to third-party technology vendors who host their products in the cloud. Customers of our products need to be able to access our platform at any time, without interruption or degradation of performance. AWS and other third-party hosting providers run their own platforms that we access, and we are therefore vulnerable to service interruptions on these third-party platforms, as well as to service interruptions affecting our own infrastructure and our third-party technology vendors. We have experienced interruptions, delays and outages in service and availability from time to time due to a variety of factors impacting our third-party hosting providers, our own infrastructure or other vendors, and we expect to experience these types of incidents in the future.

If our products or platform are unavailable or our users are otherwise unable to use our products within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. It may become increasingly difficult to maintain and improve our platform performance, especially during peak usage times, as our products become more complex and the usage of our products increases. We have in the past and may in the future experience capacity constraints that affect our product performance and cause us to miss our service level agreements with our customers. These capacity constraints can be due to a number of causes, including technical failures, natural disasters, fraud or security attacks. To the extent that we do not effectively address capacity constraints, either through our own infrastructure, our current third-party providers or alternative providers of cloud infrastructure, our business, results of operations and financial condition may be adversely affected. In

addition, any changes in service levels from our third-party hosting providers or other cloud-based technology vendors may adversely affect our ability to meet our customers' requirements.

Our third-party hosting providers have no obligations to renew their agreements with us on commercially reasonable terms or at all, and the agreements governing these relationships can generally be terminated by either party with limited notice. Access to hosting services may also be restricted by the provider at any time, with no or limited notice. Although we expect that we could receive similar services from other third parties, if any of our arrangements with AWS or other third-party hosting providers are terminated, we could experience interruptions on our platform and in our ability to make our platform available to customers, as well as downtime, delays and additional expenses in arranging alternative cloud infrastructure services.

It is also possible that our customers and potential customers would hold us accountable for any breach of security affecting infrastructure of our third-party hosting providers. We may incur significant liability from those customers and from third parties with respect to any such breach, and we may not be able to recover a material portion of our liabilities to our customers and third parties from our hosting providers in the event of any breach affecting their systems.

Any of the above circumstances or events may harm our reputation, cause customers to stop using our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial penalties and liabilities under our service level agreements and otherwise harm our business, results of operations and financial condition.

Our success depends in part on establishing and maintaining relationships with other companies to distribute our technology and products or to incorporate their technology into our products and services, or vice versa.

Part of our business strategy is to enter into partnerships and other cooperative arrangements with third parties. We are regularly involved in cooperative efforts with respect to the incorporation of our products into products of others and vice versa, research and development efforts, and marketing, distributor and reseller arrangements. These relationships are generally non-exclusive, and some of our partners also have cooperative relationships with certain of our competitors or offer some products and services that are competitive with ours. If we lose third-party relationships, if these relationships are not commercially successful, or if we are unable to enter into third-party relationships on commercially reasonable terms in the future, our business could be negatively impacted.

SaaS offerings, which involve various risks, constitute an important part of our business.

We expect that our SaaS offerings will constitute an increasingly important part of our business. As a result, we will need to continue to evolve our processes to meet a number of regulatory, intellectual property, contractual, service, and security compliance challenges. These challenges include: compliance with licenses for open-source and third-party software embedded in our SaaS offerings; maintaining compliance with global export control, privacy, data security, and resiliency regulations (including the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the EU General Data Protection Regulation ("GDPR"), and the EU Digital Operational Resilience Act ("DORA")); supporting contractual requirements that our customers impose on us due to their own legal obligations, such as compliance with DORA; protecting our products from external threats; maintaining continuous service levels and data security practices expected by our customers; and preventing inappropriate use of our products. In addition to using our internal resources, we also utilize third-party resources to deliver SaaS offerings, such as third-party data hosting vendors. The failure of a third-party provider to prevent service disruptions, data losses or security breaches may require us to issue credits or refunds or to indemnify or otherwise be liable to customers or third parties for damages that may occur. Additionally, if these third-party providers fail to deliver on their obligations, our reputation could be damaged, and our customers could lose confidence in us and our ability to maintain and expand our SaaS offerings. Finally, our SaaS offerings must be designed to operate at significant transaction volumes. When combined with third-party software and hosting infrastructure, our SaaS offerings may not perform as designed, which could lead to service disruptions and associated damages.

Failure to maintain high-quality customer support could have a material adverse effect on our business.

Our business relies on our customers' satisfaction with the technical and customer support and professional services we provide to support our products. If we fail to provide customer and technical support services that are high-quality, responsive, and able to promptly resolve issues that our customers encounter with our products and services, then they may elect not to purchase or renew subscription licenses or may otherwise reduce or discontinue their business.

relationship with us. Maintaining high-quality customer support can be costly, and it is possible that we will need to rely more heavily on online self-help tools or AI technology in order to meet our profitability objectives. These types of changes could result in difficulties maintaining the service levels our customers expect. This could result in loss of revenue and damage to our reputation, which could have an adverse effect on our business.

Failure to effectively manage our product and service lifecycles could harm our business.

As part of the natural lifecycle of our products and services, we periodically inform customers that products or services have reached their end of life or end of availability and will no longer be supported or receive updates and security patches. Failure to effectively manage our product and service lifecycles could lead to customer dissatisfaction and contractual liabilities, which could adversely affect our business and operating results. In addition, the failure to generate new revenue to replace and/or expand the revenue realized from discontinued products or services could adversely affect our business and operating results.

We are subject to foreign currency exchange rate fluctuations, which could adversely affect our financial condition and results of operations.

Because a significant number of our principal customers are located outside the United States, we expect that international sales will continue to generate a significant portion of our total revenue. We are subject to foreign exchange fluctuations and risks because the majority of our product costs are denominated in U.S. dollars, whereas a significant portion of the sales and expenses of our foreign operating subsidiaries are denominated in various foreign currencies. A decrease in the value of any of these foreign currencies relative to the U.S. dollar could adversely affect our revenue and profitability in U.S. dollars of our products sold in these markets. Furthermore, a strengthening of the U.S. dollar could increase the cost in local currency of our products and services to customers outside the United States, which could adversely affect our business, results of operations, financial condition and cash flows.

The exchange rate between the U.S. dollar and foreign currencies has fluctuated in recent years and may fluctuate substantially in the future. For example, the U.S. dollar's strength against foreign currencies, particularly the Euro, during 2022 had a significant impact on our 2022 financial results. Although foreign exchange impact was not significant to our 2023 and 2024 results, it could adversely affect our results for 2025 and beyond. We do not currently use forward contracts or other hedging strategies such as options or foreign exchange swaps to mitigate our exposure to foreign currency fluctuations.

Consolidations, failures and other developments in the banking and financial services industry may adversely impact our revenue.

Mergers, acquisitions, and personnel changes at key banks and financial services organizations have the potential to adversely affect our business, financial condition, cash flows, and results of operations. A majority of our revenue is derived from customers in the banking and financial services industry, making us susceptible to consolidation in, or contraction of, the number of participating institutions within that industry. In addition, other factors affecting the banking and financial services industry, such as economic and credit conditions or additional regulations, may create uncertainty or financial pressures that cause our customers or potential customers to adopt cost reduction measures or reduce capital spending, resulting in longer sales cycles, deferrals or delays in purchases of our products, delays in paying our accounts receivable, and increased price competition, any of which could negatively impact our revenue. Furthermore, if customers respond to a negative or unpredictable economic climate by consolidating with other banks or financial institutions, it could reduce the number of our current and/or potential customers.

We face a number of risks associated with our international operations, any or all of which could result in a disruption in our business and a decrease in our revenue.

In 2024, approximately 83% of our revenue and approximately 59% of our operating expenses were generated/incurred outside of the U.S. In 2023, approximately 83% of our revenue and approximately 58% of our operating expenses were generated/incurred outside of the U.S. In 2022, approximately 83% of our revenue and approximately 66% of our operating expenses were generated/incurred outside of the U.S. A severe economic decline in any of our major foreign markets could adversely affect our results of operations and financial condition.

In addition to exposures to changes in the economic conditions of our major foreign markets, we are subject to a number of risks related to our international operations, any or all of which could result in a disruption in our business and a decrease in our revenue. These include:

- increased management, infrastructure and legal costs associated with having international operations;
- costs of compliance with foreign legal and regulatory requirements, including, but not limited to data privacy, data protection and data security regulations and sustainability reporting requirements and the risks and costs of non-compliance;
- costs of compliance with U.S. laws and regulations for foreign operations, including the U.S. Foreign Corrupt Practices Act ("FCPA"), import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell or provide our solutions in certain foreign markets, and the risks and costs of non-compliance;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, and irregularities in, financial statements;
- costs of compliance with multiple and possibly overlapping tax structures, and related potential adverse tax impacts;
- risks of reliance on channel partners for sales in some countries;
- differing technology standards in certain international markets;
- the uncertainty and limitation of protection for intellectual property rights in some countries;
- greater difficulty in enforcing contracts, accounts receivable collection and longer collection periods;
- difficulties and costs of staffing and managing international operations, including maintaining internal controls and challenges in closing or restructuring such operations;
- difficulty in providing support and training to customers in certain international locations;
- management communication and integration problems resulting from cultural and linguistic differences and geographic dispersion;
- foreign currency exchange rate fluctuations;
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash;
- increased exposure to climate change, natural disasters, armed conflict, terrorism, epidemics, or pandemics and other health crises; and
- economic or political instability in foreign markets, including instability related to the impact of geopolitical tensions between China and the U.S. over Taiwan, Hong Kong, and tariffs and trade, particularly if the current U.S. presidential administration continues or expands tariffs on Chinese or other imports into the U.S.

Our business, including the sales of our products and professional services by us and our channel partners, may be subject to foreign governmental regulations, which vary substantially from country to country and change from time to time. Our failure, or the failure by our channel partners, to comply with these regulations could adversely affect our business. Further, in some foreign countries, it may be more common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. Violations of laws or internal policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties or the prohibition of the importation or exportation of our products and could have a material adverse effect on our business and results of operations. If we are unable to successfully manage the challenges of international expansion and operations, our business and operating results could be adversely affected.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. At December 31, 2024, we had goodwill and intangible assets with a net book value of \$99.8 million primarily related to our acquisitions. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets.

The revenue recognition treatment of SaaS subscriptions and term subscription licenses for on-premises software may make it more challenging to accurately assess our operating results and the condition of our business.

Approximately 57% of our total revenue for the year ended December 31, 2024 was attributable to our SaaS and on-premises term subscription contracts, and the revenue recognition treatment of both of these types of contracts under

applicable accounting rules may make it more difficult for investors to accurately assess our operating results and the condition of our business.

We recognize SaaS subscription revenue ratably over the term of each of our contracts, which are typically one year in length but may be up to three years or longer. As a result, much of our SaaS revenue in a particular quarter is generated from the recognition of revenue from SaaS contracts we entered during previous periods, which can make it more challenging to assess the current state of our business. For instance, a shortfall in demand for our SaaS solutions or a decline in new or renewed SaaS contracts in any one quarter may not significantly reduce our revenue for that quarter (and may therefore not be apparent from our financial statements for that quarter), but could negatively affect our revenue in future quarters. In addition, the SaaS-based model of our Digital Agreements business unit makes it difficult for us to rapidly increase our Digital Agreements revenue through additional sales contracts in any period, since revenue from new customers is recognized over the applicable term of their contracts.

We recognize revenue from on-premises term subscription contracts upon delivery of the software to the customer, which is the latter of when the customer receives the ability to access the software or when they are legally allowed to use the software. Maintenance revenue associated with these contracts is recognized ratably over the term of their agreements, which typically range from one to five years in length. Although on-premises subscription contracts may have a term of up to five years, we generally recognize most of the revenue (the revenue associated with the license component of the contract) soon after the contract becomes effective. This can result in uneven revenue from quarter to quarter depending upon the number and timing of term licenses we sign, and results in a particular quarter provide minimal visibility into our performance in future periods.

In addition, our sales arrangements often include multiple elements, including hardware, services, software, maintenance and support, which complicates their treatment under the accounting rules and can result in further variations in the timing of revenue recognition. In addition, if applicable accounting standards or practices change, or if the judgments or estimates we use when applying existing standards prove to be incorrect, our financial results may be adversely affected.

We could be subject to additional tax liabilities, and our ability to use our net operating losses may be limited.

We are subject to U.S. federal, state, local and sales taxes in the United States and foreign income taxes, withholding taxes and transaction taxes in numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain and the relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations by recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates and higher than anticipated earnings in jurisdictions where we have higher statutory rates, by changes to our operating structure (including a currently in-process revenue of our intellectual property structure), by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes, sales taxes and value-added taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period for which a determination is made.

At December 31, 2024 we had U.S. federal, state, and foreign net operating losses ("NOLs"), of \$22.7 million, \$44.1 million, and \$117.0 million, respectively, available to offset future taxable income, some of which begin to expire in 2025. Federal NOLs incurred in taxable years beginning after December 31, 2017 can be carried forward indefinitely, but the deductibility of federal NOLs in taxable years beginning after December 31, 2021 is subject to certain limitations. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire.

In addition, under the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), substantial changes in our ownership may limit the amount of pre-change NOLs that can be utilized annually in the future to offset taxable income. Section 382 of the Internal Revenue Code imposes limitations on a company's ability to use its NOLs if one or more stockholders or groups of stockholders that own at least 5% of the company's stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. Based upon an analysis as of December 31, 2024, we determined that we do not expect these limitations to materially impair our ability to use our NOLs prior to expiration. However, if changes in our ownership occurred after such date, or occur in the future, our ability to use our NOLs may be further limited. Subsequent statutory or regulatory changes in respect of the utilization of NOLs for federal or state purposes, such as suspensions on the use of NOLs or limitations on the deductibility of NOLs carried forward, or other unforeseen reasons,

may result in our existing NOLs expiring or otherwise being unavailable to offset future income tax liabilities. For these reasons, we may not be able to utilize a material portion of the NOLs, even if we achieve profitability.

Acquisitions or other strategic transactions may not achieve the intended benefits or may disrupt our current plans and operations.

To remain competitive, we have in the past and may in the future seek to acquire additional businesses, products or technologies or to make investments in, or enter into joint ventures or similar transactions with, third parties. These transactions involve numerous risks, including the following:

- Difficulties or delays in integrating the acquired businesses, which could prevent us from realizing the anticipated benefits of acquisitions;
- Delays or reductions in customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- Challenges in successfully cross-selling acquired products to our existing customer base, or in cross-selling our products to the acquired company's customer base;
- Difficulties in supporting and migrating acquired customers, if any, to our platforms, which could cause customer churn, unanticipated costs, and damage to our reputation;
- Disruption of our ongoing business and diversion of management and other resources from existing operations;
- Constraints on our liquidity in the event that we use cash or incur debt to fund an acquisition, or dilution to existing stockholders in the event we issue equity securities as part of the consideration for the acquisition;
- Our use of cash to pay for acquisitions would limit other potential uses for our cash and affect our liquidity;
- Assumption of debt or other actual or contingent liabilities of the acquired company, including litigation risk;
- Differences in corporate culture, compliance protocols, and risk management practices between us and acquired companies;
- Potential loss of the key employees of an acquired business;
- Potential loss of the customers or partners of an acquired business due to the actual or perceived impact of the acquisition;
- Difficulties associated with governance, management, and control matters in majority or minority investments or joint ventures;
- Unforeseen or undisclosed liabilities or challenges associated with the companies, businesses, or technologies we acquire;
- Adverse tax consequences, including exposure of our entire business to taxation in additional jurisdictions; and
- Accounting effects, including potential impairment charges and requirements that we record acquired deferred revenue at fair value.

Any of these risks could result in acquisitions or other strategic transactions disrupting our business and/or failing to achieve their intended objectives.

We also review our product portfolio from time to time for contributions to our objectives and alignment with our strategy, and we may pursue divestiture activities as a result of these reviews. However, we may not be successful in separating any underperforming or non-strategic assets, and gains or losses on any divestiture of, or lost operating income from, such assets may adversely affect our results of operations. Divestitures could also expose us to unanticipated liabilities or result in ongoing obligations, including transition service obligations and indemnity obligations.

Provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with customers, solution partners and channel partners generally include provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement and, in some cases, for damages caused by us to property or persons or for other damages. In the past, we worked with a customer at our expense to resolve a claim brought against the customer related to our technology, and it is likely that we will need to indemnify our customers for similar claims in the future. The expense of defending these types of claims may adversely affect our financial results and may not be covered by any insurance policies we maintain. In addition, any such disputes and litigation could divert management attention and harm our reputation in the market.

We also make certain representations and warranties and incur obligations under our contracts in the ordinary course of business, including for items related to data security and potential data privacy breaches. Although we normally contractually limit our liability with respect to such representations, warranties and other contractual obligations, we may

still incur substantial liability related to them. Not all of our potential losses under our contracts are covered by insurance policies, which could increase the impact of any such loss should it occur. Large indemnity payments or damages resulting from our contractual obligations could harm our business, operating results and financial condition.

Any failure to protect our proprietary technology and intellectual property rights could substantially harm our business and operating results.

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the U.S. and other countries and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Any of our patents, trademarks or other intellectual property rights may be challenged or circumvented by others or invalidated through administrative process or litigation. There can be no guarantee that others will not independently develop similar products, duplicate any of our products or design around our patents. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and solutions that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our products may be unenforceable under the laws of jurisdictions outside the U.S. To the extent we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information may increase.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with parties with whom we have strategic relationships and business alliances. These agreements may not be effective in controlling access to and distribution of our products and proprietary information. Further, these agreements do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our products and solutions.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect and enforce these rights, including through litigation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products and solutions, impair the functionality of our products and solutions, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our products and solutions or injure our reputation. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Moreover, policing unauthorized use of our technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the U.S. and where mechanisms for enforcement of intellectual property rights may be weak. If we fail to adequately protect our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected.

We may be subject to legal proceedings and/or liability for a variety of claims, including intellectual property disputes, labor and employment issues, commercial disagreements, securities law violations and other matters. These proceedings may be costly, subject us to significant liability, limit our ability to use certain technologies, increase our costs of doing business or otherwise adversely affect our business and operating results.

From time to time, we are involved as a party or an indemnitor in disputes or regulatory inquiries. These may include alleged claims, lawsuits and proceedings regarding intellectual property disputes, labor and employment issues, commercial disagreements, securities law violations and other matters. In particular, companies in the software industry are often required to defend against litigation or claims based on allegations of infringement or other violations of intellectual property rights. In certain instances, we have received claims that we have infringed the intellectual property rights of others, including claims regarding patents, copyrights, and trademarks. Because of constant technological change in the markets in which we compete, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents, it is possible that the number of these claims may grow. Such claims sometimes involve patent holding companies

or other adverse patent owners that have no relevant product revenue and against which our own patents may therefore provide little or no deterrence. In addition, former employers of our former, current, or future employees may assert claims that such employees have improperly disclosed to us the confidential or proprietary information of these former employers. If we are not successful in defending such claims, we could be required to stop selling our products, delay shipments, redesign our products, pay monetary amounts as damages, enter into royalty or licensing arrangements (which may not be available to us on commercially reasonable terms), or satisfy indemnification obligations to our customers, any of which could have a material adverse effect on our business.

Regardless of the merits or ultimate outcome of any claims that have been or may be brought against us or that we may bring against others, lawsuits are time-consuming and expensive to resolve, divert management's time and attention, and could harm our reputation. Although we carry general liability and other forms of insurance, our insurance may not cover potential claims that arise or may not be adequate to indemnify us for all liability that may be imposed. We may also determine that the most cost-effective way to resolve a dispute is to enter into a settlement agreement. Litigation is inherently unpredictable and we cannot predict the timing, nature, controversy or outcome of lawsuits, and it is possible that litigation could have an adverse effect on our business, operating results or financial condition.

We use open-source software in our products, which could subject us to litigation or other actions.

We use open-source software in our products and solutions. Any use of open-source software may expose us to greater risks than the use of commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Any use of open-source software may involve security risks, making it easier for hackers and other third parties to determine how to compromise our platform. From time to time, there have been claims challenging the ownership of open-source software against companies that incorporate open-source software into their products. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open-source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open-source software in a certain manner, we could, under certain of the open-source licenses, be required to release the source code of our proprietary software products. If we inappropriately use or incorporate open-source software subject to certain types of open-source licenses that challenge the proprietary nature of our software products, we may be required to re-engineer our products, discontinue the sale of our products and solutions or take other remedial actions.

There is significant government regulation of technology imports and exports. If we cannot meet the requirements of applicable regulations, we may be prohibited from exporting some of our products, which could negatively impact our revenue.

Our international sales and operations are subject to risks such as the imposition of government controls, new or changed export license requirements, restrictions on the export of critical technology, trade restrictions and changes in tariffs. If we are unable to obtain regulatory approvals on a timely basis, our business may be impacted. Certain of our products are subject to export controls under U.S. law including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control. The list of products and countries for which export approval is required, and the regulatory policies with respect thereto, may be revised from time to time and our inability to obtain required approvals under these regulations could materially and adversely affect our ability to make international sales. Additionally, we may be negatively affected if our third-party technology partners fail to obtain proper licenses and permits for the import and export of their products. We maintain trade control compliance requirements for our partners; however, we cannot guarantee that our partners will comply with these requirements. Violations of export control and international trade laws could result in penalties, fines, adverse reputational consequences, and other materially adverse consequences. In the past, we voluntarily disclosed a trade control matter to the U.S. government. Although this matter was closed during 2019 with no fines, penalties, or finding of wrongdoing, similar issues could arise in the future. In addition, future changes in government regulation of technology imports and exports, including tariffs and other protective measures that have been or may be imposed by the current U.S. presidential administration, could negatively affect our business.

We employ cryptographic technology in our authentication products. If the codes used in our cryptographic technology are eventually broken or become subject to additional government regulation, our technology and products may become less effective, which would have a material adverse effect on our business.

A portion of our products are based on cryptographic technology. With cryptographic technology, a user is given a key that is required to encrypt and decode messages. The security afforded by this technology depends on the integrity of a user's key and in part on the application of algorithms, which are advanced mathematical factoring equations. These codes may eventually be broken or become subject to government regulation regarding their use, which would render our technology and products less effective. The occurrence of any one of the following could result in a decline in demand for our technology and products, which would have a material adverse effect on our business:

- Any significant advance in techniques for attacking cryptographic systems, including the development of an easy factoring method or faster, more powerful computers, such as quantum computing;
- Publicity of the successful decoding of cryptographic messages or the misappropriation of keys; and
- Increased government regulation limiting the use, scope or strength of cryptography.

International and domestic privacy and data protection laws and regulations could have a material adverse impact on our results of operations.

The regulatory framework for the collection, use, access, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. We collect, transmit, store, and otherwise process (on our systems and on our third-party partners' systems) our customers' and our employees' data that includes personal data subject to these international and domestic privacy and data protection laws and regulations. For example, in the European Union, we are required to comply with the General Data Protection Regulation, (EU) 2016/679 as well as supplementary laws implemented by EU member states of the European Economic Area ("EEA") (collectively, "GDPR"). The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing biometric and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The GDPR also imposes strict rules on the transfer of personal data from the EEA to other countries that are not viewed as providing an adequate level of data protection. In addition, the GDPR permits data protection authorities to require destruction of improperly gathered or used personal information and/or impose substantial fines for violations of the GDPR, which can be up to four percent of global revenues or 20 million Euros, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. We continue to adapt our compliance with GDPR using standard contractual clauses and other methods; however, it is difficult to be certain that compliance has been achieved. We have expended significant resources to comply, but those methods may be subject to scrutiny by data protection authorities in EEA member states.

There are ongoing concerns about the ability of companies to transfer personal data from the EEA to other countries. In October 2022, President Biden signed an executive order to implement the EU-U.S. Data Privacy Framework ("DPF"). The European Commission adopted an adequacy decision to permit data transfers from the EEA to the United States going forward. This development permits data transfers at this point under this framework and more broadly has made international data transfers more straightforward, but these provisions are being challenged in court. The new U.S. presidential administration may also impact whether the DPF remains an adequate data transfer framework. The continuing uncertainty around this issue may further impact our business operations in the EEA.

Beyond the GDPR, there are privacy and data security laws in a growing number of countries around the world. For example, other jurisdictions such as Brazil, Canada, and the United Kingdom have enacted privacy and data protection laws and regulations that impose similar restrictions and obligations on products and services we sell and that otherwise may impact our ability to conduct our business activities.

In the United States, the federal and state governments have also enacted privacy and data protection laws and regulations that impact us, our customers, and partners. At the federal level, we could potentially be subject to privacy enforcement from the Federal Trade Commission (the "FTC"), which has been particularly focused on the processing of biometric and other sensitive data through its recent enforcement actions. The FTC's enforcement priorities (as well as those of other federal regulators) may be impacted by the change in administration and new leadership. These shifts in enforcement priorities may also impact our business. At the state level, the California Consumer Privacy Act ("CCPA")—which went into effect on January 1, 2020—is creating similar risks and obligations as those created by GDPR. The CCPA also has been amended through a recent referendum in California that creates additional obligations beginning in 2023.

The California Privacy Rights Act of 2020 (“CPRA”) also created a new enforcement agency – the California Privacy Protection Agency – whose sole responsibility is to enforce the CPRA, which will further increase compliance risks. In addition, more than 18 other states already have passed comprehensive privacy laws. States are also passing laws regulating specific categories of information that may impact our business. For example, the State of Washington passed the My Health My Data Act in 2023, which specifically regulates health information, including biometric data, that is not otherwise regulated by the HIPAA rules and includes a private right action. A broad range of legislative measures also have been introduced at the federal level. Accordingly, failure to comply with federal and state laws (both those currently in effect and future legislation) regarding privacy and security of personal information could expose us to fines and penalties under such laws. There also is the threat of consumer class actions related to these laws and the overall protection of personal data. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our reputation and our business.

In addition, several jurisdictions have imposed legal and compliance requirements on biometric data that are more stringent than requirements on other classifications of personal data. For example, in the U.S., the Illinois Biometric Information Privacy Act (“BIPA”) regulates the collection, use, safeguarding, and storage of biometric identifiers and information, requires informed consent before collection, imposes fines for non-compliance, and grants residents a private right of action over improper collection and mishandling of biometric data. The U.S. state comprehensive privacy laws generally treat biometric data as sensitive personal data, subject to heightened requirements around its processing. Similarly, Québec’s Act respecting the protection of personal data in the private sector (“Law 25”, formerly known as “Bill 64”) introduces substantial changes to the privacy landscape in Quebec, enhancing protection for personal data and introducing new obligations for transparency and accountability in data processing activities, including those involving biometric data.

Our activities as a SaaS solution provider mainly involve the processing of personal data on behalf of our customers. Our operations as a processor of our customers’ data relate to collecting, transmitting, storing, and processing a wide array of data, including personal data and biometric information of individuals worldwide. This data is handled both on our systems and those of our third-party partners, making us subject to a complex web of regulations across various jurisdictions. Adapting to these requirements may entail significant operational changes, including revising data processing and storage practices, enhancing data security measures, ensuring transparent communication with data subjects about their rights and our data handling practices, and it may impact our business activities, including our relationships with business partners and the marketing and distribution of our products.

We work to comply with all applicable international and domestic privacy and data protection laws and regulations; however, these laws and regulations vary greatly from jurisdiction to jurisdiction, change rapidly, and are subject to interpretation, all of which leads to uncertainty in their applicability. The costs of compliance with these laws and regulations that apply to us, and other burdens imposed by them, may limit our use of personal data and could have a material adverse impact on our results of operations. Compliance may require that we implement new processes and policies or change our existing processes and policies or features of our systems, which may require substantial financial and other resources, and which otherwise may be difficult to undertake. Any failure or perceived failure by us (or our third-party partners) to comply with these privacy and data protection laws and regulations, our processes and policies, contractual provisions, or an actual, perceived or suspected data privacy or information security incident could result in serious consequences for us. These consequences may include enforcement actions, audits, investigations, prosecutions, fines, penalties, debarment, litigation, claims for damages by customers and other affected individuals, reputational loss, and financial and business losses.

We must comply with the requirements of being a public company, including developing and maintaining proper and effective disclosure controls and procedures and internal control over financial reporting. Any failure to comply with these requirements may adversely affect investor confidence in our company and, as a result, the value of our common stock.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations that impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements and such compliance requires significant ongoing legal, accounting and financial reporting costs.

The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting and furnish a report by management on, among other things, the effectiveness of our

internal control over financial reporting on an annual basis. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We are also required to have our independent registered public accounting firm issue an opinion annually on the effectiveness of our internal control over financial reporting. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

We have identified a material weakness in the past and it is possible that other material weaknesses, or significant deficiencies, in our internal controls will be identified in the future. Failure to maintain effective controls or implement new or improved controls could result in significant deficiencies or material weaknesses, affect management evaluations and auditor attestations regarding the effectiveness of our internal controls, failure to meet periodic reporting obligations, and material misstatements in our financial statements. Any material misstatement of our financial statements may result in a restatement, loss of investor and customer confidence, a decline in the market price of our common stock, and potential sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Our business in certain countries and transactions with foreign governments increase the risks associated with our international activities.

We are subject to anti-corruption laws in the jurisdictions in which we operate, including the FCPA, the U.K. Bribery Act, and other similar laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have operations, deal with and make sales to governmental or quasi-governmental customers in countries known to experience corruption, particularly certain countries in the Middle East, Africa, Asia and South and Central America. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or channel partners that could be in violation of various laws, including the FCPA and the U.K. Bribery Act, even though these parties are not always subject to our control. While we have implemented policies and training that mandate compliance with these anti-corruption laws, we cannot guarantee that these policies and procedures will prevent reckless or criminal acts committed by our employees, consultants, sales agents or channel partners. Violations of these laws may result in materially significant diversion of management's resources as well as significant investigation and outside counsel expense. Violations of these laws may also result in severe criminal or civil sanctions, including suspension or debarment from government contracting, and we may be subject to other liabilities which could disrupt our business and result in a materially adverse effect on our reputation, business, results of operations, and financial condition.

We are subject to numerous laws, regulations and customer and product certification requirements governing the design, production, distribution, sale and use of our products. Any failure to comply with these laws, regulations and requirements could result in unanticipated costs and other negative impacts, and could have a materially adverse effect on our business, results of operations, and financial condition.

We are subject to global legal, regulatory, and customer compliance requirements that span many different areas. For example, we are subject to the Directive on Measures for a High Common Level of Cybersecurity Across the Union (EU) 2022/2555 (known as NIS2), which introduces a common cybersecurity framework that imposes stringent security and cybersecurity incident reporting obligations on organizations operating in the European Union. Our ability to comply with these requirements, including enhanced reporting obligations, risk management process, and network security standards, may require additional investment in technology, personnel, and training. Non-compliance with NIS2 could result in significant penalties, legal liabilities, reputational damage, and operational disruptions.

In addition, as an information communication technology provider to financial entities in the European Union, we are affected by the Regulation on Digital Operational Resilience for the Financial Sector (EU) 2022/2554 (known as DORA). DORA imposes significant obligations on our financial entity customers to ensure their third-party technology vendors, such as OneSpan, protect against disruptions in their products or services that could affect important or critical financial services in the EU. In order to meet their own compliance obligations under DORA, our customers are imposing additional contractual requirements on OneSpan to ensure the security, continuity, and resilience of our products and services, increase oversight of our critical third-party service providers, and undergo additional audits, all of which may require significant investment in technology, personnel, and training. If we fail to meet DORA's requirements, our financial entity customers could be negatively impacted, and we could incur liabilities, suspension or termination of our products and services, reputational damage, loss of competitive positioning, and potential loss of business. Furthermore,

evolving interpretations of DORA or additional regulatory updates could lead to unexpected compliance challenges and costs.

Our Digipass authenticator devices are subject to a variety of laws applicable to electronic devices, such as the EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), the EU Restriction on the Use of Hazardous Substances Directive (the RoHS Directive), the EU Waste Electrical and Electronic Equipment Directive (the WEE Directive) and “conflict minerals” regulations that require us to perform supply chain due diligence to determine the sources and origin of certain minerals used in our devices. We expect to incur ongoing costs associated with complying with these requirements, and may be subject to reputational damage, fines, penalties or loss of customers if we fail to comply. These requirements may also affect pricing, sourcing and availability of materials used to produce our Digipass devices. Our products, including our Digipass authenticators, may also require various industry certifications, including certifications under the Federal Information Processing Standards (FIPS) and from industry standards organizations such as the FIDO Alliance. Failure to obtain these certifications in a timely manner could harm our business.

Efforts to manage and mitigate climate change, pollution, biodiversity loss, human rights violations in corporate supply chains, and other environmental and social impacts have produced significant regulatory and legislative efforts on a global basis, a trend we expect to continue. We anticipate that new laws and regulations in this area will result in added compliance requirements and increased costs for us and our suppliers, which could result in a significant negative impact on our ability to operate profitably. In particular, we expect to be subject to the EU Corporate Social Responsibility Directive and the EU Taxonomy Regulation beginning for our fiscal year ending December 31, 2025. We have incurred and believe we will need to continue to incur significant costs, including third-party audit costs, to comply with these requirements. We also expect to become subject to several complex and costly new EU sustainability laws over the next five years, including laws addressing sustainable product design and packaging. In addition, many of our customers are also subject to significant new environmental and climate-related regulations or stakeholder pressure, which may affect their purchasing decisions in ways unfavorable to us. For instance, customers who purchase our Digipass authenticator devices sometimes inquire about the environmental impact of the devices, and customers who are especially focused on carbon footprint or waste minimization may choose software-based authentication methods rather than physical authentication devices. Finally, disclosures we may be required to make with respect to climate change, pollution or other environmental or social impacts may damage our reputation and have an adverse impact on our business.

We sell products and services to U.S. federal, state and local governments as well as foreign government entities. Risks associated with selling our products and services to government entities include compliance with complex procurement regulations and government-specific contractual requirements that may vary from our standard terms and conditions, longer sales cycles that are not easy to predict, and varying government funding and budgeting processes. Selling to these entities is expensive and time-consuming and often requires significant up-front effort and expense. We have processes in place to aid in compliance with applicable government contracting requirements; however, it is difficult to be certain that compliance has been achieved. Non-compliance with government entity requirements may result in significant material risk to the Company including debarment, reputational loss, and financial and business losses.

New laws and regulations and changes to current laws and regulations are always possible and, in some cases they may be introduced with little or no time to bring related products into compliance. Furthermore, our products are used by customers to assist with achieving compliance with laws and regulations that apply to their industry. Our failure to comply with laws and regulations and to adapt to our customers’ needs may prevent us from selling our products in a certain country or to a particular customer. In addition, these laws, regulations, and requirements may increase our cost of supplying the products by forcing us to redesign existing products, change manufacturing practices, or to use more expensive designs or components. In these cases, we may experience unexpected disruptions in our ability to supply customers with products, or we may incur unexpected costs or operational complexities to bring products into compliance, and we may experience lowered customer demand. This could have an adverse effect on our revenues, gross profit margins and results of operations and increase the volatility of our financial results.

We may require additional capital to support our business objectives, and this capital might not be available on acceptable terms, if at all.

We expect that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Our estimate as to how long we expect our cash and cash equivalents to be able to fund our operations is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Further, changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need

to seek additional funds sooner than planned. We intend to continue to make investments to support our business objectives and may require additional funds to achieve our objectives and respond to business challenges, including the need to develop new features or enhance our products, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock.

General economic conditions and geopolitical events have resulted in significant volatility in global financial markets in recent years. If this volatility persists or becomes more pronounced, we could experience an inability to access additional capital, which could in the future negatively affect our capacity for certain corporate development transactions or our ability to make other important, opportunistic investments. In addition, market volatility, high levels of inflation and interest rate fluctuations may increase our cost of financing or restrict our access to potential sources of future liquidity. Adequate additional financing may not be available to us on acceptable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business objectives and to respond to business challenges could be significantly impaired, and our business may be adversely affected.

Risks Related to Ownership of Our Common Stock

Our stock price has been and will likely continue to be volatile.

The market price of our common stock has been and may continue to be highly volatile and may fluctuate substantially as a result of a variety of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. Factors that could cause fluctuations in the market price of our common stock include the following:

- Actual or anticipated fluctuations in our quarterly or annual operating results;
- Variance in our financial performance from our own financial guidance or from expectations of securities analysts;
- The trading volume of our common stock;
- Failure of securities analysts to maintain coverage of our company or changes in financial estimates by any securities analysts who follow our company;
- Changes in market valuations of other technology companies;
- Announcements by us or our competitors of significant technical innovations, contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Our involvement in any litigation or investigations by regulators;
- Our sale of our common stock or other securities in the future;
- Sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- Repurchases pursuant to Board-authorized share repurchase programs, or announcements of the inception or discontinuation of any such program;
- Increases or decreases in the dividend amount paid under our quarterly dividend program announced in December 2024, the modification or discontinuation of such program, or other changes in our capital allocation strategy;
- Mergers, acquisitions, or divestitures;
- Short sales, hedging and other derivative transactions involving our capital stock;
- Additions or departures of any of our key personnel;
- Changing legal or regulatory developments;
- The inclusion or exclusion of our stock in ETFs, indices and other benchmarks, and changes made to related methodologies;
- Reactions by investors to uncertainties in the world economy, the global geopolitical environment, and financial markets.

In recent years, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies due to, among other factors, the actions of market participants or other actions outside of our control, including market volatility caused by geopolitical events, and general economic developments. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our common stock. In the past, companies that have experienced

volatility in the market price of their securities have been subject to securities class action litigation. We have been the target of this type of litigation in the past, and may be targeted again in the future, which could result in substantial costs and divert our management's attention.

A small group of shareholders control a substantial amount of our common stock and could promote, delay or prevent a change of control.

A small number of shareholders control a significant amount of our outstanding common stock, as follows (based on the number of our shares of common stock outstanding as of December 31, 2024 and the most recent Schedule 13G or Schedule 13G/A filing made by each of these parties): Blackrock, Inc. holds approximately 9.8% of our outstanding common stock; Vanguard Group Holdings holds approximately 9.2%; Legal & General Group Plc holds approximately 5.7%; and Global X Management CO LLC holds approximately 5.6%. This concentration of ownership may have the effect of a small number of investors promoting, discouraging, delaying or preventing a change in control and may also have an adverse effect on the market price of our common stock.

Certain provisions of our charter and of Delaware law make a takeover of our Company more difficult.

Our corporate charter and Delaware law contain provisions, such as a class of authorized but unissued preferred stock which may be issued by our board of directors without stockholder approval that might enable our management to resist a takeover of our Company. Delaware law also limits business combinations with interested stockholders. These provisions might discourage, delay or prevent a change in control or a change in our management. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

Future issuances of blank check preferred stock may reduce voting power of common stock and may have anti-takeover effects that could prevent a change in control.

Our corporate charter authorizes the issuance of up to 500,000 shares of preferred stock with such designations, rights, powers and preferences as may be determined from time to time by our Board of Directors, including such dividend, liquidation, conversion, voting or other rights, powers and preferences as may be determined from time to time by the Board of Directors without further stockholder approval.

The issuance of preferred stock could adversely affect the voting power or other rights of the holders of common stock. In addition, the authorized shares of preferred stock and common stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control.

Our business could be adversely affected as a result of actions of activist stockholders.

Although we strive to maintain constructive, ongoing communications with all of our stockholders, and welcome their views and opinions with the goal of enhancing value for all of our stockholders, our stockholders have in the past, and may from time to time in the future, engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes at or acquire control of the Company. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming and could divert the attention of our Board of Directors and senior management from the management of our operations and the pursuit of our business strategy. We cannot predict whether additional proxy contests or related matters will occur in the future and the time and cost associated with such matters.

Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy or changes to the composition of our Board of Directors or senior management team arising from proposals by activist stockholders or a proxy contest could lead to the perception of a change in the direction of our business or instability that may be exploited by our competitors and/or other activist stockholders, result in the loss of customers or potential business opportunities, and make it more difficult to pursue our strategic initiatives or attract and retain qualified employees and business partners, any of which could have an adverse effect on our business, financial condition and operating results.

General Risks

Economic uncertainties or downturns could materially adversely affect our business.

Negative economic conditions, including conditions resulting from changes in foreign currency rates, changes in interest rates, gross domestic product growth, financial and credit market fluctuations, inflation, political turmoil, geopolitical tensions, tariffs, international trade disputes, natural catastrophes, regional and global conflicts, natural disasters, and terrorist attacks, could cause a decrease in business investments, including spending on information technology, and negatively affect the performance of our business. If global or regional economic and financial market conditions remain uncertain and/or weak for an extended period of time, any of the following factors, among others, could have a material adverse effect on our financial condition and results of operations:

- slower consumer or business spending may result in reduced demand for our products and services, reduced orders from customers, order cancellations, lower revenues, increased inventories, and lower gross margins;
- volatility in global markets, tariffs or international trade disputes, and fluctuations in exchange rates for foreign currencies could negatively impact our reported financial results and condition;
- volatility in the prices for materials and components we use in our Digipass products could have a material adverse effect on our costs, gross margins, and profitability;
- restructurings, reorganizations, consolidations and other corporate events could affect our customers' budgets and buying cycles, particularly in the banking and financial services industry, where we have particular exposure due to the majority of our customers being banks and financial institutions;
- if our customers experience declining revenues, or experience difficulty obtaining financing in the capital and credit markets to purchase our products and services, this could result in reduced orders, longer sales cycles, order cancellations, inability of customers to timely meet their payment obligations to us, extended payment terms, higher accounts receivable, reduced cash flows, greater expense associated with collection efforts and increased bad debt expense;
- severe financial difficulty experienced by our customers (such as the mid-market bank failures that occurred in 2023) may cause them to become insolvent or cease business operations, which could reduce sales, cash collections and revenue streams; and
- any difficulty or inability on the part of manufacturers of our products or other participants in our supply chain in obtaining sufficient financing to purchase raw materials or to finance general working capital needs may result in delays or non-delivery of shipments of our products.

Furthermore, in an adverse economic environment there is a risk that customers may delay their orders until the economic conditions improve. If a significant number of orders are delayed for an indefinite period of time, our revenue and cash receipts may not be sufficient to meet the operating needs of the business. If this is the case, we may need to significantly reduce our workforce, sell certain of our assets, enter into strategic relationships or business combinations, discontinue some or all of our operations, or take other similar restructuring actions. While we expect that these actions would result in a reduction of recurring costs, they also may result in a reduction of recurring revenue and cash receipts. It is also likely that we would incur substantial non-recurring costs to implement one or more of these restructuring actions.

Catastrophic events may disrupt our business.

Our business operations are subject to interruption by natural disasters, including extreme weather related to the effects of climate change, and other catastrophic events such as fire, floods, power loss, telecommunications failure, cyberattack, war or terrorist attack, or epidemic or pandemic. To the extent such events impact our facilities or off-premises or third-party infrastructure, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our software development, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have an adverse effect on our future operating results.

Item 1B - Unresolved Staff Comments

None.

Item 1C - Cybersecurity

Risk Management and Strategy

As a cloud-based digital agreements and identity and authentication security solutions provider servicing customers in regulated industries, cybersecurity risk management is an important part of our identity. We maintain an enterprise cybersecurity risk management program designed to assess, identify, and manage material cybersecurity risks

within our corporate information security environment and the systems we develop and operate for the benefit of our customers. Our cybersecurity risk management program is based upon best practices and standards for cybersecurity and information technology, including the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF") and the International Organization Standardization ("ISO") 27001 Information Security Management System Requirements.

Policies and Training. We maintain security policies, standards, and processes that apply across our operations and that are approved by management, communicated to our personnel, and reviewed on an annual basis. We provide a global security awareness education program that includes mandatory security and privacy awareness training for all personnel, regular phishing identification exercises, focused training opportunities for particular roles, and incident response training for key individuals.

Risk Assessment and Safeguards. We conduct regular assessments of risks and vulnerabilities to the confidentiality, integrity, and availability of data in our systems, and we implement safeguards to reduce these risks and vulnerabilities to a reasonable and appropriate level. For internal information systems and assets, we conduct regular internal reviews, employ continuous security monitoring, and conduct periodic independent reviews of the key components of our security program. For customer-facing products and services, in addition to internal reviews and testing, we undergo external reviews and penetration testing using an independent third party provider. Our cloud platforms for SaaS solutions are audited annually by external independent auditors who review our platforms against the Service Organization Controls ("SOC") 2 and ISO 27001, 27017 and 27018 standards, and some of our Digital Agreement products are available on a FedRAMP compliant platform. Some of our products are certified under specific technical standards or industry guidelines, such as FIPS 140-2 and FIDO. Our Digipass authentication fulfillment services are also audited annually by external independent auditors against the SOC 2 standard. We conduct self-assessment activities for those standards or regulations that are not covered by the external auditors, such as the General Data Protection Regulation in Europe. Additionally, we periodically engage third party consultants to assist with identifying, assessing, and/or managing cybersecurity threats.

Incident Management. We have a documented incident response plan for identifying and responding to cybersecurity incidents that focuses on isolating, containing, mitigating, and eradicating the threat as quickly as possible. In the event of a cybersecurity incident, we will follow a documented incident escalation procedure. For a discussion of whether any cybersecurity risks have, or are likely to materially affect us, please see 1A, *Risk Factors*, for a discussion of identified cybersecurity risks.

Third Party Risk Management. Our vendor security risk management program covers vendors that require connectivity to our systems or access to confidential information. We utilize a trust intelligence platform for managing data privacy and data governance which includes third party risk management. Security reviews are performed periodically, based on vendor criticality, to identify potential security issues with the vendor systems or practices. New vendor contracts are reviewed by our legal and security teams, as appropriate, to confirm that security and data protection are appropriately addressed.

Material Cybersecurity Incidents. While we have experienced several security incidents in the past, we have not experienced any material cybersecurity incidents for the fiscal year ended December 31, 2024. We do not believe that there are currently any known risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company or our business strategy, results of operations or financial condition.

Governance

Our Board is primarily responsible for overseeing the assessment and management of our risk exposure, including the balance between risk and opportunity and the totality of risk exposure across the organization. The Audit Committee oversees the company's cybersecurity risks and exposures. We operate our security program under a global Information Security Charter approved by the Audit Committee, and the Audit Committee receives security updates and information about cybersecurity risks from the Chief Information Officer ("CIO") and Chief Information Security Officer ("CISO") at least quarterly. Our Board generally reviews the company's overall risk management program at least annually, including the corporate insurance program which includes our cybersecurity insurance policy. We maintain an Information Security Steering Committee which is composed of key senior leaders who oversee the corporate information security program and our cybersecurity posture. Cybersecurity threats with the possibility of heightened criticality are escalated to a management team comprised of C-level executives and legal department representatives.

The CIO leads our global information technology organization and has nearly 30 years of information technology leadership experience, including acting as CIO at two cloud-based technology providers. The Chief Technology Officer has over 20 years of experience leading product management, engineering, and operational teams at global organizations, including at a fraud management and information security company. The Senior Vice President of Research and Development has more than 25 years of information technology experience, including at another publicly traded

technology company. Our CISO reports to the CIO and is responsible for leading our information security organization and overseeing our information security program. The CISO has over 20 years experience in information technology and security, including serving as Chief Information Security Officer at another cloud-based technology provider. Team members who support our cybersecurity risk management program have relevant education and experience in the fields of cybersecurity, risk management, security architecture, data protection, application security, audit, compliance, incident response, identity governance and governance of enterprise information technology.

Item 2 - Properties

OneSpan is headquartered in Boston, Massachusetts and has operations in Austria, Australia, Belgium, Canada, China, France, Japan, The Netherlands, Singapore, Switzerland, the United Arab Emirates, the United Kingdom, and the United States of America. Our European operational headquarters is in Brussels, Belgium; our primary global research and development center is in Montreal, Canada; and our Digipass authenticator logistics facility is located in Erembodegem, Belgium. We conduct sales and marketing, customer support, and general and administrative activities from various locations around the world.

Each of our properties support the operations of our two lines of business, which are our reportable operating segments: Security Solutions and Digital Agreements.

All of our properties are leased. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate expansion of our operations.

Item 3 - Legal Proceedings

We are subject to certain legal proceedings and claims incidental to the operations 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 or financial condition.

For further information regarding our legal proceedings and claims, see Note 18, *Commitments and Contingencies*, included in the notes to consolidated financial statements in Part IV of this Annual Report on Form 10-K.

Item 4 - Mine Safety Disclosures

Not applicable.

PART II

Item 5 - Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock, par value \$0.001 per share, trades on the Nasdaq Capital Market under the symbol OSPN. On February 19, 2025, there were 101 registered holders of our common stock.

Dividends

On December 16, 2024, the Board of Directors declared a quarterly cash dividend of \$0.12 per share that will be paid on February 14, 2025 to shareholders of record as of the close of business on January 31, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors and to certain limitations under the General Corporation Law of the State of Delaware. The timing, amount and form of dividends, if any, will depend, among other things, on our results of operations, financial condition, cash requirements, plans for expansion and other factors deemed relevant by the Board of Directors.

Recent Sales of Unregistered Securities

None

Issuer Purchases of Equity Securities

The following table provides information about purchases by the Company of its shares of common stock during the fourth quarter of 2024:

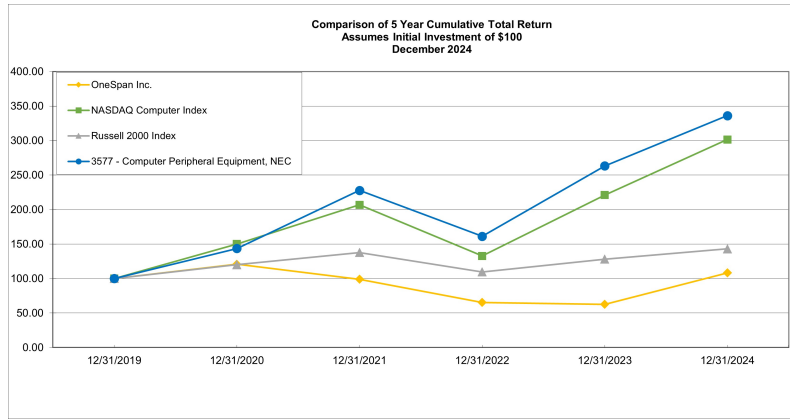
Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 1, 2024 through October 31, 2024	—	\$ —	—	\$ 50,000,000
November 1, 2024 through November 30, 2024	—	\$ —	—	\$ 50,000,000
December 1, 2024 through December 31, 2024	—	\$ —	—	\$ 50,000,000

(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.

Stock Performance Graph

The Stock Performance Graph below compares the cumulative total return through December 31, 2024 assuming reinvestment of dividends, by an investor who invested \$100.00 on December 31, 2019, in each of (i) our common stock, (ii) the Nasdaq Computer Index, (iii) the Russell 2000 Index, and (iv) the Standard Industrial Code Index 3577 – Computer Peripheral Equipment, NEC. The stock price performance shown on the graph below is not necessarily indicative of future price performance.

This graph shall not be deemed "soliciting material" or be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended (the "Securities Act"), whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



	12/31/2019	12/30/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
OneSpan Inc.	\$ 100.00	\$ 120.79	\$ 98.89	\$ 65.35	\$ 62.60	\$ 108.25
NASDAQ Computer Index	\$ 100.00	\$ 149.98	\$ 206.76	\$ 132.79	\$ 221.06	\$ 301.44
Russell 2000 Index	\$ 100.00	\$ 119.96	\$ 137.74	\$ 109.59	\$ 128.14	\$ 142.93
3577 - Computer Peripheral Equipment, NEC	\$ 100.00	\$ 143.54	\$ 227.68	\$ 161.17	\$ 263.12	\$ 336.12

Item 6.

[Reserved]

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations (in thousands, except head count, ratios, time periods and percentages)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under Item 1A, Risk Factors and elsewhere in this Form 10-K. These risks could cause our actual results to differ materially from any future performance suggested below. Please see "Cautionary Note Regarding Forward Looking Statements" at the beginning of this Form 10-K.

For a comparison of our results of operations for the fiscal years ended December 31, 2023 and 2022, see "Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 6, 2024.

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 combine identity verification, electronic 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 secure authentication 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.

Business Segments

We report our financial results under the following two lines of business, which are our reportable operating 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 and transaction signing solutions, such as mobile application security and mobile software tokens.
- **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.

Business Developments

During 2022 and the first half of 2023, OneSpan was operating under a three-year strategic plan that focused on driving revenue growth in Digital Agreements. However, in mid-2023, we determined that we were unlikely to achieve the revenue growth levels set forth in that strategic plan within the contemplated three-year timeframe due to a number of factors, including increasing maturity and competitiveness in the market for e-signature solutions, limited awareness of our brand among buyers of e-signature tools, and higher pricing aggressiveness from competitors.

In response to these challenges, we modified our strategy to focus more heavily on improving profitability across the business. To this end, in August 2023, our Board approved the 2023 Actions (discussed below) to achieve higher levels of profitability while maintaining the Company's long-term growth potential.

We now seek to drive profitable, efficient growth in both operating segments, with a particular emphasis on subscription revenue growth. Digital Agreements became profitable for the first time in the third quarter of 2024 and both operating segments were profitable for the full year 2024. Security Solutions and Digital Agreements subscription revenue grew 33% and 28% year-over-year in 2024, respectively.

Security Solutions total revenue decreased 1% in 2024, largely due to a reduction in hardware revenues driven by certain customers adopting a "mobile-first" approach, which prioritizes the mobile user experience over traditional desktop and hardware experiences, particularly for consumer banking. This approach has resulted in a reduction of Digipass hardware authenticator sales and an increase in sales of software authentication licenses delivered through software applications on mobile devices. As organizations embrace the convenience and accessibility of mobile technology, we expect to increase our focus on high-margin software solutions while continuing to invest in our hardware authentication solutions in order to meet diverse customer needs.

Digital Agreements total revenue increased 20% in 2024 and we substantially completed transitioning the segment to a SaaS revenue model.

Restructuring Plan

In December 2021, our Board approved a restructuring plan designed to advance our operating model, streamline our business, improve efficiency, and enhance our capital resources. The first phase of this restructuring plan began and was substantially completed during the three months ended March 31, 2022. In May 2022, our Board approved additional actions related to the restructuring plan through the year ending December 31, 2025. The additional actions consisted primarily of headcount-related reductions designed to continue to advance the same objectives as the first phase of the plan.

In 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 relating to vendor contract termination and rationalization actions. We currently expect that we will incur restructuring charges of approximately \$0.5 million to \$1.0 million related to the 2023 Actions in periods after 2024, 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 330 positions. We incurred severance and related benefits costs, recorded in "Restructuring and other related charges" in the consolidated statements of operations for the years ended December 31, 2024, 2023 and 2022.

Recent Developments

On December 16, 2024, the Board of Directors declared a quarterly cash dividend as part of the initiation of a recurring quarterly dividend program. The initial quarterly cash dividend of \$0.12 per share was paid on February 14, 2025 to shareholders of record as of the close of business on January 31, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

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, restructuring activities, 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 in 2024 compared to 2023 resulted in a decrease in operating expenses of less than \$0.1 million in 2024.

The comparison of operating expenses can also be impacted significantly by costs related to our share-based and long-term incentive plans. In 2024, 2023, and 2022, operating expenses included \$9.2 million, \$14.6 million, and \$8.8 million, respectively, of expenses related to share-based and long-term incentive plans. For the year ended December 31, 2024, stock-based compensation declined as compared to the year ended December 31, 2023, which was largely due to the departure of our former CEO and forfeitures recorded upon his termination, timing of annual grants, and a lower level of employee equity awards granted in 2024 compared to 2023. However, this decline was partially offset by the awards granted to our current CEO when he accepted his permanent role of President and CEO in 2024. Long-term incentive plan compensation expense consists of share-based incentives and an immaterial amount of cash-based incentives.

- *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, and long-term incentive compensation. Our general and administrative expenses may fluctuate as a percentage of total revenue.
- *Restructuring and other related charges.* Restructuring and other related charges consists of employee costs which include severance, retention pay, and related benefits incurred in connection with 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 in this technology and related commercial efforts; and vendor rationalization costs for contractually committed services that we are 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.
- *Impairment of intangible assets.* Impairment of intangible assets are incurred when we determine that the carrying value of an asset exceeds its fair value. We test annually, or when triggering events arise. During the year ended December 31, 2022, we performed an impairment review of the customer relationships intangible assets obtained in our 2018 acquisition of Dealflo Limited ("Dealflo"). The impairment review was triggered by our July 2022 notification to customers regarding our intent to gradually sunset our Dealflo solution in the months leading up to December 31, 2023. The results of the impairment review indicated that the carrying value of the Dealflo customer relationships exceeded the fair value, and we recorded a \$3.8 million impairment charge on the entire remaining value of the asset during the year ended December 31, 2022. This was recorded in "restructuring and other related charges" on the consolidated statements of operations.
- *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.

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 and 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 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 and short-term investments. Our cash equivalents and short-term investments are invested in short-term instruments at current market rates.

Other Income (Expense), Net

Other income (expense), 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"). Our IP in our Security Solutions business is owned by a U.S. operating subsidiary. 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 a cost plus basis. In addition, many of our OneSpan entities operate as distributors for all of our OneSpan products. Under this structure, the earnings of our service provider and distributor subsidiaries are relatively constant. These subsidiaries tend to be in jurisdictions with higher effective tax rates. Fluctuations in earnings flow to the IP owners.

We record changes in valuation allowance against deferred tax assets that, based on management's assessment, are considered not to be more likely than not to be realized. The decrease in the valuation allowance in 2024 reflects a change in management's assessment of the ability to use existing deferred tax assets, including NOLs, due to an increase in the operating profit and intra-entity asset transfer of certain intellectual property ("IP Transfer") discussed in Note 13, *Income Taxes*. The increase in the valuation allowance in 2023 reflects Net Operating Losses ("NOLs"), other deduction carryforwards, and credits for which the realization is not more likely than not. The change in valuation allowance in 2024 also reflects other factors including, but not limited to, changes in management's assessment of the ability to use existing deferred tax assets, including NOLs and other deduction carryforwards.

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. Management continues to maintain a valuation allowance against certain deferred tax assets in jurisdictions where assets are not more likely than not to be realized. For all other remaining deferred tax assets, management believes it is still more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

Impact of Currency Fluctuations

In 2024 and 2023, we generated approximately 83% of our revenue for both years and incurred approximately 59% and 58% of our operating expenses outside of the U.S., respectively. 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 year ended December 31, 2024 was denominated in U.S. dollars. In 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 2023, approximately 53% of our revenue was denominated in U.S. dollars, 43% 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 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 comprehensive loss of \$3.3 million in 2024 and a comprehensive gain of \$3.7 million in 2023. These amounts are included as a separate component of stockholders' equity.

Gains and losses resulting from foreign currency transactions are included in the consolidated statements of operations in other income (expense). Foreign exchange transaction losses aggregated \$0.9 million and \$1.1 million for the years ended December 31, 2024 and 2023, 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 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.

(In thousands)	Year Ended December 31, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	\$ 182,187	\$ 60,992	\$ —	\$ 243,179
Cost of goods sold	49,319	19,281	3	68,603
Gross profit (1)	132,868	41,711	(3)	174,576
<i>Gross margin</i>	73%	68%	*	72%
Sales and marketing	24,684	15,658	4,204	44,546
Research and development	16,132	16,117	174	32,423
Other segment items (2)(4)	1,990	4,321	46,491	52,802
Operating income (loss) (3)(5)	90,062	5,615	(50,872)	44,805
Interest income, net				1,807
Other income (expense), net				(125)
Income (loss) before income taxes				\$ 46,487

(In thousands)	Year Ended December 31, 2023			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	\$ 184,181	\$ 50,925	\$ —	\$ 235,106
Cost of goods sold	64,207	13,183	1	77,391
Gross profit	119,974	37,742	(1)	157,715
<i>Gross margin</i>	65%	74%	*	67%
Sales and marketing	35,356	31,566	3,313	70,235
Research and development	18,894	18,687	839	38,420
Other segment items (2)(4)	5,534	6,014	66,383	77,931
Operating (loss) income (3)(5)	60,190	(18,525)	(70,536)	(28,871)
Interest income, net				2,090
Other income (expense), net				(532)
Income (loss) before income taxes				\$ (27,313)

* Percentage not meaningful

(1) Digital Agreements gross profit includes an intangible asset write-off of \$0.8 million and an internal capitalized software write-off of \$0.7 million for the year ended December 31, 2024 (see Note 8, *Intangible Assets, net* and Note 9, *Property and Equipment, net*).

(2) Security Solutions other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the years ended December 31, 2024 and 2023.

(3) Security Solutions operating income includes \$0.9 million and \$0 of total amortization and depreciation expense for the years ended December 31, 2024 and 2023, respectively.

Security Solutions operating income includes \$2.0 million and \$5.5 million of restructuring and other related charges for the years ended December 31, 2024 and 2023, respectively.

(4) Digital Agreements other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the years ended December 31, 2024 and 2023.

(5) Digital Agreements operating income includes \$6.2 million and \$3.7 million of total amortization and depreciation for the years ended December 31, 2024 and 2023, respectively.

Digital Agreements operating income includes \$1.7 million and \$3.7 million of restructuring and other related charges for the years ended December 31, 2024 and 2023, respectively.

Revenue

Revenue by products and services allocated to the segments for the years ended December 31, 2024 and 2023 is as follows:

(In thousands)	Years Ended December 31,			
	2024		2023	
	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	\$ 80,555	\$ 58,848	\$ 60,550	\$ 45,886
Maintenance and support	38,342	1,736	42,240	4,143
Professional services and other (1)	4,439	408	5,425	896
Hardware products	58,851	—	75,966	—
Total Revenue	\$ 182,187	\$ 60,992	\$ 184,181	\$ 50,925

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the year ended December 31, 2024 and approximately 1% of total revenue for the year ended December 31, 2023.

For the year ended December 31, 2024, total revenue increased by \$8.1 million, or 3%, compared to the year ended December 31, 2023. Changes in foreign exchange rates as compared to the same period in 2023 negatively impacted total revenue by approximately \$0.1 million.

Additional information on our revenue by segment follows.

- **Security Solutions** revenue decreased \$2.0 million, or approximately 1%, during the year ended December 31, 2024 compared to the year ended December 31, 2023. This decrease was driven primarily by lower volumes of hardware devices sold, lower perpetual software license and perpetual-based maintenance revenues as we focus on transitioning to on-premises and cloud subscription license models, and the sunset of our DealFlo solution. The decrease was largely offset by higher on-premises subscription revenue from existing customer expansion, including an increase in multi-year contracts, for which we recognize most of the revenue early in the contract term. Changes in foreign exchange rates compared to the same period in 2023 negatively impacted Security Solutions revenue by \$0.1 million.
- **Digital Agreements** revenue increased \$10.1 million, or approximately 20%, during the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase in Digital Agreements revenue was driven by higher cloud subscription revenue from existing customer expansion and new customers (which we sometimes refer to as "new logos"), partially offset by lower maintenance revenue related to the sunset of our on-premises e-signature product. Changes in foreign exchange rates as compared to the same period in 2023 favorably impacted Digital Agreements revenue by less than \$0.1 million.

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, New Zealand, and India. The breakdown of revenue in each of our major geographic areas was as follows:

(In thousands, except percentages)	Years Ended December 31,		\$ Change	% Change
	2024	2023		
Revenue				
EMEA	\$ 108,555	\$ 111,568	\$ (3,013)	(3)%
Americas	86,803	80,057	6,746	8 %
APAC	47,821	43,481	4,340	10 %
Total revenue	\$ 243,179	\$ 235,106	\$ 8,073	3 %
% of Total Revenue				
EMEA	44 %	47 %		
Americas	36 %	34 %		
APAC	20 %	19 %		

For the year ended December 31, 2024, revenue generated in EMEA was \$3.0 million or 3% lower than the same period in 2023, primarily driven by a decrease in hardware revenue due to lower volumes sold and the impact of sunseting our Dealflo solution, largely offset by an increase in software authentication revenue from customer expansions.

For the year ended December 31, 2024, revenue generated in the Americas was \$6.7 million or 8% higher than the same period in 2023, primarily driven by an increase in e-signature revenue from customer expansion and new logos and an increase in software authentication revenue from customer expansion, partially offset by a decrease in hardware revenue due to lower volumes sold.

For the year ended December 31, 2024, revenue generated in APAC was \$4.3 million or 10% higher than the same period in 2023, primarily driven by an increase in software authentication revenue from customer expansions, partially offset by a decrease in hardware revenue due to lower volumes sold.

Cost of Goods Sold, Gross Profit and Gross Margin

The following table presents costs of goods sold for our products and services for the years ended December 31, 2024 and 2023:

(In thousands, except percentages)	Years Ended December 31,		\$ Change	% Change
	2024	2023		
Cost of goods sold				
Product and license	\$ 36,732	\$ 48,676	\$ (11,944)	(25)%
Services and other	31,871	28,715	3,156	11 %
Total cost of goods sold	\$ 68,603	\$ 77,391	\$ (8,788)	(11)%
Gross profit	\$ 174,576	\$ 157,715	\$ 16,861	11 %
Gross margin				
Product and license	72 %	63 %		
Services and other	71 %	72 %		
Total gross margin	72 %	67 %		

The cost of product and license revenue decreased \$11.9 million or 25% for the year ended December 31, 2024 compared to the year ended December 31, 2023. The decrease in cost of product and license revenue was primarily driven by lower hardware revenues.

The cost of services and other revenue increased \$3.2 million or 11% for the year ended December 31, 2024, compared to the year ended December 31, 2023. This increase was largely due to higher cloud platform costs related to

higher volume usage and the write-off of acquired technology and capitalized internally developed software costs due to our decision to discontinue our investment in blockchain technology in 2024.

Gross profit increased \$16.9 million, or 11% for the year ended December 31, 2024 compared to the year ended December 31, 2023. Total gross margin was 72% for the year ended December 31, 2024, compared to 67% for the year ended December 31, 2023. The increase in total gross profit was driven by higher software versus hardware revenue mix and the changes in cost of revenue discussed above.

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 a unfavorable impact on overall cost of goods sold of approximately \$0.8 million for the year ended December 31, 2024. Had currency rates in 2024 been equal to rates in the comparable period of 2023, the gross profit margin would have been less than 1 percentage point higher for the year ended December 31, 2024.

Additional information on our gross profit by segment follows.

- **Security Solutions** gross profit increased \$12.9 million, or approximately 11%, for the year ended December 31, 2024 compared to the prior year. The increase in gross profit was primarily driven by an increase in subscription revenue. Security Solutions gross margin was 73% and 65% for the years ended December 31, 2024 and 2023, respectively. The increase in gross margin is primarily the result of increased subscription revenue which is a higher margin product, combined with a decline in hardware revenue, which has lower margins.
- **Digital Agreements** gross profit increased \$4.0 million, or approximately 11%, for the year ended December 31, 2024 compared to the prior year. The increase in gross profit was driven by higher overall revenue, partially offset by higher cloud platform costs and higher depreciation of capitalized software costs. Digital Agreements gross margin for the years ended December 31, 2024 and 2023 was 68% and 74%, respectively. The decrease in gross margin is primarily the result of an increase in depreciation of capitalized software costs and the write-off in 2024 of the previously capitalized software costs discussed above.

Operating Expenses

For the year ended December 31, 2024, operating expenses decreased by \$56.8 million, or 30%, compared to the year ended December 31, 2023. Changes in foreign exchange rates favorably impacted operating expenses by approximately less than \$0.1 million as compared to the year ended December 31, 2023.

The following table presents the breakout of operating expenses by category as of December 31, 2024 and 2023:

<i>(In thousands, except percentages)</i>	Years Ended December 31,		\$ Change	% Change
	2024	2023		
Operating costs				
Sales and marketing	\$ 44,546	\$ 70,235	\$ (25,689)	(37)%
Research and development	32,423	38,420	(5,997)	(16)%
General and administrative	46,007	58,267	(12,260)	(21)%
Restructuring and other related charges	4,444	17,311	(12,867)	(74)%
Amortization of intangible assets	2,351	2,353	(2)	— %
Total operating costs	\$ 129,771	\$ 186,586	\$ (56,815)	(30)%

Sales and Marketing Expenses

Sales and marketing expenses decreased \$25.7 million, or 37%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The decrease was primarily driven by lower employee compensation costs which included decreases in commissions, salaries, and benefits as a result of headcount reductions, decreased consulting and marketing costs, and lower travel and entertainment expenses.

Average full-time sales and marketing employee headcount for year ended December 31, 2024 was 161, compared to 339 for year ended December 31, 2023. Average headcount in 2024 was 53% lower than in 2023 due to the restructuring activities discussed elsewhere in this Item 7.

Research and Development Expenses

Research and development expenses decreased \$6.0 million, or 16%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The decrease was primarily driven by lower compensation costs, which included a decrease in salaries, payroll taxes, and related benefits as a result of lower headcount and lower consulting expenses, partially offset by increased bonus expense accruals.

Average full-time research and development employee headcount for the year ended December 31, 2024 was 234, compared to 305 for year ended December 31, 2023. Average headcount in 2024 was 23% lower than in 2023 due to the restructuring activities discussed elsewhere in this Item 7.

General and Administrative Expenses

General and administrative expenses decreased \$12.3 million, or 21%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. This decrease in expense was largely due to lower employee compensation costs, which included a decrease in salaries, severance, payroll taxes, and related benefits as a result of lower headcount. Additionally, stock-based compensation expense was lower year-over-year due to lower headcount, including the termination of our former CEO, and lower annual equity awards granted to employees. These decreases were offset by higher bonus accruals and other non-recurring expenses.

Average full-time general and administrative employee headcount for the year ended December 31, 2024 was 100, compared to 139 for the year ended December 31, 2023. Average headcount in 2024 was 28% lower than in 2023 due to the restructuring activities discussed elsewhere in this Item 7.

Restructuring and Other Related Charges

Restructuring and other related charges were \$4.4 million for the year ended December 31, 2024, compared to \$17.3 million for the year ended December 31, 2023, a decrease of \$12.9 million or 74%. The year-over-year decrease was due to higher restructuring costs in 2023, including more significant headcount reductions and the termination of the Brussels and Chicago leases, partially offset by an increase in capitalized software costs and acquired technology write-offs in 2024.

Amortization of Intangible Assets

Amortization of intangible assets was \$2.4 million for both years ended December 31, 2024 and 2023.

Segment Operating Income (Loss)

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

- **Security Solutions:** For the year ended December 31, 2024, Security Solutions operating income was \$90.1 million, which was \$29.9 million, or 50%, higher than the prior year. This increase was driven by higher gross profit (discussed above), a result of favorable product and revenue mix, and lower sales and marketing expenses, research and development expenses, and restructuring expenses all largely due to lower employee costs due to lower headcount.
- **Digital Agreements:** Operating income for the year ended December 31, 2024 was \$5.6 million, compared to an operating loss of \$18.5 million for the prior year. The increase in operating income was primarily driven by higher revenue, lower sales and marketing expenses and research and development expenses, including lower employee compensation costs, marketing expenses, travel and entertainment costs, and lower restructuring expenses, partially offset by the write-off of our acquired blockchain technology and related capitalized software in 2024.

Interest Income, net

(In thousands, except percentages)

	Years Ended December 31,				
	2024	2023			
Interest income, net	\$ 1,807	\$ 2,090	\$	(283)	(14)%

Interest income, net, was \$1.8 million for the year ended December 31, 2024, compared to \$2.1 million for the year ended December 31, 2023. The decrease in interest income is due to lower average excess cash invested and a lower average rate yield in the period compared to the prior year.

Other Income (Expense), Net

(In thousands, except percentages)	Years Ended December 31,		\$ Change	% Change
	2024	2023		
Other income (expense), net	\$ (125)	\$ (532)	\$ 407	(77)%

Other income (expense), net, 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 income and expenses.

For the year ended December 31, 2024, other income (expense), net was \$(0.1) million, compared to \$(0.5) million for the year ended December 31, 2023. The fluctuation was primarily driven by a decrease in subsidies received from foreign governments, offset by lower transaction losses due to the favorable US dollar rate against other functional currencies and lower loss on disposal of assets.

(Benefit) provision for income taxes

(In thousands, except percentages)	Years Ended December 31,		\$ Change	% Change
	2024	2023		
(Benefit) provision for income taxes	\$ (10,595)	\$ 2,486	\$ (13,081)	NM

We recorded an income tax benefit of \$10.6 million and income tax expense of \$2.5 million for the years ended December 31, 2024 and 2023, respectively. The income tax benefit recorded for the year ended December 31, 2024 was primarily attributable to the worthless stock deduction, release of valuation allowance, income tax benefit attributable to the IP Transfer, offset by income tax expense attributable to an increase in income before taxes.

Loss Carryforwards Available

At December 31, 2024, we have gross deferred tax assets of \$56.8 million resulting from U.S. federal, foreign and state NOL carryforwards of \$183.7 million and other foreign deductible carryforwards of \$130.3 million. At December 31, 2024, we have a valuation allowance of \$37.2 million against deferred tax assets related to certain carryforwards (see Note 13, *Income Taxes*).

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 ("ARR") as an approximate measure to monitor the revenue 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. 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’s 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 Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, 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 December 31, 2024, we reported ARR of \$167.7 million, which was 8% higher than 2023 ARR of \$154.6 million. Changes in foreign exchange rates during the year ended December 31, 2024 as compared to the prior year negatively impacted ARR by approximately \$0.1 million. ARR growth was primarily driven by an increase in subscription contracts and new logos, partially offset by the sunset of our on-premises e-signature and DealFlo solutions.

Net Retention Rate

Net Retention Rate (“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 the Company’s 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. The Company’s 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 106% and 110% at December 31, 2024 and 2023, respectively. Year-over-year, NRR was primarily impacted by the same factors that affected ARR, as discussed above.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation, amortization, long-term incentive compensation, 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, 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, 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.

Non-GAAP financial metrics such as Adjusted EBITDA 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, but, rather, should be considered together with our consolidated financial statements, which are prepared in accordance with GAAP and included in Part IV, Item 15, Exhibits and *Financial Statement Schedules*.

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

<i>(In thousands)</i>	Years Ended December 31,	
	2024	2023
Net income (loss)	\$ 57,082	\$ (29,799)
Interest income, net	(1,807)	(2,090)
(Benefit) provision for income taxes	(10,595)	2,486
Depreciation and amortization of intangible assets (1)	8,364	6,479
Long-term incentive compensation (2)	9,172	14,562
Restructuring and other related charges (3)	6,063	17,311
Other non-recurring items (4)	4,223	3,048
Adjusted EBITDA	<u>\$ 72,502</u>	<u>\$ 11,997</u>

- (1) Includes cost of sales depreciation and amortization expense directly related to delivering cloud subscription revenue of \$3.4 million and \$1.5 million for the years ended December 31, 2024 and 2023, respectively. Costs are recorded in "Services and other cost of goods sold" on the consolidated statements of operations.
- (2) Long-term incentive compensation includes share-based compensation and cash incentive grants awarded to employees located in jurisdictions where we do not issue share-based compensation due to tax, regulatory or similar reasons. The immaterial expense associated with these cash incentive grants was \$0.2 million and \$0.3 million for the years ended December 31, 2024 and 2023, respectively.
- (3) Includes write-offs of intangible assets and property and equipment, net of \$0.8 million and \$1.0 million, respectively, for the year ended December 31, 2024 and \$0 for the year ended December 31, 2023. Costs are recorded in "Services and other costs of good sold" and "Restructuring and other related charges," respectively, on the consolidated statements of operations. Also, includes restructuring and other related charges of \$0.1 million for the year ended December 31, 2024 and \$0 for the year ended December 31, 2023. These charges are recorded in "Services and other costs of good sold" on the consolidated statements of operations.
- (4) For the year ended December 31, 2024, other non-recurring items consist of \$4.2 million of fees related to non-recurring projects. For the year ended December 31, 2023, other non-recurring items consist of \$1.6 million of fees related to non-recurring projects and our acquisition of substantially all of the assets of the ProvenDB business of Southbank Software Pty Ltd., and \$1.4 million of fees related to non-recurring items, primarily severance payable to our former chief executive officer.

Adjusted EBITDA increased during the year ended December 31, 2024 compared to 2023, primarily due to higher revenue and gross profit dollars as well as lower operating expenses as a result of restructuring activities described elsewhere in Item 7. Year-over-year changes in foreign exchange rates favorably impacted Adjusted EBITDA by approximately \$0.6 million for the year ended December 31, 2024.

Please see further discussion in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* for an analysis of what comprises net income (loss) in the consolidated statements of operations for the years ended December 31, 2024 and 2023, and additional detail around items excluded from Adjusted EBITDA.

Liquidity and Capital Resources

As of December 31, 2024 and 2023, we had cash and cash equivalents balances of \$83.2 million and \$43.0 million, respectively. Our cash and cash equivalents balance includes money market funds and U.S. treasury bills with maturities at acquisition of less than three months.

We are party to lease agreements that require letters of credit and guarantees to secure the obligations and a cash guarantee with a payroll vendor which totaled \$0.2 million and \$0.5 million at December 31, 2024 and 2023, respectively. The restricted cash related to the letters of credit and guarantees is recorded in "Restricted cash" on the consolidated balance sheets.

As of December 31, 2024, we held \$63.6 million of cash and cash equivalents in subsidiaries outside of the United States. Of that amount, \$63.3 million is not subject to repatriation restrictions, but may be subject to taxes upon repatriation.

We expect that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months.

Our cash flows are as follows:

<i>(In thousands)</i>	Years Ended December 31,	
	2024	2023
Cash provided by (used in):		
Operating activities	\$ 55,667	\$ (10,735)
Investing activities	\$ (9,305)	\$ (12,013)
Financing activities	\$ (5,244)	\$ (32,094)
Effect of foreign exchange rate changes on cash and cash equivalents	\$ (1,317)	\$ 997

Operating Activities

Cash provided by (used in) operating activities is primarily comprised of net income (loss), 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 share-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 payments of expenditures.

For the year ended December 31, 2024, \$55.7 million of cash was provided by operating activities. This was primarily driven by a significant increase in net income for the period as a result of the restructuring and cost savings initiatives. For the year ended December 31, 2023, \$10.7 million of cash was used in operating activities.

Our working capital at December 31, 2024 was \$64.8 million, a increase of \$33.3 million, or 106%, from \$31.5 million at December 31, 2023. The increase was due to a significantly higher cash balance, partially offset by lower accounts receivable, and lower accounts payable, accrued wages and payroll taxes, and deferred revenue.

Investing Activities

The changes in cash flows from investing activities primarily relate to timing of 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 acquisitions.

For the year ended December 31, 2024 cash of \$9.3 million was used in investing activities, compared to cash of \$12.0 million used in investing activities during the year ended December 31, 2023. The cash used for the year ended December 31, 2024 was primarily attributable to additions to capitalized software activities.

Financing Activities

The changes in cash flows from financing activities primarily relate to the purchases of common stock under our share repurchase program and tax payments for restricted stock issuances.

For the year ended December 31, 2024, net cash used in financing activities was \$5.2 million, which consisted primarily of \$5.0 million of tax payments for restricted stock issuances and cash paid for the holdback component of our acquisition of substantially all of the assets of the ProvenDB business of Southbank Software Pty Ltd..

For the year ended December 31, 2023, net cash used in financing activities was \$32.1 million, which consisted of \$29.2 million of common stock repurchases, both in open market repurchases and pursuant to the Tender Offer discussed in Note 2, *Summary of Significant Accounting Policies*, in the notes to consolidated financial statements included in Part IV, Item 15, *Exhibits and Financial Statements Schedules*, and \$2.9 million of tax payments for restricted stock issuances.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Obligations and Commitments

We have unrecognized purchase obligations of \$5.0 million for software agreements related to the administration of our business which range from 1 to 3 years.

We have operating lease obligations of \$9.3 million which will expire in the next 1 to 9 years. The operating lease obligations do not include common area maintenance charges or real estate taxes under our operating leases, for which we are also obligated. These charges are generally not fixed and can fluctuate from year to year.

We have taxes payable of \$0.5 million due within 1 year, which primarily represent deemed repatriation tax from 2017. We had \$0 of unrecognized tax benefits as of both December 31, 2024 and 2023.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

On an on-going basis, management evaluates its estimates and judgments, including those related to bad debts, net realizable value of inventory and intangible assets. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies affect significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition

We record revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services, which excludes any sales incentives and amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight before control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in "Cost of goods sold".

Nature of Goods and Services

We derive our revenues primarily from product and license revenue, which includes hardware products and on-premises subscription revenue, and services and other, which is inclusive of cloud subscription revenue, maintenance and support, and professional services.

Subscription: Subscription includes cloud and on-premises subscription revenue.

We generate cloud subscription revenues from our Security Solutions and Digital Agreements cloud service offerings. Our standard customer arrangements do not provide the customer with the right to take possession of the software supporting the cloud-based application service at any time. As such, these arrangements are considered service contracts and revenue is recognized ratably over the service period of the contract. Customer payments are normally in advance for annual service.

Revenue from the sale of on-premises subscription revenue is recorded upon delivery which is the latter of when the customer receives the ability to access the software or when they are legally allowed to use the software. No significant obligations or contingencies exist with regard to delivery, customer acceptance or rights of return at the time revenue is recognized. We offer term licenses for on-premises subscription revenue ranging from one to five years in length. For term licenses, payments are either on installment or in advance. In limited circumstances, we integrate third-party software solutions into our software products. We have determined that, consistent with our conclusion under prior revenue recognition rules, generally we act as the principal with respect to the satisfaction of the related performance obligation and record the corresponding revenue on a gross basis from these transactions. For transactions in which we do not act as the principal, we recognize revenue on a net basis. The fees owed to the third parties are recognized as a component of cost of goods sold when the revenue is recognized.

In addition, we also offer annual or multi-year customer support subscription services, whereby customers can buy different levels of customer support packages for an annual recurring subscription fee.

Maintenance and support: Maintenance and support agreements generally call for us to provide software updates and technical support, respectively, to customers. The annual fee for maintenance and technical support is recognized ratably over the term of the maintenance and support agreement as this is the period the services are delivered. Customer payments are normally in advance for annual service.

Professional services and other revenue: Professional services revenues are primarily comprised of implementing, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered, usually over a period of time that is generally less than 12 months. Most projects are performed on a time and materials basis while a portion of revenues is derived from projects performed on a fixed fee. For time and material contracts, revenues are generally recognized and invoiced by multiplying the number of hours expended in the performance of the contract by the contractual hourly rates. For fixed fee contracts, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours to complete the services. Customer payments normally correspond with delivery. Professional services and other revenue includes perpetual licenses revenue, which was immaterial for the year ended December 31, 2024 and approximately 1% of total revenue for the year ended December 31, 2023. Perpetual licenses grant the customer unlimited access to the software.

Hardware products: Revenue from the sale of security hardware is recorded upon shipment, which is the point at which control of the goods are transferred and the completion of the performance obligations, unless there are specific terms that would suggest control is transferred at a later date (e.g. delivery). No significant obligations or contingencies typically exist with regard to delivery, customer acceptance or rights of return at the time revenue is recognized. Customer invoices and subsequent payments normally correspond with delivery.

The Company also enters into separate service agreements with certain hardware customers to perform distribution services. In these situations, revenue is recognized prior to physical delivery of a good (i.e. "bill-and-hold arrangements"). The Company evaluates bill-and-hold arrangements, and records revenue accordingly when the following criteria are met:

- The reason for the bill-and-hold arrangement is substantive;
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- OneSpan does not have the ability to use the product or to direct it to another customer.

Multiple-Element Arrangements

In our typical multiple-element arrangement, the primary deliverables include:

1. A client component (i.e. an item that is used by the person being authenticated in the form of either a new standalone hardware device or software that is downloaded onto a device that the customer already owns);
2. Server system software that is installed on the customer's systems (i.e., software on the server system that verifies the identity of the person being authenticated) or licenses for additional users on the server system software if the server system software had been installed previously; and
3. Post contract support ("PCS") in the form of maintenance on the server system software or support.

Our multiple-element arrangements may also include other items that are usually delivered prior to the recognition of any revenue and are incidental to the overall transaction such as initialization of the hardware device, customization of the hardware device itself or the packaging in which it is delivered, deployment services where we deliver the device to our customer's end-use customer or employee and, in some limited cases, professional services to assist with the initial implementation of a new customer.

Significant Judgments

We enter into contracts to deliver a combination of hardware devices, software licenses, subscriptions, maintenance and support and, in some situations, professional services. The Company evaluates the nature of the goods or services promised in these arrangements to identify the distinct performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment depending on the terms and conditions of the respective customer arrangement. When a hardware client device and licenses to server software are sold in a contract, they are treated as a single performance obligation because the software license is deemed to be a component of the hardware that is integral to the functionality of the hardware that is used by our customers for identity authentication. When a software client device is sold in a contract server software, the licenses are considered a single performance obligation to deliver the authentication solution to the customer. In either of these types of arrangements, maintenance and support and professional services are typically distinct separate performance obligations from the hardware or software solutions. Our contracts to deliver subscription services typically do not include multiple performance obligations; however, in certain limited cases customers may purchase professional services that are distinct performance obligations.

For contracts that contain multiple performance obligations, the transaction price is allocated to the separate performance obligations based on their estimated relative standalone selling price. Judgment is required to determine the stand-alone selling price ("SSP") of each distinct performance obligation. We determine SSP for maintenance and support and professional services based on observable inputs; specifically, the range of prices charged to customers to renew annual maintenance and support contracts and the range of hourly rates we charge our customers in standalone professional services contracts. In instances where SSP is not directly observable, and when we sell at a highly variable price range, such as for transactions involving software licenses or subscriptions, we determine the SSP for those performance obligations using the residual approach.

Credit Losses

In accordance with Accounting Standards Update ("ASU") No. 2016-13, 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.

Income Taxes

As a global company, we calculate and provide for income taxes in each tax jurisdiction in which we operate. The provision for income taxes includes the amounts payable or refundable for the current year, the effect of deferred taxes and impacts from uncertain tax positions. Our provision for income taxes is significantly affected by shifts in the geographic mix of our pre-tax earnings across tax jurisdictions, changes in tax laws and regulations, and tax planning opportunities available in each tax jurisdiction.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and tax bases of our assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those differences are expected to be recovered or settled. Valuation allowances are established for deferred tax assets when it is more likely than not that a tax benefit will not be realized. We recognize the effect of a change in tax rates on deferred tax assets and liabilities and in income in the period that includes the enactment date.

We recognize tax benefits for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in our income tax returns that do not meet these recognition and measurement standards. Assumptions, judgments, and the use of estimates are required in determining whether the "more-likely-than-not" standard has been met when developing the provision for income taxes.

We recognize the tax impact of including certain foreign earnings in U.S. taxable income as a period cost. We have recognized deferred income taxes for local country income and withholding taxes that could be incurred on distributions of non-U.S. earnings because we do not plan to indefinitely reinvest such earnings.

We monitor for changes in tax laws and reflect the impacts of tax law changes in the period of enactment.

Recently Issued Accounting Pronouncements

For information regarding our new accounting pronouncements, see Note 2, *Summary of Significant Accounting Policies*, in the notes to consolidated financial statements included in Part IV, Item 15, *Exhibits and Financial Statements Schedules*.

Item 7A - Quantitative and Qualitative Disclosures about Market Risk (In thousands)

Foreign Currency Exchange Risk – In 2024, we generated approximately 83% of our revenue outside the United States, primarily in Europe, Latin America and Asia Pacific. A significant portion of our business operations is transacted in foreign currencies. As a result, we have exposure to foreign exchange fluctuations. We are affected by both foreign currency translation and transaction adjustments. Translation adjustments result from the conversion of the foreign subsidiaries' balance sheets and income statements to U.S. dollars at year-end exchange rates and weighted average exchange rates, respectively. Translation adjustments resulting from this process are recorded directly into stockholders' equity. Transaction adjustments result from currency exchange movements when one of our companies transacts business in a currency that differs from its local currency. These adjustments are recorded as gains or losses in our consolidated statements of operations. Our business transactions are spread across numerous countries and currencies. As noted in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* above, we attempt to minimize the net impact of currency on operating earnings by denominating 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 do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

Interest Rate Risk – We have minimal interest rate risk. We had no debt outstanding at December 31, 2024. Our cash and cash equivalents are invested in short-term instruments at current market rates. The effect of a hypothetical one percentage point increase or decrease would not have a material impact on our consolidated financial statements.

Item 8 - Financial Statements and Supplementary Data

The information in response to this item is included in our consolidated financial statements, together with the report thereon of KPMG LLP, in Item 15, *Exhibits and Financial Statement Schedules*.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act")) as of December 31, 2024.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2024, to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time period specified in the rules and forms of the SEC, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The management of OneSpan Inc. is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). Management, led by our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting based upon the criteria set forth in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013).

Management has concluded that its internal control over financial reporting was effective as of December 31, 2024 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2024, included on page F-2 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and

instances of fraud, if any, have been detected. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Item 9B - Other Information

Director and Officer Trading Arrangements

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as those terms are defined in Item 408(c) of Regulation S-K) during the fourth quarter of 2024.

Item 9C - Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10 - Directors, Executive Officers and Corporate Governance

All information in response to this Item, other than the required information on executive officers and the required information under Regulation S-K Items 406 and 408, is incorporated by reference to the "Information regarding our Board of Directors" and, if applicable, "Delinquent Section 16(a) Reports" sections of OneSpan's Proxy Statement to be filed with the SEC for the 2025 Annual Meeting of Stockholders. The required information on executive officers is set forth in Part I of this Form 10-K under the heading "Information about our Executive Officers."

We have adopted a written code of business conduct and ethics that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on the Corporate Governance section of our website, which is located at www.onespan.com. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for any officer or director, we will disclose the nature of such amendment or waiver on our website pursuant to the disclosure requirements of Item 5.05 of Form 8-K. We will provide any person, without charge, a copy of our code of conduct and ethics upon written request, which may be mailed to Corporate Secretary, OneSpan Inc., 1 Marina Park Drive, Unit 1410, Boston, Massachusetts, 02210.

We have adopted an insider trading policy that governs the purchase, sale and/or other dispositions of Company securities by our directors, officers, employees, designated consultants and contractors, and other covered persons. We believe our insider trading policy is reasonably designed to promote compliance with insider trading laws, rules, regulations and Nasdaq listing standards. A copy of our insider trading policy is filed as Exhibit 19 to this Form 10-K. In addition, the Company does not engage in transactions in Company securities while in possession of material nonpublic information concerning the Company or its securities.

Item 11 - Executive Compensation

The information in response to this Item is incorporated by reference to the "Executive Compensation" and "Director Compensation" sections of OneSpan's Proxy Statement (except for the section titled "Executive Compensation - Pay versus Performance") to be filed with the SEC for the 2025 Annual Meeting of Stockholders.

Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information in response to this Item is incorporated by reference to the "Security Ownership of Certain Beneficial Owners, Directors and Management" and "Equity Compensation Plan Information" sections of OneSpan's Proxy Statement to be filed with the SEC for the 2025 Annual Meeting of Stockholders.

Item 13 - Certain Relationships and Related Transactions, and Director Independence

The information in response to this Item is incorporated by reference to the "Information regarding our Board of Directors" and "Transactions with Related Persons" sections of OneSpan's Proxy Statement to be filed with the SEC for the 2025 Annual Meeting of Stockholders.

Item 14 - Principal Accounting Fees and Services

The information in response to this Item is incorporated by reference to the "Fees Paid to Independent Registered Public Accounting Firm for 2024 and 2023" section of OneSpan's Proxy Statement to be filed with the SEC for the 2025 Annual Meeting of Stockholders.

PART IV

Item 15 - Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K.

(1) The following consolidated financial statements and notes thereto, and the related independent auditors' report, are included on pages F-1 through F-1 of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2024 and 2023

Consolidated Statements of Operations for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements

(2) The following consolidated financial statement schedule of the Company is included on page F-1 of this Form 10-K:

Schedule II – Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned consolidated financial statements.

(3) The following exhibits are filed with this Annual Report on Form 10-K or incorporated by reference as set forth at the end of the list of exhibits:

**Exhibit
Number**

Description

3.1	Certificate of Incorporation of the Registrant, as amended (Incorporated by Reference to Exhibit 3.1 to the Registrant's Form 10-Q filed August 4, 2022)
3.2	Amended and Restated Bylaws of Registrant, effective as of January 30, 2023 (Incorporated by Reference to Exhibit 3.1 to the Registrant's Form 8-K filed on February 1, 2023)

Exhibit Number	Description
4.1	Specimen of Registrant's Common Stock Certificate. (Incorporated by Reference to the Registrant's Registration Statement on Form S-4, as amended (Registration No. 333-35563), originally filed on September 12, 1997.)
4.2	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (Incorporated by Reference to Exhibit 4.2 to the Registrant's Form 10-K filed March 6, 2024)
10.1*	Employment Agreement dated July 31, 2024 between the Registrant and Victor Limongelli
10.2*	Letter Agreement dated October 22, 2024 between the Company and Victor Limongelli (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 10-O filed October 30, 2024)
10.3*	Special PSU Agreement dated July 31, 2024 between the Registrant and Victor Limongelli (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 8-K filed August 1, 2024)
10.4*	Employment Agreement between the Registrant and Jorge Martell (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 10-O filed November 1, 2022)
10.5*	Employment Agreement between the Registrant and Lara Mataac (Incorporated by Reference to Exhibit 10.3 to the Registrant's Form 10-K filed February 28, 2023)
10.6*	Employment Agreement dated December 16, 2024 between the Registrant and Ashish Jain
10.7*	Amended 2024 Management Incentive Plan, dated August 14, 2024 (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 10-O filed October 30, 2024)
10.8*	OneSpan Inc. 2019 Omnibus Incentive Plan (Incorporated by Reference to Attachment A to the Registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on April 26, 2019)
10.9*	Form of Director and Officer Indemnification Agreement (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 10-K filed February 28, 2023)
10.10*	Form of 2024 Performance-Based RSU Agreement under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.1 to the Registrant's Form 10-O filed August 1, 2024)
10.11*	Form of 2024 Time-Based RSU Agreement (Executive) under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.2 to the Registrant's Form 10-O filed August 1, 2024)
10.12*	Form of 2023 Performance-Based RSU Agreement under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to the Exhibit 10.3 to the Registrant's Form 10-O filed May 4, 2023)
10.13*	Form of 2023 Time-Based RSU Agreement (Executive) under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.8 to the Registrant's Form 10-K filed March 6, 2024)
10.14	Form of 2023 Time-Based RSU Agreement (General) under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.4 to the Registrant's Form 10-O filed May 4, 2023)

Exhibit Number	Description
10.15*	Form of 2022 Performance-Based RSU Agreement under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.5 to the Registrant's Form 10-Q filed November 1, 2022)
10.16*	Form of 2022 Time-Based RSU Agreement (Executive) under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to the Registrant's Form 10-Q filed November 1, 2022)
10.17*	Form of 2022 Time-Based RSU Agreement (General) under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.7 to the Registrant's Form 10-Q filed November 1, 2022)
10.18*	Form of Time-Based Deferred RSU Agreement for Non-Employee Directors of the Registrant (Incorporated by Reference to Exhibit 4.10 to the Registrant's Form 10-K filed March 16, 2020)
10.19*	One-Time Special Grant Award Agreement dated November 29, 2021 for Performance-Based Restricted Stock Units between the Registrant and Matthew Moynahan under the Registrant's 2019 Omnibus Incentive Plan (Incorporated by Reference to Exhibit 10.8 to the Registrant's Form 10-K filed February 28, 2023)
10.20*	Separation Agreement dated February 7, 2024 between the Registrant and Matthew Moynahan (Incorporated by Reference to Exhibit 10.21 to the Registrant's Form 10-K filed March 6, 2024)
19	Insider Trading Policy, dated March 11, 2024
21	Subsidiaries of Registrant
23	Consent of KPMG LLP
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 February 27, 2025
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 February 27, 2025
32.1	Section 1350 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 27, 2025
32.2	Section 1350 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 27, 2025
97	Dodd-Frank Compensation Recovery Policy (Incorporated by Reference to Exhibit 97 to the Registrant's Form 10-K filed March 6, 2024)
101.INS	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
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit Number	Description
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101)

* Compensatory plan or management contract.

OneSpan Inc. will furnish any of the above exhibits to stockholders upon written request addressed to the Secretary at the address given on the cover page of this Form 10-K.

OneSpan Inc.
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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All other financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
OneSpan Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of OneSpan Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Identification of performance obligations in contracts containing multiple goods and services

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company enters into contracts to deliver a combination of hardware devices, software licenses, subscriptions, maintenance and support and, in some situations, professional services. The Company evaluates the nature of the goods and services promised in these arrangements to identify the distinct performance obligations. The Company recognized total revenue of \$243 million, a portion of which related to contracts containing multiple performance obligations, for the year ended December 31, 2024. We identified the evaluation of the Company's identification of performance obligations in contracts containing multiple goods and services as a critical audit matter. Specifically, complex auditor judgment was required to evaluate the Company's identification of performance obligations in such contracts, including for contracts with new customers or contracts that were amended with existing customers.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's revenue recognition process. This included controls related to the identification of performance obligations and evaluation of terms and conditions present in individual contracts containing multiple goods and services. We tested a selection of contracts, including contracts with new customers and contracts that were amended with existing customers, by obtaining and reading the underlying contract and accounting analysis to evaluate the Company's identification of performance obligations. Specifically, we evaluated the completeness and accuracy of the Company's identification of terms and conditions that were unique to the selected contracts and the Company's determination of the impact of those terms and conditions on revenue recognition.

/s/ KPMG LLP

We have served as the Company's auditor since 1996.

Chicago, Illinois
February 27, 2025

OneSpan Inc.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31,	
	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 83,160	\$ 43,001
Restricted cash	171	529
Accounts receivable, net of allowances of \$1,600 in 2024 and \$1,536 in 2023	56,229	64,387
Inventories, net	10,792	15,553
Prepaid expenses	6,547	6,575
Contract assets	8,687	5,139
Other current assets	9,479	11,159
Total current assets	175,065	146,343
Property and equipment, net	20,966	18,722
Operating lease right-of-use assets	7,725	6,171
Goodwill	92,365	93,684
Intangible assets, net of accumulated amortization	7,481	10,832
Deferred income taxes	20,516	1,721
Other assets	14,616	11,718
Total assets	\$ 338,734	\$ 289,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 13,310	\$ 17,452
Deferred revenue	67,465	69,331
Accrued wages and payroll taxes	13,793	14,335
Short-term income taxes payable	4,403	2,646
Dividend payable	4,765	—
Other accrued expenses	6,339	10,684
Deferred compensation	200	382
Total current liabilities	110,275	114,830
Long-term deferred revenue	3,390	4,152
Long-term lease liabilities	6,932	6,824
Deferred income taxes	3,680	1,067
Other long-term liabilities	1,927	3,177
Total liabilities	126,204	130,050
Commitments and contingencies		
Stockholders' equity		
Preferred stock: 500 shares authorized, none issued and outstanding at December 31, 2024 and 2023	—	—
Common stock: \$0.001 par value per share, 75,000 shares authorized; 41,782 and 41,243 shares issued; 38,058 and 37,519 shares outstanding at December 31, 2024 and 2023	38	38
Additional paid-in capital	122,534	118,620
Treasury stock, at cost, 3,724 shares outstanding at December 31, 2024 and 2023	(47,380)	(47,377)
Retained earnings	151,256	98,939
Accumulated other comprehensive loss	(13,918)	(11,079)
Total stockholders' equity	212,530	159,141
Total liabilities and stockholders' equity	\$ 338,734	\$ 289,191

See accompanying notes to consolidated financial statements.

OneSpan Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended December 31,		
	2024	2023	2022
Revenue			
Product and license	\$ 132,078	\$ 130,848	\$ 121,426
Services and other	111,101	104,258	97,580
Total revenue	243,179	235,106	219,006
Cost of goods sold			
Product and license	36,732	48,676	45,106
Services and other	31,871	28,715	25,330
Total cost of goods sold	68,603	77,391	70,436
Gross profit	174,576	157,715	148,570
Operating costs			
Sales and marketing	44,546	70,235	60,949
Research and development	32,423	38,420	41,735
General and administrative	46,007	58,267	55,552
Restructuring and other related charges	4,444	17,311	13,310
Amortization of intangible assets	2,351	2,353	4,139
Total operating costs	129,771	186,586	175,685
Operating income (loss)	44,805	(28,871)	(27,115)
Interest income, net	1,807	2,090	595
Other income (expense), net	(125)	(532)	14,827
Income (loss) before income taxes	46,487	(27,313)	(11,693)
(Benefit) provision for income taxes	(10,595)	2,486	2,741
Net income (loss)	\$ 57,082	\$ (29,799)	\$ (14,434)
Net income (loss) per share			
Basic	\$ 1.49	\$ (0.74)	\$ (0.36)
Diluted	\$ 1.46	\$ (0.74)	\$ (0.36)
Weighted average common shares outstanding			
Basic	38,387	40,193	40,143
Diluted	39,085	40,193	40,143

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 57,082	\$ (29,799)	\$ (14,434)
Other comprehensive income (loss)			
Cumulative translation adjustment, net of tax	(3,321)	3,689	(7,245)
Pension adjustment, net of tax	482	(222)	3,859
Unrealized gain on available-for-sale securities	—	4	18
Comprehensive income (loss)	<u>\$ 54,243</u>	<u>\$ (26,328)</u>	<u>\$ (17,802)</u>

See accompanying notes to consolidated financial statements.

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

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, 2021	40,001	\$ 40	592	\$ (12,501)	\$ 100,250	\$ 143,173	\$ (11,182)	\$ 219,780
Net loss	—	—	—	—	—	(14,434)	—	(14,434)
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(1)	(7,245)	(7,246)
Share-based compensation	—	—	—	—	8,642	—	—	8,642
Vesting of restricted stock awards	263	—	—	—	—	—	—	—
Tax payments for stock issuances	(92)	—	—	—	(1,587)	—	—	(1,587)
Unrealized gain (loss) on available-for-sale securities	—	—	—	—	—	—	18	18
Share repurchases	(446)	—	446	(5,721)	—	—	—	(5,721)
Pension adjustment, net of tax	—	—	—	—	—	—	3,859	3,859
Balance at December 31, 2022	39,726	\$ 40	1,038	\$ (18,222)	\$ 107,305	\$ 128,738	\$ (14,550)	\$ 203,311
Net loss	—	—	—	—	—	(29,799)	—	(29,799)
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	3,689	3,689
Share-based compensation	—	—	—	—	14,252	—	—	14,252
Vesting of restricted stock awards	741	—	—	—	—	—	—	—
Tax payments for stock issuances	(262)	—	—	—	(2,939)	—	—	(2,939)
Unrealized gain (loss) on available-for-sale securities	—	—	—	—	—	—	4	4
Share repurchases	(2,686)	(2)	2,686	(29,155)	2	—	—	(29,155)
Pension adjustment, net of tax	—	—	—	—	—	—	(222)	(222)
Balance at December 31, 2023	37,519	\$ 38	3,724	\$ (47,377)	\$ 118,620	\$ 98,939	\$ (11,079)	\$ 159,141
Net income	—	—	—	—	—	57,082	—	57,082
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(3,321)	(3,321)
Share-based compensation	—	—	—	—	8,955	—	—	8,955
Vesting of restricted stock awards	902	—	—	—	—	—	—	—
Tax payments for stock issuances	(363)	—	—	—	(5,041)	—	—	(5,041)
Excise tax on share repurchases	—	—	—	(3)	—	—	—	(3)
Dividends declared (\$0.12 per share)	—	—	—	—	—	(4,765)	—	(4,765)
Pension adjustment, net of tax	—	—	—	—	—	—	482	482
Balance at December 31, 2024	38,058	\$ 38	3,724	\$ (47,380)	\$ 122,534	\$ 151,256	\$ (13,918)	\$ 212,530

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	\$ 57,082	\$ (29,799)	\$ (14,434)
Adjustments to reconcile net income (loss) from operations to net cash used in operations:			
Depreciation and amortization of intangible assets	8,364	6,479	7,066
Write-off of intangible assets	804	—	—
Write-off of property and equipment, net	1,081	3,183	3,828
Impairment of inventories, net	—	143	—
Gain on sale of equity-method investment	—	—	(14,810)
Deferred tax (benefit) expense	(16,156)	118	1,637
Share-based compensation	8,955	14,252	8,642
Provision for credit losses, net	64	(65)	184
Changes in operating assets and liabilities:			
Accounts receivable	6,855	1,571	(9,705)
Inventories, net	4,079	(3,275)	(2,168)
Contract assets	(5,669)	(574)	52
Accounts payable	(3,854)	(253)	9,261
Income taxes payable	1,782	(2,367)	(1,140)
Accrued expenses	(4,149)	(1,531)	2,197
Deferred compensation	(182)	9	(504)
Deferred revenue	(1,647)	2,015	8,173
Other assets and liabilities	(1,742)	(641)	(4,038)
Net cash provided by (used in) operating activities	<u>55,667</u>	<u>(10,735)</u>	<u>(5,759)</u>
Cash flows from investing activities:			
Purchase of short-term investments	—	—	(15,812)
Maturities of short-term investments	—	2,330	48,550
Additions to property and equipment	(9,245)	(12,484)	(4,996)
Additions to intangible assets	(60)	(59)	(29)
Cash paid for acquisition of business	—	(1,800)	—
Sale of equity-method investment	—	—	18,874
Net cash (used in) provided by investing activities	<u>(9,305)</u>	<u>(12,013)</u>	<u>46,587</u>
Cash flows from financing activities:			
Contingent payment related to acquisition	(200)	—	—
Repurchase of common stock, net of excise tax	(3)	(29,155)	(5,721)
Tax payments for restricted stock issuances	(5,041)	(2,939)	(1,587)
Net cash used in financing activities	<u>(5,244)</u>	<u>(32,094)</u>	<u>(7,308)</u>
Effect of exchange rate changes on cash	<u>(1,317)</u>	<u>997</u>	<u>(372)</u>
Net increase (decrease) in cash	39,801	(53,845)	33,148
Cash, cash equivalents, and restricted cash, beginning of period	43,530	97,375	64,227
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 83,331</u>	<u>\$ 43,530</u>	<u>\$ 97,375</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes, net of refunds	\$ 2,302	\$ 4,989	\$ 2,025
Supplemental disclosure of noncash financing information:			
Cash dividend declared, but not yet paid	\$ 4,765	\$ —	\$ —

See accompanying notes to consolidated financial statements.

OneSpan Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise noted, references in this Annual Report on Form 10-K to "OneSpan" and "Company" 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.).

Business Developments

The Company's two business units, Security Solutions and Digital Agreements, are also its reportable operating segments. During 2022 and the first half of 2023, the Company was operating under a three-year strategic plan that focused on driving revenue growth in Digital Agreements. However, in mid-2023, the Company determined it was unlikely to achieve the revenue growth levels set forth in that strategic plan within the contemplated three-year timeframe due to a number of factors, including increasing maturity and competitiveness in the market for e-signature solutions, limited awareness of the OneSpan brand among buyers of e-signature tools, and higher pricing aggressiveness from competitors.

In response to these challenges, the Company modified its strategy to focus more heavily on improving profitability margins across the business. To this end, in August 2023, the Company's Board of Directors approved additional restructuring actions designed to drive higher levels of profitability while maintaining the Company's long-term growth potential. The Company now plans to drive profitable, efficient growth in both operating segments, with a particular emphasis on growing subscription revenue and sales of high-margin software solutions.

Dividends

On December 16, 2024, the Company's Board of Directors declared a quarterly cash dividend as part of the initiation of a recurring quarterly dividend program. The initial quarterly cash dividend of \$0.12 per share was paid on February 14, 2025 to shareholders of record as of the close of business on January 31, 2025. The declaration and payment of future dividends is subject to the sole discretion of the Board of Directors.

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of OneSpan Inc. and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of 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.

The Company regularly assesses its estimates. Estimates are based on historical experience and on various other market-specific and relevant assumptions that the Company believes to be reasonable under the circumstances. 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 consolidated statements of operations in other income (expense), net. Foreign exchange transaction losses aggregated to \$0.9 million, \$1.1 million, and \$1.9 million in 2024, 2023, and 2022, respectively.

Note 2 – Summary of Significant Accounting Policies

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents are stated at cost plus accrued interest, which approximates fair value. Cash equivalents are high-quality short-term money market instruments and commercial paper with maturities at acquisition of three months or less. Cash and cash equivalents are held by a number of U.S. and non-U.S. commercial banks and money market investment funds.

The Company is party to lease agreements that require letters of credit to secure the obligations and is also required to maintain a cash guarantee with a payroll vendor, which totaled \$0.2 million and \$0.5 million at December 31, 2024 and 2023, respectively. The restricted cash related to the letters of credit and the payroll vendor cash guarantee is recorded in "Restricted cash" on the consolidated balance sheets.

Credit Losses

Reasonable assurance of collection is a requirement for revenue recognition. Credit limit adjustments for existing customers may result from the periodic review of outstanding accounts receivable. The Company records trade accounts receivable at invoice values, which are generally equal to fair value.

In accordance with accounting standards update ("ASU") No. 2016-13, 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.

Fair Value of Financial Instruments

At December 31, 2024 and 2023, the Company's financial instruments were cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of financial instruments has been determined by using available market information and appropriate valuation methodologies, as defined in Accounting Standards Codification "ASC" 820, *Fair Value Measurements*. The fair values of the financial instruments were not materially different from their carrying amounts at December 31, 2024 and 2023. See Note 10, *Fair Value Measurements*, for additional detail.

Inventories, net

Inventories, 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. The Company writes down inventory when it appears that the carrying cost of the inventory may not be recovered through subsequent sale of the inventory. The Company analyzes the quantity of inventory on hand, the quantity sold in the past year, the anticipated sales volume in the form of sales to new customers as well as sales to previous customers, the expected sales price and the cost of making the

sale when evaluating the valuation of inventory. If the sales volume or sales price of a specific model declines significantly, additional write downs may be required.

Property and Equipment, net

Property and equipment, net, is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years. Leasehold improvements are depreciated over the lesser of the remaining lease term or ten years. Additions and improvements are capitalized, while expenditures for maintenance and repairs are charged to operations as incurred. Gains or losses resulting from sales or retirements are recorded as incurred, at which time related costs and accumulated depreciation are removed from the accounts.

Leases

The Company determines if an arrangement is a lease at inception. All of the Company's leases are classified as operating leases. Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Operating lease ROU assets are comprised of the lease liability plus prepaid rents and are reduced by lease incentives. The Company recognizes lease expense for operating leases on a straight-line basis over the lease term.

Under Topic ASC 842, *Leases*, the Company made an accounting policy election to not recognize ROU assets and lease liabilities for leases with a term of twelve months or less. Certain lease agreements contain lease and non-lease components. For automobile leases, lease and non-lease components are accounted for together, and for office leases, the components are accounted for separately using a relative standalone selling basis. The Company applies the portfolio approach to automobile leases with similar characteristics that commence in the same period. The majority of the Company's leases do not provide an implicit rate of return. As a result, the Company uses its imputed collateralized rate based on the information available at the commencement date in determining the present value of lease payments. Certain lease agreements include payments adjusted periodically for inflation based on the consumer price index. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of purchase price over the fair value of net identifiable assets acquired in a business combination. The Company assesses the impairment of goodwill annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The annual impairment test date is October 1.

The Company's impairment assessment begins with a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. The qualitative assessment includes comparing the overall financial performance of the reporting unit against the planned results. Additionally, the reporting unit's fair value is assessed in light of certain events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, and other relevant entity and reporting unit specific events. The selection and assessment of qualitative factors used to determine whether it is more likely than not that the fair value of a reporting unit exceeds the carrying value involves significant judgments. If it is determined under the qualitative assessment that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the estimated fair value of the reporting unit is compared with its carrying value. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

No goodwill impairment was recorded during the years ended December 31, 2024, 2023, and 2022.

Long-Lived and Intangible Assets, net

Finite-lived intangible assets include proprietary technology, customer relationships, and other intangible assets. Intangible assets, other than certain patents and trademarks with indefinite lives, are amortized over the useful life, which range from three to seven years for proprietary technology, five to twelve years for customer relationships, and ten to twenty years for patents and trademarks. Intangible assets arising from business combinations, such as acquired technology, customer relationships, and other intangible assets, are originally recorded at fair value.

Long-lived assets, including property, plant and equipment, operating lease right-of-use assets, finite-lived intangible assets being amortized and capitalized software costs for internal use, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset group may not be recoverable. An impairment loss shall be recognized if the carrying amount of a long-lived asset group exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the long-lived asset group exceeds its fair value. Long-lived assets held for sale are reported at the lower of carrying value or fair value less cost to sell.

Equity Method Investment

On January 31, 2022, the Company sold its equity interest in Promon AS (Promon) for \$18.9 million and recorded the gain on sale of \$14.8 million in "Other income (expense), net", on the consolidated statements of operations for the year ended December 31, 2022. Promon is a technology company headquartered in Norway that specializes in mobile app security, whose solutions focus largely on Runtime Application Self-Protection (RASP).

Prior to January 31, 2022, the Company held a 17% interest in Promon and applied the equity method of accounting to its investment in Promon because it exercised significant influence on, but did not hold a controlling interest in, the investee. Under the equity method of accounting, the Company's proportionate share of the net earnings (losses) of Promon was reported in "Other income (expense), net", on the consolidated statements of operations. The impact of the proportionate share of net earnings (losses) was immaterial for the year ended December 31, 2022, as were the relative size of Promon's assets and operations in relation to the Company's.

The Company intends to continue to purchase and integrate Promon's RASP technology into its customer software solutions.

Other Accrued Expenses

Other accrued expenses consist of the following:

(In thousands)	December 31,	
	2024	2023
Current operating lease liabilities	\$ 2,351	\$ 2,027
Accrued sales tax and VAT	1,127	2,486
Other accrued expenses	1,980	4,747
Accrued professional fees	881	710
Accrued lease termination fees	—	714
Total	\$ 6,339	\$ 10,684

Share Repurchase Program

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 its 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 OneSpan's 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. The Company did not repurchase any shares for the year ended December 31, 2024. As of December 31, 2024, approximately \$50.0 million remained available for potential future repurchases under the repurchase program.

In December 2023 and under the previous stock repurchase program, the Company repurchased 2,380,834 shares of its issued and outstanding common stock pursuant to a modified "Dutch auction" tender offer (the "Tender Offer"). The purchase price paid for these shares was \$10.50, or an aggregate cost of approximately \$25.0 million, excluding fees and expenses related to the Tender Offer. During the year ended December 31, 2023, the Company repurchased 2.7 million

shares of the Company's stock for \$29.2 million in the aggregate, both in open market transactions and pursuant to the Tender Offer, at an average cost of \$10.62 per share under its repurchase program.

Revenue Recognition

The Company records revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services, which excludes any sales incentives and amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight before control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in Cost of goods sold.

Nature of Goods and Services

The Company derives its revenues primarily from product and license revenue, which includes hardware products and on-premises subscription revenue, and services and other, which is inclusive of cloud subscription revenue, maintenance and support, and professional services.

Subscription: Subscription includes cloud and on-premises subscription revenue.

Cloud subscription revenues are generated from the Company's Security Solutions and Digital Agreements service offerings. Standard customer arrangements do not provide the customer with the right to take possession of the software supporting the cloud-based application service at any time. As such, these arrangements are considered service contracts and revenue is recognized ratably over the service period of the contract. Customer payments are normally in advance for annual service.

Revenue from the sale of on-premises subscription revenue is recorded upon delivery which is the latter of when the customer receives the ability to access the software or when they are legally allowed to use the software. No significant obligations or contingencies exist with regard to delivery, customer acceptance or rights of return at the time revenue is recognized. The Company offers term licenses for on-premises subscription revenue ranging from one to five years in length. For term licenses, payments are either on installment or in advance. In limited circumstances, the Company integrates third-party software solutions into its software products. The Company has determined that, consistent with its conclusion under prior revenue recognition rules, the Company acts as the principal with respect to the satisfaction of the related performance obligation and records the corresponding revenue on a gross basis from these transactions. For transactions in which the Company does not act as the principal, the Company recognizes revenue on a net basis. The fees owed to the third parties are recognized as a component of cost of goods sold when the revenue is recognized.

Maintenance and support: Maintenance and support agreements generally call for the Company to provide software updates and technical support, respectively, to customers. The annual fee for maintenance and technical support is recognized ratably over the term of the maintenance and support agreement as this is the period the services are delivered. Customer payments are normally in advance for annual service.

Professional services and other revenue: Professional services revenues are primarily comprised of implementing, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered, usually over a period of time that is generally less than 12 months, most of which, are derived from projects performed on a fixed fee. For fixed fee contracts,

revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours to complete the services. Customer payments normally correspond with delivery. Professional services and other includes perpetual software licenses revenue, which was immaterial and approximately 1% and 2% of total revenue for the years ended December 31, 2024, 2023, and 2022, respectively. Perpetual licenses grant the customer unlimited access to the software.

Hardware products: Revenue from the sale of security hardware is recorded upon shipment, which is the point at which control of the goods are transferred and the performance obligations are completed, unless there are specific terms that would suggest control is transferred at a later date (e.g. delivery). No significant obligations or contingencies typically exist with regard to delivery, customer acceptance or rights of return at the time revenue is recognized. Customer invoices and subsequent payments normally correspond with delivery.

The Company also enters into separate service agreements with certain hardware customers to perform distribution services. In these situations, revenue is recognized prior to physical delivery of a good (i.e. "bill-and-hold arrangements"). The Company evaluates bill-and-hold arrangement, and records revenue accordingly when the following criteria is met:

- The reason for the bill-and-hold arrangement is substantive;
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer;
- The Company does not have the ability to use the product or to direct it to another customer.

Multiple-Element Arrangements

In the Company's typical multiple-element arrangement, the primary deliverables include:

1. A client component (i.e. an item that is used by the person being authenticated in the form of either a new standalone hardware device or software that is downloaded onto a device that the customer already owns);
2. Server system software that is installed on the customer's systems (i.e. software on the server system that verifies the identity of the person being authenticated) or licenses for additional users on the server system software if the server system software had been installed previously; and
3. Post contract support ("PCS") in the form of maintenance on the server system software or support.

The Company's multiple-element arrangements may also include other items that are usually delivered prior to the recognition of any revenue and are incidental to the overall transaction such as initialization of the hardware device, customization of the hardware device itself or the packaging in which it is delivered, deployment services where the Company delivers the device to its customer's end-use customer or employee and, in some limited cases, professional services to assist with the initial implementation of a new customer.

For contracts that contain multiple performance obligations, the transaction price is allocated to the separate performance obligations based on their estimated relative standalone selling price. Judgment is required to determine the stand-alone selling price ("SSP") of each distinct performance obligation. We determine SSP for maintenance and support and professional services based on observable inputs; specifically, the range of prices charged to customers to renew annual maintenance and support contracts and the range of hourly rates we charge customers in standalone professional services contracts. In instances where SSP is not directly observable, and when we sell at a highly variable price range, such as for transactions involving cloud and on-premise subscription-based licenses or hardware, we determine the SSP for those performance obligations using the residual approach.

Significant Judgments

The Company enters into contracts to deliver a combination of hardware devices, software licenses, subscriptions, maintenance and support and, in some situations, professional services. The Company evaluates the nature of the goods or

services promised in these arrangements to identify the distinct performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment depending on the terms and conditions of the respective customer arrangement. When a hardware client device and licenses to server software are sold in a contract, they are treated as a single performance obligation because the software license is deemed to be a component of the hardware that is integral to the functionality of the hardware that is used by customers for identity authentication. When a software client device is sold in a contract server software, the licenses are considered a single performance obligation to deliver the authentication solution to the customer. In either of these types of arrangements, maintenance and support and professional services are typically distinct separate performance obligations from the hardware or software solutions. Contracts to deliver subscription services typically do not include multiple performance obligations; however, in certain limited cases customers may purchase professional services that are distinct performance obligations.

Cost of Goods Sold

Cost of goods sold related to product and license include direct product costs and direct costs, including personnel costs, production costs, and freight costs. Cost of goods sold related to service and other revenues are primarily costs related to cloud subscription solutions, including personnel, equipment costs, and capitalized software costs and internal professional services and maintenance support.

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. The Company's solutions are sold worldwide through a direct sales force as well as through distributors, resellers, systems integrators, and original equipment manufacturers.

Research and Development Costs

As part of its strategic plan in effect during 2022 and the first half of 2023, the Company began investing in its Digital Agreements operating segment for accelerated growth. In conjunction with expanded research and development activities to grow the Company's transaction cloud platform and Digital Agreements product offerings, the Company began capitalizing certain costs incurred in connection with obtaining or developing internal-use software during the year ended December 31, 2022. These costs include payroll and payroll-related costs for employees who are directly associated with the internal-use software projects, external direct costs of materials and services costs while developing the software. Capitalized software costs are included in "Property and equipment, net" on the consolidated balance sheets and are depreciated using the straight-line method over the estimated life of three years. Capitalization of such costs ceases when the project is substantially complete and ready for its intended purpose. Costs incurred during the preliminary project and post-implementation stages, as well as software maintenance and training costs, are expensed in the period in which they are incurred. Other costs for research and development, principally the design and development of hardware, and the design and development of software prior to the determination of technological feasibility, are expensed as incurred on a project-by-project basis.

The Company capitalized \$8.3 million and \$10.1 million of internal-use software during the years ended December 31, 2024 and 2023, respectively.

Share-Based Compensation

The Company has share-based employee compensation plans, described in Note 14, *Share Compensation Plans*. ASC 718, *Stock Compensation*, requires the Company to estimate the fair value of restricted stock granted to employees, directors and others to record compensation expense equal to the estimated fair value. Compensation expense is recorded on a straight-line basis over the vesting period for time-based awards and performance and market-based awards with cliff vesting provisions and on a graded basis for performance and market-based awards with graded vesting provisions. Forfeitures are recorded as incurred.

Retirement Benefits

The Company records annual expenses relating to defined benefit pension plans based on calculations which include various actuarial assumptions, including discount rates, assumed asset rates of return, compensation increases, and

turnover rates. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends. The effects of gains, losses, and prior service costs and credits are amortized over the average service life. The funded status, or projected benefit obligation less plan assets, for each plan, is reflected in the consolidated financial statements using a December 31 measurement date.

Other Income (Expense), net

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

Income Taxes

The Company calculates and provides for income taxes in each tax jurisdiction in which it operates. The provision for income taxes includes the amounts payable or refundable for the current year, the effect of deferred taxes and impacts from uncertain tax positions. The Company's provision for income taxes is significantly affected by shifts in the geographic mix of its pre-tax earnings across tax jurisdictions, changes in tax laws and regulations, and tax planning opportunities available in each tax jurisdiction.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and tax bases of the Company's assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those differences are expected to be recovered or settled. Valuation allowances are established for deferred tax assets when it is more likely than not that a tax benefit will not be realized. The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities and in income in the period that includes the enactment date.

The Company recognizes tax benefits for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's income tax returns that do not meet these recognition and measurement standards. Assumptions, judgments, and the use of estimates are required in determining whether the "more-likely-than-not" standard has been met when developing the provision for income taxes.

The Company recognizes the tax impact of including certain foreign earnings in U.S. taxable income as a period cost. The Company has recognized deferred income taxes for local country income and withholding taxes that could be incurred on distributions of non-U.S. earnings because management does not plan to indefinitely reinvest such earnings.

The Company monitors for changes in tax laws and reflect the impacts of tax law changes in the period of enactment.

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 November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) – *Improvements to Reportable Segment Disclosures*, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the standard of as of December 31, 2024 and adoption of the guidance did not have a material impact on its consolidated financial statements and related disclosures.

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. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

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 will 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.

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 is evaluated regularly by 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 businesses 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 and transaction signing solutions, such as mobile application security and mobile software tokens.
- **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.

The CODM evaluates performance for both reportable segments based on segment revenue, gross margins and operating income (loss). When using these metrics, the CODM considers forecast-to-actual variances on a quarterly basis when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses these metrics for evaluating pricing strategy to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees.

Segment operating income (loss) consists of the revenues generated by a segment, less the direct costs of revenue, sales and marketing expenses, 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 attributable to a particular segment. The accounting policies of both reportable segments are the same as those described in Note 2, *Summary of Significant Accounting Policies*.

Prior to 2023, the Company allocated certain cost of goods sold and operating expenses to its two reportable operating segments using a direct cost allocation and an allocation based on revenue split between the segments. As a result of the ongoing strategic transformation, the Company refined its operating segment allocation methodology to better align internal and external costs more directly to where the employee efforts are being spent on each segment moving forward. The revised methodology was applied on a prospective basis beginning in 2023. As a result of this change, there was an increase in cost of goods sold and operating expenses being allocated to the Digital Agreements segment, which better aligned with the investments the Company is making in that segment.

The tables below set forth information about the Company's operating segments for the years ended December 31, 2024, 2023, and 2022, along with the items necessary to reconcile the segment information to the totals reported in the accompanying consolidated financial statements.

<i>(In thousands)</i>	Year Ended December 31, 2024			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	\$ 182,187	\$ 60,992	\$ —	\$ 243,179
Cost of goods sold	49,319	19,281	3	68,603
Gross profit (1)	132,868	41,711	(3)	174,576
<i>Gross margin</i>	73%	68%	*	72%
Sales and marketing	24,684	15,658	4,204	44,546
Research and development	16,132	16,117	174	32,423
Other segment items (2)(4)	1,990	4,321	46,491	52,802
Operating income (loss) (3)(5)	90,062	5,615	(50,872)	44,805
Interest income, net				1,807
Other income (expense), net				(125)
Income (loss) before income taxes				\$ 46,487

<i>(In thousands)</i>	Year Ended December 31, 2023			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	\$ 184,181	\$ 50,925	\$ —	\$ 235,106
Cost of goods sold	64,207	13,183	1	77,391
Gross profit	119,974	37,742	(1)	157,715
<i>Gross margin</i>	65%	74%	*	67%
Sales and marketing	35,356	31,566	3,313	70,235
Research and development	18,894	18,687	839	38,420
Other segment items (2)(4)	5,534	6,014	66,383	77,931
Operating (loss) income (3)(5)	60,190	(18,525)	(70,536)	(28,871)
Interest income, net				2,090
Other income (expense), net				(532)
Income (loss) before income taxes				\$ (27,313)

<i>(In thousands)</i>	Year Ended December 31, 2022			
	Security Solutions	Digital Agreements	Corporate and Other	Total
Revenue	\$ 170,605	\$ 48,401	\$ —	\$ 219,006
Cost of goods sold	59,523	10,913	—	70,436
Gross profit	111,082	37,488	—	148,570
<i>Gross margin</i>	65%	77%	*	68%
Sales and marketing	42,135	16,305	2,509	60,949
Research and development	26,128	11,720	3,887	41,735
Other segment items (2)(4)	10,768	4,115	58,118	73,001
Operating income (loss) (3)(5)	32,051	5,348	(64,514)	(27,115)
Interest income, net				595
Other income (expense), net				14,827
Income (loss) before income taxes				\$ (11,693)

* Percentage not meaningful

(1) Digital Agreements gross profit includes an intangible asset write-off of \$0.8 million and an internal capitalized software write-off of \$0.7 million for the year ended December 31, 2024 (see Note 8, *Intangible Assets, net* and Note 9, *Property and Equipment, net*).

(2) Security Solutions other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the years ended December 31, 2024, 2023, and 2022.

(3) Security Solutions operating income includes \$0.9 million, \$0, and \$1.7 million of total amortization and depreciation expense for the years ended December 31, 2024, 2023, and 2022, respectively.

Security Solutions operating income includes \$2.0 million, \$5.5 million, and \$9.0 million of restructuring and other related charges for the years ended December 31, 2024, 2023, and 2022, respectively.

(4) Digital Agreements other segment items includes general and administrative expense, restructuring and other related charges, and amortization of intangibles for the years ended December 31, 2024, 2023, and 2022.

(5) Digital Agreements operating income includes \$6.2 million, \$3.7 million, and \$2.3 million of total amortization and depreciation for the years ended December 31, 2024, 2023, and 2022, respectively.

Digital Agreements operating income includes \$1.7 million, \$3.7 million, and \$1.9 million of restructuring and other related charges for the years ended December 31, 2024, 2023, and 2022, 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 operating segments for the years ended December 31, 2024, 2023, and 2022.

<i>(In thousands)</i>	Years Ended December 31,					
	2024		2023		2022	
	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements	Security Solutions	Digital Agreements
Subscription	\$ 80,555	\$ 58,848	\$ 60,550	\$ 45,886	\$ 47,124	\$ 42,029
Maintenance and support	38,342	1,736	42,240	4,143	42,894	5,451
Professional services and other (1)	4,439	408	5,425	896	7,087	921
Hardware products	58,851	—	75,966	—	73,500	—
Total Revenue	\$ 182,187	\$ 60,992	\$ 184,181	\$ 50,925	\$ 170,605	\$ 48,401

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the year ended December 31, 2024 and approximately 1%, and 2% of total revenue for the years ended December 31, 2023 and 2022, respectively.

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

Disaggregation of Revenues

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

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Subscription	\$ 139,403	\$ 106,436	\$ 89,153
Maintenance and support	40,078	46,383	48,345
Professional services and other (1)	4,847	6,321	8,008
Hardware products	58,851	75,966	73,500
Total Revenue	\$ 243,179	\$ 235,106	\$ 219,006

(1) Professional services and other includes perpetual software licenses revenue, which was immaterial for the year ended December 31, 2024 and approximately 1%, and 2% of total revenue for the years ended December 31, 2023 and 2022, respectively.

Revenue by location of customer for the years ended December 31, 2024, 2023, and 2022

<i>(In thousands, except percentages)</i>	Years Ended December 31,		
	2024	2023	2022
Revenue			
EMEA	\$ 108,555	\$ 111,568	\$ 100,298
Americas	86,803	80,057	77,740
APAC	47,821	43,481	40,968
Total revenue	\$ 243,179	\$ 235,106	\$ 219,006
% of Total Revenue			
EMEA	44 %	47 %	46 %
Americas	36 %	34 %	35 %
APAC	20 %	19 %	19 %

Timing of revenue recognition

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Products and Licenses transferred at a point in time	\$ 132,109	\$ 130,848	\$ 121,426
Services transferred over time	111,070	104,258	97,580
Total Revenue	\$ 243,179	\$ 235,106	\$ 219,006

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2024 and 2023:

<i>(In thousands)</i>	December 31,	
	2024	2023
Receivables, inclusive of trade and unbilled	\$ 56,229	\$ 64,387
Contract Assets (current and non-current)	\$ 10,686	\$ 5,322
Contract Liabilities (deferred revenue current and non-current)	\$ 70,855	\$ 73,483

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 billing 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 year ended December 31, 2024 included \$66.1 million that was included on the December 31, 2023 consolidated balance sheet in contract liabilities. Deferred revenue increased 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 estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024:

<i>(In thousands)</i>	2025	2026	2027	Beyond 2027	Total
Future revenue related to current unsatisfied performance obligations	\$ 60,203	\$ 30,108	\$ 10,102	\$ 3,037	\$ 103,450

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 seven 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 consolidated statements of operations.

Applying the 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 the "Sales and marketing" caption in the 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 consolidated balance sheets:

<i>(In thousands)</i>	December 31,	
	2024	2023
Capitalized costs to obtain contracts, current	\$ 4,478	\$ 3,503
Capitalized costs to obtain contracts, non-current	\$ 12,431	\$ 10,766

<i>(In thousands)</i>	Years Ended December 31,	
	2024	2023
Amortization of capitalized costs to obtain contracts	\$ 4,007	\$ 3,122

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 FIFO method.

Inventories, net, are comprised of the following as of December 31, 2024 and 2023:

<i>(In thousands)</i>	December 31,	
	2024	2023
Component parts (1)	\$ 4,385	\$ 8,511
Work-in-process and finished goods	6,407	7,042
Total	\$ 10,792	\$ 15,553

Note 6 - Business Acquisitions

On February 22, 2023, the Company acquired substantially all of the assets of the ProvenDB business of Southbank Software Pty Ltd. ("ProvenDB") under the terms of an asset purchase agreement. Pursuant to the terms of the asset purchase agreement, the total consideration for the acquisition was \$2.0 million, of which \$1.8 million was paid in cash at closing. The remaining \$0.2 million was held back as security for any indemnity claims made by the Company. If no indemnity claims are made by the Company this amount is required to be paid to the seller 12 months after the acquisition date. The Company paid the full amount of \$0.2 million to the seller in February 2024.

ProvenDB is a developer of secure storage that leverages blockchain technology in order to prevent data tampering or alteration of documents. The technology acquired in the acquisition is expected to provide a foundational architecture for future blockchain-based digital solutions, including secure storage, and is allocated entirely to our Digital Agreements reportable operating segment.

During 2024, the Company made the decision to discontinue its investment supporting the previously acquired blockchain technology and related commercial efforts. As a result, the Company wrote-off the related acquired technology and previously capitalized software. See Note 9, *Property and Equipment, net*, Note 8, *Intangible Assets, net*, and Note 19, *Restructuring and Other Related Charges* for further information.

As of December 31, 2023, the Company determined the purchase price allocation of the fair value of the assets acquired and liabilities assumed which is shown in the table below.

<i>(In thousands)</i>	As of Date of Opening Balance Sheet	
Net assets acquired:		
Acquired technology	\$ 1,447	1,447
Accrued wages and payroll taxes		(47)
Goodwill		600
Total net assets acquired	\$ 2,000	2,000
Consideration	\$ 2,000	2,000

The financial impact of this acquisition was not material to our consolidated financial statements, and therefore, we have not presented pro forma results of operations for the acquisition.

Note 7 – Goodwill

The following table presents the changes in goodwill for the years ended December 31, 2023 and 2024:

<i>(In thousands)</i>	Security Solutions	Digital Agreements	Total
Net balance at January 1, 2023	\$ 70,782	\$ 19,732	\$ 90,514
Acquisition during the period (1)	—	600	600
Net foreign currency translation	2,009	561	2,570
Net balance at December 31, 2023	72,791	20,893	93,684
Net foreign currency translation	(1,031)	(288)	(1,319)
Net balance at December 31, 2024	\$ 71,760	\$ 20,605	\$ 92,365

(1) Represents goodwill recorded in conjunction with the acquisition of substantially all the assets of the ProvenDB business of Southbank Software Pty Ltd. during the year ended December 31, 2023. See Note 6, *Business Acquisitions*, for additional information.

No impairment of goodwill was recorded during the years ended December 31, 2024, 2023, or 2022.

Note 8 – Intangible Assets, net

Intangible assets, net as of December 31, 2024 and 2023 consist of the following:

<i>(In thousands)</i>	Useful Life (in years)	December 31,			
		2024		2023	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired technology	3 to 7	\$ 41,658	\$ 41,658	\$ 43,869	\$ 42,712
Customer relationships	5 to 12	34,653	28,091	34,773	25,960
Patents and trademarks	10 to 20	13,356	12,437	13,103	12,241
Total		\$ 89,667	\$ 82,186	\$ 91,745	\$ 80,913

Amortization expense was \$2.6 million, \$2.8 million, and \$4.1 million for the years ended December 31, 2024, 2023, and 2022, respectively. Amortization expense includes cost of sales amortization expense directly related to delivering cloud subscription revenue of \$0.2 million, \$0.4 million, and \$0 for the years ended December 31, 2024, 2023, and 2022, respectively. Costs are recorded in "Services and other cost of goods sold" on the consolidated statements of operations.

Certain intangible assets are denominated in local currencies and are subject to currency fluctuations.

In connection with the continued execution of cost reductions, during the quarter ended June 30, 2024, the Company decided to stop any incremental development investments supporting its previously acquired blockchain technology and related commercial efforts (see Note 19, *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 associated with the remaining unamortized value of this intangible asset in "Services and other cost of goods sold" on the consolidated statement of operations for the year ended December 31, 2024.

During the year ended December 31, 2022, the Company performed an impairment review of the customer relationships intangible assets obtained in its 2018 acquisition of Dealflo Limited ("Dealflo"). The impairment review was triggered by the Company's July 2022 notification to customers regarding its intent to gradually sunset its Dealflo solution in the months leading up to December 31, 2023. As a result, substantially all Dealflo solution customer contracts terminated on or before December 31, 2023. The results of the impairment review indicated that the carrying value of the Dealflo customer relationships exceeded the fair value, and the Company recorded a \$3.8 million impairment charge on the entire remaining value of the asset during the year ended December 31, 2022. The charge is included in "Restructuring and

other related charges" on the consolidated statements of operations and is included in "Operating income" of the Security Solutions reportable operating segment.

There were no additional write-offs or impairments of intangible assets recorded during the years ended December 31, 2024, 2023, and 2022.

The estimated future amortization expense of intangible assets as of December 31, 2024, is as follows:

2025	\$	2,333
2026		2,340
2027		2,122
2028		49
2029		40
Thereafter		214
Subject to amortization		7,098
Trademarks		383
Total intangible assets	\$	7,481

Note 9 – Property and Equipment, net

The following table presents the major classes of property and equipment, net, as of December 31, 2024 and 2023:

<i>(In thousands)</i>	Useful Life (in years)	December 31,	
		2024	2023
Office equipment and software	3-5	\$ 8,658	\$ 8,574
Leasehold improvements	10	7,639	7,459
Furniture and fixtures	5	3,519	3,658
Capitalized software	3	19,298	12,560
Total		39,114	32,251
Accumulated depreciation		(18,148)	(13,529)
Property and equipment, net		\$ 20,966	\$ 18,722

Depreciation expense was \$5.8 million, \$3.7 million, and \$2.9 million for the years ended December 31, 2024, 2023, and 2022, respectively. Depreciation expense includes cost of sales depreciation expense directly related to delivering cloud subscription revenue of \$3.1 million, \$1.1 million, and \$0 for the years ended December 31, 2024, 2023, and 2022, respectively. Costs are recorded in "Services and other cost of goods sold" on the consolidated statements of operations.

In connection with the continued execution of cost reductions, the Company decided to stop any incremental development investments supporting its previous 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 19, *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 consolidated statement of operations for the year ended December 31, 2024. The remaining write-off amount of \$0.3 million was recognized in "Restructuring and other related charges" on the consolidated statement of operations for the year ended December 31, 2024.

As part of the Company's decision to discontinue investment in its Digipass CX product (see Note 19, *Restructuring and Other Related Charges*), write-offs of \$1.5 million for capitalized software were recorded in "Restructuring and other related charges" on the consolidated statement of operations for the year ended December 31, 2023.

In conjunction with the Company's Chicago office lease abandonment (see Note 19, *Restructuring and Other Related Charges*), write-offs of \$0.6 million for leasehold improvements and \$0.1 million for office equipment and software were recorded in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023.

Due to the Company's former Brussels office lease termination (see Note 19, *Restructuring and Other Related Charges*), \$0.6 million of leasehold improvements were written off and recorded in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023.

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 December 31, 2024 and 2023:

(In thousands)	December 31, 2024	Fair Value Measurement at Reporting Date Using		
		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	\$ —	\$ —

(In thousands)	December 31, 2023	Fair Value Measurement at Reporting Date Using		
		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	\$ 8,496	\$ 8,496	\$ —	\$ —

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 December 31, 2024 and 2023. The Company did not have any financial liabilities that are measured at fair value on a recurring basis as of December 31, 2024 and 2023.

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

The following table presents the changes in the allowance for credit losses during the years ended December 31, 2023 and 2024:

(In thousands)

Balance at January 1, 2023	\$	1,600
Provision		286
Write-offs		(350)
Balance at December 31, 2023		<u>1,536</u>
Provision		208
Write-offs		(144)
Balance at December 31, 2024	\$	<u><u>1,600</u></u>

Note 12 – Leases

The Company leases certain real estate and automobiles, which are classified as operating leases. The real estate leases have remaining lease terms of two to nine years. Automobile leases have a remaining lease term of one to five years.

Some of the Company's leases include options to renew, with renewal terms that can extend the lease from one to five years. The exercise of a lease renewal option typically occurs at the discretion of both parties. Certain leases include options to purchase the leased property at fair value. For purposes of calculating operating lease liabilities, lease terms are deemed not to include options to extend the lease termination until it is reasonably certain that the Company will exercise that option.

Operating lease cost details for the years ended December 31, 2024, 2023, and 2022 are as follows:

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Building rent	\$ 1,153	\$ 1,638	\$ 2,117
Automobile rentals	1,349	1,132	1,180
Total net operating lease costs	<u>\$ 2,502</u>	<u>\$ 2,770</u>	<u>\$ 3,297</u>

Short-term lease costs and variable lease costs recognized during the years ended December 31, 2024, 2023, and 2022 are immaterial.

Supplemental consolidated balance sheet information related to operating leases as of December 31, 2024 and 2023 is as follows:

(In thousands)	December 31,	
	2024	2023
Leases		
Assets	\$ 7,725	\$ 6,171
Operating lease right-of-use assets	\$ 7,725	\$ 6,171
Liabilities		
Current		
Operating lease liabilities	\$ 2,351	\$ 2,027
Non-current		
Operating lease liabilities	6,932	6,110
Accrued lease termination fees	—	714
Total lease liabilities	\$ 9,283	\$ 8,851

As of December 31, 2024 and 2023, the weighted average remaining lease term for operating leases is 5.2 years and 5.3 years, respectively, and the weighted-average discount rate for operating leases is 6% and 5% respectively.

Supplemental consolidated cash flow information related to leases is as follows:

(In thousands)	Years Ended December 31,		
	2024	2023	2022
Supplemental cash flow and other information related to leases:			
Operating cash payments from operating leases	\$ 2,455	\$ 2,836	\$ 3,346
ROU assets obtained in exchange for new operating lease liabilities	\$ 3,462	\$ 2,650	\$ 1,172

In October 2023, the Company signed a lease agreement to lease new office space in Brussels. The lease agreement consisted of a nine year lease and commenced in the second quarter of 2024.

As part of its multiyear restructuring plan (see Note 19, *Restructuring and Other Related Charges*), the Company vacated its Chicago office space and abandoned the underlying leases during June 2023. The Company accrued a \$1.4 million early lease termination fee, which is reflected in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023. The underlying lease right-of-use asset and lease liability for the Chicago leased office space were written off, and a \$0.3 million gain related to rent concessions and tenant improvement allowances was recorded in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023. In August 2024, the Company finalized its early termination agreement with the landlord to terminate and release any further obligations for either party.

In September 2023, the Company vacated its former Brussels office and terminated the lease as of September 30, 2023. The Company accrued a \$0.3 million early lease termination fee, which is reflected in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023. The underlying lease right-of-use asset and lease liability for the Brussels leased office space were written off, and a \$0.1 million loss related to rent concessions and tenant improvement allowances was recorded in "Restructuring and other related charges" on the consolidated statements of operations for the year ended December 31, 2023.

Maturities of the Company's operating leases as of December 31, 2024 are as follows:

<i>(In thousands)</i>	
2025	\$ 2,732
2026	2,201
2027	1,821
2028	1,719
2029	942
Thereafter	1,293
Less: imputed interest	(1,425)
Total lease liabilities	<u>\$ 9,283</u>

Note 13 – Income Taxes

Income (loss) before income taxes was generated in the following jurisdictions:

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
U.S.	\$ 41,309	\$ (13,526)	\$ (9,569)
Non-U.S.	5,178	(13,787)	(2,124)
Total	<u>\$ 46,487</u>	<u>\$ (27,313)</u>	<u>\$ (11,693)</u>

For the years ended December 31, 2024, domestic income excludes intercompany dividend income of \$8.6 million. For the years ended December 31, 2023 and 2022, there was no intercompany dividend included in domestic income. The (benefit) provision for income taxes consists of the following:

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ 525	\$ 2	\$ 122
State	266	54	32
Foreign	4,906	2,473	1,665
Total current	<u>5,697</u>	<u>2,529</u>	<u>1,819</u>
Deferred:			
Federal	(16,771)	361	(349)
State	(2,318)	(47)	35
Foreign	2,797	(357)	1,236
Total deferred	<u>(16,292)</u>	<u>(43)</u>	<u>922</u>
Total	<u>\$ (10,595)</u>	<u>\$ 2,486</u>	<u>\$ 2,741</u>

For 2024, 2023, and 2022, the Company's U.S. federal statutory rate was 21%.

The differences between the income tax (benefit) and provisions computed using the statutory federal income tax rate and the (benefit) provisions for income taxes reported in the consolidated statements of operations are as follows:

(In thousands)	Years Ended December 31,		
	2024	2023	2022
Expected tax at statutory rate	\$ 9,762	\$ (5,736)	\$ (2,456)
Foreign taxes at other rates	(532)	(213)	3,373
Valuation allowance changes	(10,464)	8,513	4,370
Global intangible low-taxed income inclusion	5,571	—	—
State income taxes, net of federal benefit	(1,281)	(170)	(322)
Uncertain tax positions	—	—	(515)
Research credits	(956)	(633)	(2,568)
Worthless stock deduction	(12,632)	—	—
Disallowed expenses and other	(63)	725	859
Total	\$ (10,595)	\$ 2,486	\$ 2,741

The Company's release of the valuation allowance for the year ended December 31, 2024 was partly due to the IP transfer discussed below and the Company's reassessment of its deferred tax assets that are more likely than not to be realized. The Company determined that there is sufficient positive evidence, including recent cumulative pretax income, that the Company will generate significant income in the future. Based on the review of this evidence, the Company determined that it is more likely than not deferred tax assets are realizable and therefore released a portion of the valuation allowance during the year.

During 2024, the Company completed an intra-entity asset transfer of certain intellectual property ("IP Transfer") to the U.S., which was classified as an arm's length transaction at fair value pursuant to the asset transfer agreement. The fair value of the IP asset was a non-recurring fair value measurement. With the assistance of a third-party valuation specialist, the fair value of the IP was determined using the income method, which reflects the Company's assumptions regarding projected revenue, earnings before interest and taxes and a discount rate. The assumptions used in the estimation of the IP asset involved Level 3 inputs of the fair value hierarchy. The tax deduction amortization related to the IP asset will be recognized in future periods over the next fifteen years.

The transaction resulted in a step-up of tax-deductible basis driven by the fair value of the IP Transfer, and accordingly, created a temporary difference where the tax basis exceeded the financial statement basis of such intangible asset, which resulted in the recognition of a discrete tax benefit of \$3.7 million. The tax-deductible amortization related to the transferred IP rights will be recognized in future periods. The deferred tax asset and the tax benefit were measured based on the enacted tax rates expected to apply in the years the asset is expected to be realized. The Company expects to realize the deferred tax asset resulting from the IP Transfer and will assess the realizability of the deferred tax asset quarterly.

The Company recorded an income tax benefit related to a worthless stock deduction for the Company's investment in one of its wholly owned subsidiaries. The worthless stock deduction was \$60.2 million, resulting in an estimated tax benefit of \$12.6 million.

In addition, the Company received a favorable response in connection with its Mutual Agreement Procedure ("MAP") request related to a Belgium audit concluded in 2020. The Company recorded a net tax benefit of \$1.2 million during the year ended December 31, 2024 in connection with the MAP request.

The Company's policy is to record interest and penalties on income taxes as income tax expense. It recorded a benefit of \$0.2 million in 2024 and expense of less than \$0.1 million in 2023 and 2022.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023, are as follows:

<i>(In thousands)</i>	December 31,	
	2024	2023
Deferred tax assets:		
Stock and long-term compensation plans	\$ 1,224	\$ 1,515
Foreign NOL & other carryforwards	48,705	45,390
U.S. and state NOL carryforwards	8,128	7,866
Deferred revenue	219	650
Pension liability	436	531
Depreciation and amortization	—	1,626
Intangible assets	7,855	—
Lease liability	2,310	2,383
Capitalized research and development	1,054	446
Accrued expenses and other	1,036	948
Total gross deferred tax assets	70,967	61,355
Less: Valuation allowance	(37,246)	(47,844)
Net deferred income tax assets	\$ 33,721	\$ 13,511
Deferred tax liabilities:		
Accruals	\$ —	\$ 367
Tax on unremitted foreign earnings	3,516	1,164
Right of use asset	2,527	2,095
Intangible assets	—	2,217
Depreciation and amortization	2,378	—
Tax on credits	4,810	3,689
Contract acquisition costs	3,654	3,325
Deferred tax liabilities	\$ 16,885	\$ 12,857
Net deferred tax assets	\$ 16,836	\$ 654

Deferred tax assets and liabilities are netted by tax jurisdiction.

The valuation allowance against the net deferred tax assets as of December 31, 2024 and 2023 was \$37.2 million and \$47.8 million, respectively.

The Company recorded changes in valuation allowance of \$(10.5) million and \$8.5 million, during the years ended December 31, 2024 and 2023, respectively, against deferred tax assets that, based on the Company's assessment are considered not to be more likely than not to be realized. The decrease in the valuation allowance in 2024 reflects changes in management's assessment of the ability to use existing deferred tax assets, including NOLs, due to an increase in operating profit and IP Transfer.

The Company 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. The Company 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. In 2022, the Company established a valuation allowance against certain deferred tax assets in jurisdictions that were not previously valued as the deferred tax assets were no longer more likely than not to be realized. In 2023, the Company continued to maintain a valuation allowance against certain deferred tax assets in jurisdictions where assets are not more likely than not to be

realized. In 2024, the Company reversed the valuation allowance in certain jurisdictions based on an assessment of the ability to utilize the deferred tax assets. For all other remaining deferred tax assets, the Company believes it is still more likely than not that the results of future operations or tax planning strategies will generate sufficient taxable income to realize the deferred tax assets.

At December 31, 2024, the Company had foreign and state net operating loss (NOL) carryforwards and other foreign deductible carryforwards as shown in the following table:

<i>(In thousands)</i>	<u>Carryforward</u>	<u>Expiration</u>
NOL Carryforward		
Canada	\$ 52,645	2031-2044
United States	22,678	None
United Kingdom	10,433	None
Other foreign	5,147	None
Canada province	48,742	2031-2044
U.S. states	44,074	2025-2043
	<u>\$ 183,719</u>	
Other Carryforwards		
United States credit	\$ 1,166	2031-2034
Canada	50,099	None
Canada province	63,523	None
Capital loss	348	None
Canada credits	10,231	2033-2044
Canada province credits	4,936	2036-2044
	<u>\$ 130,303</u>	
	<u>\$ 314,022</u>	

ASC 740, Income Taxes sets a “more-likely-than-not” criterion for recognizing the tax benefit of uncertain tax positions. As of December 31, 2024, 2023, and 2022, the Company had reserves of \$0.

<i>(In thousands)</i>	<u>December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Reserve at beginning of year	\$ —	\$ —	\$ 512
Increases related to prior year tax positions	—	—	—
Decreases related to prior year tax positions	—	—	(512)
Settlement	—	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Company files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions, and is subject to examination of its income tax returns by the IRS and other tax authorities. The Company reduced an uncertain tax position in the U.S. upon filing of an accounting method change and receiving audit protection.

The Company believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with the Company's expectations, there could be a requirement to adjust the provision for income taxes in the period such resolution occurs. There are no unrecognized tax benefits as of December 31, 2024 that, if recognized, would affect the effective tax rate.

The Company's primary tax jurisdictions and the earliest tax year subject to audit are presented in the following table.

Australia	2016
Austria	2018
Belgium	2020
Canada	2020
Netherlands	2019
Singapore	2019
Switzerland	2023
United Kingdom	2022
United States	2017

Note 14 – Share Compensation Plans

The Company has a share-based compensation plan, the OneSpan Inc. 2019 Omnibus Incentive Plan ("Plan"), under which the Board of Directors may grant share-based awards including restricted stock units (RSUs) and performance restricted stock units (PSUs).

The Plan may provide performance incentives to employees and non-employee directors, consultants and other key persons of the Company. The plan is administered by the Compensation Committee as appointed by the Board of Directors and is intended to be a non-qualified plan.

As of December 31, 2024, the remaining number of shares allowed to be issued under the Plan was approximately 1.0 million shares of the Company's common stock, representing 3% of the issued and outstanding shares of the Company as of such date.

The following table presents share-based compensation expense and other long-term incentive plan compensation expense for the years ended December 31, 2024, 2023, and 2022.

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Share-based compensation	\$ 8,955	\$ 14,252	\$ 8,642
Other long-term incentive plan compensation (1)	217	310	171
Total compensation	\$ 9,172	\$ 14,562	\$ 8,813

(1) Other long-term incentive compensation consists of cash incentive grants awarded to employees located in jurisdictions where the Company does not issue share-based compensation due to tax, regulatory or similar reasons.

Time-Based Restricted Stock Awards

Non-forfeited time-based restricted stock awards granted to certain executive officers and other employees under the VASCO Data Security International, Inc. 2009 Equity Plan became fully vested during the year ended December 31, 2022. Certain shares became subject to forfeiture when the service requirement was not met. No awards were outstanding as of December 31, 2022 and, therefore, there was no compensation expense, no tax benefit or any time-based restricted stock activity for the years ended December 31, 2024 and 2023. Compensation expense and related tax benefit were both less than \$0.1 million for 2022.

There was no unamortized future compensation expense for time-based restricted stock awards at December 31, 2024.

Time-Based Restricted Stock Units

Under the OneSpan Inc. 2019 Omnibus Incentive Plan, the Company grants non-employee directors and certain eligible employees RSUs that settle in Company stock. RSUs granted to non-employee directors vest on the first anniversary date of the grant and have a deferred delivery feature whereby they are not delivered until resignation or upon a change in control of the Company. RSUs granted to employees vest over one to four years in equal annual or semi-annual installments in the initial year and thereafter in semi-annual installments. Shares are subject to forfeiture if the service period is not met. Compensation expense for time-based restricted stock unit awards was \$6.9 million, \$10.9 million, and \$6.9 million for 2024, 2023, and 2022, respectively, and the related tax benefit was \$1.3 million, \$0.5 million, and \$0.2 million, respectively. The following table summarizes the time-based restricted stock activity for the year ended December 31, 2024:

<i>(Sharecounts in thousands)</i>	Shares	Weighted- average remaining term (years)	Weighted- average grant date fair value
Unearned, January 1, 2024	1,813	1.85	\$ 12.98
Shares vested	(634)		12.69
Shares awarded	433		12.90
Shares forfeited	(578)		14.14
Unearned, December 31, 2024	<u>1,034</u>	1.36	\$ 12.47

The unamortized future compensation expense for time-based restricted stock awards was \$8.6 million at December 31, 2024.

Performance-Based Restricted Stock Units settled in stock

Performance-based restricted stock units granted to executive officers and certain other employees were subject to achievement of one to three year performance criteria established by the Board of Directors. Under certain grants, shares related to one to three year targets are earned upon fulfillment of the performance criteria as determined by the Compensation Committee of the OneSpan Inc. Board of Directors ("Compensation Committee") and vest upon completion of the requisite service period. Shares are subject to forfeiture if the performance criteria and the service period are not met.

The restricted stock units subject to achievement of future performance criteria awarded during the year ended December 31, 2024 will be earned if the performance criteria are met at the end of the one-year performance period and then subsequent service period is also met.

Compensation expense related to performance-based restricted stock unit awards in 2024, 2023, and 2022 was \$1.4 million, \$2.8 million, and \$1.6 million, respectively. Tax benefit related to the compensation expense was \$0.2 million, less than \$0.1 million, and less than \$0.1 million for 2024, 2023, and 2022, respectively.

The following table summarizes activity related to unvested performance restricted stock shares during 2024:

<i>(Sharecounts in thousands)</i>	Total Unvested Shares	Weighted- average remaining term (years)	Weighted- average grant date fair value
Unearned, January 1, 2024	966	0.84	\$ 13.99
Shares vested	(267)		12.12
Shares awarded	136		12.79
Shares forfeited	(678)		14.76
Unearned, December 31, 2024	<u>157</u>	1.11	\$ 12.83

Unamortized future compensation expense for performance-based restricted stock was \$1.4 million at December 31, 2024.

Market-Based Restricted Stock Units settled in stock

Market-based restricted stock units granted to executive officers were subject to achievement of up to four years of market-based performance criteria established by the Board of Directors. Shares are subject to forfeiture if the performance criteria and service period are not met. Compensation expense for market-based restricted stock unit awards in 2024, 2023, and 2022 was \$0.7 million, \$0.6 million, and \$0.5 million, respectively, and the related tax benefit was \$0.1 million, less than \$0.1 million, and less than \$0.1 million respectively.

The following table summarizes activity related to unvested market and service restricted stock units settled in stock:

<i>(Sharecounts in thousands)</i>	Shares	Weighted- average remaining term (years)	Weighted- average grant date fair value
Unearned, January 1, 2024	251	1.89	\$ 11.58
Shares vested	(1)		38.58
Shares awarded	300		12.27
Shares forfeited	(87)		11.55
Unearned, December 31, 2024	<u>463</u>	2.54	\$ 11.99

Unamortized future compensation expense for market-based restricted stock was \$3.3 million at December 31, 2024.

Note 15 – Earnings per Common 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. Because the Company was in a net loss position for the years ended December 31, 2023 and 2022, diluted net loss per share for these periods exclude the effects of all common stock equivalents, which are anti-dilutive.

A reconciliation of the shares included in the basic and fully diluted earnings per share calculations is as follows:

<i>(In thousands, except per share data)</i>	Years Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 57,082	\$ (29,799)	\$ (14,434)
Weighted average common shares outstanding:			
Basic	38,387	40,193	40,143
Incremental shares with dilutive effect:			
Restricted stock awards	698	—	—
Diluted	<u>39,085</u>	<u>40,193</u>	<u>40,143</u>
Net income (loss) per share:			
Basic	\$ 1.49	\$ (0.74)	\$ (0.36)
Diluted	<u>\$ 1.46</u>	<u>\$ (0.74)</u>	<u>\$ (0.36)</u>

Note 16 – Employee Benefit Plans**U.S. Plan**

The Company maintains a defined contribution pension plan for U.S. employees established pursuant to Section 401(k) of the Internal Revenue Code. The plan allows voluntary employee contributions and discretionary employer contributions. For the years ended December 31, 2024, 2023, and 2022, the Company expensed contributions of \$0.2 million, \$0.6 million, and \$0.5 million, respectively.

Non-U.S. Plans

The Company is subject to national mandatory pension systems and other compulsory plans, or makes contributions to social pension funds based on local regulations. When the Company's obligation is limited to the payment of the contribution into these plans or funds, the recognition of such liabilities is not required.

In addition, the Company has, in some countries, defined benefit plans consisting of final retirement salary and committed pension payments.

In Switzerland, the pension plan is a cash balance plan where contributions are expressed as a percentage of the pensionable salary. Contributions to Swiss plans are paid by the employees and the employer. The pension plan guarantees the amount accrued on the members' savings accounts, as well as a minimum interest on those savings accounts. The plan assets are held in guaranteed investment contracts.

The Company also maintains a pension plan for Belgian employees, in compliance with Belgian law. Contributions to Belgium plans are paid by the employees and the employer. Certain features of the plans require them to be categorized as defined benefit plans under ASC 715 due to Belgian social legislation, which prescribes a minimum annual return of 1.8% on employer contributions and 1.8% for employee contributions. The plan assets are held in guaranteed investment contracts.

The Company also includes a liability related to obligations to provide retirement benefits to employees who retire from the Company's French subsidiary, as required by law. Per French regulations, each employee is entitled to a lump sum payment upon retirement based on years of service and salary at retirement. Benefit rights vest upon the statutory retirement age of 62. The obligation recorded represents the present value of amounts the Company expects to pay.

Components of net periodic pension cost included in earnings:

<i>(In thousands)</i>	Years Ended December 31,		
	2024	2023	2022
Service cost (gross)	\$ 682	\$ 879	\$ 1,107
Interest cost	476	560	138
Expected return on plan assets	(336)	(358)	(288)
Amortization of unrecognized actuarial gain	(148)	(265)	(90)
Net periodic pension cost	\$ 674	\$ 816	\$ 867

The net unfunded status of the Non-U.S. pension plans as of December 31, 2024 and 2023, is as follows:

<i>(In thousands)</i>	December 31,	
	2024	2023
Fair value of plan assets	\$ 14,500	\$ 16,460
Projected benefit obligation	(16,333)	(19,014)
Net unfunded benefit obligation	\$ (1,833)	\$ (2,554)

Net unfunded benefit obligation is recorded as other long-term liabilities in the consolidated balance sheets.

The change in the fair value of plan assets is as follows:

<i>(In thousands)</i>	Years Ended December 31,	
	2024	2023
Fair value of plan assets at January 1	\$ 16,460	\$ 15,415
Employee contributions	248	406
Actual return on plan assets	199	461
Benefits (paid), net of transfers	(2,063)	(1,487)
Employer contributions	676	864
Foreign exchange adjustment	(1,020)	801
Fair value of plan assets at December 31	\$ 14,500	\$ 16,460

The change in benefit obligations is as follows:

<i>(In thousands)</i>	Years Ended December 31,	
	2024	2023
Benefit obligations at January 1	\$ 19,014	\$ 17,715
Gross service cost	682	879
Interest cost	476	560
Employee contributions	248	406
Actuarial (gains)/losses	(266)	313
Benefits (paid), net of transfers	(2,063)	(1,487)
Curtailments & settlements	(578)	(285)
Foreign exchange adjustment	(1,180)	913
Benefit obligations at December 31	\$ 16,333	\$ 19,014

The decrease in benefit obligations at December 31, 2024 compared to December 31, 2023 was primarily driven by benefits paid and the weakened Euro and Swiss Franc currencies. The increase in benefit obligations at December 31, 2023 compared to December 31, 2022 was primarily driven by actuarial gains and foreign exchange adjustments, the strengthened Euro and Swiss Franc currencies, offset by benefits paid.

The Company's investment policy meets the responsibility under local social legislation and aligns plan assets with liabilities, while minimizing risk. For the years ended December 31, 2024 and 2023, plan assets are invested in guaranteed investment contracts. Fair value of guaranteed investment contracts is surrender value. Fair value for the year ended December 31, 2024 was determined using Level 3 inputs as defined by ASC 820, *Fair Value Measurements*. Changes in plan assets are attributable to benefit payments and contributions as the Company has not actively traded assets during the years ended December 31, 2024 and 2023.

Other

The accumulated benefit obligation for the plans were \$15.6 million and \$17.8 million as of December 31, 2024 and 2023, respectively.

The Company expects to pay approximately \$0.6 million of contributions over the next twelve months.

The amounts reclassified out of other comprehensive income during the years ended December 31, 2024, 2023, and 2022 were not material.

Actuarial Assumptions

Certain actuarial assumptions such as the discount rate and the long-term rate of return on plan assets have a significant effect on the amounts reported for net periodic cost and the benefit obligation. The assumed discount rates reflect the prevailing market rates of a universe of high-quality, non-callable, corporate bonds currently available that, if the

obligation were settled at the measurement date, would provide the necessary future cash flows to pay the benefit obligation when due. In determining the long-term return on plan assets, the Company considers long-term rates of return of comparable low risk investments, such as Euro AA bonds.

The following range of assumptions between all plans were utilized in the pension calculations:

	December 31,					
	2024			2023		
	(%)					
Discount rates	0.95	-	3.40	1.40	-	4.10
Inflation	1.10	-	2.00	1.25	-	2.20
Expected return on plan assets	1.90	-	2.00	2.00	-	2.50
Rate of salary increases	2.10	-	3.00	2.25	-	3.20

Projected future pension benefits as of December 31, 2024 (in thousands):

<i>(In thousands)</i>	
2025	\$ 501
2026	\$ 972
2027	\$ 277
2028	\$ 351
2029	\$ 930
2030 - 2034	\$ 5,422

Note 17 – Geographic, Customer and Supplier Information

The Company classifies sales by customers' locations in three geographic regions: 1) EMEA, which includes Europe, the Middle East, and Africa; 2) the Americas, which includes sales in North, Central, and South America and Canada; and 3) Asia Pacific, which also includes Australia and New Zealand.

(In thousands)

	Europe, Middle East, Africa (EMEA)	Americas	Asia Pacific	Total
2024				
Revenue	\$ 108,555	\$ 86,803	\$ 47,821	\$ 243,179
Long-lived assets	\$ 7,479	\$ 20,699	\$ 512	\$ 28,690
2023				
Revenue	\$ 111,568	\$ 80,057	\$ 43,481	\$ 235,106
Long-lived assets	\$ 5,783	\$ 18,795	\$ 315	\$ 24,893
2022				
Revenue	\$ 100,298	\$ 77,740	\$ 40,968	\$ 219,006
Long-lived assets	\$ 4,856	\$ 15,270	\$ 577	\$ 20,703

For the years 2024, 2023, and 2022, the top 10 customers contributed 20%, 22% and 23%, respectively, of total worldwide revenue. During 2024, all of the Company's hardware products are assembled by four independent factories in China and one independent factory in Romania.

Note 18 – Commitments and Contingencies

The Company leases office space and automobiles under operating lease agreements. See Note 12, *Leases*, for future minimum rental payments required under non-cancelable leases.

At December 31, 2024, the Company has purchase obligations of \$5.0 million for other software agreements related to the administration of the Company's business which range from 1 to 3 years.

The Company is subject to certain legal proceedings and claims incidental to the operations of its business. The Company is also subject to certain other legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully adjudicated. 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. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. As of December 31, 2024, the Company has recorded an accrual of \$0.5 million for loss contingencies related to all probable losses where a reasonable estimate could be made.

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 December 31, 2024, the Company does not have any reasonably possible losses for which an estimate can be made.

Note 19 – Restructuring and Other Related Charges

In December 2021, the Company's Board approved a restructuring plan ("Plan") designed to advance the Company's operating model, streamline its business, improve efficiency, and enhance its capital resources. As part of the first phase of the Plan, the Company reduced headcount by eliminating positions in certain areas of its organization. The first phase of the Plan began and was substantially completed during the quarter ended March 31, 2022. In May 2022, the Board approved additional actions related to the Plan through the year ending December 31, 2025. This second phase of the Plan consisted primarily of headcount-related reductions and was designed to achieve the same objectives as the first phase of the Plan.

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 Plan (including the 2023 Actions), the Company recorded a total of \$6.0 million in restructuring charges during the year ended December 31, 2024, of which \$1.6 million is recorded in "Services and other cost of goods sold" in the consolidated statements of operations for the year ended December 31, 2024 and \$4.4 million is recorded in "Restructuring and other related charges" in the consolidated statement of operations for the years ended December 31, 2024. The Company recorded \$17.3 million and \$13.3 million for the years ended December 31, 2023 and 2022, respectively, in "Restructuring and other related charges" in the consolidated statements of operations.

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 years ended December 31, 2024, 2023, and 2022, severance-related costs were \$4.0 million, \$11.7 million, and \$9.5 million, respectively. In total, there were approximately 330 employees, across multiple functions, whose positions were made redundant. The \$1.3 million current portion of the restructuring liability at December 31, 2024 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 former 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. As of December 31, 2024, the Company accrued contract termination fees of \$0.5 million for the Chicago office, which are included in "Current lease liabilities" in the consolidated balance sheet and which was paid in January 2025. In conjunction with the abandonment of the Chicago and former Brussels office leases in 2023, the underlying right-of-use assets and lease liabilities were written off and a \$0.3 million gain and \$0.1 million loss, respectively, were recorded related to rent concessions and tenant improvement allowances for restructuring. The Company wrote off \$0.7 million and \$0.6 million of fixed assets in its Chicago and Brussels leased office space, respectively (See Note 9, *Property and Equipment, net*). During 2023, the Company terminated its Brussels warehouse lease, effective July 31, 2024, and incurred settlement costs associated with the lease termination.

- **Product and services optimization costs** – includes costs to discontinue products and services that are no longer advancing the Company's operating model. 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 costs of goods sold" on the consolidated statements of operations for the year ended December 31, 2024 (see Note 8, *Intangible Assets, net*). For capitalized software, 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 costs of goods sold" on the consolidated statements of operations for the year ended December 31, 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 consolidated statements of operations for the year ended December 31, 2024 (see Note 9, *Property and Equipment, net*).
- **Vendor rationalization costs** – includes costs for contractually committed services the Company is no longer utilizing. For the years ended December 31, 2024 and 2023, these costs totaled \$0.2 million and \$1.2 million, and are included in "Restructuring and other related charges" on the consolidated statements of operations.
- **Impairment of intangibles** – include impaired Dealflo customer relationships where the carrying value exceeded the fair value for the year ended December 31, 2022. The Company recorded a \$3.8 million impairment charge on the entire remaining value of the asset during the year ended December 31, 2022. The charge is included in "Restructuring and other related charges" on the consolidated statement of operations and is included in "Operating income" of the Security Solutions reportable operating segment (See Note 8, *Intangible Assets, net*).

The table below sets forth the changes in the carrying amount of the restructuring charge liability for the years ended December 31, 2023 and 2024.

<i>(In thousands)</i>	Employee Costs	Real Estate Rationalization	Total
Balance as of January 1, 2023	\$ 3,596	\$ —	\$ 3,596
Additions	11,703	1,885	13,588
Payments	(12,169)	—	(12,169)
Balance as of December 31, 2023	3,130	1,885	5,015
Additions	3,937	227	4,164
Payments	(5,810)	(1,587)	(7,397)
Balance as of December 31, 2024	\$ 1,257	\$ 525	\$ 1,782

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
February 27, 2025

OneSpan Inc.

/s/ Victor Limongelli

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

POWER OF ATTORNEY

Each of the undersigned, in his or her capacity as an officer or director, or both, as the case may be, of OneSpan Inc. does hereby appoint Victor Limongelli and Jorge Martell, and each of them severally, his or her true and lawful attorneys or attorney to execute in his or her name, place and stead, in his or her capacity as director or officer, or both, as the case may be, this Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and any and all amendments thereto and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission. Each of said attorneys shall have power to act hereunder with or without the other attorney and shall have full power and authority to do and perform in the name and on behalf of each of said directors or officers, or both, as the case may be, every act whatsoever requisite or necessary to be done in the premises, as fully and to all intents and purposes as to which each of said officers or directors, or both, as the case may be, might or could do in person, hereby ratifying and confirming all that said attorneys or attorney may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u>/s/ Victor Limongelli</u> Victor Limongelli	President and Chief Executive Officer (Principal Executive Officer)	February 27, 2025
<u>/s/ Jorge Martell</u> Jorge Martell	Chief Financial Officer (Principal Financial and Accounting Officer)	February 27, 2025
<u>/s/ Alfred Nietzel</u> Alfred Nietzel	Chairman	February 27, 2025
<u>/s/ Marc D. Boroditsky</u> Marc D. Boroditsky	Director	February 27, 2025
<u>/s/ Garry Capers</u> Garry Capers	Director	February 27, 2025
<u>/s/ Sarika Garg</u> Sarika Garg	Director	February 27, 2025
<u>/s/ Marianne Johnson</u> Marianne Johnson	Director	February 27, 2025
<u>/s/ Michael McConnell</u> Michael McConnell	Director	February 27, 2025
<u>/s/ Marc Zenner</u> Marc Zenner	Director	February 27, 2025

Executive Employment Agreement

This **EMPLOYMENT AGREEMENT** (this “**Agreement**”) is made effective as of July 31, 2024 (the “**Effective Date**”), by and between OneSpan North America, Inc. (the “**Company**”), and Victor Limongelli (“**you**”).

WHEREAS the Company desires to employ you, and you desire to be employed by the Company, as President and Chief Executive Officer, on the amended terms outlined in this Agreement.

WHEREAS, except as explicitly noted herein, this Agreement is intended to supersede and replace the Interim CEO Employment Agreement between you and the Company dated January 4, 2024 (the “**Prior Agreement**”);

NOW, THEREFORE, in consideration of the mutual undertakings of the parties hereto, the Company and you agree as follows:

ARTICLE I

EMPLOYMENT SERVICES

1.1 Term of Employment. The term of your employment under this Agreement shall commence on the Effective Date and continue until the second anniversary of such date (the “**Initial Term**”), which term shall automatically renew on the second and each following anniversary of the Effective Date for successive one (1) year terms (each, a “**Successive Term**”) (the Initial Term, together with all Successive Terms, if any, are collectively referred to herein as the “**Employment Period**”), unless either party provides the other party with written notice at least ninety (90) days prior to the expiration of the Initial Term, or any Successive Term, of its or their intent not to renew the Initial Term, or any Successive Term, respectively. The Employment Period may be terminated earlier under the terms of **Article III** below.

1.2 Position and Duties. On the terms and subject to the conditions set forth in this Agreement, commencing on the Effective Date and thereafter during the Employment Period, you shall hold the position of President and Chief Executive Officer and shall report to the Board of Directors of OneSpan Inc. (the “**Board**”). You shall perform those duties and responsibilities that are customarily performed by an executive in such position and such other duties and responsibilities consistent with your position that may be reasonably assigned to you by the Board from time to time. You shall devote your full business time, attention, skill, and energy to the business and affairs of the Company, its subsidiaries and OneSpan Inc. (collectively, the “**Company Group**”) and shall use your reasonable best efforts to perform such responsibilities in a diligent, loyal, and businesslike manner so as to advance the best interests of the Company Group.

1.3 Other Activities. Notwithstanding **Section 1.2**, you shall be permitted to devote a reasonable amount of time and effort to professional, industry, civic and charitable organizations and managing personal investments but only to the extent that such activities, individually or as a whole, do not materially interfere with the execution of your duties hereunder, or otherwise violate any provision of this Agreement or the OneSpan Inc. Code of Conduct and Ethics (or similar successor document) as in effect from time to time (the “**Code of Conduct**”). You shall not become involved in the management of any for-profit corporation, partnership, or other for-profit entity, including serving on the board of

directors (or similar governing body) of any such entity, without the prior consent of the Board; provided, however, that this restriction shall not apply to any subsidiary or affiliate of the Company. You agree to serve without additional compensation as an officer and/or director of OneSpan Inc., the Company and any other subsidiaries or affiliates of OneSpan Inc., if requested by the Company. If you do receive any compensation or other remuneration for such service, the Company may offset it against the amounts due hereunder.

1.4 Location. You will perform your services for the Company Group primarily from your home office, provided that you agree to be reasonably available to travel for business purposes (including to any offices or other premises used by the Company Group), which may include significant travel, including internationally.

1.5 Compliance with Policies. As an employee of the Company, you will be required to comply with all Company Group written policies and procedures, including the Code of Conduct. Violations of Company Group policies may lead to immediate termination of your employment. Further, the Company Group's premises, including all workspaces, furniture, documents, and other tangible materials, and all information technology resources of the Company Group (including computers, data and other electronic files, and all internet and email) are subject to oversight and inspection by the Company at any time. Company employees should have no expectation of privacy with regard to any Company Group premises, materials, resources, or information.

ARTICLE II

COMPENSATION

2.0 Base Salary. The Company shall pay you a base salary at a semi-monthly rate of \$25,000 (annualizing to \$600,000) ("**Base Salary**"), payable in accordance with payroll practices in effect for employees of the Company generally. Base Salary shall be subject to review in accordance with the Company's normal practice for executive salary review from time to time in effect, and may be increased, but will not be reduced, without your prior consent except for a reduction that is commensurate with and part of a general salary reduction program applicable to all senior executives of the Company.

2.1 Annual Incentive Compensation. Beginning with the second half of 2024 and thereafter during the Employment Period, you will be eligible to participate in an annual bonus plan or program established from time to time by the Company (the "**Annual Bonus Plan**") in accordance with the terms and conditions thereof and on the same basis as other executives of the Company. Subject to and in accordance with the terms of the Annual Bonus Plan, starting January 1, 2025 and for subsequent years, you shall be eligible for a target bonus equal to 100% of your Base Salary. For the remainder of 2024 only, your target bonus will be \$500,000.

2.3 Interim Period Bonus; H2 2024 Discretionary Bonus. Pursuant to the Prior Agreement, you had the opportunity to earn cash bonus of between \$300,000 and \$1,500,000 in the discretion of the Board. The Board has determined to award you \$500,000 of that bonus opportunity (such amount, the "**Interim Period Bonus**"), to be payable in August 2024. In addition, you will be eligible to earn a discretionary cash bonus of \$500,000 based on your performance in the second half of 2024, to be determined in the discretion of the Board (the "**H2 2024 Discretionary Bonus**").

2.4 Long-Term Incentive Compensation.

(a) In connection with your execution of this Agreement, you will be awarded the following one-time equity grants under the Company's 2019 Omnibus Incentive Plan (the "Plan"):

(i) a time-based grant (the "Special RSU Grant") of 100,000 restricted stock units, which will vest in three substantially equal installments on each of July 31, 2025, January 4, 2026 and January 4, 2027, provided that you remain employed by the Company on the applicable vesting date; and

(ii) a one-time performance-based grant for 300,000 restricted stock units (the "Special PSU Grant"), which will be earned based upon the Company's certification of the Company's stock attaining specified share prices, as more specifically set forth in Exhibit C to this Agreement.

(b) For 2025 and each year of employment thereafter, you will receive a performance-based equity award, to be earned based on metrics to be determined by the Board, with a target grant date value of at least \$1,800,000 (the "Annual Grant"), where such dollar value is converted into a number of restricted stock units based on the Company's normal methodology or such other methodology as the Board may determine. The Annual Grant, to the extent the relevant performance metrics have been achieved, will vest as to one-third of the earned shares annually over a three-year period subject to your continued employment on the applicable vesting date, unless the Board approves a shorter vesting schedule for the senior executives of the Company generally, in which case such shorter vesting schedule will apply to the Annual Grant.

The terms and conditions of the Special RSU Grant, the Special PSU Grant, and the Annual Grants (together, the "Grants") shall be governed by the Plan (or any successor equity plan adopted by the Board) and the applicable award agreements.

2.5 Employee Benefit Plans. You will be eligible to participate on substantially the same basis as the Company's other executive officers in any other employee benefit plans offered by the Company, currently including medical, dental, short-term and long-term disability, life insurance, and 401(k) savings plan (in each case, subject to the eligibility requirements of such plans). The Company reserves the right to modify, suspend or discontinue any and all of its employee benefit plans, practices, policies, and programs at any time without recourse by you, so long as the Company takes such action generally with respect to other similarly situated senior executive officers.

2.6 Flexible Time-Away Policy. You will participate in the Company's FlexTime Policy or such successor or replacement program that the Company adopts.

2.7 Business Expenses. The Company will reimburse you for all reasonable and necessary business expenses incurred in the performance of services with the Company, according to Company's policies and upon your presentation of an itemized written statement and such verification as the Company may require, in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**ARTICLE III
TERMINATION OF EMPLOYMENT**

3.1 Payments on Termination. When your employment ends for any reason, you (or your designated beneficiary, as applicable) will be entitled to receive (in addition to any compensation and

benefits you may receive under Section 3.4: (i) any earned but unpaid Base Salary through your termination date, to be paid in accordance with applicable law, (ii) the Interim Period Bonus to the extent not yet paid, (iii) the H2 2024 Discretionary Bonus if and to the extent previously approved by the Board but not yet paid, (iii) any incentive compensation payment(s) (including those under the Annual Bonus Plan) previously approved by the Board but not yet paid, (iii) unreimbursed business expenses incurred through your termination date in accordance with the Company's policies for which expenses you have provided or do provide appropriate documentation within the time limits of such policies, to be paid in accordance with Section 409A of the Internal Revenue Code of 1986 ("**Section 409A**" of the "**Code**"), and (iv) any amounts or benefits to which you are then entitled under the terms of the benefit plans then sponsored by the Company in accordance with their terms (and not accelerated to the extent acceleration does not satisfy Section 409A). The compensation and other payments described above are the "**Accrued Obligations**."

3.2 Cessation of Employment by Resignation without Good Reason or on Death or Disability. You may terminate your employment for any reason by giving the Company sixty (60) days' prior notice of a voluntary resignation date ("**Resignation Date**"). Upon receiving your notice of intent to resign, the Company may require that you cease performing services for the Company at any time before the Resignation Date, so long as the Company continues your Base Salary, service for purposes of the Annual Bonus Plan and the Plan, and employee benefits under Section 2.4 through the Resignation Date. If your employment ends because of your resignation without Good Reason or as a result of your death or Disability (as defined below), you will not receive compensation or benefits beyond the Accrued Obligations.

3.3 Termination By Company for Cause. The Company may terminate your employment for Cause (as defined below) by giving written notice to you designating an immediate or future termination date. Such notice shall indicate the specific provisions of this Agreement relied upon as the basis of such termination. In the event of a termination for Cause, the Company shall provide the Accrued Obligations but no other compensation.

For purposes of this Agreement, "**Cause**" means:

- (i) You materially breach your obligations under this Agreement, the Code of Conduct or an established policy of the Company Group and such breach continues after you have received written notice by the Company that specifies such breach and a period of ten days in which to cure such breach (but only to the extent that such breach is capable of being cured);
- (ii) You engage in conduct prohibited by law (other than minor violations), commit an act of dishonesty, fraud, or serious or willful misconduct in connection with your job duties, or engage in unethical or immoral conduct that, in the reasonable judgment of the Company, could injure the integrity, character or reputation of the Company Group;
- (iii) You fail or refuse to perform, or habitually neglect, your duties and responsibilities hereunder other than on account of Disability (as defined below), and continue such failure, refusal or neglect after having been given written notice by the Company that specifies what duties you failed to perform and an opportunity to cure of ten days;
- (iv) You use or disclose confidential information or trade secrets other than in the furtherance of the business interests of the Company Group, or commit another violation of a fiduciary

duty to the Company Group (including entering into any transaction or contractual relationship causing diversion of business opportunity from the Company Group (other than with the prior written consent of the Board)), or otherwise breach either of the Restrictive Covenant Agreements; or

- (v) You fail to reasonably cooperate with any audit or investigation involving the Company Group or its business practices after having been given written notice by the Company that specifies your failure to cooperate and an opportunity to cure of five days.

3.4 Termination By Company Without Cause or Termination by You for Good Reason. The Company may terminate your employment without Cause at any time during the Employment Period by giving written notice to you designating an immediate or future termination date.

You may resign from employment during the Employment Period due to the following, absent your written consent thereto:

- (i) The Company's material breach of any of its material obligations under this Agreement;
- (ii) A reduction in your Base Salary below the Base Salary in effect during the immediately preceding year, unless such reduction is commensurate with and part of a general salary reduction program applicable to all senior executives of the Company (such reduction not to exceed 20%);
- (iii) A requirement that you relocate your primary place of work by more than 30 miles (including a requirement that you work primarily at a Company office that is located more than 30 miles from the location of your home office), provided that the travel requirements described in Section 1.4 above will not be treated as a violation of this clause (iii); or
- (iv) Any material diminution of your title, reporting structure, authority, duties or responsibilities;

(each of which shall constitute "**Good Reason**" for resignation) and such resignation shall be treated as a termination by you for Good Reason; *provided* that, (a) you have provided written notice describing such Good Reason in reasonable detail to the Company within 90 days of the initial occurrence of such Good Reason, (b) the Company failed to cure such Good Reason within 30 days of receipt of such written notice from you, and (c) your resignation occurs within 60 days following the end of the cure period; *and provided, further*, that in the case of clauses (ii) and (iv), an act or omission shall not constitute Good Reason if you have incurred a Disability (as defined below).

Your election to not renew the Initial Term or any Successive Terms pursuant to Section 1.1 shall not be a termination for Good Reason and shall not entitle you to Severance Pay. However, the election by the Company to not renew the Initial Term or any Successive Terms pursuant to Section 1.1 shall be deemed to be a termination without Cause effective as of the termination of the Initial Term or Successive Term as applicable and shall entitle you to Severance Pay as hereinafter provided.

In the event of a termination by the Company without Cause or a termination by you for Good Reason, the Company shall provide your Accrued Obligations. In addition, subject to the requirements set forth in Section 3.7, Section 3.8, and Section 3.9, the Company will provide the following compensation and benefits to you (collectively, the "**Severance Pay**"):

- (a) An amount equal to 12 months of your then current Base Salary, less applicable withholdings, payable in equal installments on each regularly scheduled payroll pay date during the 12-month period that begins on the first day immediately after the Release Effective Date (as defined in [Section 3.7](#)); and
- (b) Awards, if any, under the Plan shall be paid in accordance with the terms and conditions of the Plan and the applicable awards;
- (c) An amount equal to your then-current target bonus, as specified in [Section 2.2](#) above, in a single lump sum, payable in full with the first installment of the salary-based severance; and
- (d) If you elect to continue health care coverage, the Company will pay your monthly COBRA premiums as part of your severance benefits until the earliest of (i) 12 months after your last day of employment with the Company; (ii) the date you become eligible for group health insurance coverage through a new employer; or (iii) the date your COBRA continuation coverage would terminate in accordance with the provisions of COBRA. Thereafter, medical, dental and vision insurance coverage shall be continued only to the extent required by COBRA and only to the extent you timely pay the premium payments yourself. Notwithstanding the foregoing, the Company may end the payment of premiums earlier (but not your eligibility for COBRA) if it reasonably determines that applicable laws or regulations are reasonably likely to cause the payment of these premiums to trigger taxes or penalties on the Company or other participants or, to the extent you would be taxed on more than the amount of the premiums, to you.

3.5 Disability. “Disability” means your being unable to perform your duties to the Company as provided in this Agreement ([Section 1.2](#)) for a period of at least 120 continuous days as a result of a mental or physical condition. The Company may terminate your employment for Disability during the Employment Period by giving written notice to you designating a termination date that is at least 30 days after the date of the notice of termination if you do not return to work on a substantially full-time basis within 30 days after notice of termination on account of Disability is provided to you. A return to work of less than 30 continuous days on a substantially full-time basis shall not interrupt a continuous period of Disability.

3.6 Change in Control. “Change in Control” has the meaning assigned to such term in the Plan. Notwithstanding anything in this Agreement to the contrary, a Change in Control will have occurred only if such change in ownership also constitutes a change in control under Section 409A.

If contemporaneous with or within 18 months after a Change in Control that occurred during the Employment Period (a) the Company terminates your employment without Cause or (b) you terminate your employment for Good Reason, then, provided you comply with the requirements set forth in [Section 3.7](#), [Section 3.8](#), and [Section 3.9](#), you will be eligible to receive the benefits set forth in [Section 3.4](#) above, but the installment payment of the salary-based portion of the Severance Pay will be accelerated and paid within 10 days following the Release Effective Date. The treatment of each of the Grants in connection with a Change in Control is set forth in the applicable award agreements.

3.7 Execution of Separation Agreement. As a condition to receiving Severance Pay (whether or not accelerated), you must execute and return to the Company, and not revoke any part of, a separation agreement that includes (i) a customary general release and waiver of claims against the Company and its officers, directors, stockholders, employees and affiliates with respect to your employment, and (ii) other customary separation terms, on a form provided by the Company (the

“**Release**”). You must deliver the executed Release within 60 days following your termination (or such shorter period, not to be less than twenty-one (21) days, as the Company specifies in providing the Release, which form will be provided to you not more than 15 days after your termination of Employment). The Release will become effective on the date the revocation period of the ADEA Release expires without your revoking the ADEA Release (the “**Release Effective Date**”). Payment of the Severance Pay will begin (or be made, as applicable) in the first payroll whose cutoff date follows the Release Effective Date, provided that if the 60th day following your termination of employment is in the calendar year subsequent to termination, the payment will not be made earlier than the first business day of such subsequent year unless earlier payment can be made without violation of Section 409A. Any obligation of the Company to provide the Severance Pay shall cease: (i) if you materially breached or breach your contractual obligations to the Company, including those set forth in Article IV or Article V herein, or in the Release or (ii) if, within 90 days after your termination, the Company discovers facts and circumstances that would have justified a termination for Cause during the Employment Period.

3.8 Timing of Payments; Section 409A. All payments in a series of payments will be treated for purposes of Section 409A as separate payments. Notwithstanding any other provision of this Agreement, in the event of a payment to be made, or a benefit to be provided, pursuant to this Agreement based upon your “separation from service” (as defined below) for a reason other than death at a time when you are a Specified Employee (as defined below) and such payment or provision of such benefit is not exempt or otherwise permitted under Section 409A without the imposition of any Section 409A Penalty (as defined below), such payment shall not be made, and such benefit shall not be provided, before the earlier of the date which is the first day of the seventh month after your separation from service or 30 days after your death or such later date as is required to permit the Company to reasonably determine the recipient(s) of the payments, but no longer than is permitted by Section 409A. All payments or benefits delayed pursuant to this Section 3.8 shall be aggregated into one lump sum payment to be made as of the Company’s first business day following the first day of the seventh month after your separation from service (or if earlier, as of 30 days after your death or such later date as is described above).

(a) For purposes of this Agreement:

“**Separation from service**” has the meaning provided under Code Section 409A and Treas. Reg. 1.409A-1(h);

“**Specified Employee**” has the meaning given that term in Code Section 409A and Treas. Reg. 1.409A-1(c)(i) as determined in accordance with the Company’s policy for determining Specified Employees; and

“**Section 409A Penalty**” means any increase in tax or any other penalty pursuant to Section 409A

Subject to the terms of this Section 3.8, any payments that constitute deferred compensation within the meaning of Section 409A that may be due under this Agreement upon a termination of employment shall begin only after the date of Executive’s separation from service which occurs on or after the termination of Executive’s employment.

(b) This Agreement is intended not to result in the imposition of any Section 409A Penalty and shall be administered, interpreted, and construed in a manner consistent with such intent.

(c) You and the Company agree to cooperate to amend this Agreement from time to time as appropriate to avoid the imposition of any Section 409A Penalty.

(d) In no event shall the Company be required to provide a tax gross-up payment to you with respect to any Section 409A Penalty.

(e) Notwithstanding any provision of this Agreement to the contrary, this Agreement is intended to be exempt from or, in the alternative, comply with Section 409A and the interpretive guidance in effect thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent.

3.9 Excess Parachute Payments; No Excise Tax Cross-Up. Notwithstanding any provision of this Agreement to the contrary, if it is determined by the Company's independent auditors or its outside counsel that any amount or benefit to be paid or provided under this Agreement or otherwise, whether or not in connection with a Change in Control, would be an "Excess Parachute Payment" within the meaning of Code Section 280G but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement or otherwise will be reduced to the minimum extent necessary (but in no event to less than zero under this Agreement) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; *provided, however*, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Code Section 4999, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income and employment taxes).

The fact that your right to payments or benefits may be reduced by reason of the limitations contained in this Section 3.9 will not of itself limit or otherwise affect any other rights of yours other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 3.9, the Company will effect such reduction by first reducing the lump sum cash payment related to Base Salary (a "**Reduction**"). In the event that, after such Reduction any payment or benefit intended to be provided under this Agreement or otherwise is still required to be reduced pursuant to this Section 3.9, the Company will effect such reduction by reducing other consideration due to you.

3.10 Removal from any Boards and Positions. If your employment ends for any reason under this Agreement, you agree that you are automatically resigning from (i) if a member, the Board; (ii) if a member, the board of directors of the Company and any subsidiary or affiliate of the Company or any other board to which you have been appointed or nominated by or on behalf of the Company, (ii) any other position with OneSpan Inc., the Company or any subsidiary or affiliate of the Company, including as an officer of OneSpan Inc., the Company or any of its subsidiaries or affiliates, and (iii) any fiduciary positions with respect to the Company's benefit plans.

ARTICLE IV

RESTRICTIVE COVENANTS

4.0 Restrictive Covenants. You will be required to execute an Invention and Non-Disclosure Agreement and a Non-Solicitation Agreement in the forms attached as Exhibit A and Exhibit B, as a condition of your employment (together, the "**Restrictive Covenant Agreements**").

ARTICLE V

POST-TERMINATION OBLIGATIONS

4.1 Return of Company Materials. No later than five business days following the cessation of your employment for any reason, you shall return to the Company all manuals, policies, building keys and passes, parking passes, credit cards, telephone lists or directories, equipment and other assets, and any other property owned by, provided by, prepared on behalf of the Company or purchased with the Company's funds in your possession or control, including any containing or summarizing Company confidential information. You agree that you will return such property without making or keeping any copies of such property. You further agree that, if you discover after such date any other confidential and proprietary information or property owned by, prepared for, purchased by or provided to you by the Company or another member of the Company Group, you will promptly return such material to the Company. You will leave intact with, or deliver intact to, the Company all electronic Company Group documents and internal and external websites including those that you developed or helped to develop during your employment, and destroy or delete any copies of all electronic files or hard copies relating to Company Group that were in your possession or control, including any that were located on any of your personal computers, tablets, or external or cloud storage, or, at the Company's written request, your personal cell phone(s).

4.2 Executive Assistance. During your employment with the Company and for a period of two years after the termination of such employment, you shall, upon reasonable notice, furnish the Company with such information as may be in your possession or control, and cooperate with the Company in any reasonable manner that the Company may request, including conferring with the Company with regard to any litigation, claim, or other dispute in which the Company or another member of the Company Group is or may become a party. Your obligation to cooperate shall be limited so as not to unreasonably interfere with your other business or personal obligations. The Company shall reimburse you for all reasonable out-of-pocket expenses incurred by you in fulfilling your obligations under this Section 5.2. The Company will make any such reimbursement within 30 days of the date you provide the Company with documentary evidence of such expense consistent with the policies of the Company. The Company will also pay you a reasonable fee per hour for your assistance during the year commencing on the first anniversary of the termination of your employment with the Company. Notwithstanding anything to the contrary, any such reimbursement shall be administered so as to comply with Treasury Regulation Section 1.409A-3(i)(1)(iv).

ARTICLE V

MISCELLANEOUS

5.1 Indemnification. You will be provided indemnification to the maximum extent permitted by the OneSpan Certificate of Incorporation (as amended), Amended and Restated Bylaws and the Indemnification Agreement between you and OneSpan Inc. effective January 4, 2024 (the "**Indemnification Agreement**"). You will also be provided directors and officers insurance coverage on terms no less favorable than provided to any other Company executive officer or director.

5.2 Notices. Any notices, consents or other communications required or permitted to be sent or given hereunder shall be in writing and shall be deemed properly served if (a) delivered personally, in which case the date of such notice shall be the date of delivery; (b) delivered prepaid to a nationally recognized overnight courier service, in which case the date of delivery shall be the next business day; or

(c) sent by electronic transmission (with a copy sent by first-class mail), in which case the date of delivery shall be the next business day. If not personally delivered, notice shall be sent using the addresses set forth below:

If to you, to the last address on file in the records of the Company.

If to the Company:

OneSpan North America, Inc.
1 Marina Park Drive, Unit 1410
Boston, MA 02210
Attention: General Counsel

legal@onespan.com

or such other address as may hereafter be specified by notice given by either party to the other party.

5.3. Withholding. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state or local law, as well as any other amounts due and owing to the Company from you.

5.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns; *provided* that you may not assign any of their rights or obligations under this Agreement without the Company's prior written consent.

5.5 Nonalienation of Benefits. Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, prior to actually being received by you, and any such attempt to dispose of any right to benefits payable hereunder shall be void.

5.6 Amendment; Waiver. No failure or delay by the Company or you in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof. No modification, amendment or waiver of this Agreement or consent to any departure by you from any of the terms or conditions thereof, will be effective unless in writing and signed by the Company. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given.

5.7 Severability; Survivability. If any term or provision of this Agreement shall be held to be invalid or unenforceable, the remaining terms and provisions hereof shall not be affected thereby and shall be enforced to the fullest extent permitted under law. Your obligations in Articles IV and V shall survive and continue in full force notwithstanding the termination of this Agreement or your employment for any reason.

5.8 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement and may be executed by electronic signature.

5.9 Governing Law and Dispute Resolution. This Agreement shall in all respects be subject to, governed by and construed in accordance with the laws of the State of California without reference to the principles of conflicts of laws thereof. For purposes of any suit, action, or other proceeding arising

out of this Agreement or with respect to your employment hereunder, the parties: (i) agree to submit to the exclusive jurisdiction of the federal courts located in the Central District of California or state courts located in Los Angeles County, California; (ii) waive any objection to personal jurisdiction or venue in such jurisdiction, and agree not to plead or claim forum non conveniens; and (iii) waive their respective rights to a jury trial of any claims and causes of action, and agree to have the matter heard and decided solely by the court.

5.10 Construction. The language used in this Agreement will be deemed to be the language chosen by you and the Company to express their mutual intent, and no rule of strict construction will be applied against you or the Company. The heading in this Agreement is for convenience of reference only and will not limit or otherwise affect the meaning of the provision. References to “including” or similar forms are to be read as “including, without limitation” or similar forms other than where the meaning would not make sense. References to the “Board” with respect to approval of compensation are to be read as including approvals by the Management Development and Compensation Committee of the Board.

5.11 Entire Agreement; Amendments. Except for the Indemnification Agreement and except as set forth in Section 2.3 hereof with respect to the Interim Period Bonus, this Agreement contains the entire understanding of the parties hereto with regard to the subject matter contained herein, and supersedes the Prior Agreement and any other prior agreements, understandings or letters of intent with regard to the subject matter contained herein between the parties hereto. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by each of the parties hereto.

Signatures on Following Page

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement.

Date: July 31, 2024

ONESPAN NORTH AMERICA, INC.
By: /s/ Lara Mataac
Its: General Counsel

Date: July 31, 2024

VICTOR LIMONGELLI
/s/ Victor Limongelli

EXHIBIT A TO EMPLOYMENT AGREEMENT

ONESPAN NORTH AMERICA, INC.

INVENTION AND NON-DISCLOSURE AGREEMENT - CALIFORNIA

This Invention and Non-Disclosure Agreement (this "**Agreement**") is made by and between OneSpan North America, Inc. (hereinafter referred to as the "**Company**"), and Victor Limongelli ("**you**").

In consideration of your employment or continued employment by the Company, the Company and you agree as follows:

1. Condition of Employment.

You acknowledge that your employment and/or the continuance of that employment with the Company is contingent upon your agreement to sign and adhere to the provisions of this Agreement. You further acknowledge that the nature of the Company's business is such that protection of its proprietary and confidential information is critical to the survival and success of the Company's business.

2. Proprietary and Confidential Information.

You agree that all information and know-how, whether or not in writing, of a private, secret or confidential nature concerning the Company's business or financial affairs (collectively, "**Proprietary Information**") is and shall be the exclusive property of the Company. By way of illustration, but not limitation, Proprietary Information may include discoveries, ideas, inventions, products, product improvements, product enhancements, processes, methods, techniques, negotiation strategies and positions, projects, developments, plans (including business and marketing plans), research data, financial data (including sales costs, profits, pricing methods), personnel data obtained pursuant to your duties and responsibilities, computer programs (including software used pursuant to a license agreement), customer, prospect and supplier lists, and contacts at or knowledge of customers or prospective customers of the Company. Except as otherwise permitted by Section 5 below, you will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of your duties as an employee of the Company) without written approval by an officer of the Company, either during or after your employment with the Company, unless and until such Proprietary Information has become public knowledge without your fault; provided that this prohibition does not prevent your use of your general knowledge, education, training and/or experience or generally known or used by persons with the general knowledge, education, training or experience comparable to yours. While employed by the Company, you will use your best efforts to prevent unauthorized publication or disclosure of any of the

Company's Proprietary Information. References to the "Company" in this Agreement include the subsidiaries of, parent of, and companies related to OneSpan North America, Inc.

You agree that all files, documents, letters, memoranda, reports, records, data, sketches, drawings, models, laboratory notebooks, program listings, computer equipment or devices, computer programs or other written, photographic, or other tangible or intangible material containing Proprietary Information, whether created by you or others, that come into your custody or possession, shall be and are the exclusive property of the Company to be used by you only in the performance of your duties for the Company and shall not be copied or removed from the Company's premises except in the pursuit of the business of the Company. All such materials or copies thereof and all tangible property of the Company in your custody or possession shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of your employment for any reason, provided that electronic materials on personal devices that are merely copies of originals maintained on the Company's servers or in other Company records may be permanently deleted rather than returned. After such delivery and/or deletion, you shall not retain any such materials or copies thereof or any such tangible property.

You agree that your obligation not to disclose or to use information and materials of the types set forth in Sections 2(a) and 2(b) above, and your obligation to return materials and tangible property, set forth in Section 2(b) above, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to you in the course of the Company's business.

3. Developments.

(a) You have attached hereto, as Exhibit A, a list describing all discoveries, ideas, inventions, improvements, enhancements, processes, methods, techniques, developments, software, and works of authorship, whether patentable or not, which you created, made, conceived or reduced to practice prior to your employment by the Company and that you own, and that are not assigned to the Company hereunder (collectively, "**Prior Developments**"); or, if no such list is attached, you represent that there are no Prior Developments. You agree not to incorporate any Prior Developments into any Company product, material, process or service without prior written consent of an officer of the Company. If you do incorporate or have incorporated any Prior Development into any Company product, material, process or service, you hereby grant to the Company a non-exclusive, worldwide, perpetual, transferable, irrevocable, royalty-free, fully-paid right and license to make, have made, use, offer for sale, sell, import, reproduce, modify, prepare derivative works, display, perform, transmit, distribute and otherwise exploit such Prior Development and to practice any method related thereto.

(b) You will make full and prompt disclosure to the Company of all discoveries, ideas, inventions, improvements, enhancements, processes, methods, techniques, developments, software, and works of authorship, whether patentable or not, that are created, made, conceived or reduced to practice by you or under your direction or jointly with others during your employment by the

Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as “**Developments**”). You acknowledge that each original work of authorship that you make (solely or jointly with others) within the scope of and during the period of your employment with the Company and that is protectable by copyright is a “work made for hire,” as that term is defined in the United States Copyright Act. You agree to assign and do hereby assign to the Company (or any person or entity designated by the Company) all your rights, titles and interests in and to all Developments (other than Prior Developments listed on Exhibit A, if any) and all related patents, patent applications, copyrights and copyright applications. However, this Section 3(b) shall not apply to Developments that: (a) by law you cannot be required to so assign; and/or (b) do not relate to the business or research and development conducted or planned to be conducted by the Company at the time such Development is created, made, conceived or reduced to practice and that you made and conceived not during normal working hours, not on the Company’s premises and not using the Company’s tools, devices, equipment or Proprietary Information. You understand that, to the extent this Agreement shall be construed in accordance with the laws of any state that precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee (including specifically California Labor Code Section 2870 as set forth in Exhibit B hereto), this Section 3(b) shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. You also hereby waive all claims to moral rights in any Developments.

(c) You agree to cooperate with the Company, both during and after your employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Developments. You shall sign all papers, including copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, that the Company may deem necessary or desirable to protect its rights and interests in any Development. You further agree that if the Company is unable, after reasonable effort, to secure your signature on any such papers, after prior written notice has been sent to you at the address on the Company’s personnel records, any executive officer of the Company shall be entitled to execute any such papers as your agent and attorney-in-fact, and you hereby irrevocably designate and appoint each executive officer of the Company as your agent and attorney-in-fact to execute any such papers on your behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Development, under the conditions described in this sentence.

4. Obligations to Third Parties.

You represent that, except as you have disclosed in writing to the Company on Exhibit A attached hereto, you are not bound by the terms of any agreement with any other party (aside from standard employee non-disclosure agreements with previous employers) to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of your employment with the Company, to refrain from competing, directly or indirectly, with the business of any previous employer or any other party or to refrain from soliciting employees, customers or suppliers of such

previous employer or other party. You further represent that your performance of all the terms of this Agreement and the performance of your duties as an employee of the Company do not and will not conflict with or breach any agreement with any prior employer or other party (including any nondisclosure or non-competition agreement), and that you will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

5. Scope of Disclosure Restrictions.

Nothing in this Agreement prohibits you from communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies, filing a complaint with government agencies, or participating in government agency investigations or proceedings. You are not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information you obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding your confidentiality and nondisclosure obligations, you are hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

6. United States Government Obligations.

You acknowledge that the Company from time to time may have agreements with other persons or with the United States Government, or agencies thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. You agree to be bound by all such obligations and restrictions which are made known to you and to discharge the obligations of the Company under such agreements.

7. Miscellaneous.

(a) Equitable Remedies. You acknowledge that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company, and you consider them to be reasonable for such purpose. You agree that any breach or threatened breach of this Agreement is likely to cause the Company substantial and irrevocable damage that is difficult to measure. Therefore, in the event of any such breach or threatened breach, you agree that the Company,

in addition to such other remedies that may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach without posting a bond and the right to specific performance of the provisions of this Agreement and you hereby waive the adequacy of a remedy at law as a defense to such relief.

(b) Disclosure of this Agreement. You hereby authorize the Company to notify others, including customers of the Company and any of your future employers or prospective business associates, of the terms and existence of this Agreement and your continuing obligations to the Company hereunder.

(c) Not Employment Contract. You acknowledge that this Agreement does not constitute a contract of employment, does not imply that the Company will continue your employment for any period of time and does not change the at-will nature of your employment.

(d) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business, provided, however, that your obligations are personal and shall not be assigned by you. You expressly consent to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ you may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

(e) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

(f) Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to the conflicts of law provisions thereof). Any action, suit, or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of California (or, if appropriate, a federal court located within the State of California), and the Company and you each consent to the jurisdiction of such a court.

(h) Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between you and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in

writing signed by you and the Company. You agree that any change or changes in your duties, authority, title, reporting relationship, territory, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

- (i) Interpretation. References to “including” or similar forms are to be read as “including, without limitation” or similar forms other than where the meaning would not make sense.
- (j) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

[Remainder of Page Intentionally Left Blank]

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND UNDERSTAND AND AGREE TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

Date: July 31, 2024

ONESPAN NORTH AMERICA, INC.
By: /s/ Lara Mataac
Its: General Counsel

Date: July 31, 2024

VICTOR LIMONGELLI
/s/ Victor Limongelli

Exhibit A

**List of Prior Developments and Original Works of Authorship Excluded
Under Section 3(a) or Conflicting Agreements Disclosed under Section 4**

Title Date Identifying Number or Brief Description

Except as indicated above on this Exhibit A, I have no Prior Developments to disclose pursuant to Section 3(a) of this Agreement and no agreements to disclose pursuant to Section 4 of this Agreement.

EMPLOYEE:

By: /s/ Victor Limongelli

Name: Victor Limongelli

Date: July 31, 2024

Exhibit B

If the Employee is employed by the Company in the State of California, the following provision applies:

California Labor Code Section 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT B TO EMPLOYMENT AGREEMENT

NON-SOLICITATION AGREEMENT

This Non-Solicitation Agreement (the “**Agreement**”) is made by and between OneSpan North America, Inc, a Delaware corporation (hereinafter referred to collectively with its parent and subsidiaries as the “**Company**”), and the undersigned employee (“**you**”).

For good consideration, including your employment by the Company, the Company and you agree as follows:

1. **Non-Solicitation.**

(a) While you are employed by the Company and for a period of 12 months after the termination or cessation of such employment for any reason, you will not directly or indirectly, either alone or in association with others solicit, induce or attempt to induce, any employee or independent contractor of the Company to terminate such individual’s employment or other engagement with the Company; provided, that this Section 1(a) shall not apply to the recruitment of any individual whose employment or other engagement with the Company ended at least six months before the recruitment, hiring, or other engagement.

(b) If you violate the provisions of this Section 1, you shall continue to be bound by the restrictions set forth in such paragraph until a period of 12 months has expired without any violation of such provisions.

2. **Notice and Related Obligations.** You agree that during any period of time when you are subject to restrictions pursuant to Section 1, you will notify any prospective employer or business associate of the terms and existence of this Agreement and your continuing obligations to the Company hereunder. You also agree to provide the Company, during such period, with such pertinent information concerning your business activities as the Company may reasonably request to determine your continued compliance with your obligations under this Agreement (including providing the name and address of your employer at the time). You hereby authorize the Company to notify others, including customers of the Company and any of your future employers or prospective business associates, of the terms and existence of this Agreement and your continuing obligations to the Company hereunder.

3. Miscellaneous.

(a) Equitable Remedies. You acknowledge that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company, and you consider them to be reasonable for such purpose. You agree that any breach or threatened breach of this Agreement is likely to cause the Company substantial and irrevocable damage that is difficult to measure. Therefore, in the event of any such breach or threatened breach, you agree that the Company, in addition to such other remedies that may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach without posting a bond and the right to specific performance of the provisions of this Agreement and you hereby waive the adequacy of a remedy at law as a defense to such relief.

(b) Not Employment Contract. You acknowledge that this Agreement does not constitute a contract of employment, does not imply that the Company will continue your employment for any period of time, and does not change the at-will nature of your employment.

(c) Acknowledgments. You acknowledge that you have the right to consult with counsel prior to signing this Agreement. You further acknowledge that the Agreement is supported by fair and reasonable consideration.

(d) Successors and Assigns. Your obligations under this Agreement are personal and shall not be assigned by you. This Agreement shall, however, be binding upon and inure to the benefit of the Company and its successors and assigns, including any corporation or entity with which or into which the Company may be merged or that may succeed to all or substantially all of its assets or business. You expressly consent to be bound by the provisions of this Agreement for the benefit of any successor or assign of the Company without the necessity that this Agreement be re-signed, in which event "**Company**" shall be interpreted to include any successor or assign of the Company.

(e) Interpretation. If any restriction or definition set forth in Section 1 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time, it shall be interpreted to extend only over the maximum period of time as to which it may be enforceable. References to "**including**" or similar forms are to be read as "including, without limitation" or similar forms other than where the meaning would not make sense.

(f) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

(g) Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(h) Governing Law and Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to the conflicts of law provisions thereof). Any action, suit, or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of California (or, if appropriate, a federal court located within California), and the Company and you each consent to the jurisdiction of such courts.

(i) Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between you and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by you and the Company. You agree that any change or changes in your duties, authority, title, reporting relationship, territory, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(j) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

[Remainder of Page Intentionally Left Blank]

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND UNDERSTAND AND AGREE TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

Date: July 31, 2024

EMPLOYEE
/s/ Victor Limongelli
Name: Victor Limongelli

Date: July 31, 2024

ONESPAN NORTH AMERICA, INC.
By: /s/ Lara Mataac
Name: Lara Mataac
Title: General Counsel

EXHIBIT C TO EMPLOYMENT AGREEMENT

[See Special PSU Award Agreement]

Executive Employment Agreement

This **EMPLOYMENT AGREEMENT** (this “**Agreement**”) is made as of the last date set forth on the signature page below by and between OneSpan North America, Inc. (the “**Company**”), and Ashish Jain (“**you**”).

WHEREAS the Company desires to employ you, and you desire to be employed by the Company, as Chief Technology Officer, as of and following the Effective Date and on the terms outlined in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings of the parties hereto, the Company and you agree as follows:

ARTICLE I EMPLOYMENT SERVICES

1.1 Term of Employment. The term of your employment under this Agreement shall commence on the first day of your employment with the Company (the “**Effective Date**”) and continue until the second anniversary of such date (the “**Initial Term**”), which term shall automatically renew on the second and each following anniversary of the Effective Date for successive one (1) year terms (each, a “**Successive Term**”) (the Initial Term, together with all Successive Terms, if any, are collectively referred to herein as the “**Employment Period**”), unless either party provides the other party with written notice at least ninety (90) days prior to the expiration of the Initial Term, or any Successive Term, of its or their intent not to renew the Initial Term, or any Successive Term, respectively. The Employment Period may be terminated earlier under the terms of **Article III** below. The Effective Date is expected to be December 16, 2024, unless you and the Company mutually agree in writing to a later date. Your commencement of employment with the Company (and therefore the occurrence of the Effective Date) is contingent upon satisfactory completion of a background check, the Company’s receipt of satisfactory references, and verification of your right to work in the United States.

1.2 Position and Duties. On the terms and subject to the conditions set forth in this Agreement, commencing on the Effective Date and thereafter during the Employment Period, you shall hold the position of Chief Technology Officer and shall report to the Company’s Chief Executive Officer. You shall perform those duties and responsibilities that are customarily performed by an executive in such position and such other duties and responsibilities consistent with your position that may be reasonably assigned to you from time to time. You shall devote your full business time, attention, skill, and energy to the business and affairs of the Company, OneSpan Inc. and its subsidiaries (collectively, the “**Company Group**”) and shall use your reasonable best efforts to perform such responsibilities in a diligent, loyal, and businesslike manner so as to advance the best interests of the Company Group.

1.3 Other Activities. Notwithstanding **Section 1.2**, you shall be permitted to devote a reasonable amount of time and effort to professional, industry, civic and charitable organizations and managing personal investments but only to the extent that such activities, individually or as a whole, do not materially interfere with the execution of your duties hereunder, or otherwise violate any provision of this Agreement or the OneSpan Inc. Code of Conduct and Ethics (or similar successor document) as in effect from time to time (the “**Code of Conduct**”). You shall not become involved in the management of any for-profit corporation, partnership, or other for-profit entity, including serving on the board of directors (or similar governing body) of any such entity, without the prior consent of the Chief Executive

Officer; provided, however, that this restriction shall not apply to any subsidiary or affiliate of the Company. You agree to serve without additional compensation as an officer and/or director of OneSpan Inc., the Company and any other subsidiaries or affiliates of OneSpan Inc., if requested by the Company. If you do receive any compensation or other remuneration for such service, the Company may offset it against the amounts due hereunder.

1.4 Location. You will perform your services for the Company Group primarily from your home office, provided that you agree to be reasonably available to travel for business purposes (including to any offices or other premises used by the Company Group), which may include significant travel, including internationally.

1.5 Compliance with Policies. As an employee of the Company, you will be required to comply with all Company Group written policies and procedures, including the Code of Conduct. Violations of Company Group policies may lead to immediate termination of your employment for Cause. Further, the Company Group's premises, including all workspaces, furniture, documents, and other tangible materials, and all information technology resources of the Company Group (including computers, data and other electronic files, and all internet and email) are subject to oversight and inspection by the Company at any time. Company employees should have no expectation of privacy with regard to any Company Group premises, materials, resources, or information.

ARTICLE II COMPENSATION

2.1 Base Salary. The Company shall pay you a base salary at a semi-monthly rate of \$18,750 (annualizing to \$450,000) ("**Base Salary**"), payable in accordance with payroll practices in effect for employees of the Company generally. Base Salary shall be subject to review in accordance with the Company's normal practice for executive salary review from time to time in effect, and may be increased, but will not be reduced, without your prior consent except for a reduction that is commensurate with and part of a general salary reduction program applicable to all similar level executives of the Company.

2.2 Annual Incentive Compensation. During the Employment Period, you will be eligible to participate in an annual bonus plan or program established from time to time by the Company (the "**Annual Bonus Plan**") in accordance with the terms and conditions thereof and on the same basis as other executives of the Company. Subject to and in accordance with the terms of the Annual Bonus Plan, you shall be eligible for a target bonus equal to 50% of your Base Salary. For the 2025 Annual Bonus Plan **only** (for which payment is expected to be made in the first quarter of 2026), you are guaranteed to receive at least \$168,750 under the Annual Bonus Plan (75% of your target bonus), provided that you are employed by the Company on the date that 2025 bonuses under the Annual Bonus Plan are paid to other similar level executives of the Company.

2.3 Long-Term Incentive Compensation. During the Employment Period, you shall participate in the Company's equity incentive plan (currently the 2019 Omnibus Incentive Plan) and any successor thereto (as applicable, the "**Long-Term Incentive Plan**") in accordance with the terms and conditions thereof and on the same basis as other similar level executives of the Company.

Contingent and effective on the Effective Date, in connection with the commencement of your employment, the Company will award you the following equity grants under the Long-Term Incentive Plan:

- (i) a time-based grant (the “**RSU Grant**”) of \$550,000 in restricted stock units (“**RSUs**”), which will vest as to one-third of the underlying shares on December 16, 2025 and as to one-sixth of the underlying shares every six months thereafter, subject in each case to your continued service with the Company through the applicable vesting date; and
- (ii) a one-time grant of performance-based restricted stock units (the “**PSU Grant**”) with a target grant date value of \$1,650,000, to be earned based on the Company’s achievement of 2025 performance targets to be determined by the Board. The PSU Grant, to the extent the relevant performance targets have been achieved, will vest as to one-third of any earned RSUs on the First Vesting Date, one-third of any earned RSUs on December 31, 2026, and one-third of any earned RSUs on December 31, 2027, subject in each case to your continued service with the Company through the applicable vesting date. The “**First Vesting Date**” shall be the date the Board determines the Company’s achievement relative to the performance targets for 2025, which is expected to occur no later than February 28, 2026.

The dollar values of the RSU Grant and PSU Grants (together, the “**Grants**”) will be converted into a number of RSUs or performance-based RSUs, as applicable, based upon the closing trading price of the Company’s common stock on Effective Date. The terms and conditions of the Grants shall be governed by the Long-Term Incentive Plan and the applicable award agreements.

2.4 Employee Benefit Plans. You will be eligible to participate on substantially the same basis as the Company’s other similar level executives in any other employee benefit plans offered by the Company, currently including medical, dental, short-term and long-term disability, life insurance, and 401(k) savings plan (in each case, subject to the eligibility requirements of such plans). The Company reserves the right to modify, suspend or discontinue any and all of its employee benefit plans, practices, policies, and programs at any time without recourse by you, so long as the Company takes such action generally with respect to other similar level executives.

2.5 Flexible Time-Away Policy. You will participate in the Company’s FlexTime Policy or such successor or replacement program that the Company adopts.

2.6 Business Expenses. The Company will reimburse you for all reasonable and necessary business expenses incurred in the performance of services with the Company, according to Company’s policies and upon your presentation of an itemized written statement and such verification as the Company may require, in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

ARTICLE III TERMINATION OF EMPLOYMENT

3.1 Payments on Termination. When your employment ends for any reason, you (or your designated beneficiary, as applicable) will be entitled to receive (in addition to any compensation and benefits you may receive under [Section 3.4](#)): (i) any earned but unpaid Base Salary through your termination date, to be paid in accordance with applicable law, (ii) any incentive compensation payment(s) previously approved by the Board but not yet paid, (iii) unreimbursed business expenses incurred through your termination date in accordance with the Company’s policies for which expenses you have provided or do provide appropriate documentation within the time limits of such policies, to be

paid in accordance with Section 409A of the Internal Revenue Code of 1986 (“**Section 409A**” of the “**Code**”), and (iv) any amounts or benefits to which you are then entitled under the terms of the benefit plans then sponsored by the Company in accordance with their terms (and not accelerated to the extent acceleration does not satisfy Section 409A). The compensation and other payments described above are the “**Accrued Obligations**.”

3.2 Cessation of Employment by Resignation without Good Reason or on Death or Disability. If your employment ends because of your resignation without Good Reason or as a result of your death or Disability (as defined below), you will not receive compensation or benefits beyond the Accrued Obligations.

3.3 Termination By Company for Cause. The Company may terminate your employment for Cause (as defined below) by giving written notice to you designating an immediate or future termination date. Such notice shall indicate the specific provisions of this Agreement relied upon as the basis of such termination. In the event of a termination for Cause, the Company shall provide the Accrued Obligations but no other compensation.

For purposes of this Agreement, “**Cause**” means:

- (i) You materially breach your obligations under this Agreement, the Code of Conduct or an established policy of the Company Group;
- (ii) You engage in conduct prohibited by law (other than minor violations), commit an act of dishonesty, fraud, or serious or willful misconduct in connection with your job duties, or engage in unethical or immoral conduct that, in the reasonable judgment of the Company, could injure the integrity, character or reputation of the Company Group;
- (iii) You fail or refuse to perform, or habitually neglect, your duties and responsibilities hereunder other than on account of Disability (as defined below), and continue such failure, refusal or neglect after having been given written notice by the Company that specifies what duties you failed to perform and an opportunity to cure of ten days;
- (iv) You use or disclose confidential information or trade secrets other than in the furtherance of the business interests of the Company Group, or commit another violation of a fiduciary duty to the Company Group (including entering into any transaction or contractual relationship causing diversion of business opportunity from the Company Group (other than with the prior written consent of the Board)), or otherwise breach either of the Restrictive Covenant Agreements (as defined below); or
- (v) You fail to reasonably cooperate with any audit or investigation involving the Company Group or its business practices after having been given written notice by the Company that specifies your failure to cooperate and an opportunity to cure of five days.

3.4 Termination By Company Without Cause or Termination by You for Good Reason. The Company may terminate your employment without Cause at any time during the Employment Period by giving written notice to you designating an immediate or future termination date.

You may resign from employment during the Employment Period due to the following, absent your written consent thereto:

- (i) The Company's material breach of any of its material obligations under this Agreement;
- (ii) A reduction in your Base Salary below the Base Salary in effect during the immediately preceding year, unless such reduction is commensurate with and part of a general salary reduction program applicable to all similar level executives of the Company;
- (iii) A requirement that you relocate your primary place of work by more than 45 miles (including a requirement that you work primarily at a Company office that is located more than 45 miles from the location of your home office), provided that the travel requirements described in Section 1.4 above will not be treated as a violation of this clause (iii); or
- (iv) Any material diminution of your title, reporting structure, authority, duties or responsibilities (provided that a diminution in connection with a Change in Control (as defined below) that results in your having the title, reporting structure, authority, duties, or responsibilities with respect to the business represented by the Company that are reasonably comparable to those in effect before the Change in Control shall not be treated as Good Reason);

(each of which shall constitute "**Good Reason**" for resignation) and such resignation shall be treated as a termination by you for Good Reason; *provided that*, (a) you have provided written notice describing such Good Reason in reasonable detail to the Company within 90 days of the initial occurrence of such Good Reason, (b) the Company failed to cure such Good Reason within 30 days of receipt of such written notice from you, and (c) your resignation occurs within 60 days following the end of the cure period; *and provided, further*, that in the case of clauses (ii) and (iv), an act or omission shall not constitute Good Reason if you have incurred a Disability (as defined below).

Your election to not renew the Initial Term or any Successive Terms pursuant to Section 1.1 shall not be a termination for Good Reason and shall not entitle you to Severance Pay. However, the election by the Company to not renew the Initial Term or any Successive Terms pursuant to Section 1.1 shall be deemed to be a termination without Cause effective as of the termination of the Initial Term or Successive Term as applicable and shall entitle you to Severance Pay as hereinafter provided.

In the event of a termination by the Company without Cause or a termination by you for Good Reason, the Company shall provide your Accrued Obligations. In addition, subject to the requirements set forth in Section 3.7, Section 3.8, and Section 3.9, the Company will provide the following compensation and benefits to you (collectively, the "**Severance Pay**"):

- (a) An amount equal to 12 months of your then current Base Salary, less applicable withholdings, payable in equal installments on each regularly scheduled payroll pay date during the 12-month period that begins on the first day immediately after the Release Effective Date (as defined in Section 3.7); and

- (b) Awards, if any, under the Long-Term Incentive Plan shall be paid in accordance with the terms and conditions of the Long-Term Incentive Plan and the applicable awards;
- (c) A prorated portion of your target bonus based on the period during the year in which you were employed, payable in full with the first installment of the salary-based severance; and
- (d) If you elect to continue health care coverage, the Company will pay your monthly COBRA premiums as part of your severance benefits until the earliest of (i) 12 months after your last day of employment with the Company; (ii) the date you become eligible for group health insurance coverage through a new employer; or (iii) the date your COBRA continuation coverage would terminate in accordance with the provisions of COBRA. Thereafter, medical, dental and vision insurance coverage shall be continued only to the extent required by COBRA and only to the extent you timely pay the premium payments yourself. Notwithstanding the foregoing, the Company may end the payment of premiums earlier (but not your eligibility for COBRA) if it reasonably determines that applicable laws or regulations are reasonably likely to cause the payment of these premiums to trigger taxes or penalties on the Company or other participants or, to the extent you would be taxed on more than the amount of the premiums, to you.

3.5 Disability. “Disability” means your being unable to perform your duties to the Company as provided in this Agreement (Section 1.2) for a period of at least 120 continuous days as a result of a mental or physical condition. The Company may terminate your employment for Disability during the Employment Period by giving written notice to you designating a termination date that is at least 30 days after the date of the notice of termination if you do not return to work on a substantially full-time basis within 30 days after notice of termination on account of Disability is provided to you. A return to work of less than 30 continuous days on a substantially full-time basis shall not interrupt a continuous period of Disability.

3.6 Change in Control. “Change in Control” has the meaning assigned to such term in the Long-Term Incentive Plan. Notwithstanding anything in this Agreement to the contrary, a Change in Control will have occurred only if such change in ownership also constitutes a change in control under Section 409A.

If contemporaneous with or within 18 months after a Change in Control that occurred during the Employment Period (a) the Company terminates your employment without Cause or (b) you terminate your employment for Good Reason, then, provided you comply with the requirements set forth in Section 3.7, Section 3.8, and Section 3.9, you will be eligible to receive the benefits set forth in Section 3.4 above, but the installment payment of the salary-based portion of the Severance Pay will be accelerated and paid within 10 days following the Release Effective Date. The treatment of each of the Grants in connection with a Change in Control is set forth in the applicable award agreements.

3.7 Execution of Separation Agreement. As a condition to receiving Severance Pay (whether or not accelerated), you must execute and return to the Company, and not revoke any part of, a separation agreement that includes (i) a customary general release and waiver of claims against the Company and its officers, directors, stockholders, employees and affiliates with respect to your employment, and (ii) other customary separation terms, on a form provided by the Company (the “Release”). You must deliver the executed Release within 60 days following your termination (or such shorter period, not to be less than twenty-one (21) days, as the Company specifies in providing the Release, which form will be

provided to you not more than 15 days after your termination of Employment). The Release will become effective on the date the revocation period of the Release expires without your revoking the Release (the “**Release Effective Date**”). Payment of the Severance Pay will begin (or be made, as applicable) in the first payroll whose cutoff date follows the Release Effective Date, provided that if the 60th day following your termination of employment is in the calendar year subsequent to termination, the payment will not be made earlier than the first business day of such subsequent year unless earlier payment can be made without violation of Section 409A. Any obligation of the Company to provide the Severance Pay shall cease: (i) if you materially breached or breach your contractual obligations to the Company, including those set forth in Article IV or Article V herein, or in the Release or (ii) if, within 90 days after your termination, the Company discovers facts and circumstances that would have justified a termination for Cause during the Employment Period.

3.8 Timing of Payments; Section 409A. All payments in a series of payments will be treated for purposes of Section 409A as separate payments. Notwithstanding any other provision of this Agreement, in the event of a payment to be made, or a benefit to be provided, pursuant to this Agreement based upon your “separation from service” (as defined below) for a reason other than death at a time when you are a Specified Employee (as defined below) and such payment or provision of such benefit is not exempt or otherwise permitted under Section 409A without the imposition of any Section 409A Penalty (as defined below), such payment shall not be made, and such benefit shall not be provided, before the earlier of the date which is the first day of the seventh month after your separation from service or 30 days after your death or such later date as is required to permit the Company to reasonably determine the recipient(s) of the payments, but no longer than is permitted by Section 409A. All payments or benefits delayed pursuant to this Section 3.8 shall be aggregated into one lump sum payment to be made as of the Company’s first business day following the first day of the seventh month after your separation from service (or if earlier, as of 30 days after your death or such later date as is described above).

- (a) For purposes of this Agreement:
 - (i) “**Separation from service**” has the meaning provided under Code Section 409A and Treas. Reg. 1.409A-1(h);
 - (ii) “**Specified Employee**” has the meaning given that term in Code Section 409A and Treas. Reg. 1.409A-1(c)(i) as determined in accordance with the Company’s policy for determining Specified Employees; and
 - (iii) “**Section 409A Penalty**” means any increase in tax or any other penalty pursuant to Section 409A.
- (b) This Agreement is intended not to result in the imposition of any Section 409A Penalty and shall be administered, interpreted, and construed in a manner consistent with such intent.
- (c) You and the Company agree to cooperate to amend this Agreement from time to time as appropriate to avoid the imposition of any Section 409A Penalty.
- (d) In no event shall the Company be required to provide a tax gross-up payment to you with respect to any Section 409A Penalty.

(e) Notwithstanding any provision of this Agreement to the contrary, this Agreement is intended to be exempt from or, in the alternative, comply with Section 409A and the interpretive guidance in effect thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent.

3.9 Excess Parachute Payments; No Excise Tax Gross-Up. Notwithstanding any provision of this Agreement to the contrary, if it is determined by the Company's independent auditors or its outside counsel that any amount or benefit to be paid or provided under this Agreement or otherwise, whether or not in connection with a Change in Control, would be an "Excess Parachute Payment" within the meaning of Code Section 280G but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement or otherwise will be reduced to the minimum extent necessary (but in no event to less than zero under this Agreement) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; *provided, however*, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Code Section 4999, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income and employment taxes).

The fact that your right to payments or benefits may be reduced by reason of the limitations contained in this Section 3.9 will not of itself limit or otherwise affect any other rights of yours other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 3.9, the Company will effect such reduction by first reducing the lump sum cash payment related to Base Salary (a "**Reduction**"). In the event that, after such Reduction any payment or benefit intended to be provided under this Agreement or otherwise is still required to be reduced pursuant to this Section 3.9, the Company will effect such reduction by reducing other consideration due to you.

3.10 Removal from any Boards and Positions. If your employment ends for any reason under this Agreement, you agree that you are automatically resigning from (i) if a member, the board of directors of the Company and any subsidiary or affiliate of the Company or any other board to which you have been appointed or nominated by or on behalf of the Company, (ii) any other position with OneSpan Inc., the Company or any subsidiary or affiliate of the Company, including as an officer of OneSpan Inc., the Company or any of its subsidiaries or affiliates, and (iii) any fiduciary positions with respect to the Company's benefit plans.

ARTICLE IV RESTRICTED COVENANTS

4.1 Restrictive Covenants. You will be required to execute an Invention and Non-Disclosure Agreement and a Non- Solicitation Agreement in the forms attached as Exhibit A and Exhibit B, as a condition of your employment (together, the "**Restrictive Covenant Agreements**").

ARTICLE V POST-TERMINATION OBLIGATIONS

5.1 Return of Company Materials. No later than five business days following the cessation of your employment for any reason, you shall return to the Company all manuals, policies, building keys and passes, parking passes, credit cards, telephone lists or directories, equipment and other assets, and

any other property owned by, provided by, prepared on behalf of the Company or purchased with the Company's funds in your possession or control, including any containing or summarizing Company confidential information. You agree that you will return such property without making or keeping any copies of such property. You further agree that, if you discover after such date any other confidential and proprietary information or property owned by, prepared for, purchased by or provided to you by the Company or another member of the Company Group, you will promptly return such material to the Company. You will leave intact with, or deliver intact to, the Company all electronic Company Group documents and internal and external websites including those that you developed or helped to develop during your employment, and destroy or delete any copies of all electronic files or hard copies relating to Company Group that were in your possession or control, including any that were located on any of your personal computers, cell phones, tablets, or external or cloud storage.

5.2 Executive Assistance. During your employment with the Company and for a period of two years after the termination of such employment, you shall, upon reasonable notice, furnish the Company with such information as may be in your possession or control, and cooperate with the Company in any reasonable manner that the Company may request, including conferring with the Company with regard to any litigation, claim, or other dispute in which the Company or another member of the Company Group is or may become a party. Your obligation to cooperate shall be limited so as not to unreasonably interfere with your other business or personal obligations. The Company shall reimburse you for all reasonable out-of-pocket expenses incurred by you in fulfilling your obligations under this Section 5.2. The Company will make any such reimbursement within 30 days of the date you provide the Company with documentary evidence of such expense consistent with the policies of the Company. The Company will also pay you a reasonable fee per hour for your assistance during the year commencing on the first anniversary of the termination of your employment with the Company. Notwithstanding anything to the contrary, any such reimbursement shall be administered so as to comply with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**ARTICLE VI
MISCELLANEOUS**

6.1 Indemnification. You will be provided indemnification to the maximum extent permitted by the OneSpan Certificate of Incorporation (as amended), Amended and Restated Bylaws and, subject to your execution thereof, the Company's standard form of Section 16 Officer Indemnification Agreement (the "**Indemnification Agreement**"). You will also be provided directors and officers insurance coverage on terms no less favorable than provided to any other Company executive officer or director.

6.2 Notices. Any notices, consents or other communications required or permitted to be sent or given hereunder shall be in writing and shall be deemed properly served if (a) delivered personally, in which case the date of such notice shall be the date of delivery; (b) delivered prepaid to a nationally recognized overnight courier service, in which case the date of delivery shall be the next business day; or (c) sent by electronic transmission (with a copy sent by first-class mail), in which case the date of delivery shall be the next business day. If not personally delivered, notice shall be sent using the addresses set forth below:

If to you, to the last address on file in the records of the Company.

If to the Company:
OneSpan North America, Inc.
1 Marina Park Drive, Unit 1410

Boston, MA 02210
Attention: General Counsel

legal@onespan.com

or such other address as may hereafter be specified by notice given by either party to the other party.

6.3 Withholding. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state or local law, as well as any other amounts due and owing to the Company from you.

6.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns; *provided* that you may not assign any of their rights or obligations under this Agreement without the Company's prior written consent.

6.5 Nonalienation of Benefits. Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, prior to actually being received by you, and any such attempt to dispose of any right to benefits payable hereunder shall be void.

6.6 Amendment; Waiver. No failure or delay by the Company or you in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof. No modification, amendment or waiver of this Agreement or consent to any departure by you from any of the terms or conditions thereof, will be effective unless in writing and signed by the Company. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given.

6.7 Severability; Survivability. If any term or provision of this Agreement shall be held to be invalid or unenforceable, the remaining terms and provisions hereof shall not be affected thereby and shall be enforced to the fullest extent permitted under law. Your obligations in Articles IV and V shall survive and continue in full force notwithstanding the termination of this Agreement or your employment for any reason.

6.8 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement and may be executed by electronic signature.

6.9 Governing Law and Dispute Resolution. This Agreement shall in all respects be subject to, governed by and construed in accordance with the laws of the State of California without reference to the principles of conflicts of laws thereof. Except as noted below, all disputes arising with respect to your employment relationship, this Agreement, and/or the equity referenced in this letter agreement, including whether the dispute is arbitrable, shall be resolved exclusively through final and binding arbitration in San Francisco, California in accordance with the Employment Rules of the American Arbitration Association then in effect (the "**Employment Rules**") and the Federal Arbitration Act, 9 U.S.C. §1 et seq. Neither party will invoke arbitration until after it has given the other party written notice of the dispute and a ten-day period to resolve the dispute. The parties will in good faith attempt to settle any disputes through direct or attorney-led negotiations before participating in an arbitration hearing. Arbitration under this section will require a neutral arbitrator, will permit appropriate and

adequate discovery, and will permit the parties to the arbitration to seek relief that would otherwise be available if the matter were brought in an appropriate court with civil jurisdiction over the parties. The Company will pay the entire amount of the arbitration filing fees and related expenses (less any amounts that may be charged to you under the then applicable version of the Employment Rules), including the arbitrator's fees and costs (but excluding, for the avoidance of doubt, your attorneys' fees and related costs), for any dispute described in this section, provided that you acknowledge that some or all of the arbitration and arbitrator fees and expenses may be reallocated and charged to you by the arbitrator if a claim or counterclaim was filed by you for purposes of harassment or is patently frivolous (or as otherwise permitted under the Employment Rules). For the avoidance of doubt, this arbitration provision does not apply to any disputes arising under or relating to the Restrictive Covenant Agreements, which shall instead be brought in court and in accordance with the terms thereof.

6.10 Construction. The language used in this Agreement will be deemed to be the language chosen by you and the Company to express their mutual intent, and no rule of strict construction will be applied against you or the Company. The heading in this Agreement is for convenience of reference only and will not limit or otherwise affect the meaning of the provision. References to "including" or similar forms are to be read as "including, without limitation" or similar forms other than where the meaning would not make sense. References to the "Board" with respect to approval of compensation are to be read as including approvals by the Management Development and Compensation Committee of the Board.

6.11 Entire Agreement; Amendments. Except for the Long-Term Incentive Plan, the Indemnification Agreement and the Restrictive Covenant Agreements, this Agreement contains the entire understanding of the parties hereto with regard to the subject matter contained herein, and supersedes any prior agreements, understandings or letters of intent with regard to the subject matter contained herein between the parties hereto. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by each of the parties hereto.

Signatures on Following Page

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement.

ONESPAN NORTH AMERICA, INC.

Date: December 12, 2024

By: /s/ Lara Mataac
Its: General Counsel

ASHISH JAIN
ASHISH JAIN

Date: December 12, 2024

/s/ Ashish Jain

EXHIBIT A

ONESPAN NORTH AMERICA, Inc.

INVENTION AND NON-DISCLOSURE AGREEMENT - CALIFORNIA

This Invention and Non-Disclosure Agreement (this "**Agreement**") is made by and between OneSpan North America, Inc. (hereinafter referred to as the "**Company**"), and Ashish Jain ("**you**").

In consideration of your employment or continued employment by the Company, the Company and you agree as follows:

1. Condition of Employment.

You acknowledge that your employment and/or the continuance of that employment with the Company is contingent upon your agreement to sign and adhere to the provisions of this Agreement. You further acknowledge that the nature of the Company's business is such that protection of its proprietary and confidential information is critical to the survival and success of the Company's business.

2. Proprietary and Confidential Information.

(a) You agree that all information and know-how, whether or not in writing, of a private, secret or confidential nature concerning the Company's business or financial affairs (collectively, "**Proprietary Information**") is and shall be the exclusive property of the Company. By way of illustration, but not limitation, Proprietary Information may include discoveries, ideas, inventions, products, product improvements, product enhancements, processes, methods, techniques, negotiation strategies and positions, projects, developments, plans (including business and marketing plans), research data, financial data (including sales costs, profits, pricing methods), personnel data obtained pursuant to your duties and responsibilities, computer programs (including software used pursuant to a license agreement), customer, prospect and supplier lists, and contacts at or knowledge of customers or prospective customers of the Company. Except as otherwise permitted by Section 5 below, you will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of your duties as an employee of the Company) without written approval by an officer of the Company, either during or after your employment with the Company, unless and until such Proprietary Information has become public knowledge without your fault; provided that this prohibition does not prevent your use of your general knowledge, education, training and/or experience or generally known or used by persons with the general knowledge, education, training or experience comparable to yours. While employed by the Company, you will use your best efforts to prevent unauthorized publication or disclosure of any of the Company's Proprietary Information. References to the "**Company**" in this Agreement include the subsidiaries of, parent of, and companies related to OneSpan North America, Inc.

(b) You agree that all files, documents, letters, memoranda, reports, records, data, sketches, drawings, models, laboratory notebooks, program listings, computer equipment or devices, computer programs or other written, photographic, or other tangible or intangible material containing Proprietary Information, whether created by you or others, that come into your

custody or possession, shall be and are the exclusive property of the Company to be used by you only in the performance of your duties for the Company and shall not be copied or removed from the Company's premises except in the pursuit of the business of the Company. All such materials or copies thereof and all tangible property of the Company in your custody or possession shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of your employment for any reason, provided that electronic materials on personal devices that are merely copies of originals maintained on the Company's servers or in other Company records may be permanently deleted rather than returned. After such delivery and/or deletion, you shall not retain any such materials or copies thereof or any such tangible property.

(c) You agree that your obligation not to disclose or to use information and materials of the types set forth in Sections 2(a) and 2(b) above, and your obligation to return materials and tangible property, set forth in Section 2(b) above, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to you in the course of the Company's business.

3. Developments.

(a) You have attached hereto, as Exhibit A, a list describing all discoveries, ideas, inventions, improvements, enhancements, processes, methods, techniques, developments, software, and works of authorship, whether patentable or not, which you created, made, conceived or reduced to practice prior to your employment by the Company and that you own, and that are not assigned to the Company hereunder (collectively, "**Prior Developments**"); or, if no such list is attached, you represent that there are no Prior Developments. You agree not to incorporate any Prior Developments into any Company product, material, process or service without prior written consent of an officer of the Company. If you do incorporate or have incorporated any Prior Development into any Company product, material, process or service, you hereby grant to the Company a non-exclusive, worldwide, perpetual, transferable, irrevocable, royalty-free, fully-paid right and license to make, have made, use, offer for sale, sell, import, reproduce, modify, prepare derivative works, display, perform, transmit, distribute and otherwise exploit such Prior Development and to practice any method related thereto.

(b) You will make full and prompt disclosure to the Company of all discoveries, ideas, inventions, improvements, enhancements, processes, methods, techniques, developments, software, and works of authorship, whether patentable or not, that are created, made, conceived or reduced to practice by you or under your direction or jointly with others during your employment by the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "**Developments**"). You acknowledge that each original work of authorship that you make (solely or jointly with others) within the scope of and during the period of your employment with the Company and that is protectable by copyright is a "work made for hire," as that term is defined in the United States Copyright Act. You agree to assign and do hereby assign to the Company (or any person or entity designated by the Company) all your rights, titles and interests in and to all Developments (other than Prior Developments listed on Exhibit A, if any) and all related patents, patent applications, copyrights and copyright applications. However, this Section 3(b) shall not apply to Developments that: (a) by law you cannot be required to so assign; and/or (b) do not relate to

the business or research and development conducted or planned to be conducted by the Company at the time such Development is created, made, conceived or reduced to practice and that you made and conceived not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or Proprietary Information. You understand that, to the extent this Agreement shall be construed in accordance with the laws of any state that precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee (including specifically California Labor Code Section 2870 as set forth in Exhibit B hereto), this Section 3(b) shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. You also hereby waive all claims to moral rights in any Developments.

(c) You agree to cooperate with the Company, both during and after your employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Developments. You shall sign all papers, including copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, that the Company may deem necessary or desirable to protect its rights and interests in any Development. You further agree that if the Company is unable, after reasonable effort, to secure your signature on any such papers, after prior written notice has been sent to you at the address on the Company's personnel records, any executive officer of the Company shall be entitled to execute any such papers as your agent and attorney-in-fact, and you hereby irrevocably designate and appoint each executive officer of the Company as your agent and attorney-in-fact to execute any such papers on your behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Development, under the conditions described in this sentence.

4. Obligations to Third Parties.

You represent that, except as you have disclosed in writing to the Company on Exhibit A attached hereto, you are not bound by the terms of any agreement with any other party (aside from standard employee non-disclosure agreements with previous employers) to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of your employment with the Company, to refrain from competing, directly or indirectly, with the business of any previous employer or any other party or to refrain from soliciting employees, customers or suppliers of such previous employer or other party. You further represent that your performance of all the terms of this Agreement and the performance of your duties as an employee of the Company do not and will not conflict with or breach any agreement with any prior employer or other party (including any nondisclosure or non-competition agreement), and that you will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

5. Scope of Disclosure Restrictions.

Nothing in this Agreement prohibits you from communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies, filing a complaint with government agencies, or participating in government agency investigations or proceedings. You are not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information you obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding your confidentiality and nondisclosure obligations, you are hereby

advised as follows pursuant to the Defend Trade Secrets Act: “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.”

6. United States Government Obligations.

You acknowledge that the Company from time to time may have agreements with other persons or with the United States Government, or agencies thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. You agree to be bound by all such obligations and restrictions which are made known to you and to discharge the obligations of the Company under such agreements.

7. Miscellaneous.

- (a) Equitable Remedies. You acknowledge that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company, and you consider them to be reasonable for such purpose. You agree that any breach or threatened breach of this Agreement is likely to cause the Company substantial and irrevocable damage that is difficult to measure. Therefore, in the event of any such breach or threatened breach, you agree that the Company, in addition to such other remedies that may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach without posting a bond and the right to specific performance of the provisions of this Agreement and you hereby waive the adequacy of a remedy at law as a defense to such relief.
- (b) Disclosure of this Agreement. You hereby authorize the Company to notify others, including customers of the Company and any of your future employers or prospective business associates, of the terms and existence of this Agreement and your continuing obligations to the Company hereunder.
- (c) Not Employment Contract. You acknowledge that this Agreement does not constitute a contract of employment, does not imply that the Company will continue your employment for any period of time and does not change the at-will nature of your employment.
- (d) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company’s assets or business, provided, however, that your obligations are personal and shall not be assigned by you. You expressly consent to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ you may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

- (e) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
- (f) Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.
- (g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to the conflicts of law provisions thereof). Any action, suit, or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of California (or, if appropriate, a federal court located within the State of California), and the Company and you each consent to the jurisdiction of such a court.
- (h) Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between you and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by you and the Company. You agree that any change or changes in your duties, authority, title, reporting relationship, territory, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.
- (i) Interpretation. References to “including” or similar forms are to be read as “including, without limitation” or similar forms other than where the meaning would not make sense.
- (j) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

[Remainder of Page Intentionally Left Blank]

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND UNDERSTAND AND AGREE TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

ONESPAN NORTH AMERICA, INC.

Date: December 12, 2024

By: /s/ Lara Mataac
Its: General Counsel

Date: December 12, 2024

ASHISH JAIN
ASHISH JAIN
/s/ Ashish Jain

Exhibit A

**List of Prior Developments and Original Works of Authorship Excluded
Under Section 3(a) or Conflicting Agreements Disclosed under Section 4**

Title Date Identifying Number or Brief Description

Except as indicated above on this Exhibit A, I have no Prior Developments to disclose pursuant to Section 3(a) of this Agreement and no agreements to disclose pursuant to Section 4 of this Agreement.

EMPLOYEE:

By: /s/ Ashish Jain

Name: Ashish Jain

Date: December 12, 2024

Exhibit B

If the Employee is employed by the Company in the State of California, the following provision applies:

California Labor Code Section 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT B

NON-SOLICITATION AGREEMENT

This Non-Solicitation Agreement (the "**Agreement**") is made by and between OneSpan North America, Inc, a Delaware corporation (hereinafter referred to collectively with its parent and subsidiaries as the "**Company**"), and the undersigned employee ("**you**").

For good consideration, including your employment by the Company, the Company and you agree as follows:

1. Non-Solicitation.

(a) While you are employed by the Company and for a period of 12 months after the termination or cessation of such employment for any reason, you will not directly or indirectly, either alone or in association with others solicit, induce or attempt to induce, any employee or independent contractor of the Company to terminate such individual's employment or other engagement with the Company; provided, that this Section 1(a) shall not apply to the recruitment of any individual whose employment or other engagement with the Company ended at least six months before the recruitment, hiring, or other engagement.

(b) If you violate the provisions of this Section 1, you shall continue to be bound by the restrictions set forth in such paragraph until a period of 12 months has expired without any violation of such provisions.

2. Notice and Related Obligations. You agree that during any period of time when you are subject to restrictions pursuant to Section 1, you will notify any prospective employer or business associate of the terms and existence of this Agreement and your continuing obligations to the Company hereunder. You also agree to provide the Company, during such period, with such pertinent information concerning your business activities as the Company may reasonably request to determine your continued compliance with your obligations under this Agreement (including providing the name and address of your employer at the time). You hereby authorize the Company to notify others, including customers of the Company and any of your future employers or prospective business associates, of the terms and existence of this Agreement and your continuing obligations to the Company hereunder.

3. Miscellaneous.

(a) Equitable Remedies. You acknowledge that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company, and you consider them to be reasonable for such purpose. You agree that any breach or threatened breach of this Agreement is likely to cause the Company substantial and irrevocable damage that is difficult to measure. Therefore, in the event of any such breach or threatened breach, you agree that the Company, in addition to such other remedies that may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach without posting a bond and the right to specific performance of the provisions of this Agreement and you hereby waive the adequacy of a remedy at law as a defense to such relief.

- (b) Not Employment Contract. You acknowledge that this Agreement does not constitute a contract of employment, does not imply that the Company will continue your employment for any period of time, and does not change the at-will nature of your employment.
- (c) Acknowledgments. You acknowledge that you have the right to consult with counsel prior to signing this Agreement. You further acknowledge that the Agreement is supported by fair and reasonable consideration.
- (d) Successors and Assigns. Your obligations under this Agreement are personal and shall not be assigned by you. This Agreement shall, however, be binding upon and inure to the benefit of the Company and its successors and assigns, including any corporation or entity with which or into which the Company may be merged or that may succeed to all or substantially all of its assets or business. You expressly consent to be bound by the provisions of this Agreement for the benefit of any successor or assign of the Company without the necessity that this Agreement be re-signed, in which event "**Company**" shall be interpreted to include any successor or assign of the Company.
- (e) Interpretation. If any restriction or definition set forth in Section 1 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time, it shall be interpreted to extend only over the maximum period of time as to which it may be enforceable. References to "**including**" or similar forms are to be read as "including, without limitation" or similar forms other than where the meaning would not make sense.
- (f) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
- (g) Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.
- (h) Governing Law and Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to the conflicts of law provisions thereof). Any action, suit, or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of California (or, if appropriate, a federal court located within California), and the Company and you each consent to the jurisdiction of such courts.
- (i) Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between you and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by you and the Company. You agree that any change or changes in your duties, authority, title, reporting relationship, territory, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(j) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

[Remainder of Page Intentionally Left Blank]

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND UNDERSTAND AND AGREE TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

EMPLOYEE

Date: December 12, 2024

/s/Ashish Jain

Name: Ashish Jain

Name: Ashish Jain

ONESPAN NORTH AMERICA, INC.

ONESPAN NORTH AMERICA, INC.

Date: December 12, 2024

By: /s/ Lara Mataac

Name: Lara Mataac

Title: General Counsel

ONESPAN INC.

Insider Trading Policy

1. BACKGROUND AND PURPOSE

The United States federal securities laws prohibit any member of the Board of Directors (a “Director”), officer (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934 (the “Exchange Act”)) (an “executive officer”), or employee of OneSpan Inc. or its subsidiaries (together, the “Company”) from purchasing or selling Company securities on the basis of material nonpublic information concerning the Company, or from tipping material nonpublic information to others. These laws impose severe sanctions on individuals who violate them. In addition, the Securities and Exchange Commission (the “SEC”) has the authority to impose large fines on the Company and on the Company’s Directors, executive officers, and controlling stockholders if the Company’s employees engage in insider trading and the Company has failed to take appropriate steps to prevent it (so-called “controlling person” liability).

This Insider Trading Policy is adopted in light of these legal requirements, and with the goal of helping:

- prevent inadvertent violations of the insider trading laws;
- avoid embarrassing proxy disclosures of reporting violations by person subject to Section 16 of the Exchange Act;
- promote compliance with the Company’s obligation to publicly disclose information related to its insider trading policies and procedures and the use of certain trading arrangements by Company insiders;
- avoid the appearance of impropriety on the part of those employed by, or associated with, the Company;
- protect the Company from controlling person liability; and
- protect the reputation of the Company, its Directors, and its employees.

As detailed below, this policy applies to family members and certain other individuals and entities with whom Directors and employees have relationships. While the provisions in Section 2 and 3 of this policy are not applicable to transactions by the Company itself, transactions by the Company will only be made in accordance with all applicable U.S. federal securities laws, including those relating to insider trading.

1.1 What Type of Information is “Material”?

1.1

Information concerning the Company is considered material if there is a substantial likelihood that a reasonable shareholder would consider the information important in making an investment decision with respect to the Company's securities. Stated another way, there must be a substantial likelihood that a reasonable shareholder would view the information as having significantly altered the "total mix" of information available about the Company. Material information can include positive or negative information about the Company. Information concerning any of the following subjects, or the Company's plans with respect to any of these subjects, would often be considered material:

- the Company's revenues or earnings;
- a significant merger or acquisition involving the Company;
- a change in control of the Company;
- a significant change in management or the Board of Directors of the Company;
- the public or private sale of a significant amount of securities of the Company;
- the Company's decision to commence or terminate the payment of cash dividends;
- the establishment of a program to repurchase securities of the Company;
- a stock split;
- a default on outstanding debt of the Company or a bankruptcy filing;
- a new product release or a significant development, invention, or discovery;
- the loss, delay or gain of a significant contract, sale or order or other important development regarding customers, partners, or suppliers;
- a significant operational issue or investigation of the potential for such issue, including cybersecurity incidents, service outages, and product defects;
- a conclusion by the Company or a notification from its independent auditor that any of the Company's previously issued financial statements should no longer be relied upon; or
- a change in or dispute with the Company's independent auditor.

This list is illustrative only and is not intended to provide a comprehensive list of circumstances that could give rise to material information.

1.2 When is Information "Non-public"?

Information concerning the Company is considered non-public if it has not been disseminated in a manner making it available to investors generally.

Information will generally be considered non-public unless (1) the information has been disclosed in a press release, in a public filing made with the SEC (such as a Report on Form 10-K, Form 10-Q or Form 8-K), or through a news wire service or daily newspaper of wide circulation, and (2) a sufficient amount of time has passed so that the information has had an opportunity to be digested by the marketplace.

2. PROHIBITIONS RELATING TO TRANSACTIONS IN THE COMPANY'S SECURITIES

2.1 Covered Persons. This Section 2 applies to the following individuals and entities (collectively, the "Covered Persons"):

- all Directors;
- all employees;
- all consultants or contractors who have access to OneSpan systems or confidential information, or who are otherwise designated by the General Counsel or Chief Financial Officer as being subject of this policy;¹
- all family members of Directors and employees who share the same address as, or are financially dependent on, the Director or employee and any other person who shares the same address as the Director or employee (other than (x) an employee or tenant of the Director or employee or (y) another unrelated person whom the General Counsel determines should not be covered by this policy); and
- all corporations, limited liability companies, partnerships, trusts, or other entities controlled by any of the above Covered Persons, unless the entity has implemented policies or procedures designed to ensure that such Covered Person cannot influence transactions by the entity involving Company securities.

2.2 Prohibited on Trading While Aware of Material Nonpublic Information.

(a) Prohibited Activities. Except as provided in Section 4, no Covered Person may:

- purchase, sell or gift (which term, as used in this policy, includes charitable donations) any securities of the Company while such Covered Person is aware of any material nonpublic information concerning the Company or recommend doing so to someone else;
- tip or otherwise disclose to someone else any material nonpublic information concerning the Company if the recipient may misuse that information, such as by purchasing or selling Company securities or tipping that information to others;
- purchase, sell or gift any securities of another company while such Covered Person is aware of any material nonpublic information concerning such other company while such Covered Person learned in the course of service as a Director or employee of the Company or recommend doing so to someone else; or

¹ All provisions of this Policy that apply or refer to "employees" also apply and refer to these consultants or contractors.

- tip or otherwise disclose to someone else any material nonpublic information concerning another company which such Covered Person learned in the course of service as a Director or employee of the Company if the recipient may misuse that information, such as by purchasing or selling securities of such other company or tipping that information of others.

(b) Application of Policy After Cessation of Service. If an individual or entity ceases to be a Covered Person at a time when such individual or entity is aware of material nonpublic information concerning the Company, the prohibitions on purchasing, selling, and gifting of the Company securities in Section 2.2(a) shall continue to apply until that information has become public or is no longer material.

(c) Corporate News Blackout Periods. The Company may from time to time notify certain Covered Persons that a prohibition on trading in the Company's securities (a "corporate news blackout period") is in effect in view of significant events or developments involving the Company. In such event, except as provided in Section 4, no such Covered Person may purchase, sell, or gift any securities of the Company during such corporate news blackout period or inform anyone else that a corporate news blackout period is in effect; provided, however, that even if no corporate news blackout period is then in effect, if such Covered Person is aware of material nonpublic information, the prohibitions contained in Section 2.2(a) apply.

2.3 Prohibition on Pledges. No Covered Person may purchase Company securities on margin, borrow against Company securities held in a margin account, or pledge Company securities as collateral for a loan.

2.4 Prohibition on Short Sales, Derivatives Transactions and Hedging Transactions. No Covered Person may engage in any of the following types of transactions with respect to Company securities:

- short sales, including short sales "against the box"; or
- purchases or sales of puts, calls or other derivative securities; or
- purchases of financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or other transaction that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company securities.

3. ADDITIONAL PROHIBITIONS APPLICABLE TO DIRECTORS, EXECUTIVE OFFICERS, AND DESIGNATED EMPLOYEES

3.1 Restricted Insiders. This Section 3 applies to the following Covered Persons, who are subject to certain additional restrictions as set forth herein (collectively, "Restricted Insiders"):

- all Directors;
- all executive officers;

- such other employees as are designated from time to time by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or the General Counsel as being subject to this Section 3 (the "Designated Employees");
- all family members of Directors, executive officers, and Designated Employees who share the same address as, or are financially dependent on, the Director, executive officer, or Designated Employee and any other person who shares the same address as the Director, executive officer, or Designated Employee (other than (x) an employee or tenant of the Director, executive officer, or Designated Employee or (y) another unrelated person whom the General Counsel determines should not be covered by this policy); and
- all corporations, limited liability companies, partnerships, trusts, or other entities controlled by any of the above Restricted Insiders, unless the entity has implemented policies or procedures designed to ensure that such Restricted Insider cannot influence transactions by the entity involving Company securities.

3.2 Blackout Periods.

(a) Regular Blackout Periods. Except as provided in Section 4, no Restricted Insider may purchase, sell or gift any securities of the Company during the period beginning **two** weeks prior to the end of each fiscal quarter and ending upon the completion of the second full trading day after the public announcement of earnings and the filing of the Form 10-Q or Form 10-K, as applicable, for such quarter (a "regular blackout period").

(b) Corporate News Blackout Periods. In addition to regular blackout periods, the Company may notify Restricted Insiders that a corporate news blackout period (as defined in Section 2.2(c)) is in effect. In the event of a corporate news blackout period, except as provided in Section 4, no individual who is notified by the Company about the corporate news blackout period may purchase or sell any securities of the Company during such corporate news blackout period or inform anyone else that a corporate news blackout period is in effect. In this policy, regular blackout periods and corporate news blackout periods are each referred to as a "blackout period."

(c) Awareness of Material Non-Public Information when a Blackout Period is Not in Effect. Even if no blackout period is then in effect, if a Restricted Insider is aware of material nonpublic information the prohibitions contained in Section 2.2(a) apply.

3.3 Notice and Pre-Clearance of Transactions.

(a) Pre-Transaction Clearance. No Director, executive officer, or other individual or entity designated by the General Counsel or Chief Financial Officer as being covered by this Section 3.3 (a "Pre-Clearance Person") may purchase, sell, gift, transfer, or otherwise acquire or dispose of securities of the Company, either directly or indirectly, other than in a transaction permitted under Section 4, without first obtaining written pre-clearance of the transaction from either the General Counsel or the Chief Financial Officer. Individuals who are Pre-Clearance Persons but not Directors or executive officers will be notified in writing by the General Counsel or the Chief Financial Officer that they are Pre-Clearance Persons, and the General Counsel or his or her designee will maintain a list of Pre-Clearance Persons. A request for pre-clearance shall be made in accordance with the procedures established by the General Counsel. The

General Counsel and the Chief Financial Officer² (or either of them) shall have sole discretion to decide whether to clear any contemplated transaction. All transactions that are pre-cleared must be effected within three business days of receipt of the pre-clearance unless a longer or shorter period has been specified by the General Counsel or the Chief Financial Officer. A pre-cleared transaction (or any portion of a pre-cleared transaction) that has not been effected during the three business day period must be pre-cleared again prior to execution. **Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material non-public information or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed.**

(b) **Post-Transaction Notice.** In connection with reporting obligations under Section 16 of the Exchange Act, each executive officer shall also notify the Chief Financial Officer or the General Counsel (or a designee of the Chief Financial Officer or the General Counsel) of the occurrence of any purchase, sale, gift, transfer, or other acquisition or disposition of securities of the Company as soon as possible following the transaction, but in any event within one business day after the transaction. Such notification may be oral or in writing (including by email) and should include the identity of the Restricted Insider, the type of transaction, the date of transaction, the number of shares involved and the purchase or sale price, or written plan that is intended either to satisfy the affirmative defense conditions of Rule 10b5-1(c) (and if so, the date of adoption of such contract, instruction or written plan) or to constitute a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

(c) **Deemed Time of a Transaction.** For purposes of this Section 3.3, a purchase, sale, gift, transfer, or other acquisition or disposition shall be deemed to occur at the time the person becomes irrevocably committed to it (for example, in the case of an open market purchase or sale, this occurs when the trade is executed, not when it settles).

4. EXCEPTIONS

4.1 **Exceptions.** The prohibitions in Sections 2.2(a) and 3.2 on purchasing, selling, and gifting of Company securities do not apply to:

- exercises of stock options or other equity awards or the surrender of shares of the Company in payment of the exercise price or in satisfaction of any tax withholding obligations, in each case in a manner permitted by the applicable equity award agreement; provided, however, that the securities so acquired may not be sold (either outright or in connection with a "cashless" exercise transaction through a broker) while the Covered Person is aware of material nonpublic information or during an applicable blackout period;
- acquisitions or dispositions of Company common stock under the Company's 401(k) or other individual account plan that are made pursuant to standing instructions, in a form approved by the Company, not entered into or modified while the Covered Person is aware of material nonpublic information or during an applicable blackout period;

² The General Counsel shall have sole discretion to decide whether to clear transactions by the Chief Financial Officer or persons or entities subject to this policy as a result of their relationship with the Chief Financial Officer, and the Chief Financial Officer shall have sole discretion to decide whether to clear transactions by the General Counsel or persons or entities subject to this policy as a result of their relationship with the General Counsel.

- other purchases of securities from the Company or sales of securities to the Company; provided, however, that if the transaction involves the exercise of stock options or other equity awards, the transaction must be permitted by the first bullet above;
- bona fide gifts that are approved in advance by the Company;
- purchases, sales, or gifts made pursuant to a binding contract, written plan or specific instruction which satisfies the applicable affirmative defense conditions of Rule 10b5-1(c), including as applicable the requirements applicable to an eligible sell-to-cover transaction as defined in Rule 10b5-1(c)(1)(ii)(D)(3) (a "trading plan"); provided such trading plan: (1) is in writing and (2) was submitted to the Company for review by the Company prior to its adoption; and
- purchases, sales, or gifts made pursuant to a binding contract, written plan or specific instruction which satisfies the definition of a "non-Rule 10b5-1 trading arrangement" as such term is defined in Item 408(c) of Regulation S-K, provided such non-Rule 10b5-1 trading arrangement: (1) is in writing and (2) was submitted to the Company for review prior to its adoption.

4.2 **Partnership Distributions.** Nothing in this policy is intended to limit the ability of a venture capital partnership or other similar entity with which a Director is affiliated to distribute Company securities to its partners, members, or other similar persons. It is the responsibility of each affected Director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

4.3 **Unwritten Public Offering.** Nothing in this policy is intended to limit the ability of any Covered Person to sell Company securities as a selling stockholder in an unwritten public offering pursuant to an effective registration statement in accordance with applicable securities law.

5. REGULATION BTR

If the Company is required to impose a "pension fund blackout period" under Regulation BTR, each Director and executive officer shall not, directly or indirectly sell, purchase, or otherwise transfer during such blackout period any equity securities of the Company acquired in connection with the service of such person as a Director or officer of the Company, except as permitted by Regulation BTR.

6. PENALTIES FOR VIOLATION

Violation of any of the foregoing rules is grounds for disciplinary action by the Company, including termination of employment. In addition to any disciplinary actions the Company may take, insider trading can also result in administrative, civil, or criminal proceedings which can result in significant fines and civil penalties, being barred from service as an officer or director of a public company, or imprisonment.

7. COMPANY ASSISTANCE AND EDUCATION

7.1 **Education.** The Company shall take reasonable steps designed to ensure that all Directors and employees of the Company are educated about, and periodically reminded of, the federal securities law restrictions and Company policies regarding insider trading.

7.2 **Assistance.** The Company shall provide reasonable assistance to all Directors and executive officers, as requested by such Directors and executive officers, in connection with the filing of Forms 3, 4, and 5 under Section 16 of the Exchange Act. However, the ultimate responsibility, and liability, for timely filing remains with the Directors and executive officers.

7.3 **Limitation on Liability.** None of the Company, the Chief Financial Officer, the General Counsel, or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to Section 3.3(a) or a trading plan submitted pursuant to Section 4.1. Notwithstanding any pre-clearance of a transaction pursuant to Section 3.3(a) or review of trading plan pursuant to Section 4.1, none of the Company, the Chief Financial Officer, the General Counsel, or the Company's other employees assumes any liability for the legality or consequences of such transaction or trading plan to the person engaging in or adopting such transaction or trading plan.

1.2

DOCUMENT TRACKING

Title	Insider Trading Policy
Owner	General Counsel & C
Purpose	To prevent violation
Status	Final
Approved by	General Counsel & C
Usage	This document is for

Version	Date	Author	Description
1.0	March 2024	Lara Mataac	Initial version. Replaces Stock Trading Policy dated July 2019.

Exhibit 2.1

Subsidiaries of Registrant

Entity Name	Place of Incorporation or Organization
OneSpan Australia Pty Ltd	Australia
OneSpan Pty Ltd	Australia
OneSpan Austria GmbH	Austria
OneSpan Europe NV	Belgium
OneSpan NV	Belgium
OneSpan Seguranca de Dados Brasil Ltda	Brazil
Dealflo Technology Inc.	New Brunswick, Canada
OneSpan Canada Inc.	New Brunswick, Canada
OneSpan Software (Beijing) Co. Ltd.	China
OneSpan France SAS	France
OneSpan Japan Kabushiki Kaisha	Japan
OneSpan Netherlands B.V.	Netherlands
OneSpan Asia Pacific Pte Ltd	Singapore
OneSpan International GmbH	Switzerland
OneSpan Solutions GmbH	Switzerland
OneSpan Middle East FZE	Dubai, United Arab Emirates
OneSpan Solutions UK Limited	United Kingdom
OneSpan Technology Limited	United Kingdom
OneSpan North America Inc.	USA, State of Delaware



KPMG LLP
Aon Center Suite 5500
200 E. Randolph Street Chicago, IL 60601-6436

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-161158 and No. 333-232207) on Form S-8 of our report dated February 27, 2025, with respect to the consolidated financial statements of OneSpan Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Chicago, Illinois
February 27, 2025

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 annual report on Form 10-K 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; and
 - (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; and
 - (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.
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 performing 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: February 27, 2025

/s/ Victor Limongelli

Victor Limongelli

President and Chief Executive Officer

(Principal Executive Officer)

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 annual report on Form 10-K 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; and
 - (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; and
 - (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.
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 performing 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: February 27, 2025

/s/ Jorge Martell

Jorge Martell

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

In connection with the filing with the Securities and Exchange Commission of the Annual Report of OneSpan Inc. (the company) on Form 10-K for the period ended December 31, 2024 (the Report), I, Victor Limongelli, President and Chief Executive Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- i. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ Victor Limongelli

Victor Limongelli
President and Chief Executive Officer

February 27, 2025

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

In connection with the filing with the Securities and Exchange Commission of the Annual Report of OneSpan Inc. (the company) on Form 10-K for the period ended December 31, 2024 (the Report), I, Jorge Martell, Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- i. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ Jorge Martell

Jorge Martell
Chief Financial Officer

February 27, 2025

ONESPAN INC.

Dodd-Frank Compensation Recovery Policy

This Compensation Recovery Policy (this “**Policy**”) is adopted by OneSpan Inc. (the “**Company**”) in accordance with Nasdaq Listing Rule 5608 (“**Rule 5608**”). This Policy is effective as of October 2, 2023 (the “**Effective Date**”).

1. Definitions

- (a) “**Accounting Restatement**” means a requirement that the Company prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Changes to the Company’s financial statements that do not represent error corrections are not an Accounting Restatement, including: (A) retrospective application of a change in accounting principle; (B) retrospective revision to reportable segment information due to a change in the structure of the Company’s internal organization; (C) retrospective reclassification due to a discontinued operation; (D) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and (E) retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.
- (b) “**Committee**” means the Management Development and Compensation Committee of the Company’s Board of Directors (the “**Board**”).
- (c) “**Covered Person**” means a person who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation.
- (d) “**Erroneously Awarded Compensation**” means the amount of Incentive-Based Compensation that was Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had the amount of Incentive-Based Compensation been determined based on the restated amounts, computed without regard to any taxes paid by the Covered Person or by the Company on the Covered Person’s behalf. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of Erroneously Awarded Compensation will be based on a reasonable estimate by the Committee of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received.
- (e) “**Executive Officer**” means the Company’s officers as defined in Rule 16a-1(f) under the Exchange Act.
- (f) “**Financial Reporting Measures**” means (A) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures (whether or not such measures are presented within the Company’s financial statements or included in a filing made with the U.S. Securities and Exchange Commission), (B) stock price and (C) total shareholder return.

(g) **“Incentive-Based Compensation”** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(h) Incentive-Based Compensation is deemed to be **“Received”** in the Company’s fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period or is subject to additional time-based vesting requirements

(i) **“Recovery Period”** means the three completed fiscal years immediately preceding the earlier of: (A) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. In addition, if there is a change in the Company’s fiscal year end, the Recovery Period will also include any transition period to the extent required by Rule 5608.

2. **Recovery of Erroneously Awarded Compensation.** Subject to the terms of this Policy and the requirements of Rule 5608, if, on or after the Effective Date, the Company is required to prepare an Accounting Restatement, the Company will attempt to recover, reasonably promptly from each Covered Person, any Erroneously Awarded Compensation that was Received by such Covered Person during the Recovery Period pursuant to Incentive-Based Compensation that is subject to this Policy.

3. **Interpretation and Administration**

(a) **Role of the Committee.** This Policy will be interpreted by the Committee in a manner that is consistent with Rule 5608 and any other applicable law and will otherwise be interpreted in the business judgment of the Committee. All decisions and interpretations of the Committee that are consistent with Rule 5608 will be final and binding.

(b) **Compensation Not Subject to this Policy.** This Policy does not apply to Incentive-Based Compensation that was Received before the Effective Date. With respect to any Covered Person, this Policy does not apply to Incentive-Based Compensation that was Received by such Covered Person before beginning service as an Executive Officer.

(c) **Determination of Means of Recovery.** Subject to the requirement that recovery be made reasonably promptly, the Committee will determine the appropriate means of recovery, which may vary between Covered Persons or based on the nature of the applicable Incentive-Based Compensation, and which may involve, without limitation, establishing a deferred repayment plan or setting off against current or future compensation otherwise payable to the Covered Person. Recovery of Erroneously Awarded Compensation will be made without regard to income taxes paid by the Covered Person or by the Company on the Covered Person’s behalf in connection with such Erroneously Awarded Compensation.

(d) **Determination That Recovery is Impracticable.** The Company is not required to recover Erroneously Awarded Compensation if a determination is made by the Committee that either (A) after the Company has made and documented a reasonable attempt to recover such Erroneously Awarded Compensation, the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered or (B) recovery of such Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the

requirements of Section 401(a)(13) or 411(a) of the Internal Revenue Code and regulations thereunder.

(e) No Indemnification or Company-Paid Insurance. The Company will not indemnify any Covered Person against the loss of Erroneously Awarded Compensation and will not pay or reimburse any Covered Person for the purchase of a third-party insurance policy to fund potential recovery obligations.

(f) Interaction with Other Clawback Provisions. The Company will be deemed to have recovered Erroneously Awarded Compensation in accordance with this Policy to the extent the Company actually receives such amounts pursuant to any other Company policy, program or agreement, pursuant to Section 304 of the Sarbanes-Oxley Act or otherwise.

(g) No Limitation on Other Remedies. Nothing in this Policy will be deemed to limit the Company's right to terminate employment of any Covered Person, to seek recovery of other compensation paid to a Covered Person, or to pursue other rights or remedies available to the Company under applicable law.

Adopted by the Board on November 16, 2023.