

# Selected Operating & Financial Metrics | Q2 F2021

(\$ in USD; all amounts in 000s except per share)

February 9, 2021

	F2020					F2021	
	Q1	Q2	Q3	Q4	F2020	Q1	Q2
<b>ARR</b>							
<b>Total ARR</b>	<b>99,134</b>	<b>100,293</b>	<b>101,444</b>	<b>108,338</b>	<b>108,338</b>	<b>111,748</b>	<b>117,471</b>
<i>yoy growth</i>	6.5%	5.3%	6.6%	10.6%	10.6%	12.7%	17.1%
<b>New Logo ARR</b>	<b>1,055</b>	<b>1,280</b>	<b>952</b>	<b>3,482</b>	<b>6,769</b>	<b>1,790</b>	<b>1,466</b>
<i>yoy growth</i>	7.9%	24.5%	(11.7%)	67.7%	31.2%	69.7%	14.5%
<b>Net Dollar Retention</b>	101%	100%	101%	104%	104%	105%	109%
<b># of Active Endpoints</b>	<b>9,620</b>	<b>9,692</b>	<b>9,784</b>	<b>9,916</b>	<b>9,916</b>	<b>10,599</b>	<b>11,463</b>
<i>yoy growth</i>	5.2%	7.4%	10.6%	11.1%	11.1%	10.2%	18.3%
<b>TOTAL ARR BY VERTICAL</b>							
<b>Enterprise &amp; Government</b>	<b>67,010</b>	<b>69,555</b>	<b>70,648</b>	<b>74,060</b>	<b>74,060</b>	<b>75,013</b>	<b>77,561</b>
<i>yoy growth</i>	11.4%	12.4%	13.5%	13.7%	13.7%	11.9%	11.5%
<b>Education</b>	<b>32,125</b>	<b>30,738</b>	<b>30,796</b>	<b>34,278</b>	<b>34,278</b>	<b>36,736</b>	<b>39,910</b>
<i>yoy growth</i>	(2.4%)	(7.9%)	(6.5%)	4.3%	4.3%	14.4%	29.8%
<b>TOTAL ARR BY GEOGRAPHY</b>							
<b>North America</b>	<b>86,692</b>	<b>87,362</b>	<b>87,780</b>	<b>93,565</b>	<b>93,565</b>	<b>95,069</b>	<b>98,930</b>
<i>yoy growth</i>	4.4%	3.1%	4.2%	9.2%	9.2%	9.7%	13.2%
<b>International</b>	<b>12,442</b>	<b>12,931</b>	<b>13,664</b>	<b>14,773</b>	<b>14,773</b>	<b>16,679</b>	<b>18,541</b>
<i>yoy growth</i>	23.5%	23.2%	24.4%	19.9%	19.9%	34.1%	43.4%
<b>REVENUE</b>							
<b>Total Revenue</b>	<b>25,652</b>	<b>25,798</b>	<b>26,062</b>	<b>27,159</b>	<b>104,671</b>	<b>28,496</b>	<b>29,857</b>
<i>yoy growth</i>	5.6%	5.5%	4.7%	7.4%	5.8%	11.1%	15.7%
<b>Recurring Revenue</b>	<b>24,603</b>	<b>24,860</b>	<b>25,123</b>	<b>25,923</b>	<b>100,509</b>	<b>27,591</b>	<b>28,924</b>
<i>% of revenue</i>	95.9%	96.4%	96.4%	95.4%	96.0%	96.8%	96.9%
<i>yoy growth</i>	6.1%	6.3%	4.9%	7.5%	6.2%	12.1%	16.3%
<b>Cloud Services</b>	<b>23,602</b>	<b>23,846</b>	<b>24,069</b>	<b>24,817</b>	<b>96,334</b>	<b>26,380</b>	<b>27,668</b>
<i>yoy growth</i>	5.8%	6.0%	4.4%	7.2%	5.9%	11.8%	16.0%
<b>Managed Services</b>	<b>1,001</b>	<b>1,014</b>	<b>1,054</b>	<b>1,106</b>	<b>4,175</b>	<b>1,211</b>	<b>1,256</b>
<i>yoy growth</i>	14.9%	14.2%	16.8%	14.7%	15.2%	21.0%	23.8%
<b>Other Revenue</b>	<b>1,049</b>	<b>938</b>	<b>939</b>	<b>1,236</b>	<b>4,162</b>	<b>905</b>	<b>933</b>
<i>% of revenue</i>	4.1%	3.6%	3.6%	4.6%	4.0%	3.2%	3.1%
<i>yoy growth</i>	(6.4%)	(11.4%)	0.7%	6.3%	(2.6%)	(13.7%)	(0.5%)
<b>OTHER METRICS</b>							
<b>Gross Margin</b>	<b>22,419</b>	<b>22,775</b>	<b>22,679</b>	<b>24,171</b>	<b>92,044</b>	<b>25,380</b>	<b>26,502</b>
<i>Margin %</i>	87.4%	88.3%	87.0%	89.0%	87.9%	89.1%	88.8%
<b>Adj. EBITDA (non-IFRS)</b>	<b>7,074</b>	<b>6,216</b>	<b>6,058</b>	<b>8,005</b>	<b>27,353</b>	<b>8,148</b>	<b>8,049</b>
<i>Margin %</i>	27.6%	24.1%	23.2%	29.5%	26.1%	28.6%	27.0%
<b>EPS</b>	<b>0.08</b>	<b>0.06</b>	<b>0.05</b>	<b>0.05</b>	<b>0.25</b>	<b>0.06</b>	<b>0.04</b>
<b>Adj. EPS (non-IFRS)</b>	<b>0.17</b>	<b>0.15</b>	<b>0.14</b>	<b>0.19</b>	<b>0.65</b>	<b>0.19</b>	<b>0.16</b>
<b>Diluted Shares</b>	<b>41,723</b>	<b>41,723</b>	<b>42,418</b>	<b>42,512</b>	<b>42,138</b>	<b>42,627</b>	<b>48,983</b>
<b>Fully Diluted Shares</b>	<b>44,170</b>	<b>43,859</b>	<b>44,845</b>	<b>45,229</b>	<b>44,746</b>	<b>45,832</b>	<b>52,246</b>
<b>Effective Tax Rate</b>	<b>25.6%</b>	<b>29.6%</b>	<b>32.3%</b>	<b>35.3%</b>	<b>30.2%</b>	<b>33.2%</b>	<b>27.9%</b>
<b>Cash From Operating Activities</b>	<b>7,478</b>	<b>2,174</b>	<b>3,735</b>	<b>11,570</b>	<b>24,957</b>	<b>14,707</b>	<b>13,410</b>
<i>yoy growth</i>	87.5%	12.8%	328.8%	233.1%	143.2%	97%	516.8%
<b>Cash and Short-Term Equivalent</b>	<b>38,947</b>	<b>38,561</b>	<b>38,861</b>	<b>47,078</b>	<b>47,078</b>	<b>58,241</b>	<b>131,984</b>
<i>yoy growth</i>	12.5%	12.7%	9.5%	31.5%	31.5%	49.5%	242.3%
<b>Total Deferred Revenue</b>	<b>130,782</b>	<b>128,806</b>	<b>127,609</b>	<b>142,603</b>	<b>142,603</b>	<b>148,444</b>	<b>154,089</b>
<i>yoy growth</i>	(3.7%)	(2.2%)	(0.5%)	6.1%	6.1%	13.5%	19.6%

## Adjusted EPS (non-IFRS) Reconciliation

	F2020					F2021	
	Q1	Q2	Q3	Q4	F2020	Q1	Q2
<b>Diluted EPS</b>	\$ 0.08	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.25	\$ 0.06	\$ 0.04
Other income / expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ 0.01
Income taxes	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.11	\$ 0.03	\$ 0.01
Share-based compensation	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.16	\$ 0.06	\$ 0.05
Amortization of property and equipment and right of use assets	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.13	\$ 0.03	\$ 0.03
Non-recurring items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.02
<b>Adjusted EPS (non-IFRS)</b>	<b>\$ 0.17</b>	<b>\$ 0.15</b>	<b>\$ 0.14</b>	<b>\$ 0.19</b>	<b>\$ 0.65</b>	<b>\$ 0.19</b>	<b>\$ 0.16</b>

## Adjusted EBITDA (non-IFRS) Reconciliation

USD in 000s

	F2020					F2021	
	Q1	Q2	Q3	Q4	F2020	Q1	Q2
<b>Net income</b>	<b>\$ 3,451</b>	<b>\$ 2,710</b>	<b>\$ 2,258</b>	<b>\$ 2,215</b>	<b>\$ 10,635</b>	<b>\$ 2,602</b>	<b>\$ 1,903</b>
Income tax expense	1,186	1,137	1,077	1,207	4,607	1,294	736
Finance income, net	19	(2)	(111)	(43)	(137)	(22)	(3)
Interest expense, lease liability	-	-	226	135	361	139	143
Foreign exchange loss (gain)	13	40	(271)	18	(199)	186	300
Share-based compensation	1,167	1,070	1,398	3,137	6,772	2,593	2,554
Amortization of property and equipment	825	846	845	869	3,385	866	811
Amortization of right of use assets	413	413	637	467	1,930	490	607
Non-recurring items	-	-	-	-	-	-	1,000
<b>Adjusted EBITDA</b>	<b>\$ 7,074</b>	<b>\$ 6,216</b>	<b>\$ 6,058</b>	<b>\$ 8,005</b>	<b>\$ 27,353</b>	<b>\$ 8,148</b>	<b>\$ 8,049</b>

### Management Dashboard of Selected Metrics – Q2 F2021

Absolute Software’s management has established this dashboard of selected operating and financial metrics across multiple periods that we believe is helpful in reviewing various performance measures for the business. This dashboard is not intended to establish or replace the key metrics for the company, as those metrics are set out in the section titled “Non-IFRS Measures and Key Metrics” of our most recent Management’s Discussion and Analysis (“MD&A”), or replace the financial information contained in our financial statements, which are available at [www.absolute.com](http://www.absolute.com), under Absolute’s SEDAR profile at [www.sedar.com](http://www.sedar.com), and on EDGAR at [www.sec.gov](http://www.sec.gov). Please refer to our quarterly and annual financial statements and MD&A for complete disclosure relating to the company’s operating and financial metrics.

### Non-IFRS Measures

Absolute Software’s management uses certain non-standard measures under International Financial Reporting Standards (“IFRS”) that we believe are meaningful in the assessment of Absolute Software’s performance. Please review the Definitions section below for a description of the IFRS and non-IFRS measures presented in this document. ARR, Total ARR, Adjusted EBITDA, and Adjusted EPS are metrics that do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures provided by other companies. Please also review the reconciliations included in this document of (i) Adjusted EBITDA to IFRS net income after taxes, and (ii) Adjusted EPS to IFRS EPS. For further information, please refer to the section titled “Non-IFRS Measures and Key Metrics” of our most recent MD&A.

### Definitions

Below are definitions for certain of the metrics included herein. Please refer to our quarterly and annual financial statements and MD&A for complete definitions and explanations of the company’s operating and financial metrics. In addition, some of the metrics included herein have standardized meanings under IFRS.

<b>Total ARR (or ARR)</b>	As the majority of our customer contracts are sold under prepaid multi-year term licenses, there is typically a significant lag between the timing of the invoice and the associated revenue recognition. As a result, we focus on the aggregate annual recurring revenue of our subscriptions under contract and generating revenue, measured by Annual Recurring Revenue or ARR, as an indicator of our future recurring revenues.
<b>New Logo ARR</b>	Measures the addition to Total ARR from sales to new customers during a period.
<b>Net Dollar Retention</b>	Measures the percentage increase or decrease in Total ARR at the end of a year for customers that comprised Total ARR at the beginning of the year. This metric provides insight into the effectiveness of our activities to retain and expand the ARR of our existing customers.
<b># of Active Endpoints</b>	Measures the number of computing devices that are activated with our cloud computing services globally at a point in time.
<b>Recurring Revenue</b>	Represents revenue derived from Cloud Services and managed services.
<b>Adjusted EBITDA*</b>	Refers to net income before adding/deducting interest income or expense, income taxes, depreciation / amortization of intangible assets, property and equipment, and right of use assets, foreign exchange gains or losses, share-based compensation, restructuring or reorganization charges and post-retirement benefits and non-recurring items.  <i>*Refer to the reconciliation of Adjusted EBITDA to IFRS net income after taxes included in this document.</i>
<b>Adjusted EPS*</b>	Calculated as Adjusted EBITDA divided by the weighted average number of common shares outstanding on a diluted basis.  <i>*Refer to the reconciliation of Adjusted EPS to IFRS EPS included in this document.</i>
<b>Cash and Short-Term Equivalents</b>	Defined as cash, cash equivalents, and short-term investments.