

Selected Operating & Financial Metrics | Q3 F2021



(\$ in USD; all amounts in 000s except per share)
May 11, 2021

	F2020				
	Q1	Q2	Q3	Q4	F2020
ARR					
Total ARR	99,134	100,293	101,444	108,338	108,338
<i>yoy growth</i>	6.5%	5.3%	6.6%	10.6%	10.6%
New Logo ARR	1,055	1,280	952	3,482	6,769
<i>yoy growth</i>	7.9%	24.5%	(11.7%)	67.7%	31.2%
Net Dollar Retention	101%	100%	101%	104%	104%
# of Active Endpoints	9,620	9,692	9,784	9,916	9,916
<i>yoy growth</i>	5.2%	7.4%	10.6%	11.1%	11.1%
TOTAL ARR BY VERTICAL					
Enterprise & Government	67,010	69,555	70,648	74,060	74,060
<i>yoy growth</i>	11.4%	12.4%	13.5%	13.7%	13.7%
Education	32,125	30,738	30,796	34,278	34,278
<i>yoy growth</i>	(2.4%)	(7.9%)	(6.5%)	4.3%	4.3%
TOTAL ARR BY GEOGRAPHY					
North America	86,692	87,362	87,780	93,565	93,565
<i>yoy growth</i>	4.4%	3.1%	4.2%	9.2%	9.2%
International	12,442	12,931	13,664	14,773	14,773
<i>yoy growth</i>	23.5%	23.2%	24.4%	19.9%	19.9%

F2021		
Q1	Q2	Q3
111,748	117,471	120,412
12.7%	17.1%	18.7%
1,790	1,466	2,554
69.7%	14.5%	168.2%
105%	109%	110%
10,599	11,463	11,570
10.2%	18.3%	18.3%
75,013	77,561	78,748
11.9%	11.5%	11.5%
36,736	39,910	41,664
14.4%	29.8%	35.3%
95,069	98,930	100,893
9.7%	13.2%	14.9%
16,679	18,541	19,519
34.1%	43.4%	42.8%

REVENUE					
Total Revenue	25,652	25,798	26,062	27,159	104,671
<i>yoy growth</i>	5.6%	5.5%	4.7%	7.4%	5.8%
Recurring Revenue	24,603	24,860	25,123	25,923	100,509
<i>% of revenue</i>	95.9%	96.4%	96.4%	95.4%	96.0%
<i>yoy growth</i>	6.1%	6.3%	4.9%	7.5%	6.2%
Cloud Services	23,602	23,846	24,069	24,817	96,334
<i>yoy growth</i>	5.8%	6.0%	4.4%	7.2%	5.9%
Managed Services	1,001	1,014	1,054	1,106	4,175
<i>yoy growth</i>	14.9%	14.2%	16.8%	14.7%	15.2%
Other Revenue	1,049	938	939	1,236	4,162
<i>% of revenue</i>	4.1%	3.6%	3.6%	4.6%	4.0%
<i>yoy growth</i>	(6.4%)	(11.4%)	0.7%	6.3%	(2.6%)

28,496	29,857	30,654
11.1%	15.7%	17.6%
27,591	28,924	29,696
96.8%	96.9%	96.9%
12.1%	16.3%	18.2%
26,380	27,668	28,579
11.8%	16.0%	18.7%
1,211	1,256	1,117
21.0%	23.8%	16.5%
905	933	958
3.2%	3.1%	3.1%
(13.7%)	(0.5%)	2.0%

OTHER METRICS					
Gross Margin	22,419	22,775	22,679	24,171	92,044
<i>Margin %</i>	87.4%	88.3%	87.0%	89.0%	87.9%
Adj. EBITDA (non-IFRS)	7,074	6,216	6,058	8,005	27,353
<i>Margin %</i>	27.6%	24.1%	23.2%	29.5%	26.1%
EPS	0.08	0.06	0.05	0.05	0.25
Adj. EPS (non-IFRS)	0.17	0.15	0.14	0.19	0.65
Diluted Shares	41,723	41,723	42,418	42,512	42,138
Fully Diluted Shares	44,170	43,859	44,845	45,229	44,746
Effective Tax Rate	25.6%	29.6%	32.3%	35.3%	30.2%
Cash From Operating Activities	7,478	2,174	3,735	11,570	24,957
<i>yoy growth</i>	87.5%	12.8%	328.8%	233.1%	143.2%
Cash and Short Term Equivalents	38,947	38,561	38,861	47,078	47,078
<i>yoy growth</i>	12.5%	12.7%	9.5%	31.5%	31.5%
Total Deferred Revenue	130,782	128,806	127,609	142,603	142,603
<i>yoy growth</i>	(3.7%)	(2.2%)	(0.5%)	6.1%	6.1%

25,380	26,502	26,762
89.1%	88.8%	87.3%
8,148	8,049	7,693
28.6%	27.0%	25.1%
0.06	0.04	0.05
0.19	0.16	0.16
42,627	48,983	49,334
45,832	52,246	52,358
33.2%	27.9%	24.4%
14,707	13,410	7,276
96.7%	516.8%	94.8%
58,241	131,984	132,730
49.5%	242.3%	241.5%
148,444	154,089	156,691
13.5%	19.6%	22.8%

Adjusted EPS (Non-IFRS) Reconciliation

	F2020					F2021		
	Q1	Q2	Q3	Q4	F2020	Q1	Q2	Q3
Diluted EPS	\$ 0.08	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.25	\$ 0.06	\$ 0.04	\$ 0.05
Other Income / Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ 0.01	\$ 0.01
Income Taxes	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.11	\$ 0.03	\$ 0.01	\$ 0.01
Share-based compensation	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.16	\$ 0.06	\$ 0.05	\$ 0.06
Amortization of property and equipment and right of use assets	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.13	\$ 0.03	\$ 0.03	\$ 0.03
Non-recurring Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.02	\$ -
Adj EPS (Non-IFRS)	\$ 0.17	\$ 0.15	\$ 0.14	\$ 0.19	\$ 0.65	\$ 0.19	\$ 0.16	\$ 0.16

Adj. EBITDA (Non-IFRS) Reconciliation

USD in 000s

	F2020					F2021		
	Q1	Q2	Q3	Q4	F2020	Q1	Q2	Q3
Net Income	\$ 3,451	\$ 2,710	\$ 2,258	\$ 2,215	\$ 10,635	\$ 2,602	\$ 1,903	\$ 2,233
Income tax expense	1,186	1,137	1,077	1,207	4,607	1,294	736	719
Finance income, net	(112)	(129)	(111)	(43)	(395)	(22)	(3)	16
Interest expense, lease liability	131	127	226	135	619	139	143	155
Foreign exchange loss (gain)	13	40	(271)	18	(199)	186	300	102
Share-based compensation	1,167	1,070	1,398	3,137	6,772	2,593	2,554	2,806
Amortization of property and equipment	825	846	845	869	3,385	866	811	802
Amortization of right of use assets	413	413	637	467	1,930	490	607	662
Non-recurring Items	-	-	-	-	-	-	1,000	197
Adj. EBITDA	\$ 7,074	\$ 6,216	\$ 6,058	\$ 8,005	\$ 27,353	\$ 8,148	\$ 8,049	\$ 7,693

Management Dashboard of Selected Metrics – Q3 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, under Absolute’s SEDAR profile at www.sedar.com, and on EDGAR at 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.

Total ARR (or ARR)	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.
New Logo ARR	Measures the addition to Total ARR from sales to new customers during a period.
Net Dollar Retention	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.
# of Active Endpoints	Measures the number of computing devices that are activated with our cloud computing services globally at a point in time.
Recurring Revenue	Represents revenue derived from Cloud Services and managed services.
Adjusted EBITDA*	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>
Adjusted EPS*	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>
Cash and Short-Term Equivalents	Defined as cash, cash equivalents, and short-term investments.