



Selected Operating & Financial Metrics | Q4 F2021

(\$ in USD; all amounts in 000s except per share)
August 10, 2021

	F2020					F2021				
	Q1	Q2	Q3	Q4	F2020	Q1	Q2	Q3	Q4	F2021
ARR										
Total ARR	99,134	100,293	101,444	108,338	108,338	111,748	117,471	120,412	123,411	123,411
yoy growth	6.5%	5.3%	6.6%	10.6%	10.6%	12.7%	17.1%	18.7%	13.9%	13.9%
New Logo ARR	1,055	1,280	952	3,482	6,769	1,790	1,466	2,554	2,707	8,516
yoy growth	7.9%	24.5%	(11.7%)	67.7%	31.2%	69.7%	14.5%	168.2%	(22.3%)	25.8%
Net Dollar Retention	101%	100%	101%	104%	104%	105%	109%	110%	106%	106%
# of Active Endpoints	9,620	9,692	9,784	9,916	9,916	10,599	11,463	11,570	11,577	11,577
yoy growth	5.2%	7.4%	10.6%	11.1%	11.1%	10.2%	18.3%	18.3%	16.8%	16.8%
TOTAL ARR BY VERTICAL										
Enterprise & Government	67,010	69,555	70,648	74,060	74,060	75,013	77,561	78,748	81,982	81,982
yoy growth	11.4%	12.4%	13.5%	13.7%	13.7%	11.9%	11.5%	11.5%	10.7%	10.7%
Education	32,125	30,738	30,796	34,278	34,278	36,736	39,910	41,664	41,429	41,429
yoy growth	(2.4%)	(7.9%)	(6.5%)	4.3%	4.3%	14.4%	29.8%	35.3%	20.9%	20.9%
TOTAL ARR BY GEOGRAPHY										
North America	86,692	87,362	87,780	93,565	93,565	95,069	98,930	100,893	102,656	102,656
yoy growth	4.4%	3.1%	4.2%	9.2%	9.2%	9.7%	13.2%	14.9%	9.7%	9.7%
International	12,442	12,931	13,664	14,773	14,773	16,679	18,541	19,519	20,755	20,755
yoy growth	23.5%	23.2%	24.4%	19.9%	19.9%	34.1%	43.4%	42.8%	40.5%	40.5%
REVENUE										
Total Revenue	25,652	25,798	26,062	27,159	104,671	28,496	29,857	30,654	31,777	120,784
yoy growth	5.5%	5.5%	4.7%	7.4%	5.8%	11.1%	15.7%	17.6%	17.0%	15.4%
Recurring Revenue	24,603	24,860	25,123	25,923	100,509	27,591	28,924	29,696	30,838	117,048
% of revenue	95.9%	96.4%	96.4%	95.4%	96.0%	96.8%	96.9%	96.9%	97.0%	96.9%
yoy growth	6.1%	6.3%	4.9%	7.5%	6.2%	12.1%	16.3%	18.2%	19.0%	16.5%
Cloud Services	23,602	23,846	24,069	24,817	96,334	26,380	27,668	28,579	29,813	112,440
yoy growth	5.8%	6.0%	4.4%	7.2%	5.9%	11.8%	16.0%	18.7%	20.1%	16.7%
Managed Services	1,001	1,014	1,054	1,106	4,175	1,211	1,256	1,117	1,025	4,609
yoy growth	15.0%	14.2%	16.8%	14.7%	15.2%	21.0%	23.9%	16.5%	(7.3%)	10.4%
Other Revenue	1,049	938	939	1,236	4,162	905	933	958	940	3,736
% of revenue	4.1%	3.6%	3.6%	4.6%	4.0%	3.2%	3.1%	3.1%	3.0%	3.1%
yoy growth	(6.4%)	(11.4%)	0.7%	6.3%	(2.6%)	(13.7%)	(0.5%)	2.0%	(24.0%)	(10.2%)
OTHER METRICS										
Gross Margin *	22,419	22,775	22,679	24,171	92,044	25,380	26,502	26,762	27,605	106,250
Margin %	87%	88%	87%	89%	88%	89%	89%	87%	87%	88%
Adj. EBITDA (non-IFRS)	7,074	6,216	6,058	8,005	27,353	8,148	8,049	7,693	7,977	31,867
Margin %	27.6%	24.1%	23.2%	29.5%	26.1%	28.6%	27.0%	25.1%	25.1%	26.4%
EPS	0.08	0.06	0.05	0.05	0.25	0.06	0.04	0.05	(0.06)	0.08
Adj. EPS (non-IFRS)	0.17	0.15	0.14	0.19	0.65	0.19	0.16	0.16	0.16	0.68
Weighted avg # of shares outstanding - basic	41,723	41,723	42,418	42,512	42,138	42,627	48,983	49,334	49,534	47,132
Weighted avg # of shares outstanding - diluted	44,170	43,859	44,845	45,229	44,746	45,832	52,246	52,358	49,534	49,917
Effective Tax Rate	25.6%	29.6%	32.3%	35.3%	30.2%	33.2%	27.9%	24.4%	41.4%	14.3%
Cash From Operating Activities	7,478	2,174	3,735	11,570	24,957	14,707	13,410	7,276	11,443	46,836
yoy growth	87%	13%	329%	233%	143%	97%	517%	95%	(1%)	88%
Cash and Short Term Equivalents	38,947	38,561	38,861	47,078	47,078	58,241	131,984	132,730	140,526	140,526
yoy growth	13%	13%	10%	32%	32%	50%	242%	242%	198%	198%
Total Deferred Revenue	130,782	128,806	127,609	142,603	142,603	148,444	154,089	156,691	160,182	160,182
yoy growth	(4%)	(2%)	(1%)	6%	6%	14%	20%	23%	12%	12%

* Consistent with presentation in prior quarters, gross margin excludes share-based compensation expense.

Adjusted EBITDA | IFRS Reconciliations

Adjusted EPS (Non-IFRS) Reconciliation

	F2020					F2021				
	Q1	Q2	Q3	Q4	F2020	Q1	Q2	Q3	Q4	F2021
EPS	\$ 0.08	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.25	\$ 0.06	\$ 0.04	\$ 0.05	\$ (0.06)	\$ 0.08
Other Income / Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.03
Income Taxes	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.11	\$ 0.03	\$ 0.01	\$ 0.01	\$ (0.04)	\$ 0.01
Share-based compensation	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.16	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.04	\$ 0.22
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	\$ 0.03	\$ 0.12
Non-Recurring Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.18	\$ 0.22
Adj EPS (Non-IFRS)	\$ 0.17	\$ 0.15	\$ 0.14	\$ 0.19	\$ 0.65	\$ 0.19	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.68

Adj. EBITDA (Non-IFRS) Reconciliation

	F2020					F2021				
	Q1	Q2	Q3	Q4	F2020	Q1	Q2	Q3	Q4	F2021
Net Income	\$ 3,451	\$ 2,710	\$ 2,258	\$ 2,215	\$ 10,635	\$ 2,602	\$ 1,903	\$ 2,233	\$ (3,006)	\$ 3,732
Income tax expense ⁽ⁱ⁾	1,186	1,137	1,077	1,207	4,607	1,294	736	719	(2,124)	625
Finance income, net	(112)	(129)	(111)	(43)	(395)	(22)	(3)	16	38	29
Interest expense, lease liability	131	127	226	135	619	139	143	155	116	552
Foreign exchange loss (gain)	13	40	(271)	18	(199)	186	300	102	103	690
Share-based compensation expense	1,167	1,070	1,398	3,137	6,772	2,593	2,554	2,806	2,406	10,359
Depreciation of property and equipment	825	846	845	869	3,385	866	811	802	740	3,220
Amortization of right of use assets	413	413	637	467	1,930	490	607	662	727	2,486
Non-Recurring Items ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	1,000	197	8,977	10,174
Adj. EBITDA	\$ 7,074	\$ 6,216	\$ 6,058	\$ 8,005	\$ 27,353	\$ 8,148	\$ 8,049	\$ 7,693	\$ 7,977	\$ 31,867

⁽ⁱ⁾ Income tax recoverable in Q4F21 primarily due to true-up of share-based payment related to deferred tax asset (pre-tax amount of \$1.8m).

⁽ⁱⁱⁱ⁾ Non-recurring items in Q4F21 consists of the transaction and integration costs for the acquisition of NetMotion.

Adjusted EBITDA refers to net income before adding / deducting interest income or expense, foreign exchange gains or losses, income taxes, depreciation / amortization of intangible assets, property and equipment, and right of use assets, share-based compensation, restructuring or reorganization charges and post-retirement benefits and non-recurring items. Refer to "Non-IFRS Measure and Key Metrics" section of the Q4 F2021 MD&A for further details of this measure.

Management Dashboard of Selected Metrics - Q4 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 annualized recurring value of all active contracts, measured by Annual Recurring Revenue (“ARR”), as an indicator of our future recurring revenues. ARR includes multi-year and short-term subscriptions for cloud-based services, as well as, managed professional services and professional services with terms greater than one year. Both multi-year contracts and contracts with terms less than one year are annualized by dividing the total committed contract value by the number of months in the subscription term and then multiplying by twelve.
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. *Refer to the reconciliation of Adjusted EBITDA to IFRS net income after taxes included in this document.
Adjusted EPS*	Calculated as Adjusted EBITDA divided by the weighted average number of common shares outstanding. *Refer to the reconciliation of Adjusted EPS to IFRS EPS included in this document.
Cash and Short-Term Equivalents	Defined as cash, cash equivalents, and short-term investments.