ABSOLUTE SOFTWARE

# Earnings Presentation

## Q4 and Fiscal 2022

(Quarter and Year Ended June 30, 2022)

August 23, 2022

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# Safe Harbor / Financial Info.

This presentation contains certain forward-looking statements and forward-looking information, as defined under applicable securities laws, including, without limitation, the U.S. Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements") which relate to future events or Absolute's future business, operations, and financial performance and condition. Forward-looking statements often, but noy always contain words like "will", "intend", "anticipate", "could", "should", "may", "might", "expect", "estimate", "forecast", "plan", "potential", "project", "assume", "contemplate", "believe", "shall", "scheduled", or the negative of those words and similar terms and, within this presentation, include the fiscal 2023 outlook/guidance and any statements (express or implied) respecting: Absolute's future plans, strategies, and objectives, including plans, strategies, and objectives arising out of the NetMotion acquisition; projected revenues, expenses, margins, and profitability; anticipated strategic, operational, and financial benefits of the NetMotion acquisition; future trends, opportunities, challenges, and growth in Absolute's industry; the impacts of the COVID-19 pandemic on Absolute's business, operations, prospects, and financial results; Absolute's ability to grow revenue by selling to new customers and increasing subscriptions with existing customers; Absolute's ability to renew customers' subscriptions; Absolute's ability to maintain and enhance its competitive advantages within its industry and in certain markets; Absolute's ability to remain compatible with existing and new operating systems; the maintenance and development of Absolute's PC OEM and other partner networks; Absolute's APaaS initiative; existing and new product functionality and suitability; Absolute's product and research and development strategies and plans; increases to brand awareness and market penetration; foreign operations and growth; and other aspects of Absolute's operations or operating results. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and allowing investors and others to get a better understanding of our anticipated financial position, results of operations, and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements are not guarantees of future performance, actions, or developments and are based on expectations, assumptions, and other factors that management currently believes are relevant, reasonable, and appropriate in the circumstances, including, without limitation: assumptions regarding Absolute's business, products, financial position, and industry; assumptions regarding the NetMotion acquisition and integration; assumptions regarding Absolute's ability to successfully manage the impacts of capital markets, economic, and political volatility on its business, operations, and financial results; and those assumptions referred to in Absolute's most recent Management's Discussion and Analysis (the "MD&A") which is available at www.absolute.com, under Absolute's SEDAR profile at www.sedar.com, and on EDGAR at www.sec.gov. Although management believes that the forward-looking statements herein are reasonable, actual results could be substantially different due to the risks and uncertainties associated with and inherent to Absolute's business, as more particularly referred to in the MD&A. Additional material risks and uncertainties applicable to the forward-looking statements herein include, without limitation, unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant. Many of these factors are beyond the control of Absolute. All forward-looking statements included in this presentation are expressly qualified in their entirety by these cautionary statements. The forward-looking statements contained in this presentation are made as at the date hereof and Absolute undertakes no obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by applicable securities laws.

Absolute's fiscal year ends on June 30 of each year. All dollar figures herein are stated in U.S. dollars unless otherwise indicated.

Management uses certain non-standard measures under International Financial Reporting Standards ("IFRS") that it believes are meaningful in the assessment of Absolute's performance. Management believes that analyzing operating results exclusive of the significant non-cash items noted above provides a useful measure of Absolute's performance. As the majority of our customer contracts are sold under prepaid multi-year term licenses, there is 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 ("ARR") of our subscriptions under contract and generating revenue as an indicator of our future recurring revenues. "Total ARR" measures the amount of annual recurring revenue we will receive from our commercial customers under contract at a point in time, and therefore is an indicator of our future revenue streams. The term "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. The term "Adjusted EBITDA" refers to earnings before deducting interest income or expense, income taxes, amortization of intangible assets and property and equipment, foreign exchange gains or losses, share-based compensation, reorganization charges, and post-retirement benefits. Please refer to the appendix to this presentation for a reconciliation of Adjusted EBITDA to IFRS net income after taxes. Please also refer to the section entitled "Non-IFRS Measures and Key Metrics" of Absolute's latest MD&A. ARR, Total ARR, Net Dollar Retention, and Adjusted EBITDA are key operating metrics that do not have standardized meanings prescribed by IFRS and may not necessarily be comparable to similar measures provided by other companies.

This presentation includes certain as-if combined performance measures, such as ARR and adjusted revenue growth, which reflect the performance of NetMotion. Because Absolute may not calculate such historical measures in the same way as NetMotion, we have applied certain assumptions to such combined measures, and the future results of the combined company may not be a comparable result. The as-if combined financial data in this presentation has not been audited or reviewed by any independent auditor and remains subject to change. Additionally, the combined financial data in this presentation has not been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission, including Regulation S-X, or applicable laws in the United States. Further, NetMotion's results have been prepared according to US GAAP and Absolute's results are prepared according to IFRS. As a result, the combined financial data herein reflects certain assumptions that may affect the comparability of such data to NetMotion's standalone financial statements. As such, the combined financial data is used for illustrative purposes only, and is not a forecast, and may not reflect the actual results of the combined company. Forward looking estimates and statements are subject to any potential closing adjustments for the transaction and do not include any adjustments for US GAAP to IFRS or for any purchase accounting adjustments associated with the transaction.

Information contained in this presentation concerning the industry and the markets in which Absolute operates, including Absolute's perceived trends, market position, market opportunity, market share, and competitive advantages within the markets in which it operates, is based on information from independent industry analysts and third-party sources (including industry publications, surveys, and forecasts), Absolute's internal research, and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from Absolute's internal research, and are based on assumptions made by Absolute based on such data and its knowledge of its industry and markets, which management believes to be reasonable. Absolute's internal research has not been verified by any independent source and Absolute has not independently verified any third-party information. While Absolute believes the market opportunity and market share information included in this presentation is generally reliable, such information is inherently imprecise.

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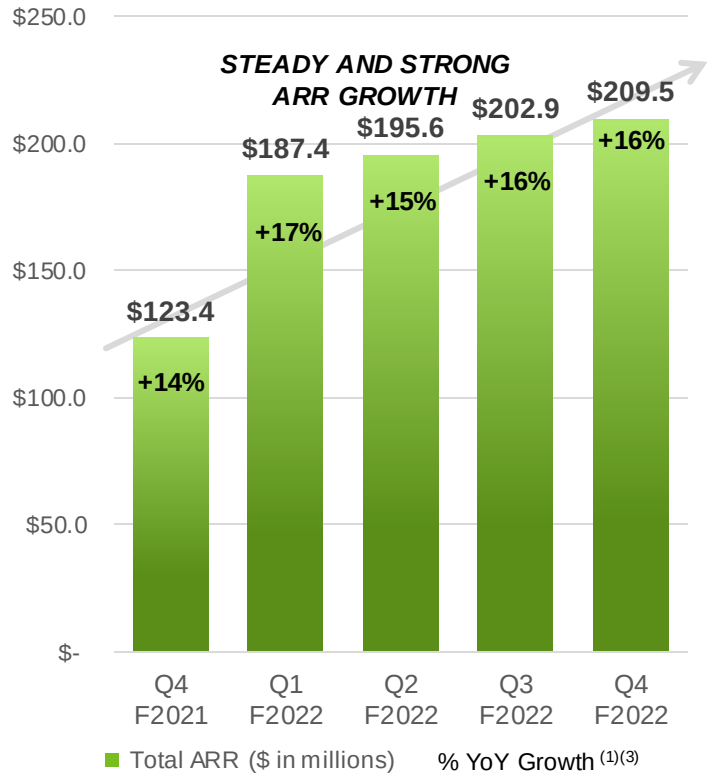
# Absolute Software | A Leader in Resilient, Self-Healing Security Solutions

| *Adj. Revenue Growth (1)(2)* | *Adj. EBITDA Margin (1)* | *ENT/GOV % of Total ARR (1)(3)* | *Operating Cash Flow* | *Active Endpoints* |
|---|---|---|---|---|
| **+15% y/y** | **27%** | **78%** | **$39.8m** | **13.6m** |
| *$210.4m* | *$55.8m* | *+17% y/y* | *Strong cash flow* | *+18% y/y* |




(1) Adjusted revenue and Adjusted EBITDA are non-IFRS measures. Total ARR is a key metric. Please refer to the "*Use of non-IFRS measures and key metrics*" section of Absolute's latest MD&A for further discussion of this key metric.
(2) Adjusted revenue growth is compared to an as-if combined basis without factoring in acquisition related adjustments. F2021 revenue on an as-if combined basis includes the combined revenue of Absolute and NetMotion for F2021 as if the acquisition of NetMotion occurred on July 1, 2020. Revenue attributable to Absolute Software is reported under IFRS and revenue attributable to NetMotion is reported under US GAAP. The amount does not include US GAAP to IFRS adjustments, which are deemed immaterial.
(3) ARR growth for F2022 quarters are compared to an as-if combined basis for the same periods of the previous fiscal year that combines the historical ARR of Absolute Software and NetMotion for the respective periods as if the acquisition of NetMotion occurred on July 1, 2020.

# Selected Financial Results | Q4 and Fiscal 2022

| METRIC | Q4 F2022 (Quarter Ended June 30, 2022) | Fiscal 2022 (Year Ended June 30, 2022) | F2022 Guidance (May 10, 2022) |
|---|---|---|---|
| **ADJUSTED REVENUE(1)** | **$54.0m** | **$210.4m** | $209.5 – 210.5m |
| *Adjusted Revenue YoY Growth %(2)* | ***+12.7%*** | **+15.4%** | *14.9 – 15.4%* |
| **ADJ EBITDA(1)** | **$15.4m** | **$55.8m** | – |
| *Margin %(3)* | ***28.6%*** | ***26.5%*** | 24.5 – 25.5% |

1) Adjusted revenue and Adjusted EBITDA are non-IFRS measures. Please refer to the "*Non-IFRS Measures and Key Metrics*" section of Absolute's latest MD&A for further discussion and other non-IFRS measures.
2) Adjusted revenue growth is compared to an as-if combined basis without factoring in acquisition related adjustments. Q4 F2021 and F2021 revenue on an as-if combined basis includes the combined revenue of Absolute and NetMotion for Q4 F2021 and F2021, as if the acquisition of NetMotion occurred on July 1, 2020. Revenue attributable to Absolute Software is reported under IFRS and revenue attributable to NetMotion is reported under US GAAP. The amount does not include US GAAP to IFRS adjustments, which are deemed immaterial. .
3) Margin % is calculated as a percentage of Adjusted Revenue.

# Q4 & Fiscal 2022 | Selected Financial Highlights

## Increased Momentum for Endpoint Resilience™ Continues Driving Growth

- Adjusted Revenue of **$54.0** million for Q4 and **$210.4** million for F2022, representing respectively **+13%** and **+15%** year-over-year growth on an as-if combined basis without factoring in acquisition related adjustments(1)(2)

## Annual Recurring Revenue (ARR)(2)

- Total ARR of **$209.5** million, representing **+16%** growth compared to an as-if combined basis for Q4 F2021(3)
- Enterprise & Government ARR represented **78%** of total ARR and grew by **+17%** compared to an as-if combined basis for Q4 F2021(3)
- Education ARR represented **22%** of total ARR and grew by **+12%** compared to an as-if combined basis for Q4 F2021(3)
- Net Dollar Retention of **108%** vs. **106%** in the prior year

## Balancing Growth & Profitability

- Q4 Adjusted EBITDA(2) of **$15.4** million, or **29%** margin, compared to **$8.0** million or **25%** margin in Q4 F2021 while F2022 was **$55.8** million, or **27%** margin, compared to **$31.9** million or **26%** margin in F2021
- Cash generated from operating activities in Q4 was **$8.7** million, compared to **$11.4** million in Q4 F2021. F2022 cash generated from operating activities was **$39.8** million, compared to **$46.8** million in F2021
- Absolute paid a dividend of **CAD$0.32** per common share during F2022

NOTE:
(1) Q4 F2021 and F2021 revenue on an as-if combined basis includes the combined revenue of Absolute and NetMotion for Q4 F2021 and F2021 respectively, as if the acquisition of NetMotion occurred on July 1, 2020. Revenue attributable to Absolute Software is reported under IFRS and revenue attributable to NetMotion is reported under US GAAP. The amount does not include US GAAP to IFRS adjustments, which are deemed immaterial.
(2) ARR, Total ARR, Net Dollar Retention, Adjusted Revenue and Adjusted EBITDA are non-IFRS measures and key metrics. Please refer to the "Use of non-IFRS measures and key metrics" section of Absolute's latest MD&A for further discussion and other non-IFRS measures, and the appendix to this presentation for a reconciliation of Adjusted EBITDA to IFRS net income after taxes.
(3) Q4 F2021 ARR on an as-if combined basis combines the historical ARR of Absolute and NetMotion at June 30, 2021, as if the acquisition of NetMotion occurred on July 1, 2020.

# Q4 Fiscal 2022 | Business Highlights

## Company & Channel Developments

- Named the winner of a Bronze Stevie® Award, part of the 20th Annual American Business Awards®, in the category of Company of the Year - Computer Software
- Named the winner of two Global InfoSec Awards by Cyber Defense Magazine (CDM) for 'Most Comprehensive Endpoint Security' and 'Market Leader - Zero Trust'
- Launched operations in Australia and New Zealand, as well as expanded operations across Europe, the Middle East and Africa (EMEA)
- Named Orca Tech as Australia and New Zealand distributor, and appointed new sales leadership in the region
- Announced Ericom, Utopic, and WinMagic® as new partners leveraging Absolute Application Persistence-as-a-Service (APaaS)
- Partnered with Lenovo to launch Lenovo Smart Lock Services and the Lenovo Commercial Vantage Program
- Completed a reorganization to integrate NetMotion Software into Absolute, creating a more efficient operating structure

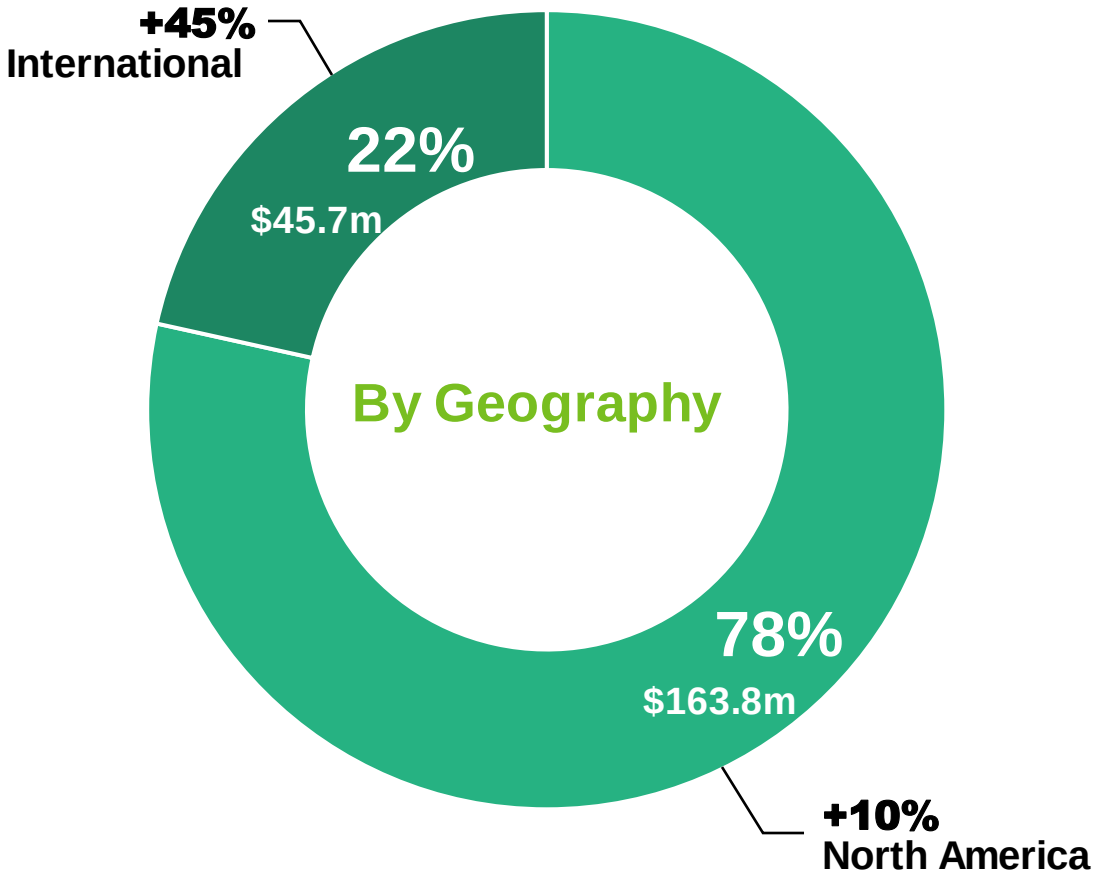
## Product & Service Milestones

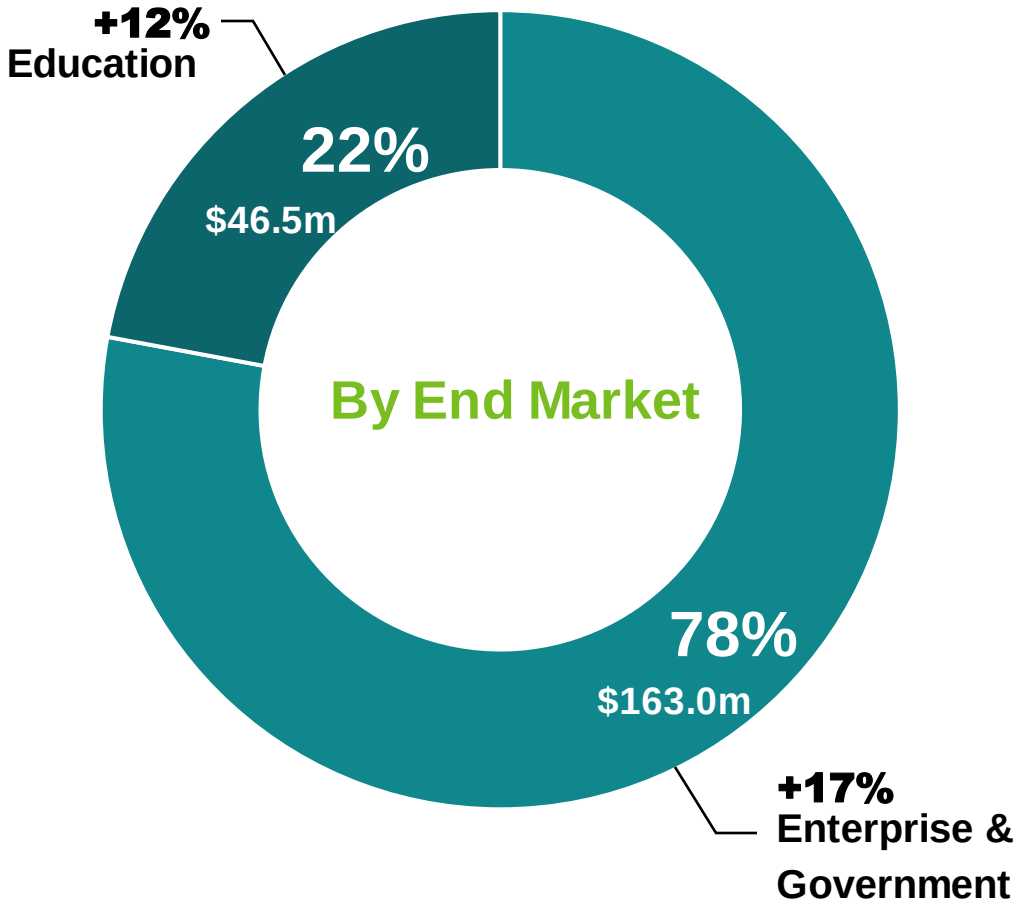
- Reached nearly 13.6 million active endpoints across our global customer base – an increase of 18% year over year
- Added 11 new titles to our Application Persistence™ ecosystem, including BlackBerry CylancePROTECT® and Ivanti Neurons for Unified Endpoint Management
- Delivered enhancements to our Secure Access product portfolio, including self-healing Zero Trust Network Access (ZTNA); a resilient deployment architecture; and expanded network and ZTNA policy intelligence
- Launched Absolute Ransomware Response, enabling customers with the capabilities and services needed to strengthen ransomware preparedness and accelerate endpoint recovery
- Published 'The Value of Zero Trust in a Work-from-Anywhere World' report, revealing the increased risk exposure organizations face amid the shift to distributed and hybrid work

# ARR | Strong Growth Driven by Enterprise & Government

## Total ARR $209.5m

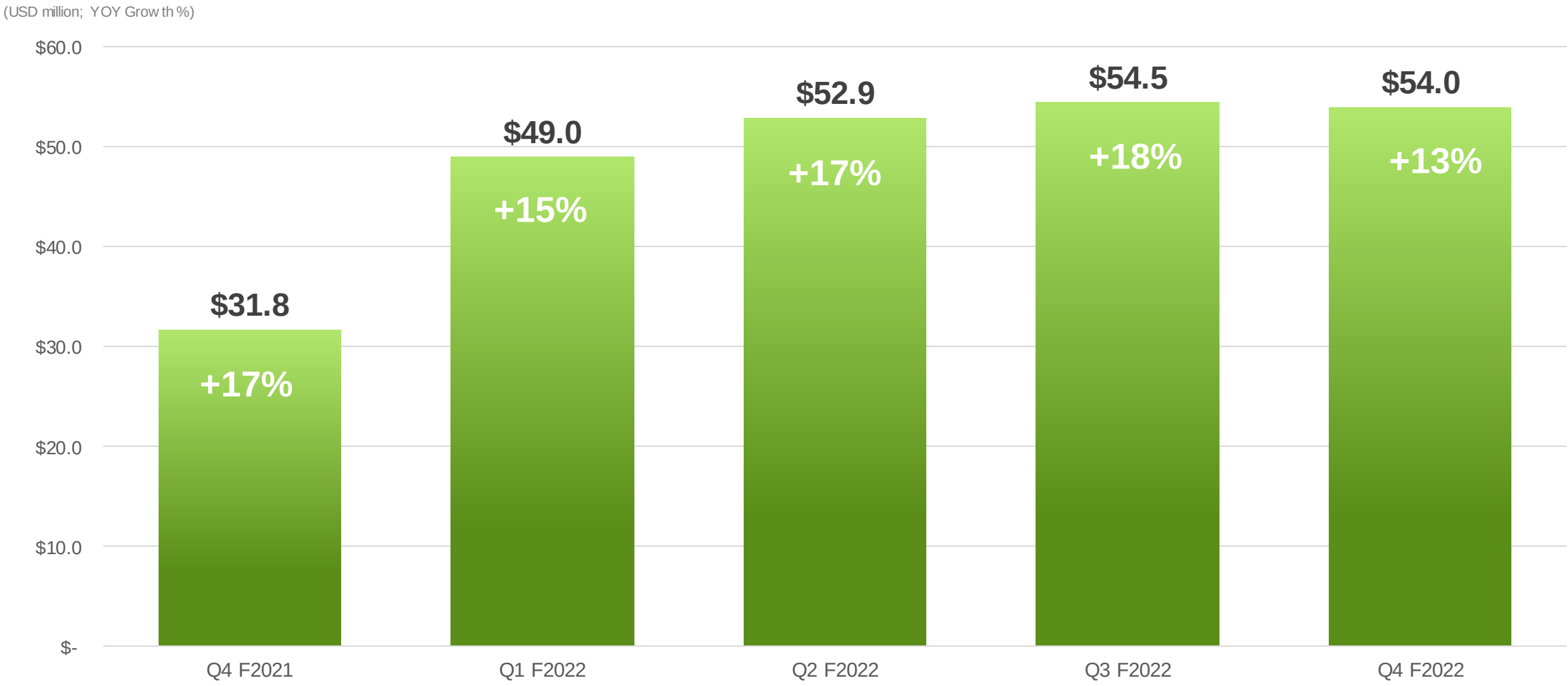
**+16% yoy growth**



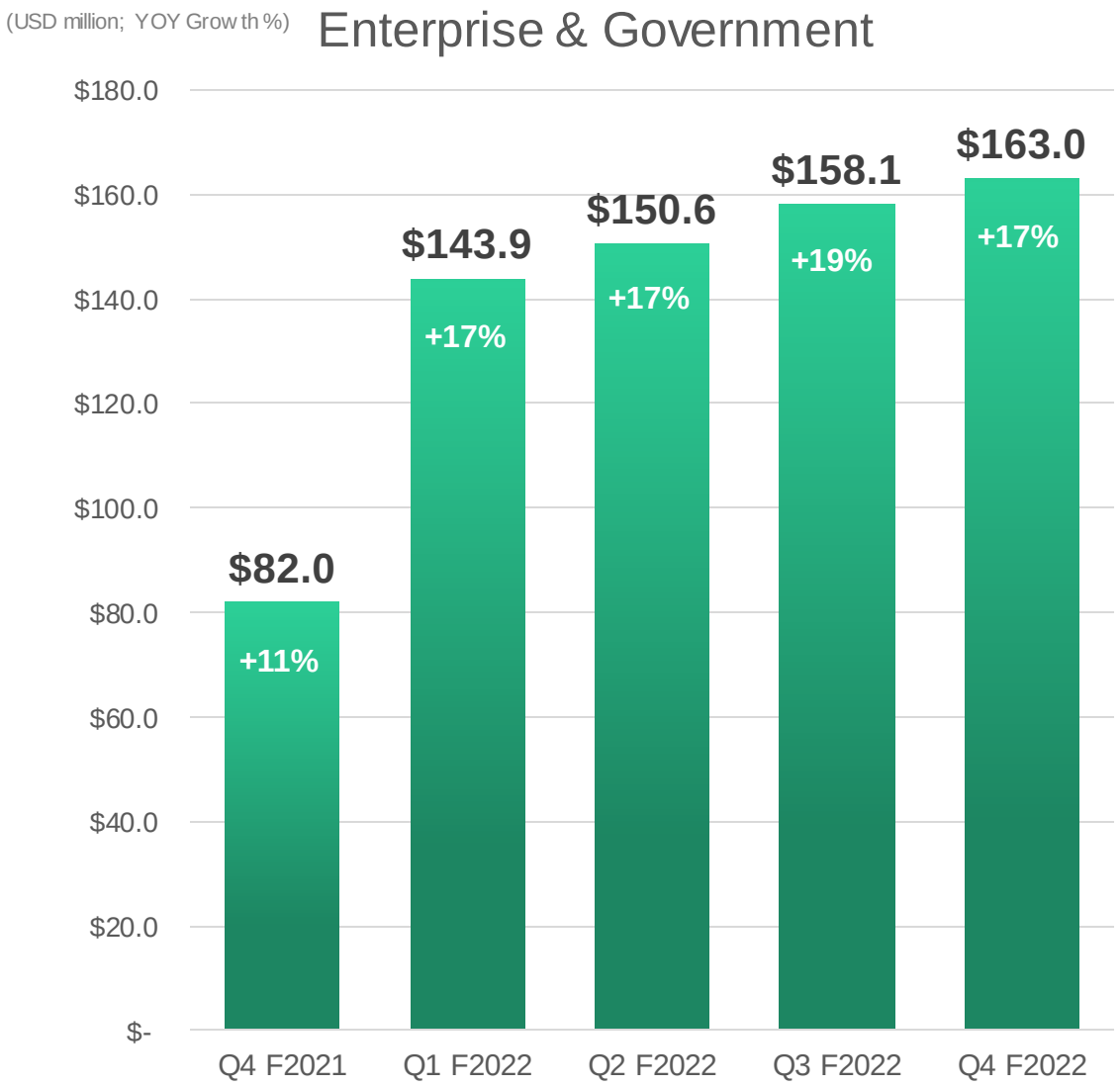

NOTE: Total ARR is a key metric. Please refer to the "*Use of non-IFRS measures and key metrics*" section of Absolute's latest MD&A for further discussion of this key metric.
Growth is presented on as-if combined basis when comparing current quarter results to results in Q4 F2021. Q4 F2021 ARR on an as-if combined basis combines the historical ARR of Absolute Software and NetMotion at June 30, 2021, as if the acquisition of NetMotion occurred on July 1, 2020.

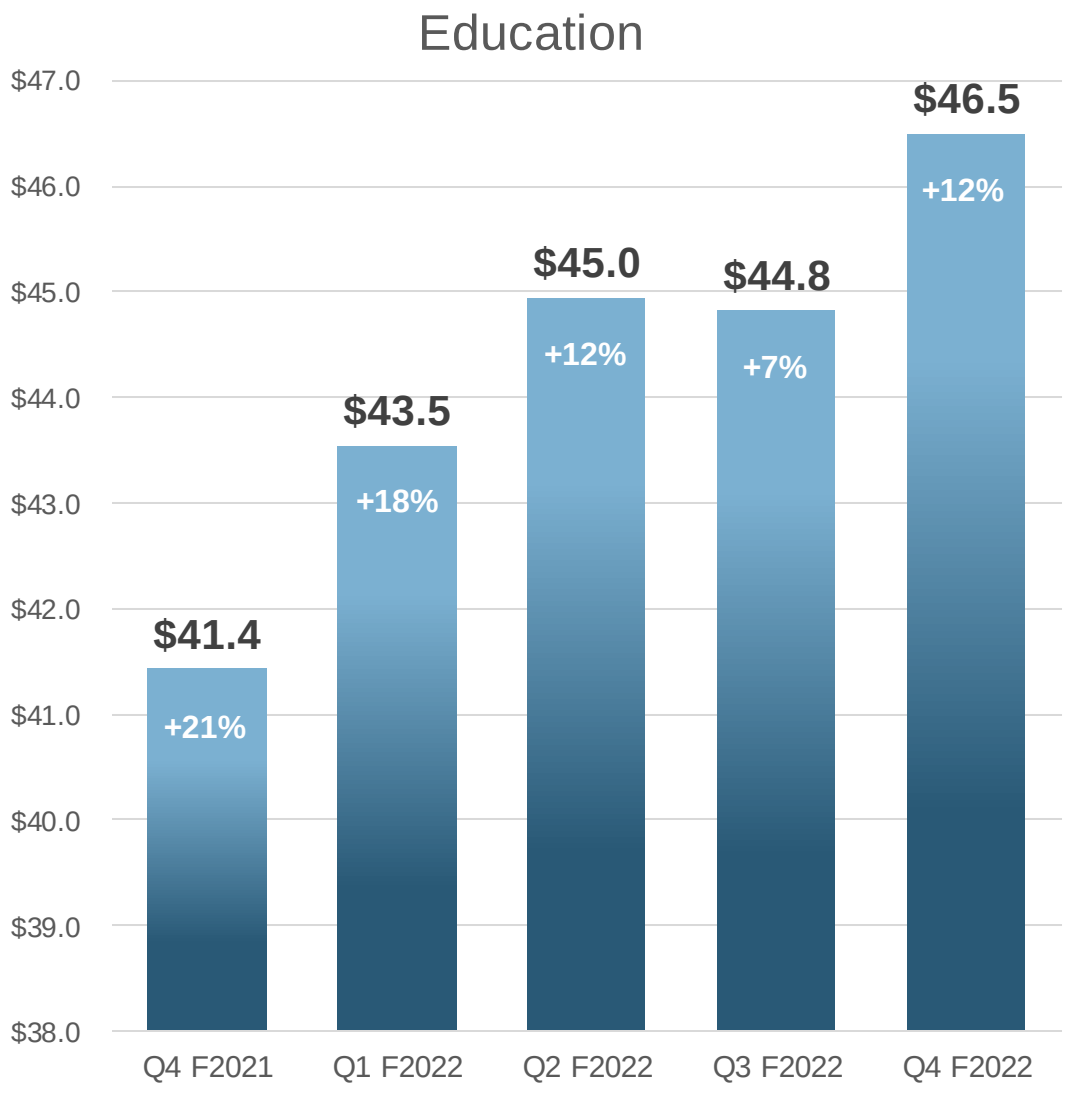
# Adjusted Revenue | Strong Year-over-Year Growth




NOTE: Adjusted Revenue is a non-IFRS measure. Refer to the "*Use of non-IFRS measures and key metrics*" section of Absolute's latest MD&A for further discussion of these measures.
Growth for F2022 quarters are compared to an as-if combined basis for the same periods of the previous fiscal year. Q4 F2021, Q3 F2021, Q2 F2021 and Q1 F2021 revenue on an as-if combined basis includes the combined revenue of Absolute and NetMotion for the respective periods. Revenue attributable to Absolute Software is reported under IFRS and revenue attributable to NetMotion is reported under US GAAP. The amount does not include US GAAP to IFRS adjustments, which are deemed immaterial.

# Total ARR | Continuing Growth & Expansion

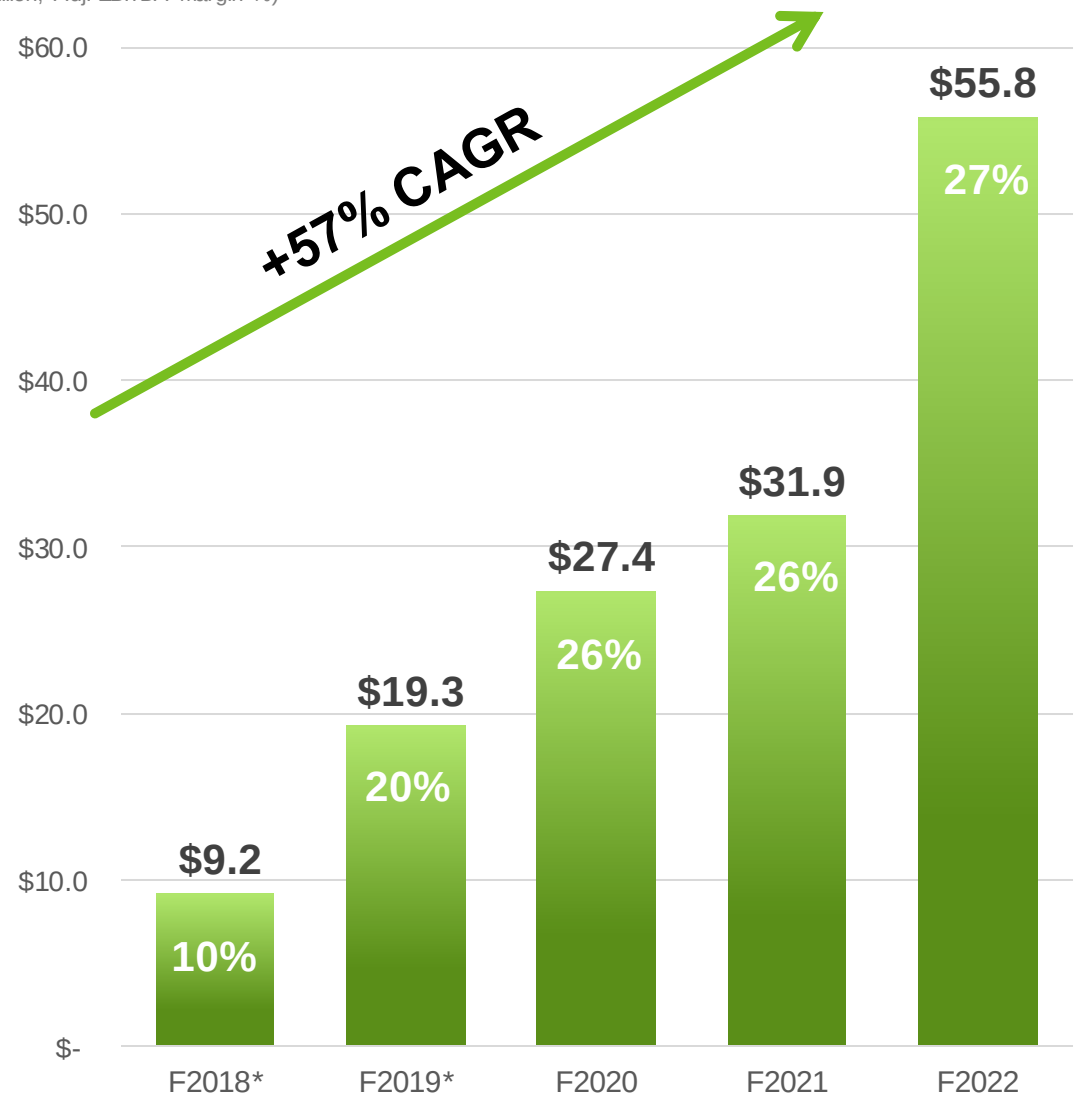


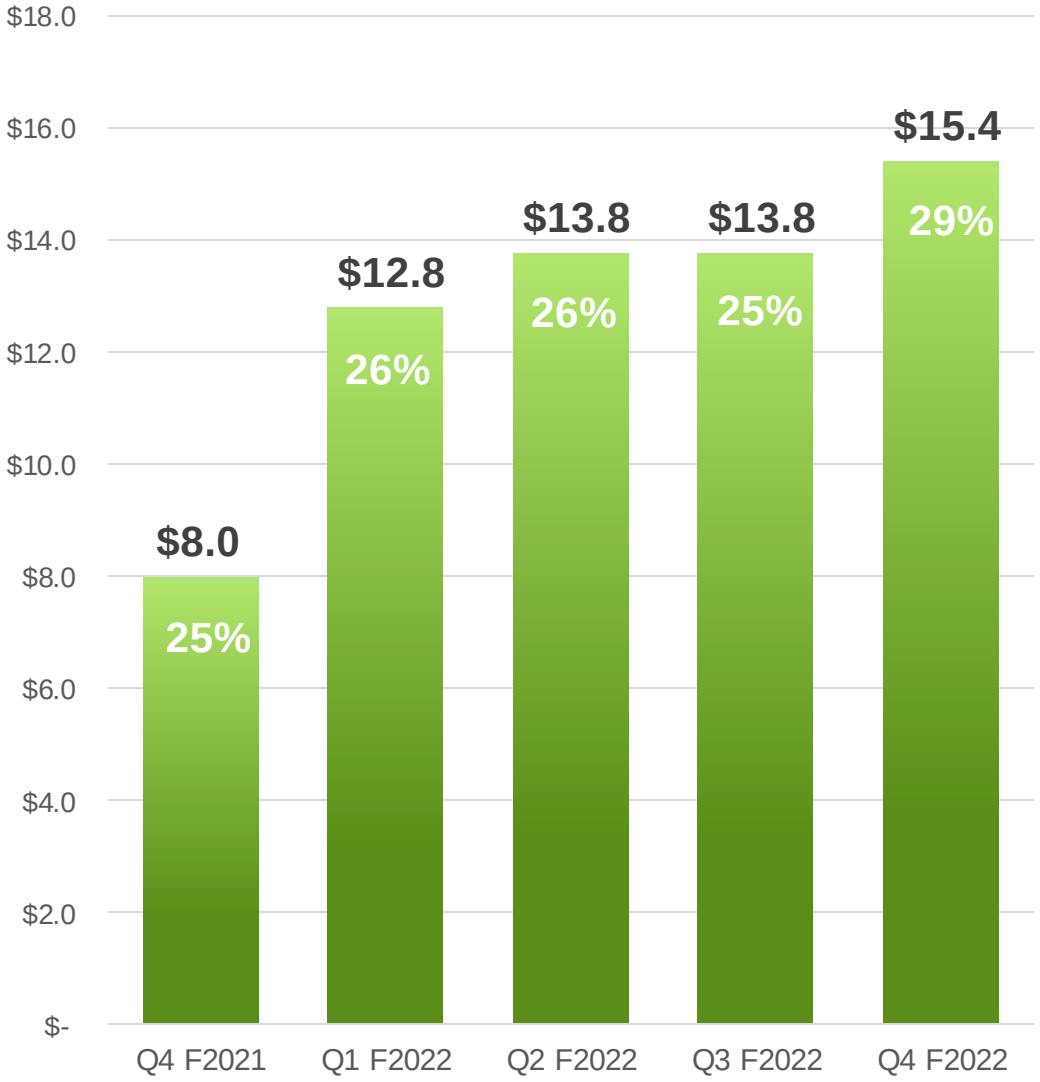




NOTE: Total ARR is a key metric. Please refer to the "*Use of non-IFRS measures and key metrics*" section of Absolute's latest MD&A for further discussion of this key metric.
Growth for F2022 quarters are compared to an as-if combined basis for the same periods of the previous fiscal year. Q4 F2021, Q3 F2021, Q2 F2021 and Q1 F2021 ARR on an as-if combined basis combines the historical ARR of Absolute Software and NetMotion for the respective periods as if the acquisition of NetMotion occurred on July 1, 2020.

# Adjusted EBITDA | Compelling Mix of Growth & Profitability

(USD million; Adj. EBITDA Margin %)

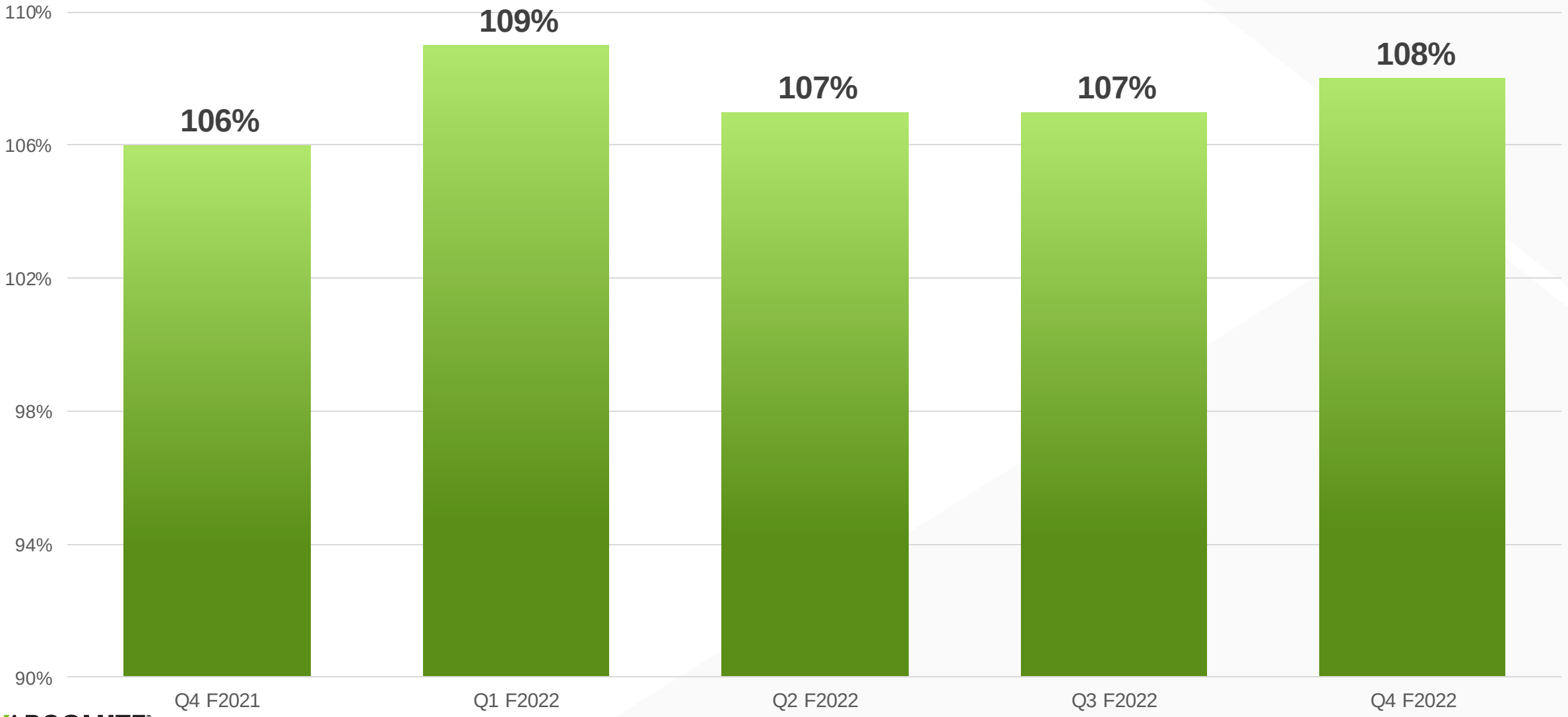



NOTE: The Company adopted IFRS 16, "Leases", effective July 1, 2019 using the modified retrospective approach. Accordingly, financial information presented for fiscal 2019 and fiscal 2018 have not been adjusted for the impact of the adoption of IFRS 16.

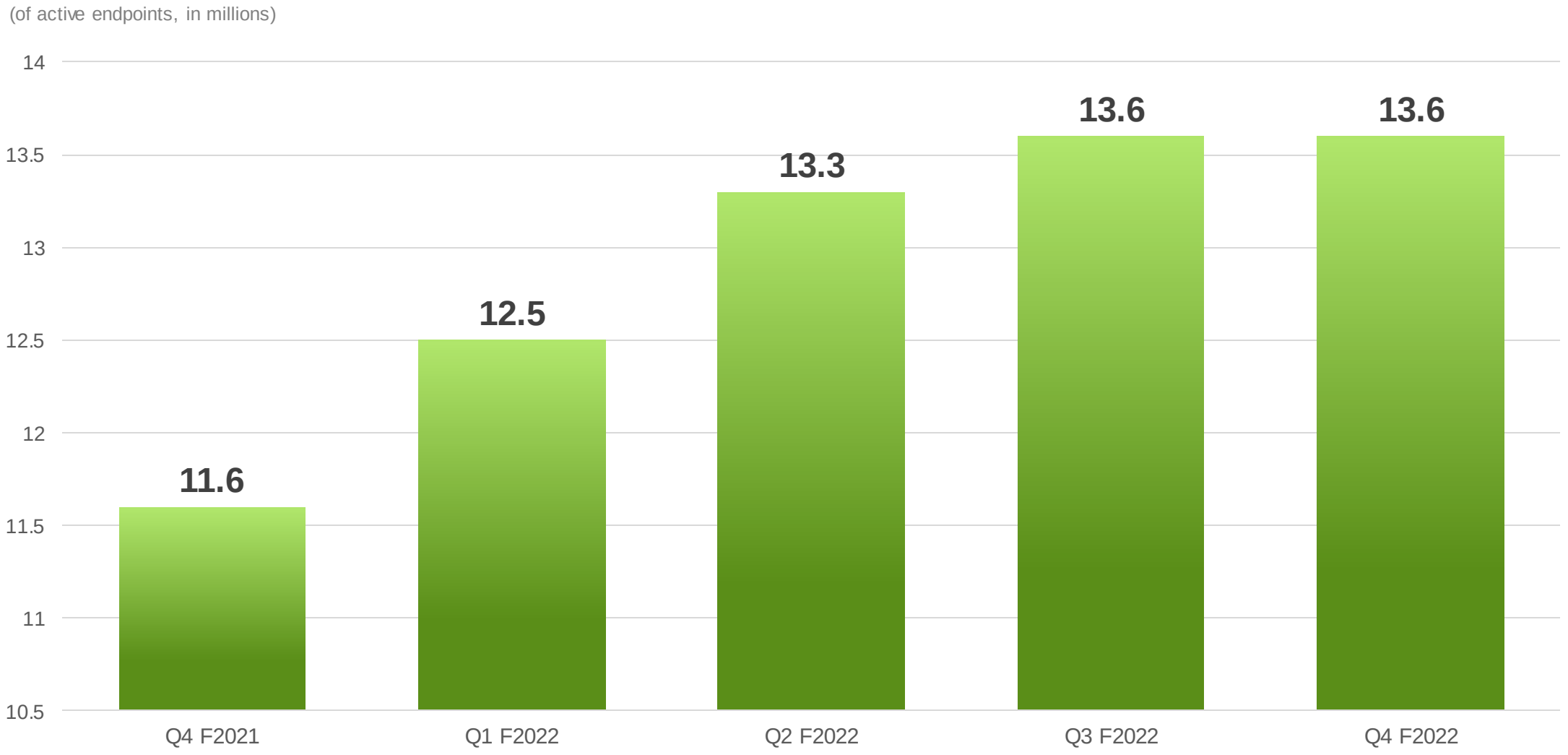
NOTE: Adjusted EBITDA is a non-IFRS measure. Refer to the "*Use of non-IFRS measures and key metrics*" section of Absolute's latest MD&A for further discussion and other non-IFRS measures, and the appendix to this presentation for a reconciliation of Adjusted EBITDA to IFRS net income after taxes.

# Net Dollar Retention | Delivering Consistent Customer Economics




NOTE: Net Dollar Retention is a key metric. Please refer to the "Use of non-IFRS measures and key metrics" section of Absolute's latest MD&A for further discussion of this key metric.

# Securing Endpoints Globally | 2 Million Devices Added Year over Year



# Guidance | Full-Year Fiscal 2023 (Year ending June 30, 2023)

| *Provided on August 23, 2022*[1] | **F2023 Guidance**[3] (Year Ending June 30, 2023) |
|---|---|
| **Adjusted Revenue**[2] | **$241.5 – 246.5m** |
| *Adj Revenue YoY Growth %* | **14.8 – 17.1%** |
| **Adjusted EBITDA Margin %**[2] | **21.0 – 24.0%** |

1) The Company does not provide a reconciliation of forward-looking non-IFRS financial measures to the most directly comparable IFRS financial measure because it is unable to predict certain items contained in the IFRS measures without unreasonable efforts.
2) Adjusted revenue and adjusted EBITDA are non-IFRS measures. Please refer to the "Use of non-IFRS measures and key metrics" section of Absolute's latest MD&A for further discussion and other non-IFRS measures.
3) The foregoing outlook and expectations constitute forward-looking statements and financial outlook and are qualified in their entirety by the "Forward-Looking Statements" cautionary statement below. The purpose of this financial outlook is to provide readers with disclosure regarding management's current reasonable expectations and plans for F2023. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

# Investment highlights

**Absolute Software builds highly relevant, innovative technologies and delivers strong financial performance**

## Rule of 40

Attractive financial profile rooted in profitability with multiple vectors of growth

## 170+ Patents

Unique IP

## Ability to Execute

Proven Leadership Team

## Large Addressable TAM

$119B endpoint security spend; $47B addressable ZTNA markets

## Resilient Self-Healing Security

Firmware embedded security solution in more than 500 million devices

## Strong Partner Ecosystem

Strong advantage and market reach through broad set of partners across 20 countries

**For more information:**

✉ IR@absolute.com

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# APPENDIX: Adjusted EBITDA | Reconciliation to Net Income

| USD in 000s | Q1 F2021 | Q2 F2021 | Q3 F2021 | Q4 F2021 | Q1 F2022 | Q2 F2022 | Q3 F2022 | Q4 F2022 |
|---|---|---|---|---|---|---|---|---|
| **Net Income (loss)** | **$ 2,602** | **$ 1,903** | **$ 2,233** | **$ (3,006)** | **$ (7,568)** | **$ (5,123)** | **$ (6,457)** | **$ (5,337)** |
| Income tax expense (recovery) | 1,294 | 736 | 719 | (2,124) | (2,417) | (2,882) | (624) | 2,235 |
| Interest expense, net | 117 | 139 | 171 | 154 | 5,145 | 5,211 | 5,083 | 5,255 |
| Foreign exchange loss (gain) | 186 | 300 | 102 | 103 | (14) | 167 | 326 | (144) |
| Share-based compensation | 2,593 | 2,554 | 2,806 | 2,406 | 3,296 | 4,731 | 4,553 | 4,097 |
| Depreciation and amortization(1) | 1,356 | 1,418 | 1,465 | 1,466 | 6,422 | 6,426 | 6,113 | 6,192 |
| Fair value adjustments relating to acquired deferred revenue | - | - | - | - | 5,265 | 3,889 | 2,492 | 1,474 |
| Fair value adjustments relating to acquired deferred commission | - | - | - | - | (730) | (556) | (314) | (196) |
| Acquisition and integration costs(2) | - | - | - | 8,977 | 3,402 | 1,472 | 1,707 | 1,646 |
| Litigation costs | - | 1,000 | 197 | - | | 450 | 906 | 198 |
| **Adj. EBITDA** | **$ 8,148** | **$ 8,049** | **$ 7,693** | **$ 7,977** | **$ 12,801** | **$ 13,785** | **$13,785** | **$15,420** |

(1) Depreciation and amortization includes depreciation of property and equipment, amortization of acquired intangible assets, and amortization of right-of-use assets.
(2) Acquisition and integration costs includes professional fees and other costs relating to the acquisition and integration of NetMotion.



NOTE: Adjusted EBITDA is a non-IFRS measure. Please refer to the "*Use of non-IFRS measures and key metrics*" section of the latest MD&A for further discussion and other non-IFRS measures.

# APPENDIX: Adjusted Revenue | Reconciliation to Revenue

| USD in 000s | Q1 F2022 | Q2 F2022 | Q3 F2022 | Q4 F2022 |
|---|---|---|---|---|
| **Revenue** | **$ 43,749** | **$ 49,050** | **$ 51,985** | **$ 52,527** |
| Fair value adjustments relating to acquired deferred revenue | 5,265 | 3,889 | 2,492 | 1,474 |
| **Adj. Revenue** | **$ 49,014** | **$ 52,939** | **$ 54,477** | **$ 54,001** |

NOTE: Adjusted Revenue is a non-IFRS measure. Please refer to the "*Use of non-IFRS measures and key metrics*" section of the latest MD&A for further discussion and other non-IFRS measures.