

Proposed Acquisition of OneSpan Inc. by Mastercard Inc.

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Giacomo Volpe
Project Leader



Adam Qureshi
Associate



Safeer Hussain
Associate



Ameya Bhate
Analyst



Jonathan Bello
Analyst

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Recommendation

We recommend Mastercard acquire OneSpan at **\$15.53/share**, representing a **38% premium**, in an **all-cash** transaction – creating a vertically integrated digital identity and payments security platform.

Overview



X



Mastercard is a global payments technology leader (**\$32.8B revenue, 58% operating margin** in FY25) transitioning from transaction network to digital infrastructure platform. It's Value-Added Services (VAS) segment is growing at **23% YoY to \$13.4B**.

OneSpan is a specialised digital identity and anti-fraud provider (**\$243M revenue** in FY24) with 60% penetration among the world's top 100 banks and **10,000+** customers across authentication (hardware/software MFA, biometrics) and e-signature solutions.

Risks & Mitigants

MARKET RISKS

1

- **Regional Exposure:** ~44% of OneSpan revenue in EMEA, creating macro and regulatory sensitivity. **Mastercard global distribution diversifies revenue mix.**
- **Competitive Market Structure:** Digital identity market dominated by Adobe, Thales and Docusign, limiting standalone scale. **Mastercard integration enhances R&D capacity to strengthen positioning.**

NON-MARKET RISKS

2

- **Customer & Revenue Concentration:** Top 10 customers represent ~20% of revenue, heavily financial-services focused. **Mastercard ecosystem enables broader enterprise penetration and diversification.**
- **Innovation Investment Gap:** OneSpan's R&D decline (-16% YoY) and prior blockchain misallocation highlight capability gaps. **Mastercard's scale restores sustained R&D investment and cybersecurity platform integration.**

Strategic Rationale

Regulatory forcing function

- PSD3 Catalyst - EU enforcement 2026-27, change of regulation
 - Monetization, immediate, certified infrastructure for MA

Strategic Lock-In

- Mastercard's Gap, 75% of market already pursuing security
- Capture Agentic Commerce & B2B Trends, embed into MA

Valuation Arbitrage

- Market Misperception, market haven't considered shift in business model from hardware to software
 - J-Curve Entry, buy at trough

Valuation & Deal Structure

A blend of results from including the DCF and Comps yields a share price ranging from **\$12.91-\$18.15**, with the offer price figured as the mid-point.

The deal structure begins with a premium of 38%, anchored from the implied DCF price of \$15.53 per share.

Recognising the equity value only takes up 6% of Mastercard's latest cash balances, this deal can be completed in a two-step tender offer, **100% cash**.

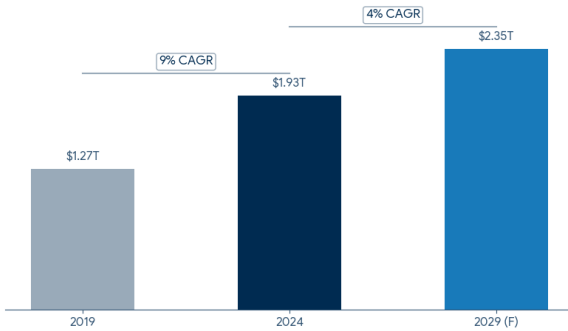
OVERVIEWS & RATIONALE

Industry Overview

Secular deceleration in core rails (9% → 4% CAGR) mandates migration to “Commercial Operating Systems” ecosystem

Global Payment Services Market

Global Payments Transaction Revenue (\$T)



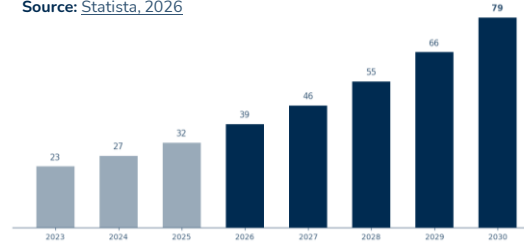
Revenue growth forecast to collapse from 9% CAGR (2019–24) to 4% CAGR (2025–29)

By 2027, up to **half** of Acquiring Revenue will come from **Embedded Finance** and **Value-Added Services (VAS)**

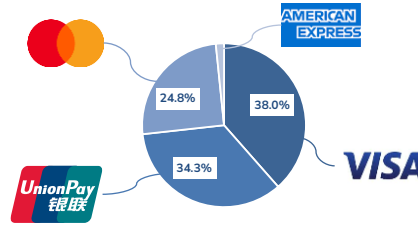
Source: BCG Global Payments Model, 2025

Estimated Market Size of AI in Fintech (\$bn)

Source: Statista, 2026



2024 Worldwide Transaction Volume (\$bn)



AI Fraud & Identity Decisioning

- Identity, Fraud Scoring, Cyber Defence
- High Margin / High Stickiness / Recurring Revenue
- Critical Growth Frontier

Orchestration & Workflow

- Routing, AP/AR Automation, ERP integration
- Volume-driven but thin margins (<5% take rate)
- Crowded / Aggregator Model

The Rails

- Authorising, Clearing, Settling
- Margin Compression, due to regulatory caps (Interchange) & A2A bypass
- High threat of substitutes & regulatory caps

Value is shifting from Layer 1 to Layer 3

Dominant in Layer 1, must acquire upstream capabilities in Layer 3 to defend unit economics

Porter's Five Forces Analysis

Threat of New Entrants

Vertical SaaS players embedding payments and owning the customer interface (e.g. Toast, Shopify)



Highly Competitive Rivalry

Buyer Bargaining Power

Merchants increasingly use Payment Orchestration Platforms (POPs) to route away from networks. (e.g. Stripe)

Threat of Substitutes

Open Banking (A2A) and RTP bypass card networks entirely (PSD3 mandates)

Supplier Bargaining Power

Processing infrastructure is commoditized, cloud providers offer generic APIs

M&A Outlook

K-Shaped Bifurcation

- High-growth B2B SaaS (Rule of 40 >40%): **8-12x Rev**
- Legacy consumer fintech (Rule of 40 <20%): **2-4x Rev**
- **Arbitrage**: Security SaaS mispriced as hardware

Capability over Scale

To escape commoditization of **Layer 1 (Rails)**, acquirers must buy **Layer 2 (Workflow)** technology. We are buying *tech*, not *volume*

Consolidation Vectors

- CFO **workflow automation** (vertical SaaS)
- Defensive **cyber infrastructure** (AI economy)
- **Regulatory compliance** (PSD3/SCA enforcement)

Source: Windsor Drake SaaS M&A Report Q1 2026

Mastercard (MA) – Client Overview

Global payments-technology company processing transactions for credit, debit, prepaid, and commercial payments

Business Model

Mastercard (NYSE:MA) is a global payments-technology company with a dominant market position, processing credit, debit, prepaid, and commercial payment transactions. The company offers security, analytics, loyalty, consulting, and banking services across its global brand network.

- Mastercard's payment business generates revenue by charging customers a fee based on **gross dollar volume activity**.
- Payment Network remains the revenue base (59%), but VAS growing at **23% YoY** is the **strategic priority**.

Revenue Streams

Domestic Assessments: Transaction volume fees
Cross-Border Fees: High-margin international fees
Transaction Processing: Switching, clearing, settlement
Value-Added Services: Cybersecurity, analytics, loyalty

VAS now 41% of revenue, growing 23% YoY vs. Payment Network at 12%

Key Financials

FY25 EV/Rev: 13.8x

FY25 EBITDA: \$20.4B

FY25 Net Profit: \$15.0B

EPS: \$16.52

FY25 Revenue Growth: 16.33%

FY25 Operating Margin: 57.6%

FY25 Free Cash Flow: \$16.4B

Management Strategy

"Focused, agile, and diversified; we're well positioned for the opportunities ahead in 2026"~ Michael Miebach, CEO

Digital Payments

- Maximising transaction volume through expanded network and new payment corridors.
- Increasing cross-border transaction fees driven by international commerce growth.

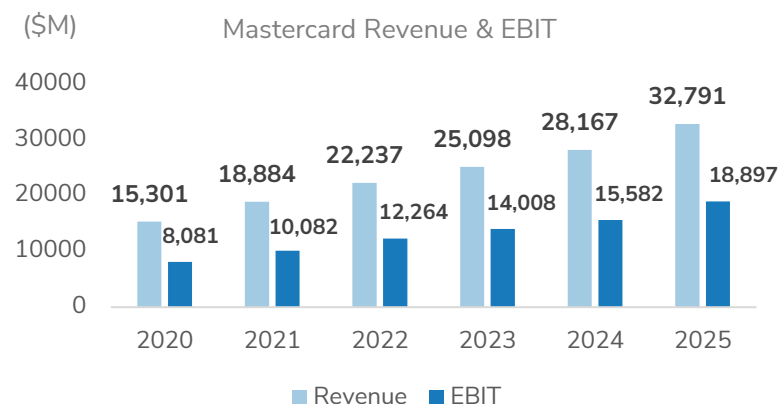
Value-Added Services

- Growing cybersecurity and analytics revenue

FY2025 Operating Results

Full year Operating Results USD thd (excl. EPS)	2024	2025	Reported GAAP	Currency-neutral
Net Revenue	28,167	32,791	16%	15%
Operating expenses	12,585	13,894	10%	10%
Operating income	15,582	18,897	21%	20%
Operating margin	55%	58%	2.3 ppt	2.3 ppt
Effective income tax rate	15.60%	19.43%	3.8 ppt	3.8 ppt
Net income	12,874	14,968	16%	15%
Diluted EPS	\$14.44	\$16.78	19%	18%

Revenues and EBIT (YoY)



Mastercard's M&A Activity

Strategic Focus on Cybersecurity and AI-Driven Payment Infrastructure Through Targeted Acquisitions

Mastercard Major M&A Deals Timeline

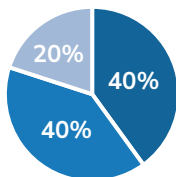
2019 (\$3.2B)	2023 (Undisclosed)	2024 (\$2.6B)	2024 (\$1.2B)	5 Major Acquisitions (2019-2024)
 Payment solutions provider (Denmark) Acquired the majority of Net's Corporate Services business, including clearing and instant payment services and e-billing solutions. This advanced Mastercard's A2A payments capabilities and real-time payment infrastructure, in the Nordic and European markets.	 Cloud cybersecurity (Sweden) Acquired to enhance protection against cyber-attacks. The service automatically filters malicious traffic, which helps strengthen Mastercard's multi-layered cybersecurity defence and services portfolio.	 Subscription management (Sweden) Acquired this subscription management platform which enables consumers to manage subscriptions through bank apps. It reduces involuntary churn, minimises card blocks, and improves customer experience while providing loyalty rewards and merchant connections.	 Real-time cyber threat intelligence (US) Successfully acquired the world's largest threat intelligence company serving 1,900+ clients across 75 countries. It provides AI-driven, real-time threat intelligence to enhance Mastercard's fraud prevention, identity verification, and cybersecurity capabilities..	
Sources: Nets (2019) ; Mastercard IR; Baffin Bay (2023) ; Payments Dive; Minna (2024) ; Payments Dive; Recorded Future (2024) ; Mastercard IR				

Competitor Activity

- Visa:**
- Featherspace: Real-time AI payments protection
 - Prosa: Digital payment processor (Latam)
- American Express:**
- Center ID Corp: B2B expense software
 - Swisscard: Card issuing, consumer credit
- PayPal:**
- Honey: Shopping & deal discovery
 - Hyperwallet: Global payout & disbursement
- Stripe:**
- TaxJar: Tax compliance software

Acquisition Focus Areas

- Cybersecurity
- Payment Solutions
- Subscription Management



Strategic Positioning

Mastercard's M&A strategy focuses on enhancing cybersecurity capabilities, expanding payment infrastructure across key global markets, and improving customer experience through innovative technologies.

The recent emphasis on AI-driven services and real-time threat intelligence positions the company for future growth in an increasingly digital payments landscape.

Cybersecurity Leadership

- \$2.65B investment in Recorded Future demonstrates commitment to real-time threat intelligence

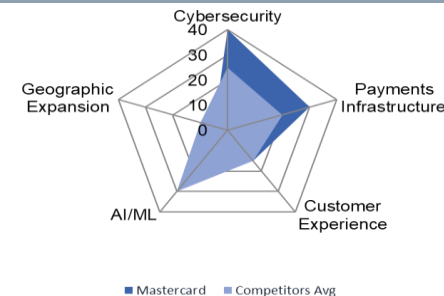
Payment Infrastructure

- Expanding across Scandinavia and Latin America to capture high-growth markets

Customer Experience

- Minna Technologies enhances subscription management capabilities for banking partners

M&A Focus



Strategic Differentiation

Mastercard's Unique Positioning:

1. Cybersecurity Leadership
2. Infrastructure over AI
3. Regional Consolidation

Strategic Implication:

This acquisition pattern has one conspicuous gap: Mastercard owns threat intelligence (Recorded Future), passive behavior monitoring (NuData), and identity verification (Ekata), but lacks an active authentication enforcement layer. OneSpan closes that gap

Pre-Screen Exclusions: • Consumer neobanks (channel conflict) • Regulatory risks (antitrust) • Legacy hardware (declining TAM)
Selection Criteria: • Ecosystem neutrality • Margin accretion (EBITDA >20%) • Regulatory catalyst (2026-27) • Valuation arbitrage

1. The B2B Workflow Layer



Strategic Rationale

Move upstream from the payment to the invoice, capture \$125T B2B flows by embedding into the ERP systems.

Strategic Fit

- ✓ Perfect 'Commercial OS' alignment
- ✓ High retention (95%+ NDR), recurring SaaS
- ✓ Fragmented market, white-label opportunity

Deal Breakers

- ✗ Premium: Rule of 40 assets at 8-12x Revenue
- ✗ ERP integration: 18-24mo to operationalize
- ✗ Stripe, Adyen already embedding AP/AR features

- **EV/Revenue:** 8.0x (Vertical Fintech)
- **EBITDA Margin:** 15-19% (industry standard for B2B SaaS/Workflow)

- ✗ AVDX taken private at \$3B (unavailable)
- ✗ Remaining targets too expensive

2. The Orchestration Layer



Strategic Rationale

Orchestrate payment fragmentation via single API layer, remain in transaction data flow even if settlement bypasses MA rails.

Strategic Fit

- ✓ Supports "Multi-Rail" strategy
- ✓ Data moat: Visibility into routing decisions
- ✓ Defensive value: Prevents disintermediation

Deal Breakers

- ✗ Commoditization: Open-source alternatives emerging
- ✗ Margin compression: Adyen, Stripe driving take rates down
- ✗ Low barriers: New entrants in 6-12mo
- ✗ Volume dependency: Massive scale needed

- **EV/Revenue:** 3-4x (payment routing/aggregator median)
- **EBITDA Margin:** 23-25% (utility-grade processing economics)

- ✗ Thin margins, no defensive IP moat

Source: Windsor Drake SaaS M&A Report Q1 2026, Page 4.6, 9 & 10

3. The Agentic Trust Layer



Strategic Rationale

Secure the "Trust Anchor" for the AI economy, validate non-human actors (Agents) to prevent network pollution. PSD3/SCA compliance utility for bank partners.

- ✓ **Regulatory Catalyst** — PSD3 strict liability shift to banks for fraud losses (€50B+ exposure, 2026-27 enforcement)
- ✓ **Valuation Arbitrage** — J-Curve transition (license → subscription) = buy at trough before SaaS re-rating
- ✓ **Ecosystem neutral** — Secures all participants without channel conflict
- ✓ **Embedded distribution** — 2,000+ issuer relationships = zero customer acquisition cost

- **EV/Revenue:** 11x (Security/Compliance SaaS median)
- **EBITDA Margin:** 23%+ (industry standard for SaaS security)
- ✓ **OneSpan** at 1.4-1.5x due to HW overhang 60% discount to category and 72% GM

Application layer priced for perfection

Utility routing offers no IP moat

Infrastructure + regulatory + arbitrage

Final Selection: Layer 3 identity infrastructure is the sole option delivering **margin accretion**, **ecosystem neutrality**, and **near-term catalysts** within acceptable valuation parameters

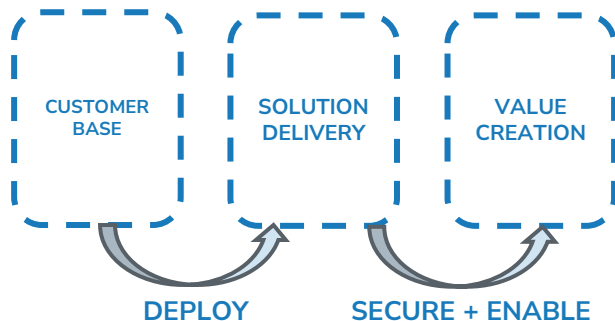
Layer 1 & 2 logos represent indicative examples of publicly traded companies in each segment. Layer 3 reflects the screened target set (OneSpan, Riskified, Radware)

OneSpan (OSPN) - Target Overview

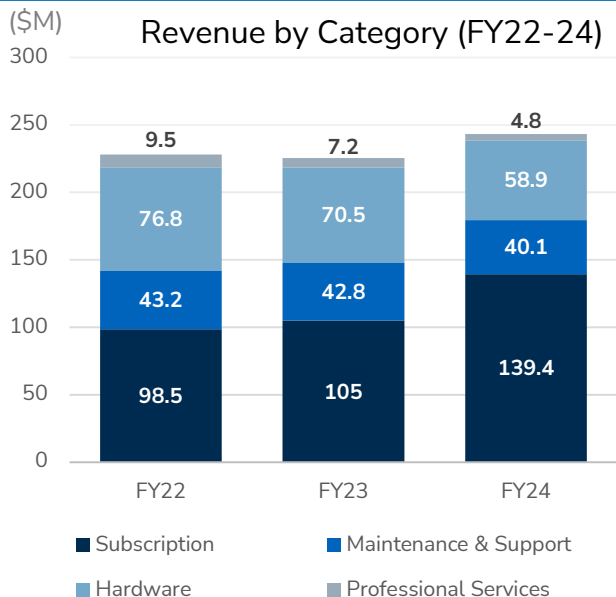
Leading provider of digital identity, authentication, e-signature and mobile security solutions for financial services

Business Model

OneSpan Inc. (NASDAQ: OSPN) is a global leader in trusted digital identity and anti-fraud solutions, serving 10,00+ customers across banking, healthcare, and government sectors. The company operates via subscription-based cloud and on-premises deployments, securing digital transactions and agreements across 100+ countries.



Growth Guidance



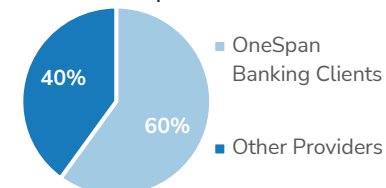
Key Financials

- P/E = 7.35x*
- Market Cap = \$445m
- FY24 Dil. EPS = \$1.46
- FY24 Rev = \$243.2m
- Revenue CAGR (FY22-24) = 5.4%
- FY24 Adjusted EBITDA = \$72.5m
- EV/Revenue = 1.45x*

*all figures are taken from date 13/02/2026

Market Share

60% Market Penetration Among World's Top 100 Banks



With 60% penetration among the world's top 100 banks, OneSpan has achieved critical mass in the global banking sector, creating significant customer stickiness and recurring revenue stability.

Source: OneSpan 10-K (2024), IMARC Group (MFA Market), Fortune Business Insights (Digital Signatures)

Ambition & Management Insight

- ### STRATEGIC FOCUS

 - Drive profitable, efficient growth in both operating segments
 - Expand high-margin software solutions while maintaining hardware authentication.
- ### GROWTH STRATEGY

 - Mobile-first approach prioritising software over traditional hardware.
 - SaaS transition substantially complete in Digital Agreements.
- ### RECENT ACQUISITIONS

 - Nok Nok Labs (June 2025) - \$18.4M acquisition of FIDO password-less authentication provider.
 - Build38 (January 2026) - Agreement to acquire mobile app security specialist.

Market Size Context 1:

- MFA market valued at \$20.9B in 2024, growing at 14.3% CAGR to \$70B by 2033

Market Size Context 2:

- Digital signatures market valued at \$13.7B in 2025, growing at 35-39% CAGR

OneSpan's Positioning:

- Among top 5 players in regulated e-signature market

Competitive Advantages:

- FIDO2-certified passwordless authentication solutions
- FEDRAMP-compliant for government sector

Key Differentiators to Highlight:

- 57% subscription revenue
- Two-segment monetisation: Security (75%) + Digital Agreements (25%)

Strategic Rationale & Timing

Acquiring OneSpan captures critical "Trust Layer" asset at a distressed valuation, preceding PSD3 regulatory super-cycle

Strategic Moats



MOAT 1: Regulatory Forcing Function

PSD3 Monetization Across Issuer Network

PSD3 Catalyst - EU enforcement 2026-27

- Strong Customer Authentication (SCA) and Verification of Payee (VoP)
- **Fraud liability shift**

Monetization

- Acquire OneSpan → retire hardware → package mobile SaaS
- OSPN provides immediate, certified infrastructure for MA's **2,000+ issuer banks** → **60 of top 100 global banks**



MOAT 2: Strategic Lock-In

Control the Authentication Chokepoint

Mastercard's Gap

- NuData (2017 acquisition) provides passive monitoring (no enforcement)
- **75% of market pursuing security consolidation***

Capture Agentic Commerce & B2B Trends

- Embed into MA Identity → own bank login layer
- Lock-in, Banks cannot bypass (24-36mo rebuild)
- Leverages OSPN's FIDO2/mobile IP to create "Machine Identity" **tokens** and secures upstream B2B contracts via e-signature



MOAT 3: Valuation Arbitrage

Buy Hardware Multiple, Own SaaS Asset

Market Misperception

- Analysts classify as "declining hardware."
- Current: ~1.5x EV/Rev (hardware discount)

J-Curve Entry:

- License → subscription shift (2023-2025) depresses revenue optically.
- **Stock down 40%** from highs → buy at trough

Why Now

Regulatory Cliff

- H1 2026 Adoption Date starts the clock
- **Liability shift** for impersonation fraud (UK PSR/EU PSD3) puts €2.5B+ of annual fraud losses on bank balance sheets.
- PSD3 accelerates banks' authentication upgrade procurement cycles → 12-18 month window in 2026-2027 where MA's distribution advantage can capture OneSpan's sales

J-Curve Inflection Point

- Software revenue is now >80% of total
- Adjusted EBITDA margins hit 31% in Q3 '25
- Acquire after the transition is done, but before the market fully prices in the SaaS premium

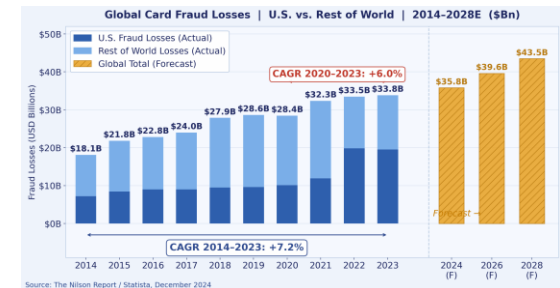
Build vs. Buy

- **Timeline:** 36-48mo (certification + dev + integration)
- **Risk:** No IP parity guarantee, delayed issuer adoption
- **Time to value:** 6-12mo
- **Day 1:** Acquire **2,000+ customer base** + proven tech



Global Anti-Scam Alliance (GASA): Scam losses worldwide surpassed \$1.03 trillion in 2024. and among those who fall victim, only 4% fully recover their money

Source: Statista, 2026



Conclusion: M&A only path to meet PSD3 2026-27 deadline

Source: BCG Global Payments 2025, OneSpan Q3 '25. Note: "Agentic Commerce" market sizing based on 2030 forecast; PSD3 implementation timeline based on EU Commission H1 2026 adoption. Gartner

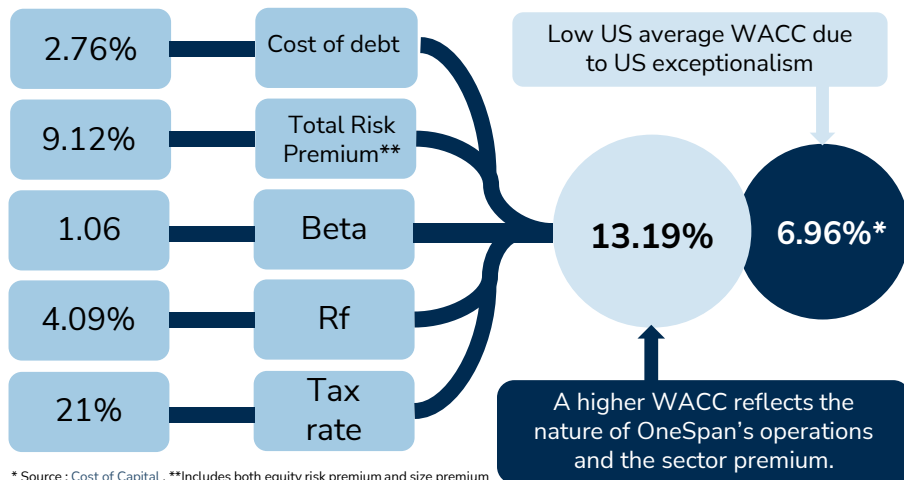


Valuation

Target Valuation – Discounted Cash Flow

Valuation of OneSpan presented a premium of ~50% in all scenarios, implying an undervalued market value.

WACC vs US Average



Scenario Analysis

Revenue (YOY growth)	Gross profit margin	Net profit margin
1.74%	75.06%	21.21%
2.30%	75.30%	21.38%
2.90%	75.53%	21.55%
Operating margin	EBITDA margin	COGS (% of rev)
24.59%	27.76%	24.94%
24.83%	27.99%	24.70%
25.06%	28.22%	24.47%

Offer Price in Context

	Equity Value*	Premium	Share Price
Bear	\$580,121	33.13%	\$14.96
Base	\$602,153	38.19%	\$15.53
Bull	\$626,545	43.78%	\$16.16

- Premium calculations are based of OSPN closing share price: **\$11.24** (13/02/2026).
 - The conclusive offer price based on our discounted cash flow analysis will be **\$15.53**.

*Equity values are stated in USD thousands

Assumptions Summary

Bear case: OSPN faces **material execution challenges** including accelerated banking customer consolidation, **competitive displacement** in key accounts and **difficulties** transitioning hardware customers to higher margin software solutions.

Base case: OSPN meets its **core profitability and subscription growth targets** but experiences **challenges in acquiring new digital agreements** and faces **increasing competition**, particularly in the e-signature market from competitors such as DocuSign and Adobe.

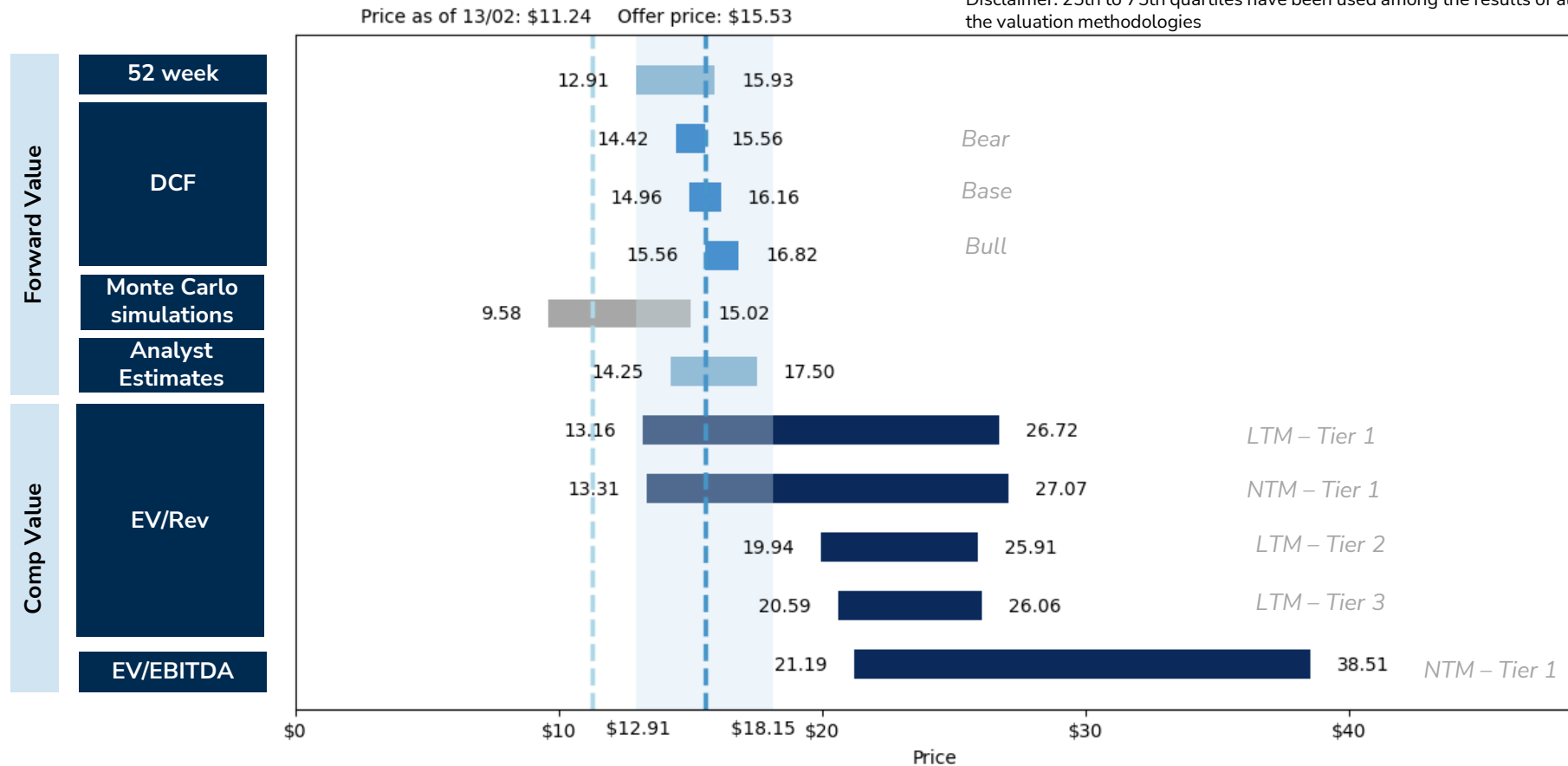
Bull case: OSPN capitalises on its blue-chip **banking relationships** with banks such as RBC and HSBC .They successfully **expand into workforce authentication** and mobile application protection while **accelerating digital agreements growth**.



Target Valuation – Comps & Football Field

Both forward value and comp value suggest undervalued market value

Disclaimer: 25th to 75th quartiles have been used among the results of all the valuation methodologies



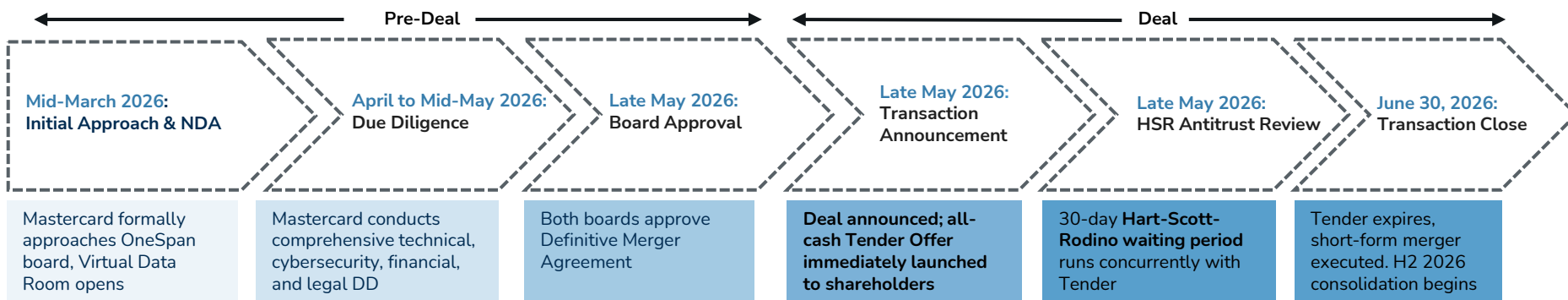
Offer price of \$15.53 sits within or below the range across all forward value methodologies, confirming entry at a discount to intrinsic value.

Tier 1	Tier 2	Tier 3	Omitted Values	
Security SaaS peers EV/Rev 3.2x, EV/EBITDA 12.4x	Legacy infrastructure EV/REV 3.0x, EV/EBITDA 13.8x	Pure SaaS EV/REV 3.2x, EV/EBITDA 35.1x	Precedent transactions had limited data but provides an elevated valuation at 9.2x LTM Rev multiple due to acquisition premium. Showing market appetite	P/E ratios proved unreliable due to the loss-making nature of some firms in the industry and elevated valuations of SaaS firms

Deal structure & Analysis

Transaction Overview

All-Cash Tender Offer with Accelerated Timeline



35-Day Execution Post-Announcement

- Traditional M&A: ~150 days (proxy filing + shareholder vote)
- Our Approach: ~**35 days** (tender offer only)
- Time Savings: **77% reduction in transaction risk window**

100% Cash Consideration

- **Zero Leverage Impact:** Transaction funded entirely from cash; Gross Debt/EBITDA remains **0.9x** (well below 1.5-2.0x policy limit)
- **Preserves Financial Flexibility:** Post-transaction cash balance of **\$9.9B** maintains strategic optionality for future M&A and \$12-13B annual FCF generation supports capital allocation priorities
- **Credit Rating Stability:** AA- / Aa3 ratings unchanged; Net Debt/EBITDA increases modestly from **0.42x to 0.45x** with no rating watch implications
- **No Equity Dilution:** All-cash structure avoids approx. 1.4M share issuance that stock consideration would require at current 28x P/E multiple

Transaction Overview

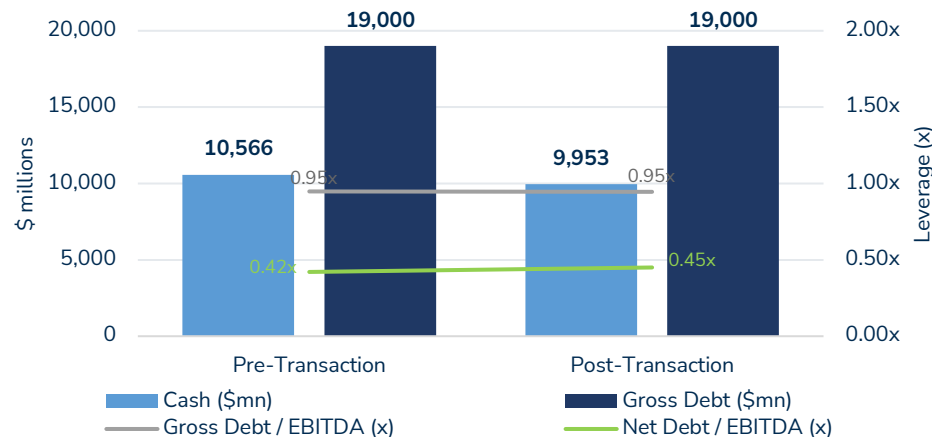
Transaction Type	Two-Step Tender Offer - DGCL §251(h)
Consideration	100% Cash
Offer Price	\$15.53 per share
Premium to Market	38.2%
Equity Value (\$mn)	\$602.2
Enterprise Value (\$mn)	\$523.0
Implied EV/Revenue (FY2025E)	2.2 x
Implied EV/EBITDA (FY2025E)	9.1 x
Expected Close	June 30, 2026

Transaction funded entirely from Mastercard's \$10.6B cash balance (5.5% utilization) – no debt issuance required

SOURCES & USES

Sources of Cash	\$mn	Uses of Cash	\$mn
Cash from Balance Sheet	\$ 612.61	Equity Purchase Price	\$ 602.15
Stock Issuance	-	Transaction Fees	\$ 10.46
New Debt	-		
Total Sources	\$ 612.61	Total Uses	\$ 612.61

Financing Structure Pre and Post Deal



Synergies Modelling - Bottom-Up Reconstruction

Revenue synergies = customer counts × disclosed ACV × penetration logic Cost synergies = line-item operational drivers

Revenue Synergies

Pillar	Base	ACV	Pen. rate	Run-Rate	Source / Logic
Tier-1 Upsell	50 banks	\$300 K	50% Y3	\$7.5M	CFO: "\$200-400K/acct" (Q3 '24); McKinsey 60% cross-sell benchmark
Tier-2 Cross-Sell	1,500 Fls	\$120 K	8% Y5	\$14.4M	48 wins/yr = 1.9%/qtr. Auth-only entry; 12-18mo cycles
DA Acceleration	\$65M base	12% vs 7.8%	Y3	\$9.9M	Q4 '24: 18% enterprise growth; embed in \$1.4T commercial GDV
TOT. REV. SYNERGIES				\$31.8M	13.2% of OSPN revenue (2.6× Thales/Imperva 12%)

Built from customer counts × ACV × penetration; no top-down %. OSPN 10K customers disclose, synergy in 515 enterprise tier-1/2 accounts

Cost Synergies

Category	% of Base	\$M	Rationale
G&A	40% of \$44.8M	\$17.9M	Public co. elim. (\$5-8M); SOX, IR, board, D&O; shared svcs (\$10-12M)
S&M	30% of \$45.9M	\$13.8M	Overlapping bank coverage; marketing reduction; preserve auth engineers
R&D	12% of \$35.0M	\$4.2M	QA/testing overlap; DevOps shared tooling; preserve core IP (Bsim guidance)
Cloud / Infra	10% of \$1.2M	\$0.1M	Migrate to MA enterprise AWS/Azure contracts; volume discounts
TOTAL COST		\$36.0M	15.0% of OSPN revenue (L.E.K. 12-16% TMT benchmark)

Integration Costs:

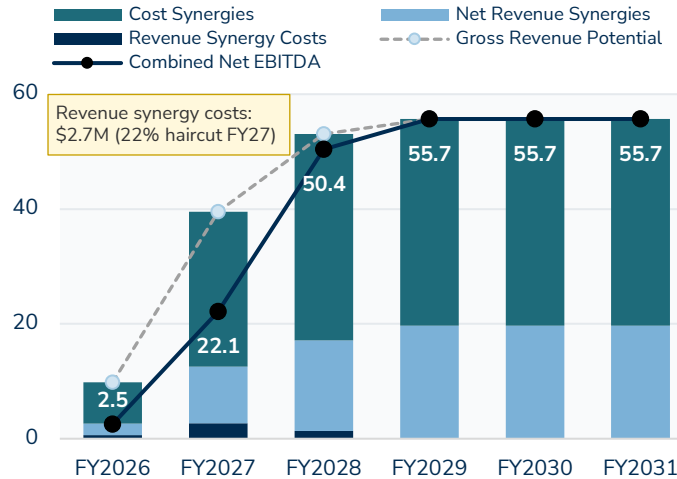
- \$18.0M total (\$6M FY26, \$12M FY27)
- 50% of run-rate (vs industry 100%)

Dis-Synergies (Y1-2):

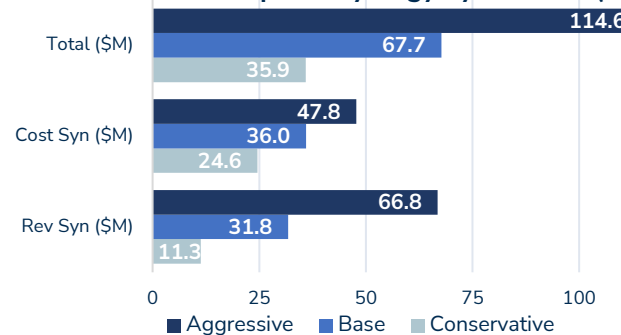
- Churn: \$3.0M | Attrition: \$2.0M | Pipeline: \$1.5M
- Total Y1 drag: \$6.5M EBITDA

Realization & Risk Discipline

Revenue Synergy Realization: Gross vs. Net Economics



Realization Discipline: Synergy by Scenario (\$M)



Risk Mitigation

✓ **No arbitrary probability weighting** — T1 penetration 50% conservative vs McKinsey 60% benchmark

✓ **Sales cycles embedded** — T2 ramp: 1.6% Y1 → 8% Y5 reflects 12-18mo FI procurement cycles

✓ **Regulatory risk factored** — Model uses 50% base T1 penetration; PSD3 delay scenario drops to 40%

✓ **Cost synergies Day-1 certain** — 40% captured FY26, 75% FY27, 100% FY28. \$5-8M public co. savings contractually certain (SOX, IR, board)

Assumptions:

- Conservative: T1 40%, T2 5%, DA 9%
- Base: T1 50%, T2 8%, DA 12%
- Aggressive: T1 65%, T2 10%, DA 15%

Scenario	Total	% of OSPN Rev	vs industry Avg.
Conservative	\$35.9M	14.9%	8-15%
Base	\$67.7M	28.2%	8-15%
Aggressive	\$114.6M	47.6%	8-15%

Source: LEK Consulting

Transaction Impact: Synergies = \$22.4M EBITDA (AT) in FY2027. NPV \$264M covers 159% of premium (\$181M net value created).

Accretion / Dilution Analysis

Transaction Is Accretive from FY2027, with Synergies Providing Significant Upside

FY2027 EPS ACCRETION
+\$0.05 / share (+0.20%)
Including synergies

FY2028 ACCRETION
+\$0.08 / share (+0.31%)
Synergies reach 80% run-rate

FY2027 ACCRETION (EXCL. SYNERGIES)
+\$0.03 / share (+0.11%)
Base earnings yield arbitrage

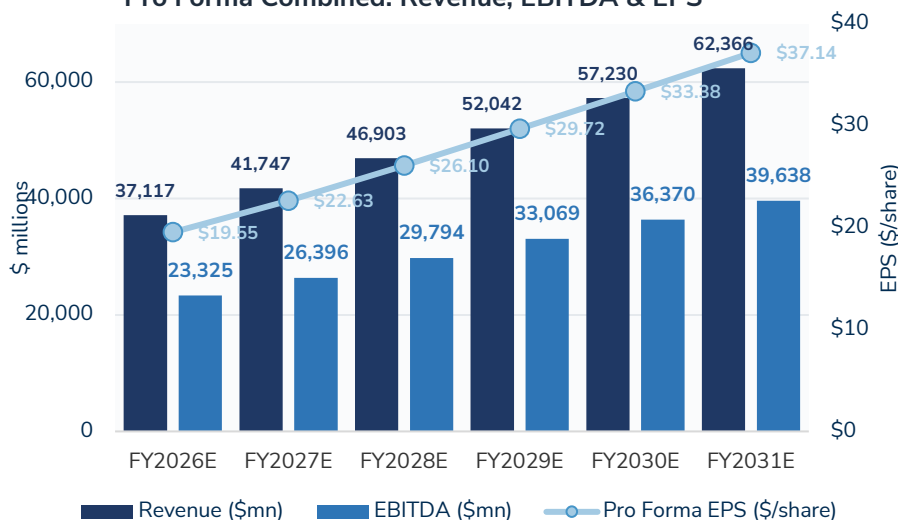
NPV SYNERGIES / PREMIUM
188% coverage
10-year discounted cash flows

EPS BRIDGE — WALK FROM STANDALONE TO PRO FORMA EPS (\$)

EPS Component (\$ per share)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
MA Standalone EPS	\$ 19.55	\$ 22.58	\$ 26.02	\$ 29.62	\$ 33.27	\$ 37.03
(+) OSPN Earnings Contribution (per MA share)	\$ 0.02	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.08	\$ 0.09
(-) Foregone Interest on Cash (per MA share, AT)	\$ -0.01	\$ -0.02	\$ -0.02	\$ -0.02	\$ -0.02	\$ -0.02
(-) PPA Amortization (per MA share, AT)	\$ -0.01	\$ -0.01	\$ -0.01	\$ -0.01	\$ -0.01	\$ -0.01
(-) Transaction Fees (per MA share, AT, FY2026 only)	\$ -0.01	\$ -	\$ -	\$ -	\$ -	\$ -
(+) Net Synergies (per MA share, AT)	\$ 0.00	\$ 0.02	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.06

= Pro Forma EPS (incl. synergies) \$ 19.55 \$ 22.63 \$ 26.10 \$ 29.72 \$ 33.38 \$ 37.14

Pro Forma Combined: Revenue, EBITDA & EPS



Transaction Accounting & Assumptions

✓ **Purchase Price Allocation:** \$602.2M equity value allocated as: \$248M book value (39%), \$120.4M identifiable intangibles (20%), \$265M goodwill (41%)

✓ **Foregone Interest:** \$652M cash deployment @ 3.5% pre-tax yields

✓ **Tax Treatment:** All adjustments at 21% (IB convention)

✓ **Share Count:** no dilution from transaction (100% cash)

Scenario Testing

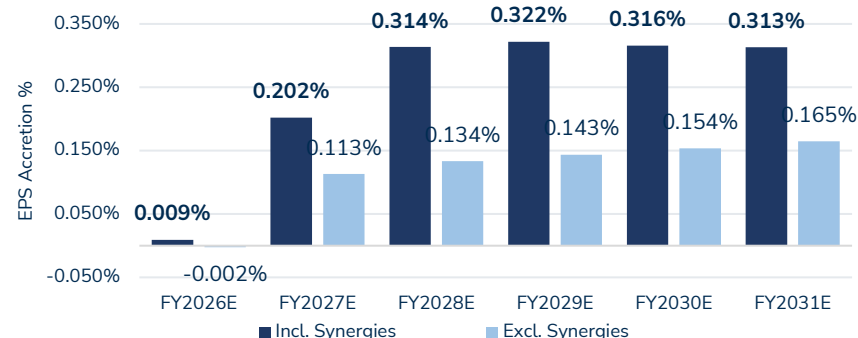
Share Price		Takeover Premium				
		25%	35%	45%	55%	65%
\$	11.24	0.31%	0.31%	0.30%	0.29%	0.28%
\$	13.39	0.29%	0.28%	0.27%	0.26%	0.25%
\$	15.53	0.27%	0.26%	0.25%	0.24%	0.23%
\$	19.82	0.23%	0.22%	0.20%	0.19%	0.17%
\$	21.82	0.21%	0.20%	0.18%	0.16%	0.15%

Cost		Takeover Premium				
		25%	35%	45%	55%	65%
Bear		0.28%	0.27%	0.26%	0.25%	0.24%
Base		0.31%	0.31%	0.30%	0.29%	0.28%
Bull		0.35%	0.34%	0.34%	0.33%	0.32%

Revenue		Takeover Premium				
		25%	35%	45%	55%	65%
Bear		0.30%	0.29%	0.28%	0.27%	0.26%
Base		0.31%	0.31%	0.30%	0.29%	0.28%
Bull		0.33%	0.32%	0.31%	0.31%	0.30%

Full-year earnings begin FY2027. Net synergies include \$26.98M cost synergies + \$23.27M revenue synergies (AT), net of \$12M integration costs.

EPS Accretion / (Dilution) %



FY2026 reflects half-year consolidation (close June 30, 2026). Full-year impact begins FY2027.

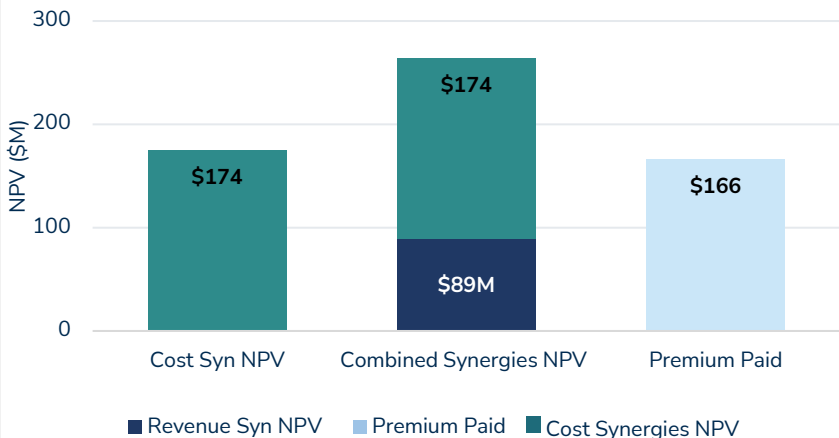
Synergies phased over 5 years:
Revenue synergies 20%/50%/80%/100%/100%
Cost synergies 40%/75%/100%/100%/100%.

Sensitivity Analysis & Deal Evaluation

Deal economics robust to downside scenarios; accretion preserved even at conservative synergy realization and valuation compression

Premium Coverage Analysis

Synergy Coverage Waterfall



NPV of Synergies vs. Premium Paid

Component	Value (\$M)	Coverage %
Acquisition Premium Paid	\$166	
NPV of Revenue Synergies (10-yr, 9.18% WACC)	\$89.4	54%
NPV of Cost Synergies (10-yr, 9.18% WACC)	\$174.5	105%
Total NPV of Synergies	\$264	159%
Net Value Created	\$97.4	
Implied Value per MA Share	\$0.11	

EPS Accretion Walk

Prem ↓ / Syn ▶	0%	25%	50%	75%	100%	125%	150%
20%	0.131%	0.162%	0.193%	0.224%	0.255%	0.287%	0.318%
30%	0.121%	0.152%	0.183%	0.214%	0.246%	0.277%	0.308%
40%	0.111%	0.142%	0.174%	0.205%	0.236%	0.267%	0.298%
50% ★	0.101%	0.133%	0.164%	0.195%	0.226%	0.257%	0.288%
60%	0.092%	0.123%	0.154%	0.185%	0.216%	0.247%	0.279%
70%	0.082%	0.113%	0.144%	0.175%	0.206%	0.238%	0.269%
80%	0.072%	0.103%	0.134%	0.166%	0.197%	0.228%	0.259%

Color Key: Dilutive (< 0%) Marginal (0 – 0.05%) Accretive (0.05–0.10%) Accretive (0.10–0.15%) Strongly Accretive (>0.15%) ★ Base Case (~47% prem, 100% syn)

Critical Insight: Deal remains accretive even at 0% synergy realization due to OSPN's 9% earnings yield exceeding MA's 3.5% cost of cash. Synergies are upside, not requirement.8

Offer Price Justified?

WACC

		11.98%	12.48%	12.98%			11.98%	12.48%	12.98%
TGR	2.5%	+9.48%	+3.49%	-1.96%	2.5%	\$16.60	\$15.92	\$15.31	
	2%	+5.57%	0%	-5.08%	2%	\$16.16	\$15.53	\$14.96	
	1.5%	+2.00%	-3.19%	-7.95%	1.5%	\$15.76	\$15.17	\$14.64	

Sensitivity of premium around offer price.

Sensitivity analysis of the offer price

Verdict: Deal is value-accretive across 100% of tested scenarios Even under the most extreme downside (80% premium paid, 0% synergy realization), the deal still delivers +0.07% FY2027 EPS accretion - driven by OneSpan's earnings yield (~9% NI/EV) far exceeding Mastercard's 3.5% cost of cash. The 10-year NPV of combined synergies (\$264M) covers 158.6% of the acquisition premium (\$166.4M), with cost synergies alone (\$174.5M, 104.8% coverage) sufficient to justify the deal independent of any revenue upside.

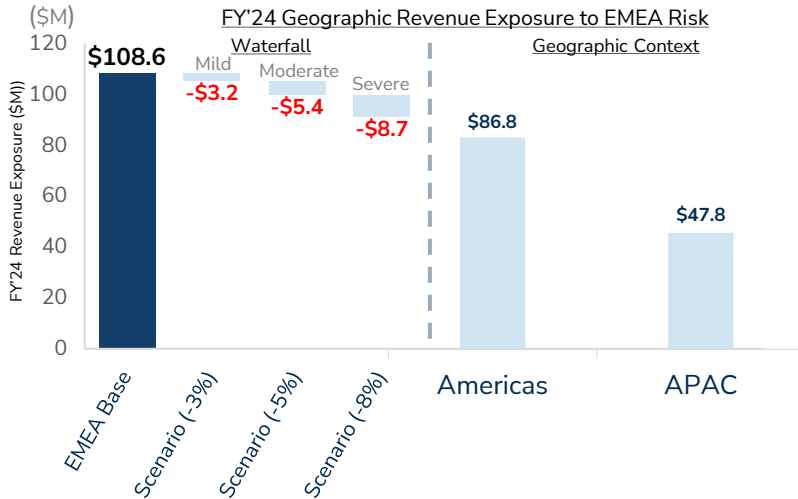
Risks Analysis



Market Risks & Mitigants

Geographic, regulatory, FX, and competitive risk assessment with mitigations strategies

Market Risk: OneSpan Revenue Exposure to EMEA



Source: OneSpan 10-K 2024 (Geographic Revenue); Historical Banking Crises
 Note: Amounts in \$M; EMEA includes Europe, Middle East, Africa

Key Takeaways:

- EMEA = 44% of OneSpan revenue (\$108.6m) = **PRIMARY RISK**
- Severe stress (-8%) = \$8.7M annual revenue at risk
- Combined downside across all geographies = 15-20M in bear case
- **Mitigation:** Diversify via Mastercard commercial payments
- **Downside protection:** Earnout structure + customer retention program

FX Exposure

EUR/USD = 41% of revenue

Unhedged: = \$8-12m P&L risk (modelled)

Mitigation: 60-70% hedge ratio (12-18-month forwards)

Cost: ~\$1.5-2m annually

FX exposure figures based on OneSpan 2024 10-K currency disclosure (55% USD, 41% EUR, 4% other) with P&L sensitivity, hedge ratio and hedge cost modeled for planning purposes.

Source: Company Filings FY25 TTM; Thales H1 2025; DocuSign 10-K; Yubico Q2 2025

Capital Markets & Regulatory Risk

Risk: Interchange fee caps extended to authentication service bundling

Impact: 15-25% synergy haircut = \$20-30M EBITDA at risk (modelled)

Precedent: Brazil PSD2 mandate, EU PSD2 requirements, U.S. Durbin Amendment litigation

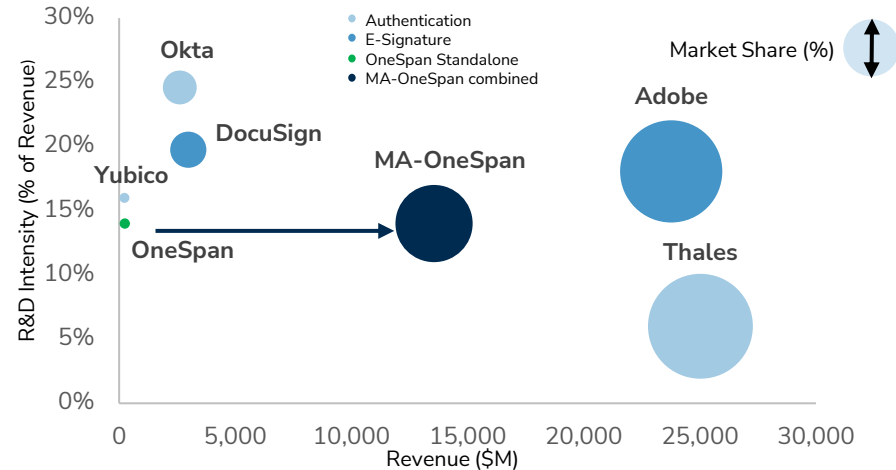
Mitigation: Seek "Essential infrastructure" designation + industry standards lobbying (\$2-3m annual advocacy budget)

Key Metric

€1.86B = Thales Cyber-Identity Division Revenue, H1 '25

Note: Regulatory impact scenarios represent management estimates based on disclosed risk factors and comparable precedents; not forward guidance or disclosed projections.

Competitive Positioning Analysis: Authentication & E-Signature



Strategic Rationale

Risk: OneSpan trapped at 0.36% market share with insufficient scale

- 14% R&D intensity = only \$34M absolute vs. Thales \$1.5B, Adobe \$4.3B
- \$15-25M annual revenue erosion from FID02/passkey commoditisation
- Cannot compete with Thales (37% market share), DocuSign/Adobe (39% market share combined)

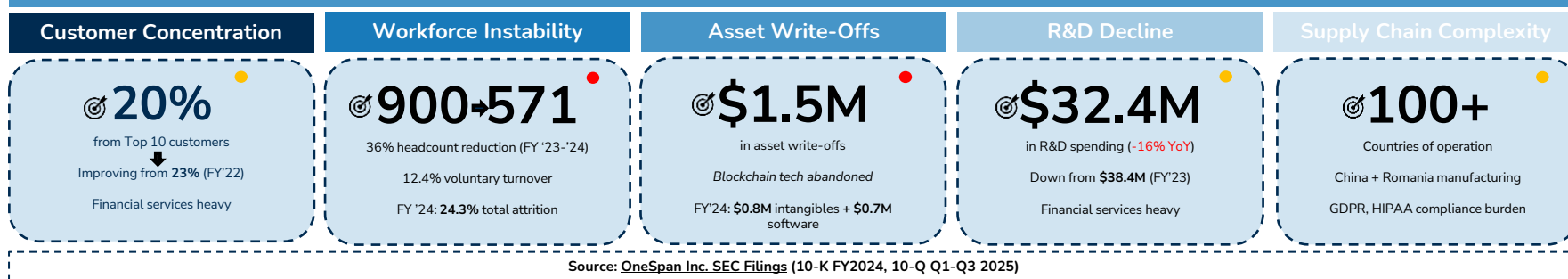
Mitigation: MA acquisition provides transformational repositioning

- ✓ Scale: \$243m to \$13.6B revenue, 0.36% to 19.89% market share
- ✓ R&D capacity: will now have significantly larger capital to spend on Research and Development

Non-Market Risks & Mitigants

Manageable execution risks with clear mitigation pathways

Quantified Execution Risks with Active Mitigation



Legend:

● Medium Risk

● High Risk

Mitigation Strategy

- 1) Customer concentration declining (23% to 20% over 3 years)
- 2) Mastercard distribution offsets workforce risks
- 3) R&D synergies reduce duplicate spending
- 4) Strong cybersecurity foundation supports combined entity

Full Risk Heat Map

Risk Category	Medium Impact ●	High Impact ●
Financial Performance	<ul style="list-style-type: none"> Revenue +3% YoY (\$243m) Net income \$57m Margins improving but vulnerable 	X
Customer Concentration	<ul style="list-style-type: none"> Top 10 customers: 20% Declining from 23% (2022) Financial services heavy 	X
Technology & Innovation	<ul style="list-style-type: none"> R&D: \$32m (-16% YoY) Blockchain tech abandoned Hardware declining 23% 	X
Operational Stability	X	<ul style="list-style-type: none"> Headcount: 900 to 571 (-36%) Voluntary turnover: 12.4% Total attrition: 24.3% \$1.5m asset write-offs
Market & Competition	X	<ul style="list-style-type: none"> DocuSign/Adobe dominance Hardware revenue -23% YoY Limited brand recognition Mobile-first shift pressure

Mitigation Roadmap

TIMELINE	
<p>Q1-Q2 (2026)</p> <ul style="list-style-type: none"> Workforce stabilization Asset cleanup complete 	<p>2027-2028</p> <ul style="list-style-type: none"> R&D synergies realised Full cyber integration
<p>Q3-Q4 (2026)</p> <ul style="list-style-type: none"> Customer diversification Supply chain compliance 	

Key Performance Indicators

- ✓ Customer concentration <18%
 - ✓ Voluntary attrition <15%
 - ✓ R&D spend \$34M+ Annually
 - ✓ Zero compliance violations
- Mastercard's scale provides strategic risk mitigation

Questions & Answers

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Appendix

Mastercard Research I

Global technology company enabling secure, seamless digital commerce across 220+ countries — 3.7B cards, \$10.6T GDV, 157.6B switched transactions in FY2025.

3 Core Business Segments

Targeting Consumer, Commercial & Multi-Rail payment flows across B2B, B2C and G2C

Consumer Payments

Core credit, debit & prepaid card network; contactless payments (77% of in-person txns); Mastercard Send P2P; BNPL; Agent Pay (agentic commerce); loyalty & rewards programs

Commercial & New

B2B payment rails, corporate & virtual cards, cross-border commercial transfers, supply chain finance, government disbursements (G2C), real-time Mastercard Track Business Payment Service

Services & Solutions (VAS)

Cyber & intelligence (Recorded Future, RiskRecon), data analytics (Test & Learn), digital identity (Ekata, NuData), open banking (Finicity, Aiaa), AI-powered fraud prevention (+40% detection YoY)

SWOT Analysis

STRENGTHS

- **High-Margin Model:** Asset-light structure with **57% operating margins**, zero marginal transaction costs, and no credit risk
- **Irreplicable Duopoly:** Network coverage in **210+ countries** creates a nearly impossible-to-replicate competitive advantage.
- **Fast VAS Growth:** Data/cyber/AI services grew 23% YoY.
- **Strong Cash Flow:** \$17.6B FY2025 cash flow funds M&A and \$16.7B in buyback

WEAKNESSES

- **No Consumer Link:** Brand loyalty is mediated by banks, not the network
- **Domestic Share Gap:** Approx. 30% US share vs. Visa's 70% is a structural disadvantage.
- **Rising Rebates:** Incentives (+16% FY2025) compress net revenue as issuers demand more.
- **M&A execution risk:** Inorganic VAS expansion increases integration complexity.

OPPORTUNITIES

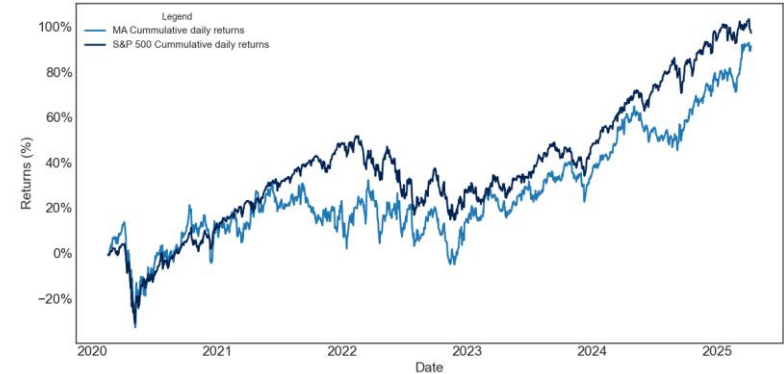
- **Modernize \$120T+ B2B Payments:** Digitizing offline flows with virtual cards and cross-border rails
- **Monetize Agentic Commerce:** Enabling AI-driven purchasing across the 150M+ merchant network.
- **Capture Digital Clearing:** Positioning for stablecoin/CBDC settlement volumes.

THREATS

- **Regulatory Squeeze:** UK CAT ruling (June 2025) and PSR caps legally force lower network fees.
- **A2A Expansion:** Real-time rails (Pix, UPI) disintermediate cards, creating massive 5-10 year volume risk
- **Stablecoin Routing:** Corporate giants (Amazon, JPMorgan) are bypassing card rails using near-zero cost stablecoins.
- **Issuer Defection:** Large bank defections to alternative rails threaten to materially impair network volumes

Sources: Mastercard Earnings call, Mastercard annual report, Investing.com, Yahoo Finance,

Mastercard Share Price Performance



Mastercard's Network Architecture

Long Term Goal

"building a sustainable economy where everyone can prosper"

FY2025 Earnings Call

'Revenue up 16% with VAS growing 23% - cybersecurity, digital identity & AI-powered services driving the next chapter of growth'

Issuers
25,000+ Financial Institutions

Acquirers
90M+ Merchant Locations

157.6B Switched Txns | 3.7B Cards | \$10.6T GDV | 220+ Countries

Agent Pay: AI agents (OpenAI, Google) autonomously initiate payments via Mastercard rails, capturing flows pre-checkout.

Tokenised Identity: Biometric credentials authenticate AI agent transactions at 90M+ merchants; no card numbers needed.

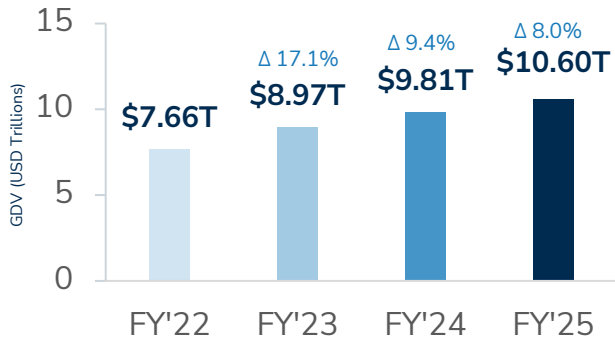
\$50T+ Opportunity: Agentic commerce unlocks untapped B2B procurement, subscriptions, and supply chain payments..

\$50T+ Opportunity: Agentic commerce unlocks untapped B2B procurement, subscriptions, and supply chain payments.

Mastercard Research II

An asset-light, high-margin business model: ~59% payment network fees + ~41% fast-growing value-added services — FY2025 net revenue \$32.8B (+16% YoY).

Total Payment Volume: GDV Credit Card (\$T)



Key Metric: Gross Dollar Volume (GDV): total value of all card transactions made on Mastercard-branded credit cards worldwide, net of reversals. Primary indicator of network scale and revenue driver for payment network fees.

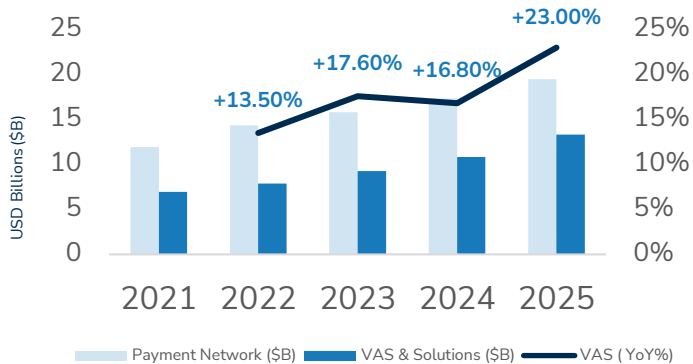
\$1.53 trillion or **10%** increase in GDV (Gross Dollar Volume) from FY2023 to FY2024

14% of switched transactions were cross-border in FY2023, FY2024 and FY2025

Net revenue grew **16%** (\$4.6B) in FY2025, driven by GDV and cross-border volume.

3.7 billion Mastercard & Maestro-branded cards in circulation as of **FY2025 (+2% YoY)**

Revenue Split Among Core Segments



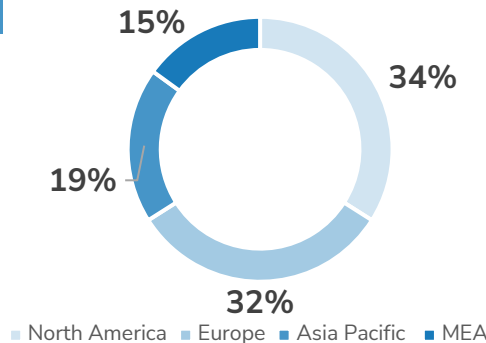
Business Model & Strategy

Payment Network Fees: Domestic & cross-border assessments, transaction processing charged to issuers/acquirers; scales directly with **GDV (\$10.6T in FY2025)** and switched transactions (**157.6B**)

Value-Added Services: Cybersecurity (Recorded Future, RiskRecon), data analytics, digital identity (Ekata, NuData), open banking (Finicity), loyalty, AI fraud prevention; **23%** revenue growth in FY2025

Asset-light model: **59%** adj. operating margin (FY2025)
core strategy: Grow VAS to **50%+** of revenues via AI, tokenisation, open banking & new payment flows; capture **\$1T+** B2B opportunity

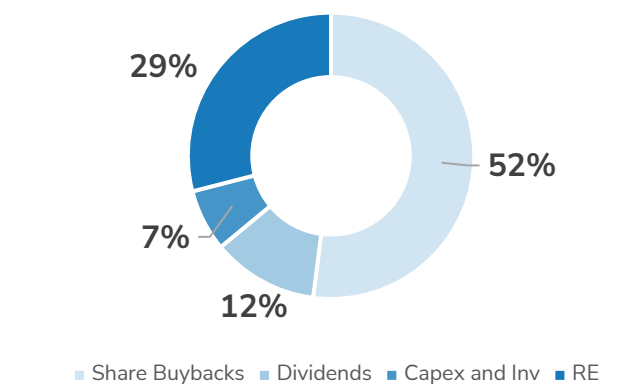
Geographic Revenue



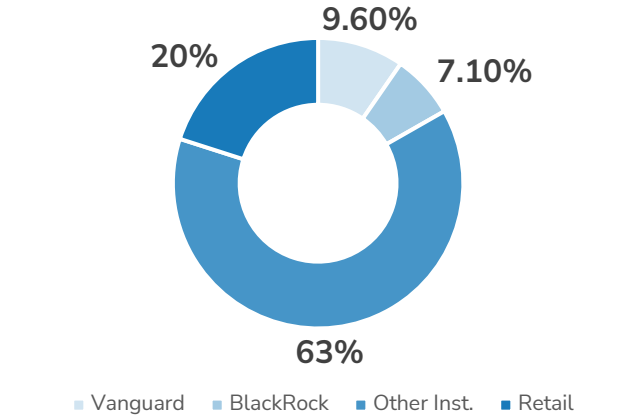
Other Financial Metrics (FY2025)

Return on Assets	\$23.72%	Return on Equity	\$209.92%
Book Value Per Share	\$7.36	Adj. Diluted EPS	\$17.01 +17% YoY

Capital Allocation



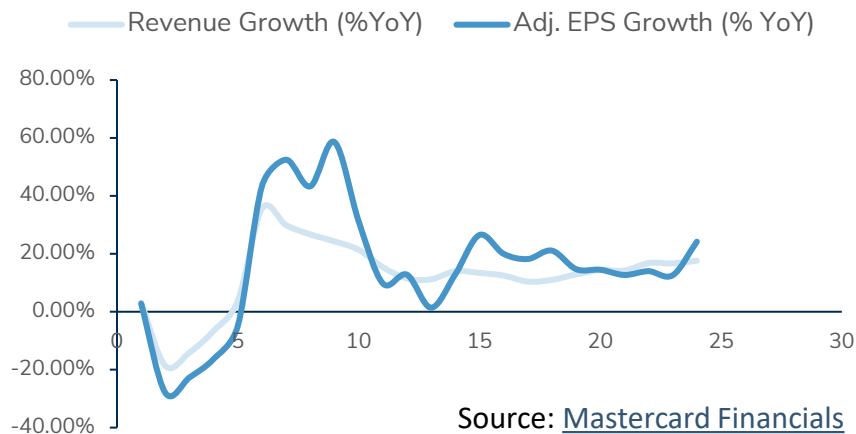
Ownership



Mastercard Research III

Capturing secular digital payments tailwinds — VAS growing at 23% YoY — while navigating intensifying competition from Big Tech, fintechs, real-time rails and CBDCs.

Net Revenue & EPS Growth Trajectory (Quarterly)



ESG & Sustainability

Carbon neutral since 2021 | 100% renewables | Net-zero by 2040 | 46% emissions cut vs 2016

960M+ people & 65M+ businesses reached digitally | 75+ countries | 2025 targets met early

50%+ women in workforce | 40%+ in senior leadership | 96.4% pay equity ratio

\$81M community invest

Independent board | ESG-linked exec pay | CDP Score: A- | AI ethics framework in place

MasterCard's Value Flywheel

Issuers & Banks

- Extend credit/debit/prepaid cards globally
- Access AI-powered fraud analytics & data insights
- Tokenisation & embedded finance solutions

Consumers

- Secure payments in **220+** countries (77% contactless)
- Loyalty, cashback & BNPL programmes
- Agent Pay for AI-driven commerce (2025 launch)

Merchants

- Accept payments at **90M+** locations worldwide
- Chargeback protection, dispute resolution
- Mastercard Insights & loyalty integrations

Governments / B2B

- G2C benefit disbursements & government rails
- Commercial virtual card & B2B payment solutions
- Mastercard Track Business PaymentService

Every new issuer, merchant, consumer & government participant strengthens the flywheel; deepening Mastercard's moat with each transaction

3B+ Cards Issued Globally | 90M+ Merchant Locations | 210+ Countries & Territories | 143B+ Annual Transactions

Structural Threats From Alternative Payment Providers

Account-to-account (A2A) & real-time payment networks (FedNow, PIX, UPI, Faster Payments) bypassing card rails

Central Bank Digital Currencies (CBDCs) threatening interchange economics & card-based payment models

Super-app wallets (Alipay, WeChat Pay, Grab) displacing cards in high-growth emerging markets

BNPL providers (Affirm, Klarna, Zip) cannibalising revolving credit spend on the payment network

Embedded finance & open banking (PSD3, UK Open Banking) reducing dependency on Mastercard network

Credit Card Competition Act (CCCA) - routing mandates risk diverting US debit volume from Mastercard network, Capital One - Discover merger risk: potential migration of debit volume (already partially mitigated via renewal)

Mastercard Competition

Mastercard operates in a concentrated duopoly with Visa — together controlling ~90% of global card payment volume outside China — while facing structural threats from Big Tech, fintechs, real-time rails and CBDCs.

Primary Network Competitors

Visa Inc. (V)

Dominant Global Network



- ▶ 52.2% global credit card market share vs MA ~25%
- ▶ \$35.9B FY2024 revenue (+10% YoY) vs MA \$28.2B
- ▶ 68% operating margin vs MA 57.6% — scale advantage
- ▶ Antitrust lawsuit (DOJ, Sept 2024) — debit routing practices
- ▶ Stablecoin push: Bridge, Baanx, Rain partnerships

Market Cap = \$598.6B

EV/REV = 14.6x*

EPS = \$10.66

*all figures are taken from date 13/02/2026

American Express (AXP)

Premium Closed-Loop Network



- ▶ 8% global market share; issuer + network (closed-loop)
- ▶ Higher-income, spend-centric model; higher avg. ticket
- ▶ \$6B marketing budget (2024) — loyalty & rewards engine
- ▶ Capital One–Discover merger adds new closed-loop rival

Market Cap = \$228B

EV/REV = 3.5x*

EPS = \$15.38

*all figures are taken from date 13/02/2026

Union Pay

China-Anchored Global Network



- ▶ Dominant in China (~90% domestic market); government backed since 2015
- ▶ 180+ countries/regions accepted; strategic focus on Asia
- ▶ Lower international penetration vs V/MA — acceptance gaps in US/Europe
- ▶ CBDC collaboration with People's Bank of China (digital yuan pilot)

No public information available: State-owned Company

Tech Platforms & Structural Threats

Big Tech Wallets

Apple Pay · Google Pay · Samsung Pay

Digital Wallets: 1/3 of NA/EU e-commerce. Moving from card-backed to direct bank links similar to China's network bypass.

Real-Time Payment Rails

FedNow · RTP · PIX · UPI · Faster Payments

Government A2A networks bypass card rails. Brazil's PIX handles **5B+ monthly transactions**, while the US faces disruption from FedNow and the CCCA routing mandate.

BNPL Providers

Klarna · Affirm · Zip · Afterpay

Cannibalise revolving credit spend; MA's highest-yield card segment. Klarna IPO 2025; Affirm growing merchant integrations. Reduce frequency of traditional card usage at checkout.

Fintech Networks & B2B

Stripe · Adyen · Fiserv / FIS · J.P. Morgan Payments

Stripe and Adyen dominate merchant infrastructure spend, while Mastercard's Track Business Payment Service targets the largely untapped \$125T+ B2B market ignored by card rails.

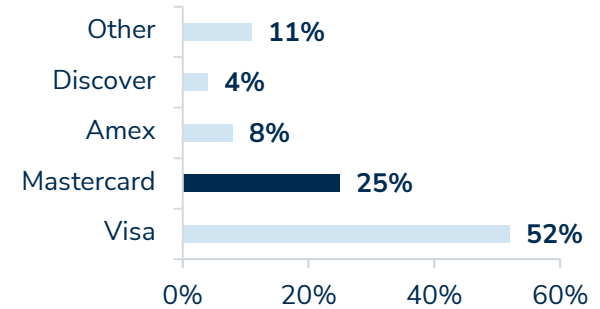
CBDCs & Stablecoins

Digital currencies threatening interchange economics

CBDCs threaten card settlements. Mastercard is countering this by partnering with MoonPay, MetaMask, Crypto.com, and Binance to enable stablecoin card issuance and acceptance.

Competitive Positioning

Global Credit Card Market Share



Source: Nilson Report 2025 (Global Card Market Share)

Competitive Landscape

Network & Payments



Tech & Infrastructure



Source: Mastercard 10-K 2025, Nilson Report 2025, Company Filings

Business Segments



1. Security Solutions (74%)

- Cloud Authentication & Authentication Server
- Mobile Security Suite & Application Shielding
- Digipass Hardware Authenticators (FIDO2-certified)
- **FY24 Revenue: \$182.2M, Gross Margin: 73%**

2. Digital Agreements (26%)

- OneSpan Sign (e-signature), OneSpan Notary
- Identity Verification (document + facial biometrics)
- **FY24 Revenue: \$61.0M, Gross Margin: 68%**
 - Achieved profitability Q3 2024

Solutions for Different Customer Segments

Product Portfolio that Addresses the Security Needs of Every Organisation Type

TIER 1: BY CUSTOMER SIZE

Small Business	Mid-Market	Enterprise	Global Banks
Sign Essentials Basic MFA Cloud Authentication	Sign Pro + Mobile Security ID Verification	Authentication Server + App Shield + FedRAMP	Hardware Software Cloud

TIER 2: BY USE CASE

Secure Access	Digital Agreements	Risk Management
<ul style="list-style-type: none"> • Multi factor authentication • Password-less login • Mobile app security • Hardware tokens 	<ul style="list-style-type: none"> • E-signature solutions • Identity verification • Digital workflows • Notarization services 	<ul style="list-style-type: none"> • Risk-based authentication • Transaction verification • Fraud prevention • Compliance reporting

High-level Evaluation of Strategy

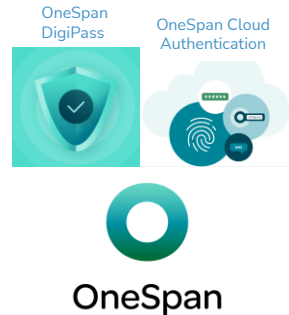
Securing the digital transformation of financial services through trusted authentication and e-signature solutions, while transitioning from hardware-centric to high-margin subscription software

Setting itself apart as an enterprise security leader via a comprehensive authentication portfolio (hardware + software + cloud), while expanding digital agreements capabilities and cultivating recurring revenue relationships with top-tier financial institutions

A suite of products for both financial institutions and enterprises including:

- **Multi-factor authentication**
- **Hardware security tokens**
- **Mobile app shielding**
- **Cloud-based authentication**
- **E-signature solutions**
- **Identity verification**
- **Notarization services**

A security specialist seeking digital transformation with huge value in the authentication market and digital agreements services for financial institutions



Growth Drivers

- Transition to subscription-based model (57% subscription revenue)
- Strong subscription ARR growth: \$167.7M (+8% YOY)
- Mobile-first authentication solutions
- Expansion in high-margin software solutions

Recent Developments

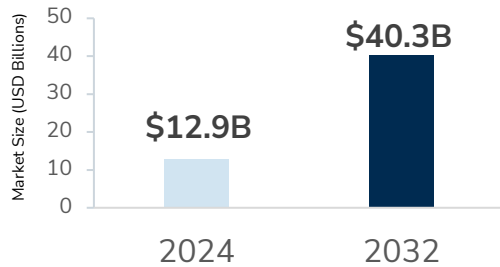
- Acquired Nok Nok Labs (June 2025) – FIDO2 password-less authentication
- Initiated quarterly dividend program (\$0.12/share)
- Both segments achieved profitability in FY24

OneSpan Research II

Expanding high-margin subscription footprint while maintaining diversified, globally balanced revenues

Authentication Market for Financial Services

Global Authentication Market for Financial Services 2024 (USD Billion)



Source: Data Bridge Market Research, 'Global Identity Verification and Authentication Market' (October 2024)

- 1
- 2
- 3

Rising cybersecurity threats and regulatory requirements are driving demand for multi-factor and password-less authentication in financial services

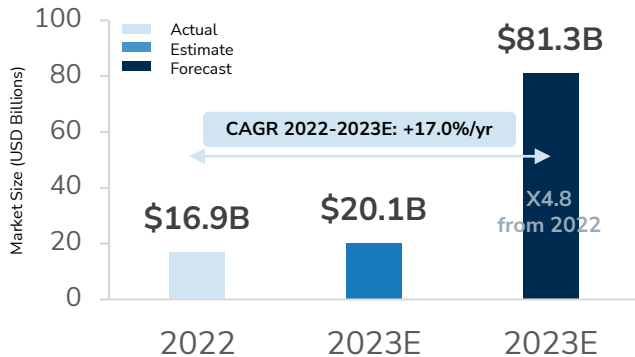
Legacy banks transitioning from hardware tokens to software-based authentication, creating replacement cycle opportunity for OneSpan

Cloud adoption accelerating in financial services, with authentication-as-a-service gaining market share rapidly due to scalability and cost efficiency

Expansion into regulated industries (healthcare, government) where OneSpan's FedRAMP-compliant solutions address strict security requirements

Market Outlook for Authentication & Digital Agreements

Security-as-a-Service (SECaaS) Global Market Size 2022-2033E (USD Billion)



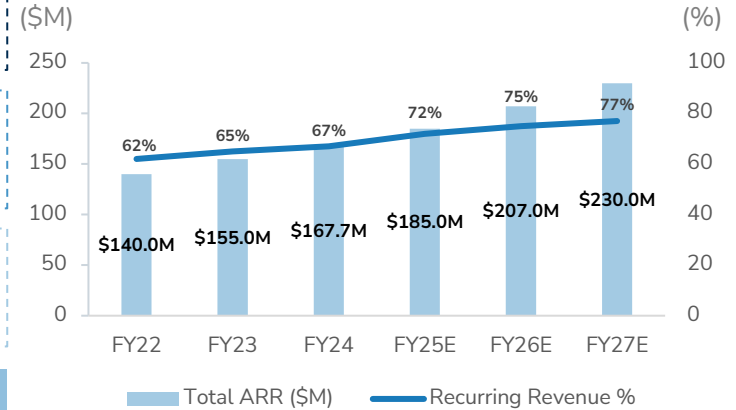
Source: Statista, 2026

Gartner Research: Password-less authentication market growing at 28.6% CAGR through 2028 as organisations prioritise user experience and security. OneSpan's FIDO2-certified solutions position company to capture growth from:

- Banking digital transformation initiatives
- Regulatory compliance requirements (PSD2, GDPR)
- Shift to cloud-based identity infrastructure

OneSpan is well positioned to benefit from secular trends: cloud adoption, password-less authentication, and digital agreement automation in regulated sectors

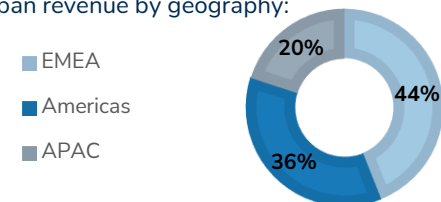
Subscription Revenue Growth Outlook



Subscription revenue at \$167.7M in FY24, growing 8% YoY with acceleration expected as Security Solutions (+33% YoY subscription growth) and Digital Agreements (+28% YoY subscription growth) continue SaaS transition

Hardware-to-software transition accelerating as banks prioritise cloud-based authentication and password-less solutions (FIDO2). OneSpan's recurring revenue model (67% of total revenue in FY24) provides predictable cash flows while gross margins expand from 67% to 72% due to favorable product mix shift toward high-margin software and cloud subscriptions. Management targets 75%+ recurring revenue by FY26.

OneSpan revenue by geography:



Revenue Build I – OneSpan

USD THD	FY2020	FY2021	FY2022	FY2023	FY2024	Q12025	Q22025	Q32025	Q42025E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
Revenue by Business Segment																
Digital Agreements			48,401	50,925	60,992	15,653	15,608	16,734	17,339	65,334	72,279	78,730	85,028	90,980	96,894	102,708
Subscriptions			42,029	45,886	58,848	15,545	15,574	16,674	17,278	65,071	72,229	78,730	85,028	90,980	96,894	102,708
Maintenance & Support			5,451	4,143	1,736	24	25	26	27	102	0	0	0	0	0	0
Professional Services & Other			921	896	408	84	9	34	34	161	50	0	0	0	0	0
Hardware			0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Ratio to total Revenue</i>			22.1%	21.7%	25.1%	24.7%	26.1%	29.3%	28.7%	27.2%	29.6%	31.7%	33.2%	34.4%	35.3%	36.1%
<i>Growth Rate %</i>			0.0%	5.2%	19.8%	-0.3%	-0.3%	7.2%	3.6%	7.1%	10.6%	8.9%	8.0%	7.0%	6.5%	6.0%
Security Solutions			170,605	184,181	182,187	47,713	44,235	40,322	43,003	175,273	171,932	169,970	170,762	173,495	177,454	182,128
Subscriptions			47,124	60,550	80,555	28,072	20,602	21,106	21,622	91,402	100,543	108,586	116,187	123,739	131,163	138,377
Maintenance & Support			42,894	42,240	38,342	7,984	8,666	8,860	9,054	34,564	31,799	30,209	29,303	28,717	28,142	27,579
Professional Services & Other			7,087	5,425	4,439	594	951	626	724	2,895	2,460	2,214	2,104	2,041	2,000	1,960
Hardware			73,500	75,966	58,851	11,063	14,016	9,730	11,603	46,412	37,130	28,961	23,169	18,998	16,149	14,211
<i>Ratio to total Revenue</i>			77.9%	78.3%	74.9%	75.3%	73.9%	70.7%	71.3%	72.8%	70.4%	68.3%	66.8%	65.6%	64.7%	63.9%
<i>Growth Rate %</i>			0.0%	8.0%	-1.1%	4.9%	-7.3%	-8.8%	6.6%	-3.8%	-1.9%	-1.1%	0.5%	1.6%	2.3%	2.6%
Total Revenue	215,691	214,481	219,006	235,106	243,179	63,366	59,843	57,056	60,342	240,607	244,211	248,700	255,791	264,475	274,348	284,835
<i>Growth Rate %</i>		-0.6%	2.1%	7.4%	3.4%	3.5%	-5.6%	-4.7%	5.8%	-1.1%	1.5%	1.8%	2.9%	3.4%	3.7%	3.8%

Revenue Build II – OneSpan

				FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
Digital Agreements	Active Case:			11.0%	9.0%	8.0%	7.0%	6.5%	6.0%
<i>Subscriptions Growth Rate %</i>	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	<i>-15%</i>	9.4%	7.7%	6.8%	6.0%	5.5%	5.1%
	2. <i>Base Case</i>		<i>0%</i>	11.0%	9.0%	8.0%	7.0%	6.5%	6.0%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	<i>15%</i>	12.7%	10.4%	9.2%	8.1%	7.5%	6.9%
Security Solutions	Active Case:			10.0%	8.0%	7.0%	6.5%	6.0%	5.5%
<i>Subscriptions Growth Rate %</i>	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	<i>-15%</i>	8.5%	6.8%	6.0%	5.5%	5.1%	4.7%
	2. <i>Base Case</i>		<i>0%</i>	10.0%	8.0%	7.0%	6.5%	6.0%	5.5%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	<i>15%</i>	11.5%	9.2%	8.1%	7.5%	6.9%	6.3%
Maintenance & Support (SS) Growth Rate %	Active Case:			-8.0%	-5.0%	-3.0%	-2.0%	-2.0%	-2.0%
	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	<i>-15%</i>	-6.8%	-4.3%	-2.6%	-1.7%	-1.7%	-1.7%
	2. <i>Base Case</i>		<i>0%</i>	-8.0%	-5.0%	-3.0%	-2.0%	-2.0%	-2.0%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	<i>15%</i>	-9.2%	-5.8%	-3.5%	-2.3%	-2.3%	-2.3%
Professional Services & Other (SS) Growth Rate %	Active Case:			-15.0%	-10.0%	-5.0%	-3.0%	-2.0%	-2.0%
	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	<i>-15%</i>	-12.8%	-8.5%	-4.3%	-2.6%	-1.7%	-1.7%
	2. <i>Base Case</i>		<i>0%</i>	-15.0%	-10.0%	-5.0%	-3.0%	-2.0%	-2.0%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	<i>15%</i>	-17.3%	-11.5%	-5.8%	-3.5%	-2.3%	-2.3%
Hardware (SS) Decline Rate %	Active Case:			-20.0%	-22.0%	-20.0%	-18.0%	-15.0%	-12.0%
	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	<i>-15%</i>	-17.0%	-18.7%	-17.0%	-15.3%	-12.8%	-10.2%
	2. <i>Base Case</i>		<i>0%</i>	-20.0%	-22.0%	-20.0%	-18.0%	-15.0%	-12.0%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	<i>15%</i>	-23.0%	-25.3%	-23.0%	-20.7%	-17.3%	-13.8%

*Subscriptions, being the main future drivers of growth, were forecasted by segment.

COGS Build I – OneSpan

USD THD	FY2020	FY2021	FY2022	FY2023	FY2024	Q12025	Q22025	Q32025	Q42025E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
COGS by Business Segment																
Digital Agreements			10,913	13,183	19,281	4,647	4,463	4,728	5,002	18,840	20,264	21,679	22,988	24,142	25,227	26,227
<i>% of Revenue</i>			22.5%	25.9%	31.6%	29.7%	28.6%	28.3%	28.8%	28.8%	28.0%	27.5%	27.0%	26.5%	26.0%	25.5%
<i>% share of Total COGS</i>			15.5%	17.0%	28.1%	28.6%	28.1%	31.4%	31.5%	29.9%	32.5%	34.7%	36.4%	37.7%	38.7%	39.5%
Security Solutions			59,523	64,207	49,319	11,628	11,413	10,325	10,862	44,228	42,182	40,851	40,187	39,963	39,987	40,130
<i>% of Revenue</i>			34.9%	34.9%	27.1%	24.4%	25.8%	25.6%	25.3%	25.2%	24.5%	24.0%	23.5%	23.0%	22.5%	22.0%
<i>% share of Total COGS</i>			84.5%	83.0%	71.9%	71.4%	71.9%	68.6%	68.5%	70.1%	67.5%	65.3%	63.6%	62.3%	61.3%	60.5%
Corporate & Other	-	-	0	1	3	0	0	0	0	0	0	0	0	0	0	0
Total COGS	67,632	71,546	70,436	77,391	68,603	16,275	15,876	15,053	15,864	63,068	62,446	62,529	63,175	64,105	65,214	66,357
<i>% of Revenue</i>	31.4%	33.4%	32.2%	32.9%	28.2%	25.7%	26.5%	26.4%	26.3%	26.2%	25.6%	25.1%	24.7%	24.2%	23.8%	23.3%
Gross Profit	148,059	142,935	148,570	157,715	174,576	47,091	43,967	42,003	44,479	177,540	181,765	186,171	192,616	200,370	209,134	218,478
<i>Gross Margin %</i>	68.6%	66.6%	67.8%	67.1%	71.8%	74.3%	73.5%	73.6%	73.7%	73.8%	74.4%	74.9%	75.3%	75.8%	76.2%	76.7%

*Present structure of business segmentations began from FY2022, therefore not broken down in FY2021 and FY2020

				FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
GM Digital Agreements Growth %	Active Case			-0.8%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	-15%	-0.68%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%
	2. <i>Base Case</i>		0%	-0.80%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	15%	-0.92%	-0.58%	-0.58%	-0.58%	-0.58%	-0.58%
GM Security Solutions Growth %	Active Case			-0.7%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
	1. <i>Bear Case</i>	<i>Downside wrt. Base</i>	-15%	-0.60%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%
	2. <i>Base Case</i>		0%	-0.70%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
	3. <i>Bull Case</i>	<i>Upside wrt. Base</i>	15%	-0.81%	-0.58%	-0.58%	-0.58%	-0.58%	-0.58%

Financial Statements I - OneSpan

Consolidated Statements of Operations

USD thd	Audited FY2020	Audited FY2021	Audited FY2022	Audited FY2023	Audited FY2024	Mgmt Acc. Q12025	Mgmt Acc. Q22025	Mgmt Acc. Q32025	Forecast Q42025E	Forecast FY2025E	Forecast FY2026E	Forecast FY2027E	Forecast FY2028E	Forecast FY2029E	Forecast FY2030E	Forecast FY2031E
Revenue	215,691	214,481	219,006	235,106	243,179	63,366	59,843	57,056	60,342	240,607	244,211	248,700	255,791	264,475	274,348	284,835
Cost of goods sold	67,632	71,546	70,436	77,391	68,603	16,275	15,876	15,053	15,864	63,068	62,446	62,529	63,175	64,105	65,214	66,357
Gross profit	148,059	142,935	148,570	157,715	174,576	47,091	43,967	42,003	44,479	177,540	181,765	186,171	192,616	200,370	209,134	218,478
Operating expenses	144,195	163,175	167,718	184,233	127,420	29,353	32,776	33,035	31,585	126,749	129,199	127,086	126,872	128,270	130,315	132,448
Sales and marketing	56,663	62,730	60,949	70,235	44,546	11,457	11,505	11,391	11,519	45,872	45,912	45,512	45,786	46,548	47,462	48,422
Research and development	41,194	47,414	41,735	38,420	32,423	7,928	9,444	8,796	8,792	34,960	37,364	36,808	36,578	37,027	37,586	38,168
General and administrative	46,338	53,031	55,552	58,267	46,007	9,547	11,779	12,152	11,274	44,752	45,423	44,766	44,508	44,696	45,267	45,858
Restructuring and other related changes	-	-	9,482	17,311	4,444	421	48	696	-	1,165	500	-	-	-	-	-
Impairment of intangible assets	-	-	3,828	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets	9,122	5,888	4,139	2,353	2,351	556	685	741	668	2,650	3,117	2,899	826	817	647	258
EBIT	(5,258)	(26,128)	(27,115)	(28,871)	44,805	17,182	10,506	8,227	12,226	48,141	49,449	56,186	64,917	71,283	78,171	85,772
Interest Income (expense), net	404	(1)	595	2,090	1,807	692	732	388	388	2,200	2,623	4,160	5,032	6,003	7,064	8,239
Other income (expense), net	1,434	(14)	14,827	(532)	(125)	(9)	(669)	(208)	-	(886)	-	-	-	-	-	-
EBT	(3,420)	(26,143)	(11,693)	(27,313)	46,487	17,865	10,569	8,407	12,614	49,455	52,072	60,346	69,949	77,285	85,235	94,011
Tax expense (relief)	2,035	4,441	2,741	2,486	(10,595)	3,360	2,227	1,893	2,623	10,103	9,894	11,767	13,990	15,457	17,047	18,802
Net Income	(5,455)	(30,584)	(14,434)	(29,799)	57,082	14,505	8,342	6,514	9,990	39,351	42,178	48,578	55,959	61,828	68,188	75,208
Impairment of Intangible assets	-	-	3,828	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Ammortisation	12,003	8,926	7,066	6,479	8,364	2,129	2,456	2,567	2,406	9,558	8,658	9,125	7,343	7,270	7,498	7,364
EBITDA	6,745	(17,202)	(16,221)	(22,392)	53,169	19,311	12,962	10,794	14,632	57,699	58,107	65,311	72,260	78,553	85,669	93,136

Financial Statements II - OneSpan

Consolidated Balance sheet

USD thd	Audited FY2020	Audited FY2021	Audited FY2022	Audited FY2023	Audited FY2024	Mgmt Acc. Q12025	Mgmt Acc. Q22025	Mgmt Acc. Q32025	Forecast Q42025E	Forecast 2025E	Forecast 2026E	Forecast 2027E	Forecast 2028E	Forecast 2029E	Forecast 2030E	Forecast 2031E
Assets																
Current assets																
Cash and cash equivalents	88,394	63,380	96,501	43,001	83,160	105,211	92,886	85,554	74,938	74,938	118,844	143,762	171,504	201,821	235,390	272,242
Short term investments	26,859	35,108	2,328	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	529	171	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	57,537	56,612	65,132	64,387	56,229	29,595	35,064	27,480	63,952	63,952	60,991	62,112	63,708	66,051	68,517	71,136
Inventories	13,093	10,345	12,054	15,553	10,792	11,028	11,447	11,236	11,952	11,952	11,260	11,275	11,360	11,559	11,759	11,965
Prepaid expenses	7,837	7,594	6,222	6,575	6,547	6,327	6,998	6,877	6,877	6,877	6,877	6,877	6,877	6,877	6,877	6,877
Contract assets	7,202	4,694	4,520	5,139	8,687	10,587	14,365	16,718	16,437	16,437	12,750	12,984	13,318	13,808	14,323	14,871
Other current assets	6,256	9,356	10,783	11,159	9,479	7,811	8,723	9,665	9,665	9,665	9,665	9,665	9,665	9,665	9,665	9,665
Total current assets	207,178	187,089	197,540	146,343	175,065	170,559	169,483	157,530	183,821	183,821	220,386	246,675	276,432	309,781	346,532	386,757
Non-current assets																
Property and equipment, net	11,835	10,757	12,681	18,722	20,966	21,105	21,371	21,368	21,636	21,636	23,910	25,642	27,311	29,321	31,249	33,257
Operating lease right-of-use assets	11,356	9,197	8,022	6,171	7,725	7,865	8,209	7,697	7,522	7,522	6,521	5,900	5,381	5,639	5,546	6,746
Goodwill	97,552	96,174	90,514	93,684	92,365	94,200	103,262	102,291	102,291	102,291	102,291	102,291	102,291	102,291	102,291	102,291
Intangible assets	27,196	21,270	12,482	10,832	7,481	6,923	10,675	9,983	9,333	9,333	6,216	3,317	2,491	1,674	1,027	769
Deferred income taxes	7,030	3,786	1,901	1,721	20,516	20,573	28,983	28,993	28,993	28,993	28,993	28,993	28,993	28,993	28,993	28,993
Other assets	13,056	13,998	11,942	11,718	14,616	12,585	15,116	15,661	15,661	15,661	15,661	15,661	15,661	15,661	15,661	15,661
Total non-current assets	168,025	155,182	137,542	142,848	163,669	163,251	187,616	185,993	185,436	185,436	183,592	181,804	182,128	183,579	184,767	187,717
Total assets	375,203	342,271	335,082	289,191	338,734	333,810	357,099	343,523	369,257	369,257	403,978	428,480	458,560	493,360	531,299	574,474

Financial Statements III - OneSpan

Consolidated Balance sheet

USD thd	Audited	Audited	Audited	Audited	Audited	Mgmt Acc.	Mgmt Acc.	Mgmt Acc.	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	FY2020	FY2021	FY2022	FY2023	FY2024	Q12025	Q22025	Q32025	Q42025E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Liabilities																
Current Liabilities																
Accounts payable	5,684	8,204	17,357	17,452	13,310	12,005	15,643	10,378	13,711	13,711	13,377	13,395	13,497	13,733	13,971	14,215
Deferred revenue	43,417	54,617	64,637	69,331	67,465	51,850	54,460	50,535	63,684	63,684	63,495	64,662	66,506	68,764	71,331	74,057
Accrued wages and payroll taxes	13,649	16,607	18,345	14,335	13,793	9,540	9,914	11,289	11,289	11,289	12,211	12,435	12,790	13,224	13,717	14,242
Short-term income taxes payable	2,618	1,103	2,438	2,646	4,403	6,166	5,692	9,343	9,343	9,343	9,343	9,343	9,343	9,343	9,343	9,343
Dividend payable	-	-	-	-	4,765	193	431	564	-	-	-	-	-	-	-	-
Other accrued expenses	8,334	7,668	7,664	10,684	6,339	7,263	9,417	7,888	7,839	7,839	7,560	7,387	7,242	7,314	7,288	7,623
Deferred compensation	1,602	877	373	382	200	19	18	34	34	34	-	-	-	-	-	-
Total current liabilities	75,304	89,076	110,814	114,830	110,275	87,036	95,575	90,031	105,900	105,900	105,986	107,222	109,376	112,377	115,649	119,480
Non-current liabilities																
Long-term deferred revenue	11,730	9,125	6,269	4,152	3,390	2,933	2,935	2,817	2,817	2,817	2,857	2,910	2,993	3,094	3,210	3,333
Long-term lease liabilities	12,399	10,180	8,442	6,824	6,932	6,908	7,030	6,451	6,325	6,325	5,603	5,155	4,781	4,967	4,900	5,765
Deferred income taxes	1,912	1,286	1,197	1,067	3,680	3,771	4,148	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008
Long-term income taxes payable	6,095	5,054	2,565	-	-	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	10,423	7,770	2,484	3,177	1,927	2,043	4,904	4,893	4,893	4,893	4,893	4,893	4,893	4,893	4,893	4,893
Total non-current liabilities	42,559	33,415	20,957	15,220	15,929	15,655	19,017	15,169	15,043	15,043	14,361	13,966	13,675	13,963	14,011	14,999
Total Liabilities	117,863	122,491	131,771	130,050	126,204	102,691	114,592	105,200	120,943	120,943	120,347	121,188	123,051	126,339	129,660	134,479
Stockholders' equity																
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	40	40	40	38	38	38	38	38	38	38	38	38	38	38	38	38
Additional paid-in capital	98,819	100,250	107,305	118,620	122,534	123,983	126,356	127,726	127,726	127,726	127,726	127,726	127,726	127,726	127,726	127,726
Treasury stock	(5,030)	(12,501)	(18,222)	(47,377)	(47,380)	(47,380)	(47,380)	(53,677)	(53,677)	(53,677)	(60,537)	(85,456)	(113,198)	(143,514)	(177,084)	(213,936)
Retained earnings	173,731	143,173	128,738	98,939	151,256	165,746	169,238	170,940	180,930	180,930	223,109	271,687	327,646	389,475	457,663	532,871
Accumulated other comprehensive loss	(10,220)	(11,182)	(14,550)	(11,079)	(13,918)	(11,268)	(5,745)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)	(6,704)
Total stockholders' equity	257,340	219,780	203,311	159,141	212,530	231,119	242,507	238,323	248,313	248,313	283,631	307,291	335,509	367,020	401,639	439,995
Total liabilities and stockholders' equity	375,203	342,271	335,082	289,191	338,734	333,810	357,099	343,523	369,257	369,257	403,978	428,480	458,560	493,360	531,299	574,474

Financial Statements IV - OneSpan

Consolidated Statement of Cash Flows																
USD thd	Audited FY2020	Audited FY2021	Audited FY2022	Audited FY2023	Audited FY2024	Mgmt Acc. Q12025	Mgmt Acc. Q22025	Mgmt Acc. Q32025	Forecast Q42025E	Forecast 2025E	Forecast 2026E	Forecast 2027E	Forecast 2028E	Forecast 2029E	Forecast 2030E	Forecast 2031E
Net Income	(5,455)	(30,584)	(14,434)	(29,799)	57,082	14,505	8,342	6,514	9,990	39,351	42,178	48,578	55,959	61,828	68,188	75,208
Adjustments to reconcile net income (loss) from operations																
Depreciation and Amortization	12,003	8,926	7,066	6,479	8,364	2,129	2,456	2,567	2,406	9,558	8,658	9,125	7,343	7,270	7,498	7,364
Write-off intangible assets	-	-	-	-	804	36	-	-	-	-	-	-	-	-	-	-
Write-off of property and equipment, net	-	-	3,828	3,183	1,081	-	-	709	-	-	-	-	-	-	-	-
Impairment of inventories, net	-	-	-	143	-	-	-	-	-	-	-	-	-	-	-	-
Gains on sale of equity-method investment	-	-	(14,810)	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax (benefit) expense	(1,487)	2,823	1,637	118	(16,156)	75	364	(3,155)	-	-	-	-	-	-	-	-
Share-based compensation	4,740	4,354	8,642	14,252	8,955	2,776	3,451	3,374	-	-	-	-	-	-	-	-
Provision for credit losses, net	1,611	(2,705)	184	(65)	64	(453)	387	(237)	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities																
Accounts receivable	5,181	2,047	(9,705)	1,571	6,855	27,756	(2,881)	7,827	(36,472)	(7,723)	2,962	(1,121)	(1,596)	(2,343)	(2,466)	(2,619)
Inventories, net	6,725	2,209	(2,168)	(3,275)	4,079	203	497	209	(716)	(1,160)	692	(15)	(85)	(199)	(200)	(206)
Contract assets	(191)	3,787	52	(574)	(5,669)	93	(5,018)	(2,833)	281	(7,750)	3,687	(234)	(334)	(490)	(515)	(548)
Accounts payable	(5,237)	2,716	9,261	(253)	(3,854)	(1,437)	2,733	(5,231)	3,333	401	(334)	18	101	236	238	245
Income taxes payable	(5,642)	(2,525)	(1,140)	(2,367)	1,782	1,757	(648)	3,654	-	4,940	-	-	-	-	-	-
Accrued expenses	(3,124)	3,089	2,197	(1,531)	(4,149)	(3,641)	(1,342)	2,785	-	-	922	224	355	434	494	524
Deferred compensation	574	(725)	(504)	9	(182)	(181)	(1)	16	-	(166)	(34)	-	-	-	-	-
Deferred revenue	8,342	9,713	8,173	2,015	(1,647)	(16,593)	(1,401)	(4,036)	13,149	(4,354)	(149)	1,220	1,926	2,360	2,683	2,849
Other assets and liabilities	(3,118)	(5,870)	(4,038)	(641)	(1,742)	2,341	(712)	(862)	-	(4,197)	-	-	-	-	-	-
Net cash provided by (used in) operating activities	14,922	(2,745)	(5,759)	(10,735)	55,667	29,366	6,227	11,301	(8,028)	28,901	58,581	57,795	63,669	69,096	75,918	82,819
Net cash provided by (used in) investing activities																
Purchase of short-term investments	(34,060)	(59,925)	(15,812)	-	-	-	-	-	-	-	-	-	-	-	-	-
Maturities of short-term investments	32,630	51,149	48,550	2,330	-	-	-	-	-	-	-	-	-	-	-	-
Additions to property and equipment	(3,101)	(2,169)	(4,996)	(12,484)	(9,245)	(1,626)	(1,857)	(2,535)	(2,006)	(8,024)	(7,815)	(7,958)	(8,185)	(8,463)	(8,779)	(9,115)
Additions to intangible assets	(133)	(35)	(29)	(59)	(60)	(19)	14	(49)	(18)	(72)	-	-	-	-	-	-
Cash paid for acquisition of business	-	-	-	(1,800)	-	-	(12,052)	(1,891)	-	-	-	-	-	-	-	-
Sale of equity-method investment	-	-	18,874	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	(4,664)	(10,980)	46,587	(12,013)	(9,305)	(1,645)	(13,895)	(4,475)	(2,024)	(8,096)	(7,815)	(7,958)	(8,185)	(8,463)	(8,779)	(9,115)
Net cash used in financing activities																
Contingent payment related to acquisition	-	-	-	-	(200)	-	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock, net of excise tax	(5,030)	(7,471)	(5,721)	(29,155)	(3)	-	-	(6,297)	-	-	(6,860)	(24,918)	(27,742)	(30,317)	(33,570)	(36,852)
Tax payments for restricted stock issuances	(2,030)	(2,923)	(1,587)	(2,939)	(5,041)	(1,327)	(1,078)	(2,004)	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(4,587)	(4,609)	(4,682)	(564)	-	-	-	-	-	-	-
Payment of debt issuance costs	-	-	-	-	-	-	(566)	(1,173)	-	-	-	-	-	-	-	-
Principal payments on lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in financing activities	(7,060)	(10,394)	(7,308)	(32,094)	(5,244)	(5,914)	(6,253)	(14,156)	(564)	-	(6,860)	(24,918)	(27,742)	(30,317)	(33,570)	(36,852)
Effect of exchange rate changes on cash	914	(895)	(372)	997	(1,317)	244	1,435	(3)	-	1,676	-	-	-	-	-	-
Net increase (decrease) in cash	4,112	(25,014)	33,148	(53,845)	39,801	22,051	(12,486)	(7,333)	(10,616)	22,481	43,906	24,918	27,742	30,317	33,570	36,852
Cash, cash equivalents and restricted cash, beginning of period	85,129	89,241	64,227	97,375	43,530	83,331	105,382	92,886	85,554	83,331	74,938	118,844	143,762	171,504	201,821	235,390
Cash, cash equivalents and restricted cash, end of period	89,241	64,227	97,375	43,530	83,331	105,382	92,896	85,553	74,938	105,812	118,844	143,762	171,504	201,821	235,390	272,242

<u>OneSpan:</u>	
Sector's WACC	
Cost of debt (Kd)	
Cost of debt	3.49%
Average tax rate	21%
After tax cost of debt	2.76%
Cost of Equity (Ke)	
Beta (β)	1.06
Risk free rate of return (Rf)	4.09%
Expected Market return	11.01%
Equity risk premium (ERP)	6.92%
Size Premium (SP)	2.20%
Cost of Equity	13.76%
Capital structure	
Debt	5.20%
Equity	94.80%
Total assets	100%
WACC	13.19%
Sector's Relevered beta	
Sector's Unlevered Beta	1.02
Sector's Debt/MKT cap	5.20%
Tax rate	21.0%
Beta	1.06

DCF I - OneSpan

OneSpan	Mar-26	Jan-27	Jan-28	Jan-29	Jan-30	Jan-31	Terminal
Discounted cash flow	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Year
Valuation as of 31/03/2026	9	12	12	12	12	12	
	276	365	366	365	365	365	
USD thd							
EBIT	49,449	56,186	64,917	71,283	78,171	85,772	85,772
(-) Taxes	9,894	11,767	13,990	15,457	17,047	18,802	18,802
EBIAT	39,556	44,419	50,928	55,826	61,124	66,970	66,970
Depreciation and Amortisation	8,658	9,125	7,343	7,270	7,498	7,364	7,364
	48,213	53,544	58,271	63,096	68,622	74,334	74,334
Change in working capital							
Accounts Receivable	2,962	(1,121)	(1,596)	(2,343)	(2,466)	(2,619)	(2,619)
Accounts Payable	(334)	18	101	236	238	245	245
Inventories	692	(15)	(85)	(199)	(200)	(206)	(206)
Contract Assets	3,687	(234)	(334)	(490)	(515)	(548)	(548)
Deferred Revenue	(149)	1,220	1,926	2,360	2,683	2,849	2,849
Accrued Expenses	922	224	355	434	494	524	524
Subtotal change in net working capital	7,779	91	367	(2)	233	246	246
(-) Capex	(7,815)	(7,958)	(8,185)	(8,463)	(8,779)	(9,115)	(9,115)
Free Cash flows (unlevered)	48,178	45,677	50,452	54,630	60,075	65,465	65,465
Terminal value		Terminal Growth	2.0%				596,966
Discount period (mid-year convention)	0.25	1.25	2.25	3.25	4.25	5.25	5.75
Discount factor	WACC	13.19%	0.97	0.86	0.76	0.67	0.59
Present value of free cash flows	46,709	39,125	38,181	36,527	35,488	34,167	292,853

Equity value as of 31st March 2026		
USD thd		
PV of FCFF	44.0%	230,197
PV of Terminal Value	56.0%	292,853
Enterprise Value		523,050
Adjustments		
(+) Cash and cash equivalents		85,554
(-) Debt		6,451
(-) Preferred		-
(-) Net Controlling Interests		-
Equity Value		602,153
Shares outstanding (in thd)		38,768
Implied share price		\$ 15.53

Current Share price (as of 13/02/2026)

\$ 11.24

Premium/ Discount to Current Share Price (%)

38.19%

Enterprise value sensitised to WACC and terminal growth (USD thd)								
	523,050	WACC						
		11.69%	12.19%	12.69%	13.19%	13.69%	14.19%	14.69%
	3.50%	676,785	638,295	604,045	573,377	545,761	520,767	498,042
	3.00%	649,549	614,534	583,183	554,954	529,408	506,183	484,980
	2.50%	625,279	593,226	564,369	538,256	514,518	492,848	472,991
T-Growth	2.00%	603,514	574,010	547,315	523,050	500,901	480,607	461,946
	1.50%	583,886	556,593	531,786	509,145	488,402	469,331	451,739
	1.00%	566,095	540,732	517,586	496,382	476,888	458,909	442,278
	0.50%	549,894	526,229	504,551	484,625	466,248	449,250	433,484

Implied share price sensitised to WACC and terminal growth (USD)								
	\$15.53	WACC						
		11.69%	12.19%	12.69%	13.19%	13.69%	14.19%	14.69%
	3.50%	\$19.50	\$18.50	\$17.62	\$16.83	\$16.12	\$15.47	\$14.89
	3.00%	\$18.80	\$17.89	\$17.08	\$16.36	\$15.70	\$15.10	\$14.55
	2.50%	\$18.17	\$17.34	\$16.60	\$15.92	\$15.31	\$14.75	\$14.24
T-Growth	2.00%	\$17.61	\$16.85	\$16.16	\$15.53	\$14.96	\$14.44	\$13.96
	1.50%	\$17.10	\$16.40	\$15.76	\$15.17	\$14.64	\$14.15	\$13.69
	1.00%	\$16.64	\$15.99	\$15.39	\$14.84	\$14.34	\$13.88	\$13.45
	0.50%	\$16.22	\$15.61	\$15.06	\$14.54	\$14.07	\$13.63	\$13.22

Mastercard does not segment revenue by digital-identity or authentication sub-verticals in its public filings. However, its strategic acquisitions in the cybersecurity and open-banking space (e.g., RiskRecon, Recorded Future) signal a clear intent to deepen **value-added services** beyond network transaction fees, pointing to high growth optionality in the identity-as-a-service segment.

OneSpan's installed base spans across **10,000** financial institutions globally and covers Europe, North America, APAC, and MEA; geographies directly aligned with Mastercard's issuer and acquirer network. Japan and South-East Asia represent about **8%** of OneSpan's customer count today but are forecast to grow as APAC digital-banking penetration accelerates.

Mastercard cross-sells identity verification, fraud analytics, and open-banking API solutions to issuing and acquiring banks. OneSpan's authentication and e-signature platform integrates naturally into these workflows, accelerating merchant and FI adoption in non-legacy environments. Cross-sell penetration is modelled conservatively given integration timelines.

OneSpan per-seat and per-transaction SaaS revenues are scaled to reflect the **25%** share attributable to enterprise banking clients; the subset most directly addressable via Mastercard's existing sales infrastructure; consistent with OneSpan's own segment disclosures.

Mastercard accelerates OneSpan's presence in cross-border e-commerce identity verification, regulated markets (PSD2 / SCA compliance), and BFSI open-banking integrations. Normalisation of digital-identity pricing occurs gradually as competitive commoditisation continues. Growth is driven by volume expansion rather than ARPU expansion alone.

Mastercard embeds OneSpan's authentication and digital-agreement platform into its Cyber & Intelligence solutions portfolio, distributing to issuers and merchants via Mastercard's global network. Note: Mastercard already maintains API-level partnerships with leading identity orchestration platforms; migration of OneSpan products into this distribution channel is expected first in regulated BFSI verticals where SCA mandates create immediate demand. Revenue growth reflects both new logo acquisition and up-sell within the existing Mastercard network.chga

Identity & Authentication (BFSI) Theses:

1. Mastercard's global issuer network provides immediate enterprise distribution for OneSpan's DIGIPASS and mobile authentication SDK, displacing point solutions
2. Regulatory tailwinds (PSD2 SCA, PSD3/PSR Q1 2028 deadline, eIDAS 2.0, FIDO2 adoption) create structural demand; Mastercard's compliance advisory accelerates enterprise procurement cycles
3. Acquisition announcement drives inbound pipeline from Mastercard's **25,000+** financial-institution client base without proportional increase in OneSpan's direct sales cost

Digital Agreements (e-Signature) Theses:

1. Mastercard brand and regulatory trust amplify OneSpan's competitive positioning against DocuSign and Adobe Sign in regulated BFSI and government verticals
2. Mastercard's cross-border transaction data enriches eKYC and identity-binding workflows, reducing customer friction and improving conversion
3. Deal news generates tier-1 analyst coverage and CISO mindshare, accelerating pipeline conversion for OneSpan's agreement automation suite

Fraud & Risk Analytics Theses:

1. Integration of OneSpan's behavioural biometrics and risk-signal data into Mastercard's Decision Intelligence platform creates a differentiated, network-wide fraud intelligence layer
2. Bundled fraud + authentication offering commands premium pricing relative to standalone SKUs and reduces churn through deep workflow integration

Open Banking / API Platform Theses:

1. OneSpan's consent and authentication layer integrates with Mastercard's Open Banking APIs to provide end-to-end secure account access for TPPs and fintechs
2. Mastercard's processing infrastructure enables OneSpan to scale transaction-based pricing globally, converting legacy licence revenue to high-margin recurring SaaS streams
3. Regulatory mandates across EU, UK, and APAC drive systemic demand; combined entity well-positioned as a single-vendor compliance solution for tier-2 and tier-3 banks

Revenue Synergies II - OneSpan

Maintenance & Support Revenue to grow as legacy hardware token clients (DIGIPASS GO series) migrate to software and cloud authentication under Mastercard's managed-service model, driven by Identity & Authentication and Open Banking theses

Subscription SaaS Revenue to accelerate as OneSpan's OneSpan Sign and Intelligent Adaptive Authentication platforms are re-packaged as Mastercard Cyber & Intelligence product bundles; broader distribution and Mastercard co-selling increases net new ARR and reduces average sales cycle

Professional Services Revenue to increase as Mastercard's global consulting arm (Mastercard Advisors) bundles OneSpan implementation and integration services into existing digital-transformation engagements, increasing deal size and cross-sell attach rate for BFSI and government clients

Transaction-Based / Usage Revenue to realise incremental YoY growth as OneSpan's per-transaction authentication and e-signing fees scale across Mastercard's network of ~3 billion cardholders and **210+** markets. Mastercard's infrastructure removes the per-market scaling ceiling currently constraining OneSpan's enterprise volume contracts

Platform & Partner Revenue to increase with additional channel partners as OneSpan's SDK and API products integrate within Mastercard's developer ecosystem (Mastercard Developers portal, fintech accelerator network). Network effect from Mastercard's partner ecosystem creates compounding distribution for OneSpan's identity platform, both domestically and in high-growth international markets

Cost Synergies I – OneSpan (SG&A)

Mastercard's superior global sales infrastructure and brand equity drives per-unit SG&A reduction across OneSpan's cost base by:

1. Eliminating redundant field sales headcount as Mastercard's FI relationship managers absorb OneSpan enterprise account coverage
2. Outsourcing regional marketing spend into Mastercard's centralised global marketing operations, reducing graphic, event, and demand-gen costs
3. Mastercard brand recognition reduces cost-per-lead for regulated BFSI and government verticals; historically OneSpan's highest CAC segments
4. Shared merchant and FI data enables precision account-based marketing, improving pipeline conversion rates without incremental spend

Percentage reduction benchmarked against comparable cybersecurity/SaaS acquisitions within Mastercard's portfolio (e.g., RiskRecon, Ekata) and public M&A data on similar-scale identity software transactions.

Mastercard reduces S&A Expenses by:

1. Right-sizing executive and senior leadership layers post-integration; retaining critical product and engineering talent under Mastercard compensation bands
2. Greater use of Mastercard's global shared-services centres for customer success, finance, and HR functions (outsourcing arbitrage)

SG&A synergies are front-loaded: cost rationalisation primarily realised in Years 1–2. As OneSpan's platform scales under Mastercard, headcount grows in line with ARR, moderating SG&A savings on an absolute basis while sustaining margin improvement.

Per OneSpan's annual filings, General & Administrative costs include both shared services and development infrastructure costs. As such, precise attribution of synergies across G&A sub-lines is inherently uncertain; however, given Mastercard's substantially superior cloud, security, and delivery infrastructure, development and platform-hosting costs are expected to decline materially. Synergy estimates are therefore modelled with a conservative, consistent step-down over a 5-year horizon.

Cost Synergies II - OneSpan (SBC & COGS)

Labour cost reductions are primarily driven by increased developer productivity achieved through Mastercard's internal tooling, CI/CD infrastructure, and AI-assisted engineering capabilities. Additionally, Mastercard's offshore delivery centres in South Asia and Eastern Europe allow selective outsourcing of Tier-1 and Tier-2 support functions currently handled in higher-cost geographies by OneSpan. Numbers are derived from Mastercard's disclosed R&D efficiency metrics and fintech-sector benchmarks for comparable integration programmes.

Mastercard's cloud-native infrastructure provides materially lower unit economics for hosting, compute, and storage relative to OneSpan's current hybrid-cloud environment. COGS reduction from infrastructure migration is primarily realised in Years 1–3 as OneSpan's product stack is re-platformed onto Mastercard's AWS/Azure enterprise agreements; marginal returns to further migration diminish beyond Year 3 as legacy workloads are fully decommissioned.

Third-party software licensing costs are expected to remain broadly stable; Mastercard's existing enterprise-licence agreements with major vendors (e.g., Salesforce, ServiceNow) may partially absorb OneSpan's licences, yielding modest savings, but re-negotiation timelines make near-term realisation uncertain and are excluded from the base case.

Stock-Based Compensation declines in line with rationalisation of senior leadership and reductions in headcount-related RSU grants. Post-acquisition, OneSpan employees roll onto Mastercard's equity compensation programme; the resultant SBC step-down reflects both reduced headcount and Mastercard's lower blended SBC-to-revenue ratio relative to OneSpan's historical standalone profile.

Hardware COGS (DIGIPASS token manufacturing) are expected to decline as Mastercard accelerates OneSpan's existing strategy of migrating hardware token clients to software and mobile authenticators; eliminating physical bill-of-materials costs over time. This transition is consistent with broader FIDO2 and passkey adoption trends across the identity industry.

PSD3 creates a fraud liability shift , under PSD3 banks will bear the burden of covering impersonation by any entity to an uncapped amount transforming authentication from a compliance cost to a necessity .

The 4.2-billion-euro annual fraud problem is growing at a rapid rate and with advancements in AI it is only expected to grow faster , this provides the urgency to acquire ready to deploy proven solutions rather than suffering from long delays to develop unproven solutions yourself .

PSD2's precedent demonstrates the proven regulation to investment mechanism . One-span saw a 20% revenue surge in 2019 which directly tracked SCA enforcement .

PSD3 is part of a much broader regulation stack including DORA, eIDAS 2.0 and UK PSR which creates sustained investment and not a one-time event but a four-year investment cycle into a \$21 billion market with expected 16.5% CAGR .

75% of organisations are consolidating security vendors toward converged platforms that are fully integrated . This favours One Span's multi modal portfolio and established relationships with big banks.