



Optiva Inc. Reports Second Quarter 2024 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$11.4 million
- Total Contract Value (“TCV”)⁽¹⁾ bookings of \$13.2 million
- Gross margin of 56%
- Adjusted EBITDA⁽¹⁾ loss of \$1.7 million
- EPS loss of \$ 0.90
- \$17.1 million of cash

TORONTO, August 8, 2024 - Optiva Inc. (“Optiva” or “the Company”) (TSX:OPT), a leader in powering the telecom industry with cloud-native billing, charging and revenue management software on private and public clouds, today released its second quarter financial results for the three-month period ended June 30, 2024.

In the second quarter, Optiva secured a full BSS upgrade for a key customer, one of the largest Tier 1 mobile operators in Mexico, that will be deployed on Google Cloud. The company also extended other strategic Tier 1 customers with multi-year contracts, demonstrating the success it is delivering for its customers. The pipeline continues to be strong, and the Company is currently awaiting key decisions by carriers regarding a number of qualified opportunities. In addition, in late July, Optiva was selected as a finalist in the Leading Lights Awards 2024 category of Most Innovative Telecom Software Product, indicating market recognition and customer confidence.

Consistent with what we experienced in Q1, deployments for certain new customers are experiencing delays, in part due to implementation of a new regulatory framework in an African country. Despite these delays, the Company believes that the projects will proceed. As a result of these delays and, to a lesser extent, upgrade project delivery delays, the Company is now expecting 2024 full year revenue to be consistent with 2023. Virtually all of the impact is in the Company’s one-time revenue (software and services), while annual recurring revenue (support and subscription) is forecasted to remain on plan.

During the first half of 2024, Optiva has developed tangible AI use cases and demonstrated internally trained models to wireless operators, with a very positive reception. As a BSS vendor with a Tier 1 converged charging engine that is fully cloud-native, Optiva can enable an operator to leverage its customer data in real time to enhance monetization opportunities, improve the customer experience and reduce churn. The Company is also taking steps to utilize AI models to make its managed services and support teams more efficient.

“While the impact of customer delays on our short-term revenue is disappointing, the Company anticipates executing on the revenue backlog in subsequent quarters and remains in a strong position to capitalize on immediate opportunities to grow our market share. Optiva's reputation is the most robust it has ever been, benefiting from the significant investment in R&D. As an organization, we are proactively leveraging AI to enhance operational efficiencies and distinguish our products and services in the market,” said Robert Stabile, Chief Executive Office of Optiva.

The Company generated \$5.2 million cash from operations in the quarter, significantly improving its operating working capital, ending with a strong cash position of \$17.1 million.

For more information about Optiva, please visit: <https://www.optiva.com/investors>

Business Highlights

- TCV of Q2 bookings totaled \$13.2 million. For the trailing twelve months, TCV of bookings totaled \$72.7 million.
- The Company announced its Optiva BSS Platform was recognized as the "Enterprise eSIM Solution of the Year" by MVNOs World Congress. The prestigious platform for the MVNOs industry selected Optiva, highlighting its role as a solution provider successfully powering innovative eSIM business opportunities to drive new revenue streams across 5G, IoT and new verticals.
- Demonstrating strong partnerships with Tier 1 mobile network operators (MNO), Optiva extended contracts with three of its largest customers in Europe, the Middle East and Latin America. These customers trust Optiva for its reliability at scale combined with digital innovation to drive new monetization opportunities.
- On Jul 31, 2024, Optiva was named a Finalist in the Most Innovative Telecom Software Product or Solution award category by Leading Lights, an industry award that has been well respected for the last two decades. The panel of independent

judges selected Optiva BSS on Google Cloud as core to delivering a better customer experience and improving operational efficiency.

- On May 8, 2024, Optiva announced that it was awarded ISO 27001 Certification, the leading international standard for information security, cybersecurity and privacy protection. This certification demonstrates the maturity and security of its business operations and company-wide protocols.

Second Quarter 2024 Financial Results Highlights:

Q2 Fiscal 2024 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	2024	June 30, 2023	2024	June 30, 2023
Revenue	11.4	11.1	23.1	23.7
Net Income (Loss)	(5.6)	(1.3)	(11.6)	(4.1)
Earnings (Loss) Per Share	(\$0.90)	(\$0.21)	(\$1.88)	(\$0.66)
Adjusted EBITDA ⁽¹⁾	(1.7)	(0.3)	(4.0)	0.7
Cash from (used in) operating activities	5.2	(1.1)	1.8	(2.8)
Total cash, including restricted cash	17.1	13.0	17.1	13.0

- Revenue for Q2'24 was \$11.4 million. On a year-over-year basis, the change by revenue type included a \$0.1 million decrease in support and subscription revenue and a \$0.4 million increase in software and services revenue. The year-over-year increase in software and services revenue reflects the software implementations for the new customers and upgrades on existing customers.
- Gross margin for Q2'24 was 56% compared to 65% during the same period in 2023. The decline in gross margin is primarily attributable to customizations with lower margins ordered by customers that required fulfillment and lower revenue from high-margin support and subscription revenue, compared to the previous period. We expect that our gross margins may fluctuate as we prove our cloud-native model and product capabilities to new and existing customers when they onboard the public or private cloud in future periods.
- General and administrative expenses ("G&A") increased to \$2.6 million compared to \$nil during the same period in 2023. In the previous year the share-based compensation was impacted by reversal of unvested forfeited awards and lower stock price that lowered the G&A costs. Excluding the share-based compensation, amortization and depreciation, G&A expenses remained the same at \$2.1 million or 18% of total revenue for the three months ended June 30, 2024 compared to \$2.1 million or 19% of total revenue in the same comparable period.

- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ for Q2 decreased to a loss of \$1.7 million as compared to loss of \$0.3 million during the same period in 2023, primarily driven by lower gross margin and higher research and development costs.
- Net loss for Q2 was \$5.6 million compared to a net loss of \$1.3 million during the same period in 2023.
- The Company ended the second quarter with a cash balance of \$17.1 million (including restricted cash). The Company generated \$5.2 million of cash from operating activities during the quarter.

(1) EBITDA, Adjusted EBITDA, TCV and adjusted EPS are non-IFRS measures. These measures are defined in the "Non-IFRS Financial Measures" section of this news release.

Non-IFRS Measures

"EBITDA" and "Adjusted EBITDA" are not financial measures calculated and presented in accordance with International Financial Reporting Standards (IFRS) and should not be considered in isolation or as a substitute to net income (loss), operating income or any other financial measures of performance calculated and presented in accordance with IFRS, or as an alternative to cash flow from operating activities as a measure of liquidity. The Company defines EBITDA as net income (loss) excluding amounts for depreciation and amortization, other income, finance costs, finance income, income tax expense (recovery), foreign exchange gain (loss) and share-based compensation. The Company defines "Adjusted EBITDA" as EBITDA (as defined above), excluding restructuring costs, one-time provision amounts and other one-time unusual items. The Company believes that Adjusted EBITDA is a metric that investors may find useful in understanding the Company's financial position. The following table provides a reconciliation of Net Income to EBITDA and Adjusted EBITDA (in thousands of U.S. dollars).

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Net loss for the period	\$ (5,601)	\$ (1,294)	\$ (11,633)	\$ (4,070)
Add back / (subtract):				
Depreciation of property and equipment	153	166	332	323
Amortization of intangible assets	–	–	–	361
Finance income	(132)	(102)	(325)	(237)
Finance costs	2,845	2,392	5,674	4,757
Income tax expense	343	455	582	1,022
Foreign exchange loss	86	119	248	409
Share-based compensation	593	(2,055)	1,100	(1,858)
EBITDA and Adjusted EBITDA	\$ (1,713)	\$ (319)	\$ (4,022)	\$ 707

TCV is the Total Contract Value of all bookings closed in the period.

About Optiva

Optiva Inc. is a leader in powering the telecom industry with cloud-native billing, charging and revenue management software on private and public clouds. Its products are delivered globally on the private and public cloud. The Company's solutions help service providers maximize digital, 5G, IoT and emerging market opportunities to achieve business success. Established in 1999, Optiva Inc. is listed on the Toronto Stock Exchange (TSX: OPT). For more information, visit www.optiva.com.

Caution Concerning Forward-Looking Statement

Certain statements in this document may constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, such statements use such words as "may," "will," "expect," "continue," "believe," "plan," "intend," "would," "could," "should," "anticipate" and other similar terminology. Forward-looking statements in this document include statements regarding the Company's "qualified pipeline", the TCV of the qualified pipeline and the Company's expectations regarding future revenues. These statements are forward-looking as they are based on our current expectations, as at August 8, 2024, about our business and the markets we operate in and on various estimates and assumptions. Our actual results could materially differ from our expectations if known or unknown risks affect our business or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that any forward-looking statements will materialize. Risks that could cause our results to differ materially from our current expectations include the risk that the Company will not secure contracts with customers that are included in its qualified pipeline, the risk that existing customers may decrease their spend with the Company and other risks that are discussed in the

Company's most recent Annual Information Form, available on SEDAR at www.sedar.com and Optiva's website at www.optiva.com/investors/. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Optiva does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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OPTIVA INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of U.S. dollars)
(Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,336	\$ 19,642
Trade accounts and other receivables	6,511	7,504
Unbilled revenue	12,327	14,362
Prepaid expenses	1,961	2,185
Income taxes receivable	1,374	3,633
Other assets	826	480
Total current assets	39,335	47,806
Restricted cash	785	793
Property and equipment	1,012	963
Deferred income taxes	428	383
Other Assets	1,931	1,371
Long-term unbilled revenue	567	727
Pension and other long-term employment benefit plans	738	—
Goodwill	32,271	32,271
Total assets	\$ 77,067	\$ 84,314
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 2,005	\$ 2,256
Accrued liabilities	14,049	11,919
Income taxes payable	4,432	4,299
Deferred revenue	1,961	1,555
Total current liabilities	22,447	20,029
Deferred revenue	265	206
Other liabilities	2,906	1,702
Pension and other long-term employment benefit plans	—	132
Debentures	102,001	101,348
Deferred income taxes	133	185
Total liabilities	127,752	123,602
Shareholders' equity (deficit):		
Share capital	270,746	270,610
Contributed surplus	15,217	15,117
Deficit	(340,518)	(328,885)
Accumulated other comprehensive income (loss)	3,870	3870
Total shareholders' equity (deficit)	(50,685)	(39,288)
Total liabilities and shareholders' equity (deficit)	\$ 77,067	\$ 84,314

OPTIVA INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Expressed in thousands U.S. dollars, except per share and share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Support and subscription	\$ 7,432	\$ 7,547	\$ 14,762	\$ 15,985
Software licenses, services and other	3,961	3,544	8,335	7,756
	11,393	11,091	23,097	23,741
Cost of revenue	5,028	3,894	9,916	7,877
Gross profit	6,365	7,197	13,181	15,864
Operating expenses:				
Sales and marketing	2,508	2,745	5,264	5,264
General and administrative	2,626	8	5,643	2,486
Research and development	3,690	2,874	7,728	6,233
	8,824	5,627	18,635	13,983
(Loss) income from operations	(2,459)	1,570	(5,454)	1,881
Foreign exchange loss	(86)	(119)	(248)	(409)
Finance income	132	102	325	237
Finance costs	(2,845)	(2,392)	(5,674)	(4,757)
Loss before income taxes	(5,258)	(839)	(11,051)	(3,048)
Income taxes (recovery):				
Current	385	408	679	979
Deferred	(42)	47	(97)	43
	343	455	582	1,022
Total net loss and Comprehensive loss	\$ (5,601)	\$ (1,294)	\$ (11,633)	\$ (4,070)
Loss per common share:				
Basic	\$ (0.90)	\$ (0.21)	\$ (1.88)	\$ (0.66)
Diluted	(0.90)	(0.21)	(1.88)	(0.66)
Weighted average number of common shares (thousands):				
Basic	6,212	6,178	6,196	6,178
Diluted	6,212	6,178	6,196	6,178

OPTIVA INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash provided by (used in):				
Operating activities:				
Loss for the period	\$ (5,601)	\$ (1,294)	\$ (11,633)	\$ (4,070)
Adjustments for:				
Depreciation of property and equipment	153	166	332	323
Amortization of intangible assets	—	—	—	361
Finance income	(132)	(102)	(325)	(237)
Finance costs	2,845	2,392	5,674	4,757
Pension	(777)	(216)	(864)	(642)
Income tax expense	343	455	582	1,022
Unrealized foreign exchange gain	(60)	46	(374)	(11)
Share-based compensation	593	(2,055)	1,100	(1,858)
Change in non-cash operating working capital	5,651	(175)	5,351	(1,503)
	3,015	(783)	(157)	(1,858)
Interest paid	(6)	—	(6)	(6)
Interest received	114	81	286	192
Income taxes received (paid)	2,090	(363)	1,654	(1,105)
	5,213	(1,065)	1,777	(2,777)
Financing activities:				
Payment of interest on debentures	—	—	(5,086)	(4,424)
	—	—	(5,086)	(4,424)
Investing activities:				
Purchase of property and equipment	(181)	(22)	(381)	(200)
Decrease in restricted cash	(1)	395	8	1,173
	(182)	373	(373)	973
Effect of foreign exchange rate changes on cash and cash equivalents				
	62	(47)	376	24
Increase (decrease) in cash and cash equivalents	5,093	(739)	(3,306)	(6,204)
Cash and cash equivalents, beginning of period	11,243	12,921	19,642	18,386
Cash and cash equivalents, end of period	\$ 16,336	\$ 12,182	\$ 16,336	\$ 12,182