



**OPTIVA INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**QUARTER ENDED SEPTEMBER 30, 2024**

**DATED: November 7, 2024**

## SCOPE OF ANALYSIS

This Management's Discussion and Analysis (“MD&A”) provides a review of the results of operations, financial condition and cash flows of Optiva Inc. (the “Company” or “Optiva”) for the three and nine month periods ended September 30, 2024.

The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 prepared in accordance with IAS 34 “Interim Financial Reporting”, and the audited consolidated financial statements for the fiscal year ended December 31, 2023, which we prepared in accordance with IFRS Accounting Standards (“IFRS”).

Information contained in this MD&A is based on information available to management as of November 7, 2024.

Unless otherwise indicated, all dollar amounts are expressed in U.S. Dollars. In this document, “we,” “us,” “our,” “Company” and “Optiva” all refer to Optiva Inc. collectively with its subsidiaries.

## FORWARD-LOOKING INFORMATION

All information other than statements of current and historical fact contained in this MD&A is forward-looking information (within the meaning of applicable securities laws). In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes”, or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will”, “occur” or “be achieved”, and similar words or the negative thereof. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Forward-looking information in this MD&A includes, but is not limited to, the Company's beliefs regarding business trends, our customers’ preferences and our ability to address their requirements, the basis for our future growth and competition in our industry. By its nature, forward-looking information is inherently uncertain, is subject to risk and is based on numerous assumptions, including those set out under the “Risks and Uncertainties” section of this MD&A, and assumptions that: the Company will continue to develop products that meet its customer’s needs; that the Company will be able to implement business improvements and achieve cost savings; the Company's customers and their respective businesses will continue to perform as expected; that demand for the Company's products will remain stable; the Company will be able to retain key personnel; currency exchanges rates in the jurisdictions in which the Company operates will remain relatively consistent; and capital can be obtained at reasonable costs; as well as risks and assumptions regarding present and future business strategies, the environment in which the Company will operate in the future, expected revenues, and the Company’s ability to achieve its goals. Although management of the Company believes that the expectations represented in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct.

The future outcomes that relate to forward-looking information may be influenced by many factors that could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information, including, but not

limited to, risks associated with: the effectiveness of, and the Company's ability to successfully implement, the Company's strategic plan; the strength of the Company's customers and their respective businesses and demand for the Company's products; the impact of management and other changes on the Company's business relationships; the Company's solutions failing to perform as expected; cybersecurity risks, including the risk of system failures or data security breaches; geopolitical uncertainties; market developments; global pandemic; intense competition; the ability to recruit and retain personnel; currency fluctuations; the time period of the Company's sales and product development cycles; customer credit and defaults; variances in quarterly revenue and operating results; customer concentration risks; intellectual property and infringement risks; product liability claims; transfer pricing; taxation; liquidity and financial resources; risks relating to the Debentures; dependence on sales channel partners and suppliers; and the other risk factors described under the heading "Risk Factors" in the Company's most recent Annual Information Form. The Company cautions that such list of factors is not exhaustive, and when relying on forward-looking information to make decisions with respect to the Company, readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking information.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this MD&A or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances, except as required under applicable securities laws.

### **Cautionary Note Regarding Non-IFRS Measures**

This MD&A makes reference to certain non-IFRS measures and operating metrics, specifically Adjusted EBITDA, Adjusted Earnings (Loss) Per Share and Operating working capital. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Such non-IFRS measures are operating metrics used in our industry. We also include these measures because we believe certain investors use these measures and metrics as a means of assessing financial performance and that such measures highlight trends in our financial performance that may not otherwise be apparent when one relies solely on IFRS measures. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts. Non-IFRS measures should not be considered in isolation, nor as a substitute for analysis of the financial information reported under IFRS including revenue, net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with IFRS, and may not be comparable to similarly titled measures used by other companies. See Schedule I to this MD&A for a reconciliation of such measure to IFRS.

## FIRST QUARTER HIGHLIGHTS

### *Financial Highlights<sup>1</sup>*

| Q3 Fiscal 2024 Highlights<br>(\$ US Millions, except per share information)<br>(Unaudited) | Three Months Ended |          | Nine Months Ended |          |
|--|--------------------|----------|-------------------|----------|
|  | September 30,      |          | September 30,     |          |
|  | 2024               | 2023     | 2024              | 2023     |
| Revenue  | 12.0               | 11.7     | 35.1              | 35.5     |
| Net Income (Loss)  | (3.4)              | (4.2)    | (15.0)            | (8.2)    |
| Earnings (Loss) Per Share  | (\$0.54)           | (\$0.68) | (\$2.42)          | (\$1.33) |
| Adjusted EBITDA <sup>(1)</sup>   | (0.6)              | (0.8)    | (4.6)             | (0.1)    |
| Cash from (used in) operating activities   | 0.7                | 0.4      | 2.5               | (2.4)    |
| Total cash, including restricted cash  | 12.8               | 21.7     | 12.8              | 21.7     |

### *Business Highlights*

- TCV of Q3'24 bookings totaled \$8.8 million. For the trailing twelve months, TCV of bookings totaled \$68.1 million.
- A prominent African-based telecom provider offering next-generation mobile network and communications solutions and its end-to-end transformation partner selected Optiva Charging Engine to enable further its mobile network operations (MNO) business strategy. Optiva will deploy cloud-native Charging and Policy Control, replacing the incumbent legacy platform, on its state-of-the-art private cloud infrastructure to accelerate the launch of innovative digital services, provide a superior customer experience and promote digital service offerings, ultimately driving its business transformation and profitable growth.
- PBS Cellular, a provider of a unique MVNO service combining mobile services with community-based rebate programs, has selected Optiva BSS Platform hosted on Google Cloud. PBS Cellular will accelerate its go-to-market strategy with Optiva's comprehensive MVNE platform on Optiva MVNO Hubs in the U.S. with pre-integrated digital channels, payment gateway, taxation systems and T-Mobile connectivity.
- Cellular One, a leading provider of mobile technology and wireless communications to tribal lands and communities in the American Southwest, extended its support services agreement with Optiva. Cellular One leverages Optiva BSS Platform to empower its network modernization and digital transformation initiatives, including 5G and VoLTE. The platform contributes to expanding connectivity and access to vital communication services for underserved tribal lands and rural communities.

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.

- On October 3, 2024, the Company announced that Omantel, the first and leading provider of integrated telecommunication and ICT services in Oman, and Optiva successfully completed a complex real-time rating and charging transformation project. Over 200 Omantel products and services across all business lines were migrated and upgraded to Optiva's convergent charging engine, hosted on Omantel's private cloud, enabling innovative use cases for consumers and enterprises powered by GenAI and 5G technologies.

## OPTIVA OVERVIEW

Optiva, which commenced operations in July 1999, is a leading and innovative provider of cloud-native monetization and business support systems ("BSS") products on the private and public cloud to communication service providers ("CSPs") worldwide.

The Company's products and services empower CSPs to monetize on their various customer segments, including consumer, enterprise, wholesale and IoT. The Company's solutions allow the introduction of new innovative tariffs and marketing offerings, through its rating, charging and billing solutions. Coupled with complementing products such as payment solutions, policy control, wholesales billing, customer care and subscriber self-service applications, Optiva allows its customers to achieve their objectives and address their challenges, including monetization of their communication services, convergence of their service portfolio and diversification of their offering, all through improving customer experience and reduced costs.

The common shares of Optiva Inc. (TSX: OPT) are listed on the Toronto Stock Exchange (the "TSX"). The Debentures (NEO: OPT.DB.U) are listed on the NEO Exchange. For more information, visit [www.optiva.com](http://www.optiva.com).

The Company derives its revenue from three main geographic areas, namely:

1. APAC – Asia and Pacific Rim
2. Americas – North America, Latin America, and the Caribbean
3. EMEA – Europe, Middle East, and Africa

Optiva's award-winning cloud-native real-time converged charging and billing platform delivers the benefits of a flexible, end-to-end software platform, including real-time charging, rating, billing, product catalog, policy management and customer care for any digital services of a CSP. Optiva's product family supports any type of CSP from tier 1 to tier 5, in the private or public cloud. It enables a digital customer journey delivering innovative end-user services from real-time offering towards digital guide self-management of customer interaction.

Optiva supports the telecommunication industry with the following market solutions:

- **Optiva BSS Platform™** – Optiva BSS Platform provides a fully managed, end-to-end digital, cloud-native BSS solution available on private and public cloud for CSPs, including MNOs, MVNEs, and MVNOs. Optiva BSS Platform is Optiva's leading proposition in the SaaS market. The modular, multi-tenant and unified platform allows customers to focus on their business, not on deploying and managing enterprise software. Customers can design marketing plans, onboard subscribers, and deploy their services with stability and scale. With Optiva BSS Platform,

customers can run an end-to-end digital BSS stack with all of the mandatory components such as unified rating and charging, billing, customer care and self-care, product catalog, payments and voucher management, collections and settlements, and dealer care. The solution is platform agnostic and runs natively on the Google Cloud and Microsoft Azure, and is also available on an OpenShift infrastructure on a private cloud as a preferred choice.

- **Optiva Charging Engine™** – Optiva's highly scalable, battle-tested, convergent charging solution is a cloud native platform for private and public cloud. Its true convergence backed by a universal data model and extensive north and south bound integrations make monetization possible for any network attribute, service and business model. This extensive monetization capability empowers a traditional telco business to drive new revenue streams. The solution is agnostic and runs natively on the Google Cloud and Microsoft Azure, and is also available on an OpenShift infrastructure on a private cloud as a preferred choice. With cloud investments, Kubernetes Engine hosted containers, and flexible customization framework, Optiva Charging Engine™ enables fast adaptation to the market with cloud-native automatic release management and new use cases with short time to market and low total cost of ownership (TCO). It enables operators to launch and monetize their 4G and 5G networks and any other line of business to deliver advanced monetization services, including Voice over LTE/VoNR, fixed line broadband, TV, machine to machine, IoT, cloud services, and OTT offerings.
- **Optiva MVNO Hubs** – Optiva MVNO Hubs is a unified and multi-tenant BSS -as a Service for MVNO/Es, leveraging Optiva BSS Platform hosted on Google Cloud infrastructure. The service will be pre integrated with the major MNOs in various geographic regions and enables the accelerated launch of MVNO operations by simplifying integration complexities. Optiva MVNO Hubs supports integration with payment vendors, taxation services and a range of value added services and partner ecosystem including OTT, gaming and more. Optiva MVNO Hubs can be migrated to a customer's own Google infrastructure, providing a seamless growth path for successful MVNOs.
- **Optiva Partner Monetization** – Optiva Partner Monetization platform is an end-to-end partner lifecycle management platform designed to rapidly onboard and manage telco B2B2X partner ecosystems. It is a scalable cloud-native solution that includes a self-service partner portal to ensure better management for thousands of partners while controlling costs and eliminating complexity. Multi-tiered partner relationships, long account hierarchies, tree structured settlements, real-time charging, all-in-one bundles, and more are all enabled with B2B2X billing and charging lifecycles.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information of Optiva for the periods indicated. Each investor should read the following information in conjunction with those financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the Company's unaudited condensed consolidated financial statements.

| Consolidated Statements of Comprehensive Income (loss)<br>(all amounts in millions of US\$, except per share amounts)<br>(unaudited) | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|--|-------------------------------------|--------------|------------------------------------|--------------|
|  | 2024                                | 2023         | 2024                               | 2023         |
| <b>Revenue</b>   |                                     |              |                                    |              |
| Support and subscription   | 7.9                                 | 7.9          | 22.6                               | 23.9         |
| Software, services and other   | 4.1                                 | 3.8          | 12.5                               | 11.5         |
| <b>Total Revenue</b>   | <b>12.0</b>                         | <b>11.7</b>  | <b>35.1</b>                        | <b>35.5</b>  |
| Cost of revenue  | 5.0                                 | 4.5          | 14.9                               | 12.4         |
| <b>Gross profit</b>  | <b>7.0</b>                          | <b>7.2</b>   | <b>20.2</b>                        | <b>23.0</b>  |
| <b>Operating expenses</b>  |                                     |              |                                    |              |
| Sales and marketing  | 2.1                                 | 2.3          | 7.4                                | 7.5          |
| General and administrative   | 1.5                                 | 2.2          | 7.1                                | 4.7          |
| Research and development   | 3.6                                 | 3.7          | 11.4                               | 10.0         |
| <b>Total Operating Expenses</b>  | <b>7.2</b>                          | <b>8.2</b>   | <b>25.9</b>                        | <b>22.2</b>  |
| <b>Income (loss) from operations</b>   | <b>(0.2)</b>                        | <b>(1.0)</b> | <b>(5.7)</b>                       | <b>0.9</b>   |
| Foreign exchange loss  | (0.0)                               | (0.2)        | (0.3)                              | (0.6)        |
| Finance income   | 0.1                                 | 0.1          | 0.5                                | 0.3          |
| Finance costs  | (2.9)                               | (2.4)        | (8.5)                              | (7.2)        |
| <b>Loss before income taxes</b>  | <b>(3.0)</b>                        | <b>(3.1)</b> | <b>(14.1)</b>                      | <b>(6.1)</b> |
| Income tax expense   | 0.4                                 | 1.1          | 0.9                                | 2.1          |
| <b>Net Loss for the period</b>   | <b>(3.4)</b>                        | <b>(4.2)</b> | <b>(15.0)</b>                      | <b>(8.2)</b> |
| <b>Loss per common share</b>   |                                     |              |                                    |              |
| Basic  | \$ (0.54)                           | \$ (0.68)    | \$ (2.42)                          | \$ (1.33)    |
| Diluted  | \$ (0.54)                           | \$ (0.68)    | \$ (2.42)                          | \$ (1.33)    |
| <b>Weighted average number of common shares (millions)</b>   |                                     |              |                                    |              |
| Basic  | 6.2                                 | 6.2          | 6.2                                | 6.2          |
| Diluted  | 6.2                                 | 6.2          | 6.2                                | 6.2          |

| Statement of Financial Position Data                   | As at         |              | \$ Change     | % Change     |
|--|---------------|--------------|---------------|--------------|
|  | September 30, | December 31, |               |              |
| <i>\$US Millions</i><br><i>(unaudited)</i>             | <b>2024</b>   | <b>2023</b>  |               |              |
| Cash, Cash Equivalents and Restricted Cash             | 12.8          | 20.4         | (7.6)         | (37%)        |
| Trade Accounts, Other Receivables and Unbilled Revenue | 17.4          | 22.6         | (5.2)         | (23%)        |
| Goodwill and Intangible Assets                         | 32.3          | 32.3         | 0.0           | 0%           |
| <b>Total Assets</b>                                    | <b>72.5</b>   | <b>84.3</b>  | <b>(11.8)</b> | <b>(14%)</b> |
| Trade Payable and Accrued Liabilities                  | 13.2          | 14.2         | (1.0)         | (7%)         |
| Deferred Revenue                                       | 2.8           | 1.8          | 1.0           | 60%          |
| Other long-term liabilities                            | 2.4           | 2.0          | 0.4           | 21%          |
| Debentures   | 102.3         | 101.3        | 1.0           | 1%           |
| <b>Total Liabilities</b>                               | <b>124.7</b>  | <b>123.6</b> | <b>1.1</b>    | <b>1%</b>    |
| Shareholders' Deficit                                  | (52.3)        | (39.3)       | (13.0)        | 33%          |

## CURRENT PERIOD OPERATING RESULTS

### Revenue

The following tables set forth the Company's revenues by type and as a percentage of total revenue for the periods indicated:

| \$US Millions<br>(unaudited)      | Three Months Ended |             | Nine Months Ended |             | Change     |              |
|-----------------------------------|--------------------|-------------|-------------------|-------------|------------|--------------|
|                                   | September 30,      |             | September 30,     |             | Quarter    | YTD          |
|                                   | 2024               | 2023        | 2024              | 2023        | \$         | \$           |
| Support and Subscription          | 7.9                | 7.9         | 22.6              | 23.9        | (0.0)      | (1.3)        |
| Software and Services             | 4.0                | 3.7         | 11.9              | 11.3        | 0.3        | 0.6          |
| Third Party Software and Hardware | 0.1                | 0.1         | 0.6               | 0.3         | 0.0        | 0.3          |
| <b>Total</b>                      | <b>12.0</b>        | <b>11.7</b> | <b>35.1</b>       | <b>35.5</b> | <b>0.3</b> | <b>(0.4)</b> |

| Percentage of Total Revenue<br>(unaudited) | Three Months Ended |             | Nine Months Ended |             |
|--|--------------------|-------------|-------------------|-------------|
|  | September 30,      |             | September 30,     |             |
|  | 2024               | 2023        | 2024              | 2023        |
| Support and Subscription                   | 66%                | 68%         | 64%               | 67%         |
| Software and Services                      | 33%                | 31%         | 34%               | 32%         |
| Third Party Software and Hardware          | 1%                 | 1%          | 2%                | 1%          |
| <b>Total</b>                               | <b>100%</b>        | <b>100%</b> | <b>100%</b>       | <b>100%</b> |

The Company recognizes revenue from the sale of software licenses, including initial perpetual licenses, term licenses, capacity increases and/or upgrades, professional services, third-party hardware and software components and customer support contracts.



## *Support and Subscription Revenue*

Support and subscription revenue consists of revenue from our customer support and maintenance contracts and term-based software licensing. The term of these agreements typically commences on successful completion of acceptance testing of the software deployment, with customers initially entering into these contracts for a period of one or more years and then renewing for similar periods thereafter.

Support and subscription revenue for the three-month period ended September 30, 2024, was \$7.9 million, or 66% of total revenue, compared to \$7.9 million, or 68% of total revenue, for the same period last year. For the nine months ended September 30, 2024, the Company's support and subscription decreased to \$22.6 million, or 64% of total revenue, compared to \$23.9 million or 67% of total revenue for the same period last year. The decrease in support and subscription revenue for nine months ended September 30, 2024 compared to last period is mainly due to the discontinuation of support to customers who had previously notified us of their exit partially offset by support revenue from new customers.

## *Software and Services Revenue*

Software and services revenue consists of fees earned from the on-premise licensing, except for term-based licenses, which are recorded as subscription, and deployment of software products to our customers as well as the revenues resulting from consulting and training service contracts related to the software products.

Software and services revenue for the three-month period ended September 30, 2024 was 4.0 million, or 33% of total revenue, compared to \$3.7 million, or 31% of total revenue for the same period last year. For the nine-month period ended September 30, 2024, the Company's software and services revenue was \$11.9 million, or 34% of total revenue, compared to \$11.3 million, or 32% of total revenue for the same period last year. The increase in software and services revenue compared to last year is mainly due to higher number of software implementations on existing and new customers, mainly in the EMEA region slightly offset by lower implementation revenue in Americas, compared to the prior period.

## *Third-Party Software and Hardware Revenue*

Third-party software and hardware revenue consist of revenue from the sale of other vendors' software and hardware components as part of Optiva's solutions, including server platforms, database software and other ancillary components.

Third-party software and hardware revenue for the three-month period ended September 30, 2024 was \$0.1 million compared to \$0.1 million for the same period last year. For the nine-month period ended September 30, 2024, the Company's third party software and hardware revenue was \$0.6 million, compared to \$0.3 million, for the same period last year. Management continues its initiative to minimize the sale of third-party software and hardware components, which have minimal contribution to overall profitability.

## Revenue by Geography

Revenue is attributed to geographic locations based on the location of the customer. The following tables set forth revenues by main geographic area and as a percentage of total revenue for the periods indicated:

| \$US Millions<br>(unaudited)               | Three Months Ended |             | Nine Months Ended |             | Change between Periods |              |
|--|--------------------|-------------|-------------------|-------------|------------------------|--------------|
|  | September 30,      |             | September 30,     |             | Quarter                | YTD          |
|  | 2024               | 2023        | 2024              | 2023        | \$                     | \$           |
| Asia and Pacific Rim                       | 1.6                | 1.6         | 5.1               | 5.5         | (0.0)                  | (0.4)        |
| North America, Latin America and Caribbean | 4.2                | 4.4         | 12.7              | 12.7        | (0.2)                  | (0.0)        |
| Europe, Middle East and Africa             | 6.2                | 5.7         | 17.3              | 17.2        | 0.5                    | 0.1          |
| <b>Total</b>                               | <b>12.0</b>        | <b>11.7</b> | <b>35.1</b>       | <b>35.5</b> | <b>0.3</b>             | <b>(0.4)</b> |

| Percentage of Total Revenue<br>(unaudited) | Three Months Ended |             | Nine Months Ended |             |
|--|--------------------|-------------|-------------------|-------------|
|  | September 30,      |             | September 30,     |             |
|  | 2024               | 2023        | 2024              | 2023        |
| Asia and Pacific Rim                       | 13%                | 14%         | 14%               | 16%         |
| North America, Latin America and Caribbean | 35%                | 37%         | 36%               | 36%         |
| Europe, Middle East and Africa             | 52%                | 49%         | 50%               | 49%         |
| <b>Total</b>                               | <b>100%</b>        | <b>100%</b> | <b>100%</b>       | <b>100%</b> |

For the three-month period ended September 30, 2024, revenue from the APAC region was \$1.6 million, or 13% of total revenue, compared to \$1.6 million, or 14% of total revenue, for the same comparable period. For the nine-month period ended September 30, 2024, revenue from the APAC region was \$5.1 million, or 14% of total revenue, compared to \$5.5 million, or 16% of total revenue, for the same comparable period. This decrease is mainly a result of lower support and subscription revenue in the region offset by higher software revenue from software implementation.

For the three-month period ended September 30, 2024, revenue from the Americas region decreased to \$4.2 million, or 35% of total revenue, compared to \$4.4 million, or 37% of total revenue, for the same comparable period. The decrease was mainly due to lower software and services revenue as a result of lower number of implementations. For the nine-month period ended September 30, 2024, revenue from the Americas region was \$12.7 million, or 36% of total revenue, compared to \$12.7 million, or 36% of total revenue, for the same comparable period. The increase higher support revenue was offset by decrease in software license revenue.

For the three-month period ended September 30, 2024, revenue from the EMEA region increased to \$6.2 million, or 52% of total revenue, compared to \$5.7 million, or 49% of total revenue, for the same comparable period. For the nine-month period ended September 30, 2024, revenue from the EMEA region increased to \$17.3 million, or 50% of total revenue, compared to \$17.2 million, or 49% of total revenue, for the same comparable period. The increase in revenue for three and nine months ended September 30, 2024, is mainly a result of higher software and services from the new customers offset by lower support revenue due to the loss of certain customers.

## Cost of Revenue and Gross Margin

Cost of revenue consists of cross-functional personnel costs providing professional services to implement and provide post-sales technical support for our solutions, and the costs of third party hardware and software components sold as part of Optiva's solutions. In addition, cost of revenue includes an allocation of certain direct and indirect costs attributable to these activities. Personnel levels are determined based on expected revenue and support demand levels; therefore, gross margin as a percentage of revenue can vary significantly from quarter to quarter.

For the three months ended September 30, 2024, cost of revenue increased to \$5.0 million, compared to \$4.5 million incurred for the same period last year. The gross margin for the quarter decreased to 58% in the three months ended September 30, 2024, compared to 61% in the three months ended September 30, 2023. For the nine months ended September 30, 2024, cost of revenue increased to \$14.9 million from \$12.4 million incurred for the same comparable period. The gross margin has decreased to 58% for the nine months ended September 30, 2024 compared to 65% for the nine months ended September 30, 2023. The increase in cost of revenue is primarily due to higher implementation activity for new and existing customers. The gross margin for the three months ending September 30, 2024, is lower mainly due to customizations with lower margins ordered by customers that required fulfillment, compared to the previous period. The gross margin for the nine months ending September 30, 2024, is lower mainly due to lower revenue from high margin support and subscription revenue along with customizations with lower margins ordered by customers that required fulfillment, compared to the previous period. We expect our gross margins may fluctuate as we prove our cloud-native model and product capabilities to new and existing customers when they onboard to the public or private cloud in future periods.

## Operating Expenses

Total operating expenses in the three months ended September 30, 2024, decreased to \$7.2 million as compared to \$8.2 million in the same period last year. Excluding depreciation and amortization costs and share-based compensation, total operating costs in the quarter ended September 30, 2024, decreased to \$7.6 million, or 63% of total revenue, compared to \$8.0 million, or 68% of total revenue, for the same period last year. The decrease in overall operating expenses (excluding depreciation and amortization costs and share-based compensation) is attributable to lower sales and marketing costs, lower general and administrative costs and lower R&D costs, as further explained below.

Total operating expenses in the nine months ended September 30, 2024, increased to \$25.9 million as compared to \$22.2 million in the nine months ended September 30, 2023. Excluding depreciation and amortization costs and share-based compensation, total operating costs in the nine months ended September 30, 2024, increased to \$24.8 million, or 71% of total revenue, compared to \$23.1 million, or 65% of total revenue, for the nine months ended September 30, 2023. The increase in overall operating expenses (excluding depreciation and amortization costs and share-based compensation) is mainly attributable to higher R&D costs and higher general and administrative costs, as further explained below.

The following tables set forth total operating expenses by function and as a percentage of total revenue for the periods indicated:

| \$US Millions<br>(unaudited)   | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|------------|------------------------------------|-------------|
|  | 2024                                | 2023       | 2024                               | 2023        |
|  | Sales and Marketing                 | 2.1        | 2.3                                | 7.4         |
| General and Administrative   | 1.5                                 | 2.2        | 7.1                                | 4.7         |
| Research and Development   | 3.6                                 | 3.7        | 11.4                               | 10.0        |
| <b>Total Operating Expenses</b>  | <b>7.2</b>                          | <b>8.2</b> | <b>25.9</b>                        | <b>22.2</b> |
| <i>Excluding Depreciation, amortization and share-based compensation</i> | <i>7.6</i>                          | <i>8.0</i> | <i>24.8</i>                        | <i>23.1</i> |

| Percentage of Total Revenue<br>(unaudited)                               | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|--|-------------------------------------|------------|------------------------------------|------------|
|  | 2024                                | 2023       | 2024                               | 2023       |
|  | Sales and Marketing                 | 17%        | 19%                                | 21%        |
| General and Administrative   | 13%                                 | 19%        | 20%                                | 13%        |
| Research and Development   | 30%                                 | 32%        | 33%                                | 28%        |
| <b>Total Operating Expenses</b>  | <b>60%</b>                          | <b>70%</b> | <b>74%</b>                         | <b>63%</b> |
| <i>Excluding Depreciation, amortization and share-based compensation</i> | <i>63%</i>                          | <i>68%</i> | <i>71%</i>                         | <i>65%</i> |

### *Sales and Marketing Expenses*

Sales and Marketing (“S&M”) expenses consist primarily of salaries, variable compensation costs and other personnel costs, travel, advertising, marketing and conference costs, plus the allocation of certain overhead costs to support the Company’s sales and marketing activities.

For the three-month period ended September 30, 2024, S&M expenditures decreased to \$2.1 million, or 17% of total revenue, compared to \$2.3 million, or 19% of total revenue, compared to the same period last year. The decrease in S&M expenditures for the three months ended September 30, 2024 is mainly due to lower headcount related costs and lower marketing costs. For the nine months ended September 30, 2024, S&M expenditures marginally decreased to \$7.4 million, or 21% of total revenue, compared to \$7.5 million, or 21% of total revenue, for the comparable period. The decrease was mainly due to lower headcount costs.

### *General and Administrative Expenses*

General and administrative (“G&A”) expenses include personnel costs, professional fees, depreciation and share-based compensation costs associated with the Company’s corporate leadership, compliance and support activities such as finance, human resources, information technology, legal and tax.

For the three-month period ended September 30, 2024, G&A expenditures decreased to \$1.5 million or 13% of total revenue, from \$2.2 million or 19%, compared to the same comparative period. Excluding the share-based compensation, amortization and depreciation, G&A expenses decreased to \$2.0 million

or 17% of total revenue for the three months ended September 30, 2024 compared to \$2.2 million or 19% of total revenue in the same comparable period. The decrease is mainly attributable to lower insurance costs.

For the nine months ended September 30, 2024, G&A expenditures increased to \$7.1 million, or 20% of total revenue, from \$4.7 million, or 13% of total revenue, compared to the same comparative period. Excluding share-based compensation, amortization and depreciation, G&A expenses have increased to \$6.6 million or 19% of total revenue for the nine months ended September 30, 2024 compared to \$6.3 million or 18% of total revenue in the same comparable period. The increase in G&A expenditures in the nine months ended September 30, 2024 is mainly due to higher professional fees related to certain ongoing tax audits offset by lower legal fees.

### *Research and Development Expenses*

R&D expenses consist primarily of personnel costs associated with product management, code optimization and the development and testing of new products and features. The Company continues to invest in its product roadmap through its R&D team and working with other strategic partners to enhance its R&D activities.

For the three-month period ended September 30, 2024, R&D expenditures marginally decreased to \$3.6 million, or 30% of total revenue, from \$3.7 million, or 32% of total revenue, as compared to the same comparative period. For the nine months ended September 30, 2024, R&D expenditures increased to \$11.4 million, or 33% of total revenue, from \$10.0 million, or 28% of total revenue, as compared to the same comparative period. The increase is primarily associated with key investments in R&D resources and roadmap commitments.

The Company's spend on R&D activities, including those on account of cloud innovation, is discretionary in nature. Consequently, the R&D spend is generally expected to vary by quarter, and sometimes this variation can be significant.

### *Foreign Exchange Gain/Loss*

We operate internationally and have foreign currency risks related to our revenue, operating expenses, monetary assets, monetary liabilities and cash denominated in currencies other than the U.S. Dollar, which is our functional currency. Consequently, movements in the foreign currencies in which we transact have and could significantly affect current and future net earnings. Currently, we do not use derivative instruments to hedge such currency risks.

The Company has monetary assets and liabilities in a number of currencies, the most significant of which are denominated in Euro and the Canadian Dollar. For the three months ended September 30, 2024, the Company had a foreign currency exchange loss of \$0.1 million, compared to exchange loss of \$0.1 million in the comparable period. For the nine months ended September 30, 2024, the Company had a foreign currency exchange loss of \$0.2 million, compared to exchange loss of \$0.4 million in the comparable period.

A change in foreign exchange rates as at September 30, 2024, of 10% would result in a gain or loss of approximately less than \$0.2 million arising from the translation of the Company's foreign currency-

denominated monetary assets and liabilities as at September 30, 2024. This foreign currency gain or loss arising from translation would be recorded in the consolidated statements of comprehensive income in the period realized

## **Income Taxes**

The Company's operations are global, and the income tax provision is determined in each of the jurisdictions in which the Company conducts its business. The Company's current income tax expense for the three and nine months ended September 30, 2024 mainly includes \$0.1 million and \$0.3 million (three and nine months ended September 30, 2023 - \$0.5 million and \$0.7 million) of corporate tax expense incurred by foreign subsidiaries generating taxable profits and \$0.3 million and \$0.7 million (three and nine months ended September 30, 2023 - \$0.7 million and \$1.5 million) of foreign withholding taxes. The Company's deferred tax recovery of less than \$0.1 million and \$0.1 million for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 – tax recovery of \$0.1 million and \$0.1 million) consists primarily of changes in temporary differences recognized during the current period.

The income tax expense relating to foreign subsidiaries that are virtually inactive may vary in future quarters as tax audits for previous years are brought to their conclusion, and there is a risk that such assessments may exceed the provision that the Company is carrying, resulting in additional income tax charges.

## **Net income (loss)**

Net loss for the three months ended September 30, 2024 was \$3.4 million, compared to a net loss of \$4.2 million in the same period in 2023. The net loss for the three months ended September 30, 2024 was lower mainly due to the higher revenue and lower operating expenses as discussed above. Net loss for the nine months ended September 30, 2024 was \$15.0 million, compared to a net loss of \$8.2 million for the nine months ended September 30, 2023. The net loss for the nine months ended September 30, 2024 was higher mainly due to the lower revenue, lower gross margin and higher operating expenses as discussed above.

## **Adjusted EBITDA**

Adjusted EBITDA<sup>2</sup> loss for three months ended September 30, 2024 amounted to \$0.6 million as compared to Adjusted EBITDA loss of \$0.8 million during the same period in 2023. Adjusted EBITDA loss for the nine months ended September 30, 2024, amounted to \$4.6 million as compared to Adjusted EBITDA loss of \$0.1 million for nine months ended September 30, 2023. The lower Adjusted EBITDA for the nine month ended September 30, 2024 is mainly due to higher operating costs as discussed above.

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<sup>2</sup> Adjusted EBITDA is a non-IFRS measure. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.

## SUMMARY OF EARNINGS RESULTS

All financial results are in thousands, unless otherwise stated, with the exception of per share amounts, and have been prepared in accordance with IFRS. The table below provides summarized information for our eight most recently completed quarters:

| \$US Millions, except share and per share amounts (Unaudited) | 3Q 24    | 2Q 24    | 1Q 24    | 4Q 23    | 3Q 23    | 2Q 23    | 1Q 23    | 4Q 22    |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenue   | 12.0     | 11.4     | 11.7     | 12.0     | 11.7     | 11.1     | 12.7     | 15.1     |
| Net Loss  | (3.4)    | (5.6)    | (6.0)    | (4.0)    | (4.2)    | (1.3)    | (2.8)    | (1.5)    |
| Loss per Share  | \$(0.54) | \$(0.90) | \$(0.98) | \$(0.65) | \$(0.68) | \$(0.21) | \$(0.45) | \$(0.24) |
| Diluted loss per Share  | \$(0.54) | \$(0.90) | \$(0.98) | \$(0.65) | \$(0.68) | \$(0.21) | \$(0.45) | \$(0.24) |
| Weighted average shares outstanding – Basic (thousands)       | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      |
| Weighted average shares outstanding - Diluted (thousands)     | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      | 6.2      |

Revenue in the three months ended September 30, 2024 increased from the previous quarter mainly due to increase in support and subscription revenue. Revenue in three months ended June 30, 2024 and March 31, 2024 decreased from the previous quarter due to decrease in Software and Services revenue. Revenue in the quarter ended December 31, 2023 increased from previous quarter due to higher Software and Services revenue. Revenue for the quarter ending September 30, 2023 increased from previous quarter due to higher implementations and higher support and subscription Revenue. Revenue for the quarters ending June 30, 2023 and March 31, 2023 is lower than previous quarters due to the lower software and services revenue due to fewer implementations and lower support and subscriptions revenue due to loss of certain customers. The net loss for the three months ended September 30, 2024 is lower than last quarter due to higher revenue and lower operating costs. The net loss for quarter ended June 30, 2024 is marginally lower than previous quarter as a result of lower operating costs offset by lower revenue. The net loss for quarter ending March 31, 2024 is higher than previous quarter mainly as a result of higher operating costs and a foreign exchange loss. The net loss for the quarter ended December 31, 2023 is lower than the previous quarter as a result of foreign exchange gains, a recovery of income taxes partially offset by a provision of \$1.1 million with respect to unbilled revenue. The net loss for the quarter ended September 30, 2023 is higher compared to previous quarter mainly due to lower share-based compensation due to reversal of unvested forfeited awards in the previous quarter. The net loss in the quarter ended June 30, 2023 is lower than the previous quarter due to lower share-based compensation offset by lower revenue. The net loss in the quarter ended March 31, 2023 is higher than the previous quarter due to lower revenue that was slightly offset by lower costs in the prior quarter.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing capital resources is to ensure sufficient liquidity to drive its organic growth, fund operations and implement its strategic plan, while managing financial risk. The Company currently funds its operations and capital expenditure requirements through its cash and cash flows generated by operating activities, proceeds from the issuance of equity instruments (including common shares, warrants and preferred shares), proceeds from the issuance of debentures and cash on hand. The Company expects its cash balance and cash flow from operations to fund its future operations and the interest on loans and borrowings.

| Key Balance Sheet Amounts and Liquidity Ratios<br><i>(\$US Millions, except ratios and metrics<br/>(unaudited))</i> | As at         | As at        | \$ Change | % Change |
|---|---------------|--------------|-----------|----------|
|   | September 30, | December 31, |           |          |
|   | 2024          | 2023         |           |          |
| Cash, Cash Equivalents and Restricted Cash  | 12.8          | 20.4         | (7.6)     | (37%)    |
| Trade Accounts Receivable   | 5.0           | 6.4          | (1.4)     | (23%)    |
| Operating Working capital   | (101.9)       | 8.1          | (110.0)   | (1353%)  |
| Days sales outstanding in trade accounts receivable (days)  | 44.4          | 42.6         | 1.8       | 4%       |
| Days sales outstanding in unbilled revenue (days)   | 103.6         | 127.7        | (24.1)    | (19%)    |

The Company uses operating working capital<sup>3</sup>, days sales outstanding ("DSO") in trade accounts receivable and DSO in unbilled revenue as measures to enhance comparisons between periods. Management believes these DSO measures to be important indicators of the Company's ability to convert trade receivables and unbilled revenue into cash. A lower DSO indicates a more efficient cash collection process and delivery and customer acceptance process. These terms do not have a standardized meaning under IFRS and are unlikely to be comparable to similarly titled measures reported by other issuers. The calculation of each of these items is more fully described below.

DSO - The Company has calculated DSO based on annualized revenue and the average of the beginning and ending accounts receivable balance for the three-month period being reported.

DSO in unbilled revenue - The Company has calculated DSO in unbilled revenue based on annualized revenue and the average of the beginning and ending unbilled revenue balance for the three-month period being reported.

Cash and restricted cash decreased by \$7.6 million to \$12.8 million at September 30, 2024, compared to December 31, 2023. This was mainly as a result of interest payment on debentures offset by higher collections. The Company generated \$2.5 million of cash from operating activities in the nine months ended September 30, 2024.

Operating working capital<sup>3</sup> represents the Company's current assets less its current liabilities, excluding cash and cash equivalents. The Company's operating working capital balance decreased by \$110.0 million to a deficit of \$101.9 million at September 30, 2024, from \$8.1 million at December 31, 2023. The operating working capital deficit was mainly due to reclassification of debentures from non-current

<sup>3</sup> Operating working capital is a non-IFRS measure. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.



to current liabilities. The Debentures in the amount of \$103,500 as of September 30, 2024, has a maturity date of July 20, 2025. Please see further discussion in the "Risks and Uncertainties" section below. The rest of the decrease in the operating working capital related to decrease in accounts receivable, unbilled revenue, income taxes receivable and increase in deferred revenue.

The table below outlines a summary of cash inflows (outflows) by activity.

| Statement of Cash Flows Summary<br>(\$ US Millions)<br>(Unaudited) | Three months ended |       | Nine Months Ended |       |
|--|--------------------|-------|-------------------|-------|
|  | September 30,      |       | September 30,     |       |
|  | 2024               | 2023  | 2024              | 2023  |
| Cash inflows and (outflows) by activity:                           |                    |       |                   |       |
| Operating activities   | 0.7                | 0.4   | 2.5               | (2.4) |
| Investing activities   | 0.3                | (0.0) | (0.1)             | 0.9   |
| Financing activities   | (5.0)              | 8.4   | (10.1)            | 3.9   |
| Effect of FX changes on cash and cash equivalents                  | 0.0                | 0.0   | 0.4               | 0.0   |
| Net cash inflows (outflows)  | (4.0)              | 8.7   | (7.3)             | 2.5   |
| Cash and cash equivalents, beginning of period                     | 16.3               | 12.2  | 19.6              | 18.4  |
| Cash and cash equivalents, end of period                           | 12.3               | 20.9  | 12.3              | 20.9  |
| Cash (including Restricted Cash), end of period                    | 12.8               | 21.7  | 12.8              | 21.7  |

## Cash From (Used for) Operating Activities

Net cash generated by operating activities was \$0.7 million in the three months ended September 30, 2024, compared to cash generated of \$0.4 million in the same period last year. Cash generated in operating activities in the three months ended September 30, 2024, mainly relates to cash generated from working capital offset by taxes paid. For the quarter ended September 30, 2023, net cash generated from operating activities mainly related to cash generated from working capital, offset by operating loss and taxes paid.

Net cash generated by operating activities was \$2.5 million in the nine months ended September 30, 2024, compared to cash used of \$2.4 million in the same period last year. Cash generated by operating activities in the nine months ended September 30, 2024, mainly relates to cash generated from working capital and tax refunds received. Cash used in operating activities in the nine months ended September 30, 2023, mainly relates to payment of taxes.

## Cash From (Used for) Investing Activities

In the three months ended September 30, 2024, cash generated from investing activities was \$0.3 million, compared to nil impact during the same period in fiscal 2023. The source of cash in three months ended September 30, 2024 mainly relates to decrease in restricted cash. In the nine months ended September 30, 2024, there was \$0.1 million of cash used in investing activities, compared to cash generated of \$0.9 million during the same period in fiscal 2023. The use of cash in nine months ended September 30, 2024 mainly relates to purchase of property and equipment offset by decrease in restricted cash. The source of cash in the previous year was mainly due to decrease in restricted cash.

## Cash From (Used for) Financing Activities

In the three months ended September 30, 2024, cash used in financing activities was \$5.0 million compared to cash generated of \$8.4 million in the same period last year. In the nine months ended September 30, 2024, cash used in financing activities was \$10.1 million compared to cash generated of \$3.9 million in the same period last year. The use of cash in three and nine months ended September 30, 2024 relates to interest paid on the debentures. The source of cash in three and nine months ended September 30, 2023 relates to issue of new debentures, offset by payment of interest on debentures.

## MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to ensure sufficient liquidity to organically grow revenue, increase cash flow and create shareholder value by delivering innovative and market-leading products, while managing financial risk. The Company's primary uses of capital are financing its operations, increases in working capital, and capital expenditures. The Company currently funds these requirements from cash flows from operations and cash raised through past debt issuance. The Company's outstanding debentures due in July 2025 are classified as current liability in this quarter ended September 30, 2024. As of the date of this MD&A, the Company's board of directors has formed a Special Committee that is in active discussions with key note holders regarding refinancing options.

## OUTSTANDING SHARE DATA

The number of common shares outstanding as at November 7, 2024, is 6,212,992 (December 31, 2023 – 6,180,335). In addition, at September 30, 2024, there were 130,000 (December 31, 2023 – 130,000) stock options outstanding with exercise prices ranging from CAD \$23.74 to CAD \$32.45 per share.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified and passed to its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, with the participation of the Company's Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Company's internal control over financial reporting is the “Internal Control – Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There have been no changes to the Company's internal controls over financial reporting during the three and nine months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

## PATENT PORTFOLIO

As part of Optiva's commitment to R&D to maintain its position as a key industry innovator in the real-time BSS software space, the Company currently has a portfolio with over 40 patents. To date, Optiva has not initiated any action with respect to assertions and/or claims of patent infringement.

## RISKS AND UNCERTAINTIES

A complete description of the risks and uncertainties affecting the Company is included in the most recently filed Annual Information Form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

### Going Concern

For the three months and nine months ended September 30, 2024, the Company had a net loss from operations of \$3.4 million and \$15 million (three months and nine months ended September 30, 2023 – net loss of \$4.2 million and \$8.2 million), respectively. The Company also had a working capital deficit (current assets less current liabilities) of \$89.6 million as at September 30, 2024 (December 31, 2023 – working capital of \$27.8 million), reflecting the reclassification of debentures from non-current to current liabilities. The Debentures in the amount of \$103.5 million as of September 30, 2024, has a maturity date of July 20, 2025.

Based on the cash balance of \$12.3 million as of September 30, 2024 and forecasted cash flows from operations to the Debentures maturity date on July 20, 2025, the Company expects to have insufficient cash to meet its obligations upon maturity of the Debentures in July 2025. The Company's board of directors has formed a Special Committee that is in active discussions with key Debenture holders regarding refinancing options. The Company's ability to continue its operations is dependent upon its ability to refinance this debt or implement other financial alternatives including other sources of financing through debt or equity, however there is no assurance that this will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate, and these adjustments could be material.

## ADDITIONAL INFORMATION

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at [www.sedarplus.com](http://www.sedarplus.com).

## SCHEDULE I

### NON-IFRS FINANCIAL 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, 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 (\$US millions).

|  | Three months ended, September 30, |          | Nine months ended, September 30, |          |
|--|-----------------------------------|----------|----------------------------------|----------|
|  | 2024                              | 2023     | 2024                             | 2023     |
| Net loss for the period                | \$ (3.4)                          | \$ (4.2) | \$ (15.0)                        | \$ (8.2) |
| Add back / (subtract):                 |                                   |          |                                  |          |
| Depreciation of property and equipment | -                                 | 0.2      | 0.5                              | 0.5      |
| Amortization of intangible assets      | -                                 | -        | -                                | 0.3      |
| Finance income                         | (0.1)                             | (0.1)    | (0.5)                            | (0.3)    |
| Finance costs                          | 2.9                               | 2.4      | 8.5                              | 7.2      |
| Income tax expense                     | 0.4                               | 1.1      | 0.9                              | 2.1      |
| Foreign exchange loss                  | 0.1                               | 0.2      | 0.4                              | 0.6      |
| Share-based compensation               | (0.5)                             | 0.1      | 0.6                              | (1.8)    |
| EBITDA                                 | (0.6)                             | (0.3)    | (4.6)                            | 0.4      |
| Other income                           | -                                 | (0.5)    | -                                | (0.5)    |
| Adjusted EBITDA                        | \$ (0.6)                          | \$ (0.8) | \$ (4.6)                         | \$ (0.1) |

“Operating working capital” is a Non-IFRS measure. The Company defines operating working capital as the Company’s current assets less its current liabilities, excluding cash and cash equivalents. The following table provides the calculation for the operating working capital.

|                                 | September 30,<br>2024 | December 31,<br>2023 |
|---------------------------------|-----------------------|----------------------|
| Total current assets            | \$ 32.5               | \$ 47.8              |
| Less: Total current liabilities | (122.1)               | (20.0)               |
| Less: Cash and cash equivalents | (12.3)                | (19.7)               |
| Operating Working Capital       | \$ (101.9)            | \$ 8.1               |