



Optiva Inc. Reports Third Quarter 2024 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$12.0 million
- Total Contract Value (“TCV”)⁽¹⁾ bookings of \$8.8 million
- Gross margin of 58%
- Adjusted EBITDA⁽¹⁾ loss of \$0.6 million
- EPS loss of \$ 0.54
- \$12.8 million of cash

TORONTO, November 7, 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 third quarter financial results for the three-month period ended September 30, 2024.

During the quarter, Optiva was selected by two new customers, totaling four new customers year to date. Additionally, a current customer selected Optiva to upgrade and migrate Optiva Charging Engine to its private cloud. Optiva successfully achieved this comprehensive real-time migration and digital transformation project, enabling innovative use cases, powered by generative AI and 5G technologies. Another customer extended its support services contract for Optiva BSS Platform, which it leverages to empower its network modernization and digital transformation initiatives, including 5G and VoLTE. Further, Optiva was selected as a finalist for two prestigious industry awards: Best Digital Transformation Project of the Year by Conecta LATAM Awards and MVNO Solution of the Year by the Glotel Awards.

These achievements highlight the Company's investment in its products and strong position in the telecommunications market, as well as growing interest in its U.S. mobile virtual network operator (MVNO) hub. The Company's hub strategy utilizes public cloud and multi-tenancy capabilities, allowing it to deliver the rich features of its business support system (BSS) at a more competitive total cost of ownership. Optiva BSS Platform has been deployed by numerous large-scale mobile network operators (MNOs). It introduces new capabilities to the MVNO market, including more advanced and agile marketing strategies and an improved customer experience compared to traditional vendors used by MVNOs.

As noted in previous quarters, the Company continues to experience delays in deployments for some customers, due partly to new regulatory framework implementations. However, it expects 2024 full-year revenue will be consistent with 2023. Annual recurring revenue for support and subscription is on plan, while the delays primarily affect one-time revenue for software and services.

"Despite a sluggish investment environment in the BSS space, our new logo wins reflect the strengthening of our brand. Our largest customers are embracing cloud upgrades, acknowledging the substantial long-term benefits Optiva's products deliver. We look forward to winning more digital transformation opportunities," said Robert Stabile, Chief Executive Officer of Optiva.

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

Business Highlights

- TCV of Q3 bookings totaled \$8.8 million. For the trailing twelve months, TCV of bookings totaled \$68.1 million.
- A prominent African-based MNO 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 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.

- 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.
- On October 4, 2024, the Company was named a Finalist in the MVNO Solution of the Year award category by the Glotel Awards or Global Telecoms Awards, recognizing innovation and excellence in advancing and transforming the global telecoms industry. The panel of judges selected Optiva MVNO Hubs as a finalist for its significant enablement in the creation and growth of MVNOs.
- On October 22, 2024, the Company was named a Finalist in the Best Digital Transformation Project of the Year award category by Conecta LATAM, which celebrates exceptional contributions to the telecom industry by those driving innovation and transformation in Latin America, Central America and the Caribbean. The jury selected Optiva's full BSS stack digital transformation project with TSTT to achieve accelerated delivery and provisioning of new services, new revenue and time to revenue, monetization of 5G use cases, automated operations leveraging cloud economics and Opex model savings.
- Mary-Lynn Oke, the Chief Financial Officer of Optiva, concluded her contract on September 30, 2024. She will continue to lend her expertise to Optiva in a consulting capacity. Stable said, "Oke's executive presence has been instrumental in implementing significant corporate and operational enhancements throughout our organization. The Optiva team is grateful for her lasting contributions."

Third Quarter 2024 Financial Results Highlights:

Q3 Fiscal 2024 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	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 ⁽¹⁾	(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

- Revenue for Q3'24 was \$12.0 million. On a year-over-year basis, the change by revenue type included no change in support and subscription revenue and a \$0.3 million increase in software and services revenue. The year-over-year increase in software and services revenue reflects the software implementations for new customers and upgrades for existing customers.

- Gross margin for Q3'24 was 58% compared to 61% 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") decreased to \$1.5 million compared to \$2.2 million during the same period in 2023. The decrease is mainly due to lower share-based compensation. 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.
- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ for Q3 decreased to a loss of \$0.6 million as compared to loss of \$0.8 million during the same period in 2023, primarily driven by higher revenue.
- Net loss for Q3 was \$3.4 million compared to a net loss of \$4.2 million during 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.
- The Company ended the third quarter with a cash balance of \$12.8 million (including restricted cash).

(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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss for the period	\$ (3,354)	\$ (4,176)	\$ (14,987)	\$ (8,246)
Add back / (subtract):				
Depreciation of property and equipment	125	159	457	482
Amortization of intangible assets	–	–	–	361
Finance income	(135)	(79)	(460)	(316)
Finance costs	2,872	2,433	8,546	7,190
Income tax expense	355	1,074	937	2,096
Foreign exchange loss	43	233	291	643
Share-based compensation	(501)	48	599	(1,810)
EBITDA	\$ (595)	\$ (308)	\$ (4,617)	\$ 400
Other income	–	(498)	–	(498)
Adjusted EBITDA	\$ (595)	\$ (806)	\$ (4,617)	\$ (98)

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.

We draw your attention to the "Risks and Uncertainties" section of the Company's management's discussion and analysis for the quarter ended September 30, 2024, and to note 1 of our consolidated financial statements which indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company 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 9.75% secured PIK toggle debentures due July 20, 2025 (the "Debentures"), from non-current to current liabilities. The Debentures in the amount of \$103.5 million as of September 30, 2024, have a maturity date of July 20, 2025. Based on the cash balance as of September 30, 2024 and the 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.

These statements are forward-looking as they are based on our current expectations, as at November 7, 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)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,289	\$ 19,642
Trade accounts and other receivables	5,913	7,504
Unbilled revenue	10,915	14,362
Prepaid expenses	1,566	2,185
Income taxes receivable	871	3,633
Other assets	1,008	480
Total current assets	32,562	47,806
Restricted cash	542	793
Property and equipment	886	963
Deferred income taxes	447	383
Other Assets	2,558	1,371
Long-term unbilled revenue	554	727
Pension and other long-term employment benefit plans	2,645	—
Goodwill	32,271	32,271
Total assets	\$ 72,465	\$ 84,314
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 1,775	\$ 2,256
Accrued liabilities	11,398	11,919
Income taxes payable	3,943	4,299
Deferred revenue	2,673	1,555
Debentures	102,346	—
Total current liabilities	122,135	20,029
Deferred revenue	147	206
Other liabilities	2,305	1,702
Pension and other long-term employment benefit plans	—	132
Debentures	—	101,348
Deferred income taxes	136	185
Total liabilities	124,723	123,602
Shareholders' equity (deficit):		
Share capital	270,746	270,610
Contributed surplus	15,266	15,117
Deficit	(343,872)	(328,885)
Accumulated other comprehensive income (loss)	5,602	3,870
Total shareholders' equity (deficit)	(52,258)	(39,288)
Total liabilities and shareholders' equity (deficit)	\$ 72,465	\$ 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue:				
Support and subscription	\$ 7,858	\$ 7,948	\$ 22,620	\$ 23,933
Software licenses, services and other	4,118	3,776	12,453	11,532
	11,976	11,724	35,073	35,465
Cost of revenue	4,977	4,544	14,893	12,420
Gross profit	6,999	7,180	20,180	23,045
Operating expenses:				
Sales and marketing	2,078	2,259	7,342	7,523
General and administrative	1,487	2,187	7,130	4,673
Research and development	3,653	3,747	11,381	9,980
	7,218	8,193	25,853	22,176
Income (loss) from operations	(219)	(1,013)	(5,673)	869
Foreign exchange loss	(43)	(233)	(291)	(643)
Other income	-	498	-	498
Finance income	135	79	460	316
Finance costs	(2,872)	(2,433)	(8,546)	(7,190)
Loss before income taxes	(2,999)	(3,102)	(14,050)	(6,150)
Income taxes (recovery):				
Current	369	1,190	1,048	2,169
Deferred	(14)	(116)	(111)	(73)
	355	1,074	937	2,096
Net loss	\$ (3,354)	\$ (4,176)	\$ (14,987)	\$ (8,246)
Other comprehensive income:				
Items that will not be reclassified to net income:				
Actuarial gain on pension and non-pension post-employment benefit plans, net of income tax expense of nil:	1,732	965	1,732	965
Total comprehensive loss	\$ (1,622)	\$ (3,211)	\$ (13,255)	\$ (7,281)
Net loss per common share:				
Basic	\$ (0.54)	\$ (0.68)	\$ (2.42)	\$ (1.33)
Diluted	(0.54)	(0.68)	(2.42)	(1.33)
Weighted average number of common shares (thousands):				
Basic	6,213	6,179	6,202	6,178
Diluted	6,213	6,179	6,202	6,178

OPTIVA INC.

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ (3,354)	\$ (4,176)	\$ (14,987)	\$ (8,246)
Adjustments for:				
Depreciation of property and equipment	125	159	457	482
Amortization of intangible assets	–	–	–	361
Finance income	(135)	(79)	(460)	(316)
Finance costs	2,872	2,433	8,546	7,190
Pension	(164)	(66)	(1,028)	(708)
Income tax expense (note 6)	355	1,074	937	2,096
Unrealized foreign exchange loss (gain)	(13)	(38)	(387)	(49)
Share-based compensation (note 4(d))	(501)	48	599	(1,810)
Change in non-cash operating working capital	1,853	1,692	7,204	189
	1,038	1,047	881	(811)
Interest paid	(2)	(5)	(8)	(11)
Interest received	116	55	402	247
Income taxes (paid) received	(434)	(716)	1,220	(1,821)
	718	381	2,495	(2,396)
Financing activities:				
Issuance of Debentures	–	13,500	–	13,500
Transaction costs on debentures	–	(776)	–	(776)
Interest paid on Debentures	(5,018)	(4,351)	(10,104)	(8,775)
	(5,018)	8,373	(10,104)	3,949
Investing activities:				
Purchase of property and equipment	–	(45)	(381)	(245)
Decrease (increase) in restricted cash	244	10	252	1,183
	244	(35)	(129)	938
Effect of foreign exchange rate changes on cash and cash equivalents				
	9	11	385	35
Increase (decrease) in cash and cash equivalents	(4,047)	8,730	(7,353)	2,526
Cash and cash equivalents, beginning of period	16,336	12,182	19,642	18,386
Cash and cash equivalents, end of period	\$ 12,289	\$ 20,912	\$ 12,289	\$ 20,912