



## **Optiva Inc. Reports Second Quarter 2021 Financial Results**

All amounts are stated in United States dollars unless otherwise indicated

- Revenue increased on a sequential basis to \$16.3 million
- New bookings increased 492% to \$10.4 million as management focuses on growth
- Gross margin at record levels at 78%
- Net income of \$1.3 million compared to a net loss of \$14.8 million in Q2'20
- Adjusted EBITDA<sup>[1]</sup> of \$4.1 million, versus \$0.9 million in Q2'20 representing the fourth consecutive quarter of Adjusted EBITDA margin above 25%
- Balance sheet remains robust with \$33.5 million in cash to support growth

TORONTO, August 10, 2021 - Optiva Inc. ("Optiva" or "the Company") (TSX:OPT), a leading provider of mission-critical, cloud-native revenue management software for the telecommunications industry, today released its second quarter financial results for the three-month period ended June 30, 2021.

"I am pleased with our Q2 results. We remained focused on managing costs while also ramping our investment into 5G cloud-native products during the quarter, which resulted in a strong financial performance and delivered a number of marquee customer wins," said John Giere, President and Chief Executive Officer of Optiva. "Serving our global customers' business needs by placing them at the center of our focus is yielding positive results as evidenced by the momentum building up in our bookings. This momentum has been made possible by the dedication of our hard-working colleagues together with our continued investments in both R&D and sales talent. Everyone is aligned in maintaining our focus on operational discipline with the goal of building a stable foundation that delivers long-term profitable growth."

"The recalibration of our growth strategy, combined with a heightened focus on product innovation, continues to bring us closer to establishing a trusted relationship with our customers. We are working on addressing their transition plans to the cloud in a manner that best fits their respective pathways," added John Giere.

## Business Highlights

- The Company strengthened its balance sheet by completing a private placement of subordinate voting shares, resulting in 834,500 shares being issued by the Company at a price of CDN\$30.00 per share for aggregate gross proceeds of approximately \$20 million. This will help sustain operational momentum, accelerate product development efforts and build up cash on the balance sheet to pursue acquisition discussions in the future.
- Optiva continues to invest in strengthening and building its sales team as bookings, customer retention, contract renewals, service enhancement and delivery growth become a strategic focus. As at the end of Q2 '21, the Company has increased its sales team from 19 to 32 professionals, which has resulted in a ramp-up in bookings and visibility into expected revenue growth in 2022.
- The Company continues to add to its R&D talent and is on strategy to be fully internally sustainable. On a year-over-year basis, Optiva's R&D team has grown from 41 to 128 professionals.
- The recalibration of strategy and investment in sales talent resulted in bookings increasing 492% when comparing Q2'21 versus Q2'20 and 90% when comparing 1H '21 versus 1H'20.
- A leading telecom provider in the Middle East, offering next-generation information and communications technology solutions, selected Optiva BSS Platform to enable its new MVNO business strategy to rapidly bring to market innovative digital services to the fast-growing consumer market segment. Through the partnership, it will deploy Optiva cloud-native BSS technology on its state-of-the-art, private cloud infrastructure.
- Digitel Corporation, a leading mobile network operator in Venezuela, has signed an agreement with Optiva for a multi-year support renewal and upgrade to a state-of-the-art, next-generation convergent online charging system to accelerate its digital business transformation and significantly expand its monetization capabilities.
- Mtel Banja Luka, a leading provider of digital services and telecommunications solutions to over two million customers in Bosnia and Herzegovina and a member of the Telekom Srbija Group, signed an agreement for a private-cloud upgrade and multi-year support renewal with Optiva. Mtel will deploy Optiva Charging Engine to harness the advanced operational capabilities and agile service element of Optiva's cloud-native platform to drive modernization, operational automation, simplify Mtel architecture and lower its total cost of ownership (TCO). The new cloud platform will accelerate Mtel's operational agility and service velocity supporting its next-generation, 5G and IoT use cases.

## Second Quarter 2021 Financial Results Highlights

Q2 Fiscal 2021 Highlights <i>(\$ US Thousands, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	2021	June 30, 2020	2021	June 30, 2020
Revenue	16,311	19,933	32,402	38,969
Net income (loss)	1,331	(14,777)	18,030	(13,969)
Earnings (loss) Per Share	\$ 0.22	\$(2.78)	\$ 3.16	\$(2.63)
Adjusted EBITDA	\$ 4,082	\$ 944	\$ 9,075	\$(4,349)
Cash from (used in) operating activities	4,083	(3,641)	731	(3,881)
Total cash, including restricted cash	33,472	27,175	33,472	27,175

- Revenue for Q2'21 decreased by \$3.6 million to \$16.3 million, driven by known attritions while showing early indication of stabilizing at current levels. The year-over-year decrease in revenue was primarily due to the discontinuation of software, support and subscription sales to customers who had previously notified Optiva of their exit.
- Gross margin reached a new record level at 78% in Q2'21, increasing 4% over the 74% gross margin achieved during the corresponding period in 2020. This increase was mainly attributable to strict cost management and operational efficiencies.
- General and administrative expenses decreased to \$4.5 million when compared to \$10.1 million during the same period in 2020. The decrease is mainly due to lower legal and advisory costs related to activities of the special committee of the board of directors incurred last year, lower amortization costs and provisions
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>[1]</sup> for Q2'21 of 2021 was \$4.1 million compared to a loss of \$2.9 million during the same period in 2020. Adjusted EBITDA<sup>[1]</sup> ("Adjusted EBITDA") for Q2'21 amounted to \$4.1 million as compared to \$0.9 million during the same period in 2020.
- Net income for Q2'21 was \$1.3 million compared to a loss of \$14.8 million during the corresponding period in 2020. The increase in net income is mainly attributable to the Company's ongoing focus on cost management and overall operating expenses.

[1] EBITDA and Adjusted EBITDA are non-IFRS measures. These measures are defined in the "Non-IFRS Financial Measures" section of this news release.

## **Conference Call**

Optiva Inc. will hold an analyst call on August 11, 2021, to discuss its Q2'21 financial results for the three-month period ended June 30, 2021. John Giere, CEO, and Ashish Joshi, CFO, will host the call starting at 9:00 a.m. Eastern time. A question and answer session will follow management's discussion.

Date: Wednesday, August 11, 2021

Time: 9:00 a.m. Eastern Time

Toll-free (Canada/US): 1-800-437-2398

International: 1-720-452-9102

Reference number: 3958855

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization.

## **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 any one-time transaction costs associated with shareholder conflict. 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.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net Income (loss) for the period	\$ 1,331,539	\$ (14,776,545)	\$ 18,029,910	\$ (13,968,896)
Add back / (subtract):				
Depreciation of property and equipment	18,440	–	18,440	–
Amortization of intangible assets	362,763	2,464,192	725,526	4,952,521
Finance (income) / loss	(70,901)	8,913	(142,595)	(76,823)
Finance costs (recovery)	888,881	8,384,828	(10,304,588)	(1,378,110)
Income tax expense	1,076,746	376,101	1,604,974	688,306
Foreign exchange loss (gain)	(218,307)	298,367	(525,635)	2,181,707
Share-based compensation	693,234	358,916	1,415,832	(885,132)
EBITDA	4,082,395	(2,885,228)	10,821,864	(8,486,427)
Restructuring costs	–	26,438	–	142,722
Change in other provisions	–	3,072,717	(1,313,725)	3,072,717
One-time costs (recovery) related to shareholder conflict and debenture financing	–	730,540	(433,610)	921,865
Adjusted EBITDA	\$ 4,082,395	\$ 944,467	\$ 9,074,529	\$ (4,349,123)

## About Optiva

Optiva Inc. is a leading provider of mission-critical, cloud-native revenue management software for the telecommunications industry. 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 on the Toronto Stock Exchange (TSX: OPT). For more information, visit [www.optiva.com](http://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. These statements are forward-looking as they are based on our current expectations, as at August 10, 2021, 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 are discussed in the Company's most recent Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Optiva's website at [www.optiva.com/investors/](http://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 U.S. dollars)  
(Unaudited)

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 32,935,144	\$ 17,663,998
Trade accounts and other receivables	9,420,819	7,868,501
Unbilled revenue	4,623,371	4,086,395
Prepaid expenses	3,278,571	2,752,304
Income taxes receivable	4,286,292	4,281,673
Other assets	330,086	222,101
Total current assets	54,874,283	36,874,972
Restricted cash	537,487	625,692
Property and equipment	247,042	–
Long-term unbilled revenue	3,553,939	3,520,177
Deferred income taxes	365,606	208,237
Other assets	508,066	624,134
Intangible assets	2,529,956	3,255,482
Goodwill	32,271,078	32,271,078
Total assets	\$ 94,887,457	\$ 77,379,772
<b>Liabilities and Shareholders' Deficit</b>		
Current liabilities:		
Trade payables	\$ 3,142,452	\$ 8,811,407
Accrued liabilities	11,289,333	9,677,245
Provisions	4,200,000	5,555,373
Income taxes payable	4,546,033	4,932,157
Deferred revenue	6,304,516	4,894,195
Total current liabilities	29,482,334	33,870,377
Deferred revenue	525,583	661,837
Other liabilities	2,373,122	2,797,836
Pension and other long-term employment benefit plans	14,541,926	15,582,459
Debentures	86,652,639	86,338,367
Series A Warrant	2,286,508	16,662,808
Standby Warrant	221,100	–
Deferred income taxes	879,351	898,146
Total liabilities	136,962,563	156,811,830
Shareholders' deficit:		
Share capital	269,992,761	250,904,013
Standby Warrant	–	997,500
Contributed surplus	12,642,608	11,406,814
Deficit	(317,812,339)	(335,842,249)
Accumulated other comprehensive loss	(6,898,136)	(6,898,136)
Total shareholders' deficit	(42,075,106)	(79,432,058)
Total liabilities and shareholders' deficit	\$ 94,887,457	\$ 77,379,772

# OPTIVA INC.

## Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Expressed in U.S. dollars, except per share and share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue (note 9):				
Support and subscription	\$ 11,481,945	\$ 14,837,554	\$ 24,269,620	\$ 29,953,365
Software licenses, services and other	4,828,791	5,095,169	8,132,199	9,016,104
	16,310,736	19,932,723	32,401,819	38,969,469
Cost of revenue	3,598,792	5,121,466	7,273,740	10,475,642
Gross profit	12,711,944	14,811,257	25,128,079	28,493,827
Operating expenses:				
Sales and marketing	1,926,474	1,668,226	3,713,642	4,691,688
General and administrative	4,535,704	10,141,137	8,993,793	15,605,317
Research and development	3,241,808	8,683,791	3,758,578	20,607,915
Restructuring costs	–	26,438	–	142,722
	9,703,986	20,519,592	16,466,013	41,047,642
Income (loss) from operations	3,007,958	(5,708,335)	8,662,066	(12,553,815)
Foreign exchange gain / (loss)	218,307	(298,367)	525,635	(2,181,707)
Finance income / (loss)	70,901	(8,913)	142,595	76,823
Finance (cost) recovery	(888,881)	(8,384,828)	10,304,588	1,378,110
Income (loss) before income taxes	2,408,285	(14,400,443)	19,634,884	(13,280,589)
Income taxes (recovery):				
Current	1,203,196	386,571	1,769,118	695,758
Deferred	(126,450)	(10,469)	(164,144)	(7,451)
	1,076,746	376,102	1,604,974	688,307
Total comprehensive income (loss)	\$ 1,331,539	\$ (14,776,545)	\$ 18,029,910	\$ (13,968,896)
Income (loss) per common share:				
Basic	\$ 0.22	\$ (2.78)	\$ 3.16	\$ (2.63)
Diluted	0.22	(2.78)	3.09	(2.63)
Weighted average number of common shares:				
Basic	6,076,379	5,315,890	5,698,728	5,315,825
Diluted	6,127,886	5,315,890	5,843,464	5,315,825

# OPTIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ 1,331,539	\$ (14,776,545)	\$ 18,029,910	\$ (13,968,896)
Adjustments for:				
Depreciation of property and equipment	18,440	–	18,440	–
Amortization of intangible assets	362,763	2,464,192	725,526	4,952,521
Finance (income) / loss	(70,901)	8,913	(142,595)	(76,823)
Finance costs (recovery)	888,881	8,384,828	(10,304,588)	(1,378,110)
Pension	219,086	4,169	(718,048)	8,391
Income tax expense	1,076,746	376,101	1,604,974	688,306
Unrealized foreign exchange (gain)	207,568	(249,508)	(450,042)	(1,044,041)
Share-based compensation	693,234	358,916	1,415,832	(885,132)
Change in provisions	(23,028)	2,807,641	(1,355,373)	2,357,140
Change in non-cash operating working capital	(242,745)	(2,352,191)	(5,986,012)	7,067,452
	4,461,583	(2,973,484)	2,838,024	(2,279,192)
Interest paid	(14,438)	(3,997)	(52,757)	(26,414)
Interest received	8,382	15,135	9,969	69,914
Income taxes paid	(372,819)	(678,759)	(2,064,199)	(1,645,167)
	4,082,708	(3,641,105)	731,037	(3,880,859)
Financing activities:				
Payment of dividends	–	–	–	(2,209,426)
Issue of share capital	19,088,748	–	19,088,748	–
Payment of interest on loans and borrowings	–	–	(4,412,723)	–
	19,088,748	–	14,676,025	(2,209,426)
Investing activities:				
Purchase of property and equipment	(265,482)	–	(265,482)	–
Decrease in restricted cash	135,704	172,824	88,205	203,518
	(129,778)	172,824	(177,277)	203,518
Effect of foreign exchange rate changes on cash and cash equivalents	(70,797)	529,847	41,361	565,633
Increase (decrease) in cash and cash equivalents	22,970,881	(2,938,434)	15,271,146	(5,321,134)
Cash and cash equivalents, beginning of period	9,964,263	29,365,293	17,663,998	31,747,993
Cash and cash equivalents, end of period	\$ 32,935,144	\$ 26,426,859	\$ 32,935,144	\$ 26,426,859