



Optiva Inc. Reports Third Quarter 2021 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue increased on a sequential basis to \$16.7 million
- Focus on growth continues to push year-to-date New Bookings⁽¹⁾ to \$24.1 million versus \$7.7 million during the same period last year
- Gross margin at record levels of 79%
- Net income of \$3.8 million compared to a net loss of \$29.2 million in Q3'20
- Adjusted EBITDA⁽¹⁾ of \$5.9 million or 35%, versus \$6.8 million in Q3'20, representing the fifth consecutive quarter of Adjusted EBITDA margin above 25%
- Balance sheet remains robust with \$32.8 million⁽²⁾ in cash to support growth
- Adjusted EPS⁽¹⁾ of \$0.35

TORONTO, November 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 third quarter financial results for the three-month period ended September 30, 2021.

"I am pleased with our continued success in executing our strategic objectives during Q3 with customer wins, increased bookings and strong cost management. We are in line with our fiscal year 2021 plan and, in some instances, ahead of expectations," said John Giere, President and Chief Executive Officer of Optiva. "We remain committed to being a very customer-centric organization, which combined with our industry expertise and first-mover advantage in the private and public cloud telco market, positions us extremely well to capture meaningful growth on the back of having established solid footing across all aspects of our business."

"Our customers continue to be very engaged with our team in exploring the most appropriate pathway to realize their long-term business goals balanced against their nearer-term immediate needs, bridging the gap to implement a full-cloud migration plan in strategic partnership with Optiva," added Giere.

Business Highlights

- Optiva continues to invest in strengthening and building its global sales team to drive increased bookings, customer retention, contract renewals, service enhancement and delivery growth. As a result of our initiatives, New Bookings increased to \$11.3 million in Q3 '21, and \$24.1 million on a year-to-date basis.
- The Company continues to add to its R&D talent and is on track for our new product launch by Q1'22. A critical element of our strategy is to establish, where appropriate, R&D Centers of Excellence. The Company has established our first R&D Centre of Excellence in Belfast, Northern Ireland. The Centre will focus on the development and delivery of Optiva's cloud-native software solutions, accelerating the innovation investment within our roadmap.
- During Q3'21, the Company completed the insourcing of its key finance department functions.
- A leading Saudi-based telecom operator selected Optiva BSS Platform for its new MVNO business line to rapidly bring to market innovative digital services to the fast-growing consumer market segment. The partnership enables the operator to deploy Optiva cloud-native BSS technology on its state-of-the-art, private cloud infrastructure. The solution will provide a differentiated, superior customer experience and digital service offerings that build upon the operator's strong enterprise customer base and accelerate the velocity of its product introduction cycle to more quickly deliver profitable growth.
- Optiva has been selected as an approved vendor for next generation charging solution by a large multinational telecommunications group, operating in countries in Africa and the Middle East. The Company's services include cellular network access and business solutions.
- The Company announced the launch of its new MVNx Fast Track program - (<https://optiva.com/mvnx/>), which provides MVNOs and MVNEs an all-in-one, cloud-native BSS MVNx solution. The program allows them to deploy in 90 days, realize more than 40% of total cost of ownership and operations cost savings, leverage embedded testing and customer service automation and rollout new propositions within three hours with out-of-the-box templates and guided configuration flows.

Third Quarter 2021 Financial Results Highlights:

Q3 Fiscal 2021 Highlights <i>(\$ US Thousands, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Revenue	16,666	18,804	49,068	57,774
Net Income (Loss)	3,783	(29,221)	21,813	(43,190)
Earnings (Loss) Per Share	\$ 0.62	\$(5.50)	\$ 3.73	\$(8.12)
Adjusted EBITDA	5,901	6,819	14,975	(2,906)
Cash provided by (used in) operating activities	5,217	(1,398)	5,948	(5,279)
Total cash, including restricted cash	32,823	21,306	32,823	21,306

- Revenue for Q3'21 decreased by \$2.1 million to \$16.7 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 79% in Q3'21, increasing 4% over the 75% gross margin achieved during the corresponding period in 2020. This increase was mainly attributable to continued strict cost management and operational efficiencies.
- General and administrative expenses decreased to \$3.0 million when compared to \$8.3 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, lower stock-based compensation, and bad debt recovery, slightly offset by higher compensation costs.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ for Q3'21 of 2021 was \$5.9 million compared to \$5.6 million during the same period in 2020. Adjusted EBITDA⁽¹⁾ ("Adjusted EBITDA") for Q3'21 amounted to \$5.9 million as compared to \$6.8 million during the same period in 2020. The Adjusted EBITDA for Q3'21 includes a reversal of bad-debt provision of \$0.8 million.
- Net income for Q3'21 was \$3.8 million compared to a loss of \$29.2 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 and higher finance costs last year related to accretion of preferred shares on redemption.

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

(2) Includes restricted cash

Conference Call

Optiva Inc. will hold an analyst call on November 11, 2021, to discuss its Q3 '21 financial results for the three-month period ended September 30, 2021. John Giere, CEO, and Ashish Joshi, CFO, will host the call starting at 8:00 a.m. Eastern time. A question and answer session will follow management's discussion.

Date: Thursday, November 11, 2021

Time: 8:00 a.m. Eastern Time

Toll-free (Canada/US): 1-866-248-8441

International: 1-720-452-9102

Reference number: 7088116

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.

New Bookings are total bookings minus SLA renewals. New Bookings Indicates the contractually committed revenue, excluding renewal of maintenance/support contracts from existing customers, that we expect to recognize over the forthcoming quarters. New Bookings is thus a subset of our Total Bookings in a particular period. New Booking indicates our success in contracting new business whereas Total Bookings reflects our success in both, contracting new business as well as renewing existing maintenance and support SLAs.

Adjusted EPS is reported diluted EPS excluding the impact of change in the fair value of warrants.

	Three months ended September 30, 2021		Nine months ended September 30, 2020	
Net Income (loss) for the period	\$ 3,783,002	\$ (29,220,983)	\$ 21,812,912	\$ (43,189,879)
Add back / (subtract):				
Depreciation of property and equipment	65,161	–	83,601	–
Amortization of intangible assets	362,763	2,188,032	1,088,289	7,140,553
Finance (income)	(328,765)	(173,251)	(471,360)	(250,074)
Finance costs (recovery)	804,557	29,660,877	(9,500,031)	28,282,767
Income tax expense	833,422	1,987,199	2,438,396	2,675,506
Foreign exchange loss (gain)	(109,584)	(282,702)	(635,219)	1,899,005
Share-based compensation	490,144	1,421,022	1,905,976	535,890
EBITDA	5,900,700	5,580,194	16,722,564	(2,906,232)
Restructuring costs	–	59,440	–	202,162
Change in other provisions	–	–	(1,313,725)	3,072,717
One-time costs (recovery) related to shareholder conflict and debenture financing	–	1,179,264	(433,610)	2,101,129
Adjusted EBITDA	\$ 5,900,700	\$ 6,818,898	\$ 14,975,229	\$ 2,469,776

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.

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 November 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 and on 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 U.S. dollars)
(Unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,031,896	\$ 17,663,998
Trade accounts and other receivables	9,241,414	7,868,501
Unbilled revenue	6,310,487	4,086,395
Prepaid expenses	3,053,180	2,752,304
Income taxes receivable	4,316,147	4,281,673
Other assets	747,621	222,101
Total current assets	55,700,745	36,874,972
Restricted cash	791,372	625,692
Property and equipment	847,517	–
Long-term unbilled revenue	2,940,041	3,520,177
Deferred income taxes	351,336	208,237
Other assets	107,353	624,134
Intangible assets	2,539,464	3,255,482
Goodwill	32,271,078	32,271,078
Total assets	\$ 95,548,906	\$ 77,379,772
Liabilities and Shareholders' Deficit		
Current liabilities:		
Trade payables	\$ 4,296,734	\$ 8,811,407
Accrued liabilities	9,719,033	9,677,245
Provisions	4,200,000	5,555,373
Income taxes payable	5,661,702	4,932,157
Deferred revenue	4,301,164	4,894,195
Total current liabilities	28,178,633	33,870,377
Deferred revenue	487,312	661,837
Other liabilities	1,822,907	2,797,836
Pension and other long-term employment benefit plans	10,918,925	15,582,459
Debentures	86,818,996	86,338,367
Series A Warrant	768,340	16,662,808
Standby Warrant	92,550	–
Deferred income taxes	769,379	898,146
Total liabilities	129,857,042	156,811,830
Shareholders' deficit:		
Share capital	269,992,761	250,904,013
Standby Warrant	–	997,500
Contributed surplus	13,389,540	11,406,814
Deficit	(314,029,337)	(335,842,249)
Accumulated other comprehensive loss	(3,661,100)	(6,898,136)
Total shareholders' deficit	(34,308,136)	(79,432,058)
Total liabilities and shareholders' deficit	\$ 95,548,906	\$ 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue:				
Support and subscription	\$11,411,812	\$ 14,077,343	\$ 35,681,432	\$ 44,030,708
Software licenses, services and other	5,253,879	4,726,877	13,386,078	13,742,981
	16,665,691	18,804,220	49,067,510	57,773,689
Cost of revenue	3,491,639	4,649,294	10,765,379	15,124,936
Gross profit	13,174,052	14,154,926	38,302,131	42,648,753
Operating expenses:				
Sales and marketing	1,788,771	1,581,100	5,502,413	6,272,788
General and administrative	2,990,055	8,288,092	11,983,848	23,893,409
Research and development	3,412,594	2,255,154	7,171,172	22,863,069
Restructuring costs	—	59,440	—	202,162
	8,191,420	12,183,786	24,657,433	52,231,428
Income (loss) from operations	4,982,632	1,971,140	13,644,698	(10,582,675)
Foreign exchange gain / (loss)	109,584	282,702	635,219	(1,899,005)
Finance income	328,765	173,251	471,360	250,074
Finance (cost) recovery	(804,557)	(29,660,877)	9,500,031	(28,282,767)
Income (loss) before income taxes	4,616,424	(27,233,784)	24,251,308	(40,514,373)
Income taxes (recovery):				
Current	922,153	2,100,108	2,691,270	2,795,866
Deferred	(88,730)	(112,909)	(252,874)	(120,360)
	833,422	1,987,199	2,438,396	2,675,506
Net income (loss)	\$ 3,783,002	\$ (29,220,983)	\$ 21,812,912	\$ (43,189,879)
Other comprehensive income:				
Items that will not be reclassified to net income:				
Actuarial gain (loss) on pension and non-pension post-employment benefit plans, net of income tax expense of nil:	3,237,036	(3,560,350)	3,237,036	(3,560,350)
Total comprehensive income (loss)	\$ 7,020,038	\$ (32,781,333)	\$ 25,049,948	\$ (46,750,229)
Income (loss) per common share:				
Basic	\$ 0.62	\$ (5.50)	\$ 3.73	\$ (8.12)
Diluted	0.61	(5.50)	3.68	(8.12)
Weighted average number of common shares:				
Basic	6,150,557	5,315,757	5,850,993	5,315,903
Diluted	6,159,307	5,315,757	5,926,567	5,315,903

OPTIVA INC.

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ 3,783,002	\$ (29,220,983)	\$ 21,812,912	\$ (43,189,879)
Adjustments for:				
Depreciation of property and equipment	65,161	–	83,601	–
Amortization of intangible assets	362,763	2,188,032	1,088,289	7,140,553
Finance (income)	(328,765)	(173,251)	(471,360)	(250,074)
Finance costs (recovery)	804,557	29,660,877	(9,500,031)	28,282,767
Pension	9,015	100,932	(709,033)	109,323
Income tax expense	833,422	1,987,199	2,438,396	2,675,506
Unrealized foreign exchange loss (gain)	40,961	(11,484)	(409,081)	(1,055,526)
Share-based compensation	490,144	1,421,022	1,905,976	535,890
Change in provisions	–	(258,968)	(1,355,373)	2,098,172
Change in non-cash operating working capital	(1,018,447)	(5,505,549)	(7,004,459)	1,561,903
	5,041,813	187,827	7,879,837	(2,091,365)
Interest paid	(40,297)	(7,656)	(93,054)	(34,070)
Interest received	8,656	6,020	18,625	75,934
Income taxes received (paid)	206,465	(1,584,095)	(1,857,734)	(3,229,262)
	5,216,637	(1,397,904)	5,947,674	(5,278,763)
Financing activities:				
Payment of dividends	–	(11,378,719)	–	(13,588,145)
Issue of share capital	–	–	19,088,748	–
Payment of interest on loans and borrowings	(4,351,439)	–	(8,764,162)	–
Redemption of preferred shares	–	(80,000,000)	–	(80,000,000)
Transaction costs on debentures	–	(3,315,583)	–	(3,315,583)
Issuance of debentures	–	90,000,000	–	90,000,000
	(4,351,439)	(4,694,302)	10,324,586	(6,903,728)
Investing activities:				
Purchase of property and equipment	(665,636)	–	(931,118)	–
Purchase of software	(372,271)	–	(372,271)	–
(Increase) / Decrease in restricted cash	(253,885)	57,647	(165,680)	261,165
	(1,291,792)	57,647	(1,469,069)	261,165
Effect of foreign exchange rate changes on cash and cash equivalents				
	(476,654)	223,160	(435,293)	788,793
Increase (decrease) in cash and cash equivalents	(903,248)	(5,811,399)	14,367,898	(11,132,533)
Cash and cash equivalents, beginning of period	32,935,144	26,426,859	17,663,998	31,747,993
Cash and cash equivalents, end of period	\$ 32,031,896	\$ 20,615,460	\$ 32,031,896	\$ 20,615,460