



Optiva Inc. Reports First Quarter 2022 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue remained stable at \$16.1 million
- New Q1'22 Bookings⁽¹⁾ of \$19.7 million, represented a ten-fold increase when compared to Q1'21
- Total Contract Value ("TCV")⁽¹⁾ in Q1'22 bookings was \$32.9 million
- Gross margin remained robust at 75%
- Adjusted EBITDA⁽¹⁾ of \$3.8 million or 24% of revenue, versus \$5.0 million in Q1'21 – the 7th consecutive quarter of Adjusted EBITDA margin over 20%
- Balance sheet solid with \$26.0 million in cash
- Adjusted EPS⁽¹⁾ of \$0.11 versus \$0.73 last year

TORONTO, May 10, 2022 - 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 first quarter financial results for the three-month period ended March 31, 2022.

"I am very pleased with our ability to deliver another quarter of revenue stability while we continue to grow bookings and make the necessary investment in our new cloud product roadmaps. To that end, we announced a new product release in Q1'22, the Optiva Charging Engine update, our first roadmap release in four years that will be part of a continuum of such product announcements throughout the year," said John Giere, President and Chief Executive Officer of Optiva. "The strength and innovation of our R&D team, coupled with our sales team's tenacity, is proving to work extremely well in identifying and addressing the needs of our existing and prospective customers. These sales and R&D investments have been critical to our successes in revitalizing our performance thus far and vital to securing new customer opportunities where we are actively engaging."

Business Highlights

- New Bookings in Q1'22 increased by more than ten-fold to \$19.7 million when compared to \$1.9 million in Q1'21, and TCV totalled \$32.9 million. Customer wins during the quarter included three incumbent upgrades.

- The Company launched Optiva Charging Engine private and public cloud editions. The new roadmap release enables operators that are not ready to move to the public cloud to reap its benefits while on a private cloud and maintain security, control and adherence to regulatory requirements. Two telecom operators, a Tier 1 and Tier 2 in EMEA, are currently transitioning to the new Optiva Charging Engine version on their private clouds. The new release builds upon the previous version's capabilities with the added power and performance of Google Cloud Platform automation tools and site reliability engineering (SRE) methodologies. This product enables operators to access new features and functionalities through a centrally managed approach with the freedom to test new services quickly and efficiently with less risk and more focus on the customer experience.
- Integrated Telecom Company Ltd ("Salam"), a leading Saudi-based telecom provider, selected Optiva BSS Platform to enable its new MVNO Integrated Telecom Mobile Company Ltd ("Salam Mobile") to rapidly bring to market innovative digital services to the fast-growing consumer market segment. Salam Mobile will deploy Optiva cloud-native BSS technology on its state-of-the-art, private cloud infrastructure. Optiva BSS Platform, a best-of-suite, end-to-end, pre-integrated customer and revenue management solution, will enable Salam to quickly and cost-effectively conceptualize and introduce new digital service offerings to customers. The platform provides real-time billing, charging and fulfillment that will help differentiate Salam Mobile offerings. The solution will accelerate the velocity of their new product introduction cycle and more quickly deliver profitable growth.
- In response to the telecom market's demand for software companies to deliver innovation, Optiva announced the establishment of its R&D Centre of Excellence in Osijek, Croatia. Optiva has tripled the size of its R&D team over the last year, and has positioned its resources and focus to lead innovation in the business support systems (BSS) market, enabling telecom operators to elevate customer experience, increase profitability and connect people, payments and digital services in new and unique ways. The Osijek Centre of Excellence follows the opening of the previously announced Centres in Belfast, Northern Ireland (2021) and Bengaluru, India (2022).

First Quarter 2022 Financial Results Highlights:

Q1 Fiscal 2022 Highlights <i>(\$ US Thousands, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended	
	2022	March 31, 2021
Revenue	16,136	16,091
Net Income	1,837	16,698
Adjusted Earnings Per Share	\$ 0.11	\$ 0.73
Adjusted EBITDA	3,821	4,992
Cash used in operating activities	(53)	(3,352)
Total cash, including restricted cash	25,999	10,637

- Revenue for Q1'22 remained consistent with the same period last year while demonstrating continued stability for a 5th consecutive quarter, at \$16.1 million. On a year-over-year basis, the change by revenue type for Q1'22 included a \$2.5 million decrease in support and subscription revenue, a \$2.5 million increase in software and services revenue and no change in third-party software and hardware revenue.
- Gross margin for Q1'22 remained robust at 75% compared to 77% during the same period in 2021. The slight decline in gross margin is attributable to required investments as the Company proves its cloud-native model and product capabilities to new and existing customers when onboarded to the public or private cloud in future periods.
- General and administrative expenses decreased to \$3.2 million compared to \$4.5 million during the same period in 2021. The decrease is mainly due to lower compensation costs, lower legal and advisory costs related to activities of the special committee of the Board incurred last year and lower stock-based compensation.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ for Q1'22 was \$3.8 million compared to \$6.7 million during the same period in 2021. Adjusted EBITDA⁽¹⁾ ("Adjusted EBITDA") for Q1'22 amounted to \$3.8 million as compared to \$5.0 million during the same period in 2021. Adjusted EBITDA for Q1'22 decreased by \$1.2 million compared to the same period in 2021, primarily driven by lower gross margin and investments in sales & marketing.

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

- Net income for Q1'22 was \$1.8 million when compared to net income of \$16.7 million during the same period in 2021. The net income during the 2021 period was mainly higher due to a financial recovery from the reduction in value of Series A and Standby Warrant of \$13.6 million.

Conference Call

Optiva Inc. will hold an analyst call on Wednesday, May 11, 2022, to discuss its first quarter 2022 financial results for the three-month period ended March 31, 2022. John Giere, CEO, and Dinesh Sharma, V.P. Finance will host the call starting at 8:30 a.m. Eastern Daylight Time. A question and answer session will follow management's discussion.

Date: Wednesday, May 11, 2022

Time: 8:30 a.m. Eastern Daylight Time

Toll-free (Canada/US): 1-888-254-3590

International: 1-720-543-0214

Conference ID: 8880167

Online Access: https://viaid.webcasts.com/starthere.jsp?ei=1542838&tp_key=7831641cd1

Please dial into 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 March 31,	
	2022	2021
Net income for the period	\$ 1,837,008	\$ 16,698,371
Add back / (subtract):		
Depreciation of property and equipment	91,978	–
Amortization of intangible assets	361,161	362,763
Finance income	(86,247)	(71,694)
Finance costs (recovery)	1,174,944	(11,193,469)
Income tax expense	243,388	528,228
Foreign exchange loss (gain)	49,100	(307,328)
Share-based compensation	149,315	722,598
EBITDA	3,820,647	6,739,469
Change in other provisions	–	(1,313,725)
One-time costs (recovery) related to shareholder conflict	–	(433,610)
Adjusted EBITDA	\$ 3,820,647	\$ 4,992,134

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 Bookings indicate our success in contracting new business, whereas Total Bookings reflect our success in both contracting new business and renewing existing maintenance and support SLAs.

TCV is total contract value of all contracts closed in the period

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

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 May 10, 2022, 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, 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.

For additional information, please contact:

Media Contact:

Misann Ellmaker
media@optiva.com

Investor Relations:

Ali Mahdavi
investors-relations@optiva.com

OPTIVA INC.

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

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,198,880	\$ 29,586,926
Trade accounts and other receivables	9,153,606	7,203,145
Unbilled revenue	9,476,260	8,209,036
Prepaid expenses	1,826,331	3,044,329
Income taxes receivable	4,175,768	4,361,968
Other assets	549,472	822,592
Total current assets	50,380,317	53,227,996
Restricted cash	800,535	791,971
Property and equipment	898,363	883,168
Deferred income taxes	375,247	431,472
Other assets	379,479	372,194
Long-term unbilled revenue	2,715,443	2,878,032
Intangible assets	1,443,269	1,804,430
Goodwill	32,271,078	32,271,078
Total assets	\$ 89,263,731	\$ 92,660,341
Liabilities and Shareholders' Deficit		
Current liabilities:		
Trade payables	\$ 1,519,301	\$ 2,083,634
Accrued liabilities	8,784,213	12,904,992
Provisions	4,200,000	4,200,000
Income taxes payable	3,709,173	3,467,897
Deferred revenue	5,291,210	3,995,143
Total current liabilities	23,503,897	26,651,666
Deferred revenue	170,648	151,306
Other liabilities	1,967,760	2,095,612
Pension and other long-term employment benefit plans	8,045,062	9,422,877
Debentures	87,161,837	86,989,976
Series A Warrant	441,565	1,495,025
Standby Warrant	70,300	172,550
Deferred income taxes	732,971	745,745
Total liabilities	122,094,040	127,724,757
Shareholders' deficit:		
Share capital	270,559,551	270,559,551
Contributed surplus	14,568,831	14,171,732
Deficit	(315,502,206)	(317,339,214)
Accumulated other comprehensive loss	(2,456,485)	(2,456,485)
Total shareholders' deficit	(32,830,309)	(35,064,416)
Total liabilities and shareholders' deficit	\$ 89,263,731	\$ 92,660,341

OPTIVA INC.

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

	Three months ended March 31,	
	2022	2021
Revenue:		
Support and subscription	\$ 10,298,918	\$ 12,787,675
Software licenses, services and other	5,837,100	3,303,408
	<u>16,136,018</u>	<u>16,091,083</u>
Cost of revenue	<u>4,070,865</u>	<u>3,674,948</u>
Gross profit	12,065,153	12,416,135
Operating expenses:		
Sales and marketing	2,818,863	1,787,168
General and administrative	3,173,635	4,458,089
Research and development	2,854,462	516,770
	<u>8,846,960</u>	<u>6,762,027</u>
Income from operations	3,218,193	5,654,108
Foreign exchange gain (loss)	(49,100)	307,328
Finance income	86,247	71,694
Finance (costs) recovery	(1,174,944)	11,193,469
Income before income taxes	2,080,396	17,226,599
Income tax expense (recovery):		
Current	185,310	565,922
Deferred	58,078	(37,694)
	<u>243,388</u>	<u>528,228</u>
Total net income and comprehensive income	<u>\$ 1,837,008</u>	<u>\$ 16,698,371</u>
Income per common voting share:		
Basic	\$ 0.30	\$ 3.14
Diluted	0.30	3.01
Weighted average number of common voting shares:		
Basic	6,177,581	5,316,057
Diluted	6,177,581	5,543,600

OPTIVA INC.

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

	Three months ended March 31,	
	2022	2021
Cash used in:		
Operating activities:		
Income for the period	\$ 1,837,008	\$ 16,698,371
Adjustments for:		
Depreciation of property and equipment	91,978	—
Amortization of intangible assets	361,161	362,763
Finance income	(86,247)	(71,694)
Finance costs (recovery)	1,174,944	(11,193,469)
Pension	(1,112,899)	(937,134)
Income tax expense	243,388	528,228
Unrealized foreign exchange (gain) / loss	(510,737)	(657,610)
Share-based compensation	149,315	722,598
Change in provisions	—	(1,332,345)
Change in non-cash operating working capital	(540,492)	(5,743,267)
	1,607,419	(1,623,559)
Interest paid	(11,363)	(38,319)
Interest received	31,818	1,587
Promissory note paid	(2,000,000)	—
Income taxes received (paid)	319,212	(1,691,380)
	(52,914)	(3,351,671)
Financing activities:		
Payment of interest on loans and borrowings	(4,423,562)	(4,412,723)
	(4,423,562)	(4,412,723)
Investing activities:		
Purchase of property and equipment	(107,534)	—
Increase in restricted cash	(8,564)	(47,499)
	(116,098)	(47,499)
Effect of foreign exchange rate changes on cash and cash equivalents	204,528	112,158
Decrease in cash and cash equivalents	(4,388,046)	(7,699,735)
Cash and cash equivalents, beginning of period	29,586,926	17,663,998
Cash and cash equivalents, end of period	\$ 25,198,880	\$ 9,964,263