



Optiva Inc. Reports Second Quarter 2022 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue remained within expected range at \$15.4 million
- Total Contract Value (“TCV”)⁽¹⁾ in Q2’22 bookings was \$12.5 million
- Gross margin at 71%
- Adjusted EBITDA⁽¹⁾ of \$3.7 million or 24% of revenue, versus \$4.1 million in Q2’21 – the 8th consecutive quarter of Adjusted EBITDA margin over 20%
- Balance sheet solid with \$26.4 million in cash
- Adjusted EPS⁽¹⁾ loss of (\$0.11) versus (\$0.03) last year

TORONTO, August 9, 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 second quarter financial results for the three-month period ended June 30, 2022.

“Our second quarter financial results were in-line with our internal expectations as we managed through anticipated legacy customer revenue runoff, resulting in softer revenues during the period. Meanwhile, we continued to make substantial progress with our investment in sales manifested in our strong bookings performance year to date and robust second half pipeline,” said John Giere, President and Chief Executive Officer of Optiva. “Our sales and R&D efforts continue to provide us with confidence that we can achieve new customer revenue growth with stable margins as we progress forward into the future of our customers’ public and private cloud strategies. As we noted in the first quarter, we are putting new products with next-generation industry certifications into the market, demonstrating that our R&D investment is starting to deliver results.”

Business Highlights

- TCV in Q2'22 bookings totaled \$12.5 million. For the six months ended June 30, 2022, TCV bookings totaled \$45.4 million
- The Company and partner Jio Platforms Limited (“JPL”) announced a strategic go-to-market partnership. JPL will offer its cloud-native 5G core infrastructure to telcos globally with Optiva’s future-ready, end-to-end, converged charging engine to accelerate the monetization of 5G services and use cases. The partnership will empower leading telecom operators to unlock 5G consumer, enterprise and private business opportunities by combining innovation and scale.
- The Company announced the achievement of its fifth TM Forum Open API certification, placing Optiva in TM Forum's Open API Conformance Silver Tier. Achieving the best industry standards and signing TM Forum’s Open Digital Architecture Manifesto (ODA) demonstrates the Company’s investment in innovation and next-generation product modernization. Open API Conformance enables Optiva products to provide telecom operators with a foundation for creating innovative offerings, 5G-ready BSS, partner ecosystem facilitation and standardization supporting monetization growth.
- Craig Clapper joined Optiva as VP of Global Managed Services and Support. He brings more than 20 years of executive leadership experience in the telecom and IoT sectors, working with Aeris, Tait Communications and Ericsson. His appointment further adds to a strong and seasoned management team and reinforces Optiva’s continued efforts to grow and successfully achieve its mission-critical work to deliver the highest quality support to its customers around the globe.

Second Quarter 2022 Financial Results Highlights:

Q2 Fiscal 2022 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenue	15.4	16.3	31.5	32.4
Net Income (Loss)	(0.5)	1.3	1.3	18.0
Earnings (Loss) Per Share	\$(0.08)	\$ 0.22	\$ 0.22	\$ 3.16
Adjusted Earnings (Loss) Per Share ⁽¹⁾	\$(0.11)	\$(0.03)	\$ 0.00	\$ 0.66
Adjusted EBITDA ⁽¹⁾	3.7	4.1	7.5	9.1
Cash from (used in) operating activities	0.4	4.1	0.4	0.7
Total cash, including restricted cash	26.4	33.5	26.4	33.5

- Revenue for Q2'22 remained within management's expectations at \$15.4 million. On a year-over-year basis, the change by revenue type for Q2'22 included a \$1.8 million decrease in support and subscription revenue, a \$0.9 million increase in software and services revenue and no change in third-party software and hardware revenue.
- Gross margin for Q2'22 amounted to 71% compared to 78% during the same period in 2021. The decline in gross margin is attributable primarily due to higher headcount cost related to higher software and services revenue, the impact of higher customizations with lower margins which were ordered by customers that required fulfillment compared to the previous period and lower percentage of revenue from support and subscription revenue that has a higher margin. Gross margins may fluctuate as the Company proves out its 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 decreased to \$3.1 million compared to \$4.5 million during the same period in 2021. The decrease is mainly due to lower compensation costs, lower professional fees, lower allowance for doubtful accounts and lower legal costs.
- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ for Q2'22 amounted to \$3.7 million as compared to \$4.1 million during the same period in 2021. Adjusted EBITDA for Q2'22 decreased by \$0.4 million compared to the same period in 2021, primarily driven by lower gross margin.
- Net loss for Q2'22 was \$0.5 million when compared to net income of \$1.3 million during the same period in 2021. Excluding the impact from change in value of warrants, the Company had a net loss of \$0.7 million, versus a net loss of \$0.2 million during the corresponding period in 2021.

(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.

Conference Call

Optiva Inc. will hold an analyst call on Wednesday, August 10, 2022, to discuss its second quarter 2022 financial results for the three-month period ended June 30, 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, August 10, 2022

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

Toll-free (Canada/US): 1-888-220-8474

International: 1-720-452-9217

Conference ID: 9182254

Online Access: https://viaid.webcasts.com/starthere.jsp?ei=1560360&tp_key=1f497216f2

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 (in thousands of U.S. dollars)

	Three months ended		Six months ended	
	2022	June 30, 2021	2022	June 30, 2021
Net Income (loss) for the period	\$ (492)	\$ 1,331	\$ 1,345	\$ 18,030
Add back / (subtract):				
Depreciation of property and equipment	144	18	236	18
Amortization of intangible assets	361	363	722	726
Finance income	(73)	(71)	(159)	(143)
Finance costs (recovery)	2,238	889	(3,413)	(10,305)
Income tax expense	494	1,077	737	1,605
Foreign exchange loss (gain)	488	(218)	537	(525)
Share-based compensation	560	693	709	1,416
EBITDA	3,720	4,082	7,540	10,822
Change in other provisions	–	–	–	(1,314)
One-time costs (recovery) related to shareholder conflict	–	–	–	(434)
Adjusted EBITDA	\$ 3,720	\$ 4,082	\$ 7,540	\$ 9,074

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

TCV is the Total Contract Value of all bookings closed in the period.

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 August 9, 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.

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OPTIVA INC.

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

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,596	\$ 29,587
Trade accounts and other receivables	10,625	7,203
Unbilled revenue	11,519	8,209
Prepaid expenses	1,527	3,044
Income taxes receivable	4,035	4,362
Other assets	952	823
Total current assets	54,254	53,228
Restricted cash	777	792
Property and equipment	1,171	883
Deferred income taxes	376	432
Other assets	-	372
Long-term unbilled revenue	2,474	2,878
Intangible assets	1,082	1,804
Goodwill	32,271	32,271
Total assets	\$ 92,405	\$ 92,660
Liabilities and Shareholders' Deficit		
Current liabilities:		
Trade payables	\$ 2,828	\$ 2,083
Accrued liabilities	10,788	12,905
Provisions	4,200	4,200
Income taxes payable	3,770	3,468
Deferred revenue	5,003	3,995
Total current liabilities	26,589	26,651
Deferred revenue	1,259	151
Other liabilities	2,025	2,096
Pension and other long-term employment benefit plans	7,034	9,423
Debentures	87,340	86,990
Series A Warrant	279	1,495
Standby Warrant	58	172
Deferred income taxes	708	746
Total liabilities	125,292	127,724
Shareholders' deficit:		
Share capital	270,560	270,560
Contributed surplus	15,003	14,172
Deficit	(315,994)	(317,339)
Accumulated other comprehensive loss	(2,456)	(2,457)
Total shareholders' deficit	(32,887)	(35,064)
Total liabilities and shareholders' deficit	\$ 92,405	\$ 92,660

OPTIVA INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars, except share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue:				
Support and subscription	\$ 9,660	\$ 11,482	\$ 19,958	\$ 24,270
Software licenses, services and other	5,738	4,829	11,576	8,132
	15,398	16,311	31,534	32,402
Cost of revenue	4,456	3,599	8,527	7,274
Gross profit	10,942	12,712	23,007	25,128
Operating expenses:				
Sales and marketing	2,015	1,926	4,834	3,713
General and administrative	3,062	4,536	6,236	8,994
Research and development	3,210	3,242	6,064	3,759
	8,287	9,704	17,134	16,466
Income (loss) from operations	2,655	3,008	5,873	8,662
Foreign exchange gain / (loss)	(488)	218	(537)	525
Finance income	73	71	159	143
Finance (cost) recovery	(2,238)	(889)	(3,413)	10,305
Income before income taxes	2	2,408	2,082	19,635
Income taxes (recovery):				
Current	510	1,204	695	1,769
Deferred	(16)	(126)	42	(164)
	494	1,077	737	1,605
Total comprehensive income (loss)	\$ (492)	\$ 1,331	\$ 1,345	\$ 18,030
Income (loss) per common share:				
Basic	\$ (0.08)	\$ 0.22	\$ 0.22	\$ 3.16
Diluted	(0.08)	0.22	0.22	3.16
Weighted average number of common shares (thousands):				
Basic	6,178	6,076	6,178	5,699
Diluted	6,178	6,076	6,178	5,699

OPTIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ (492)	\$ 1,331	\$ 1,345	\$ 18,030
Adjustments for:				
Depreciation of property and equipment	144	18	236	18
Amortization of intangible assets	361	363	722	726
Finance income	(73)	(71)	(159)	(143)
Finance costs (recovery)	2,238	889	3,413	(10,305)
Pension	(592)	219	(1,705)	(718)
Income tax expense	494	1,077	737	1,605
Unrealized foreign exchange (gain) / loss	(834)	209	(1,344)	(450)
Share-based compensation	560	693	709	1,416
Change in provisions	–	(23)	–	(1,355)
Change in non-cash operating working capital	(1,131)	(243)	(1,671)	(5,986)
	675	4,462	2,283	2,838
Interest paid	(11)	(14)	(22)	(53)
Interest received	27	8	59	10
Promissory note paid	–	–	(2,000)	–
Income taxes (paid) received	(282)	(373)	37	(2,064)
	409	4,083	357	731
Financing activities:				
Issue of share capital	–	19,089	–	19,089
Payment of interest on loans and borrowings	–	–	(4,424)	(4,413)
	–	19,089	(4,424)	14,676
Investing activities:				
Purchase of property and equipment	(416)	(265)	(524)	(265)
Decrease in restricted cash	23	135	15	88
	(393)	(130)	(509)	(177)
Effect of foreign exchange rate changes on cash and cash equivalents				
	381	(71)	585	41
Increase (decrease) in cash and cash equivalents				
	397	22,971	(3,991)	15,271
Cash and cash equivalents, beginning of period				
	25,199	9,964	29,587	17,664
Cash and cash equivalents, end of period				
	\$ 25,596	\$ 32,935	\$ 25,596	\$ 32,935