



## **Optiva Inc. Reports Third Quarter 2022 Financial Results**

**All amounts are stated in United States dollars unless otherwise indicated**

- Revenue within expected range at \$15.2 million
- Total Contract Value (“TCV”)<sup>(1)</sup> bookings of \$24.7 million
- Gross margin at 72%
- Adjusted EBITDA<sup>(1)</sup> of \$3.3 million or 22% of revenue – representing the ninth consecutive quarter of Adjusted EBITDA margin over 20%
- Adjusted EPS<sup>(1)</sup> loss of \$(0.16)
- Settled long-standing contractual dispute with a legacy customer
- Balance sheet remains solid with \$18.3 million in cash

TORONTO, November 8, 2022 - Optiva Inc. (“Optiva” or “the Company”) (TSX:OPT), a leader in providing communications service providers (CSPs) worldwide with cloud-native revenue management software on the private and public cloud, today released its third quarter financial results for the three-month period ended September 30, 2022.

“I am pleased with our team’s focus on and successful execution of our 2022 plan of record. We remain on track to further stabilize revenue and increase market and customer traction with next-generation products and services,” said John Giere, President and Chief Executive Officer of Optiva. “Our sales and R&D efforts continue to deliver high-value products and services to satisfy the complex needs of our global customers for their public and private cloud strategies. As we push ahead in Q4, we are quite satisfied and excited with the net impact of our investments which is evidenced in the increasing visibility of our customer successes as we wrap up this year. We are realizing our vision of a bright future and look to accelerate this momentum going into the new year.”

## Business Highlights

- TCV in Q3 '22 bookings totaled \$24.7 million. For the nine months ended September 30, 2022, TCV bookings totaled \$70.0 million to date, a growth of 28% compared to prior year, putting us ahead of our annual target.
- Optiva announced the launch of the first 5G telecom charging solution to be transacted through Google Cloud Marketplace. Optiva Charging Engine is pre-integrated with Google Cloud, enabling CSPs to rapidly procure the software and subsequently connect to other parts of their architecture within ninety days. Optiva's full SaaS converged charging solution enables CSPs to rapidly procure software, connect to existing architecture and monetize 5G and IoT use cases.
- The Company announced that Telecommunications Services of Trinidad and Tobago (TSTT), the largest communications solutions provider in its country, selected Optiva for cloud modernization to Optiva BSS Platform next-generation full BSS stack. The partnership includes a five-year subscription services agreement with Optiva. The TSTT and Optiva partnership brings to light cloud technology business benefits to serve customers better, improve flexibility and address the dynamic market in Trinidad and Tobago.
- The Company and Digitel announced the successful go-live of a new Optiva next-generation BSS platform and migration of 7.2 million subscribers. The solution enables Digitel to offer its customers a converged digital experience, unlocking innovation and new revenue growth opportunities with ease and agility to create new service offerings around VoLTE, 5G and IoT.
- The Company entered into a settlement agreement with a legacy customer, resolving all outstanding claims arising from the period prior to the current management team being appointed. Under the terms of the settlement agreement, the former customer has received CDN \$4.25 million during Q3'22 and will receive an additional CDN \$1 million in Q1'23. Net of a recovery under the Company's insurance policy, the Company recognized a gain upon the release of the provision previously established on its books relating to this claim.

### Third Quarter 2022 Financial Results Highlights:

Q3 Fiscal 2022 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue	15.2	16.7	46.7	49.1
Net Income (Loss)	0.9	3.8	2.2	21.8
Earnings (Loss) Per Share	\$ 0.14	\$ 0.62	\$ 0.36	\$ 3.73
Adjusted Earnings (Loss) Per Share <sup>(1)</sup>	\$(0.16)	\$ 0.35	\$(0.16)	\$ 0.72
Adjusted EBITDA <sup>(1)</sup>	3.3	5.9	10.9	15.0
Cash from (used in) operating activities	(2.6)	5.2	(2.2)	5.9
Total cash, including restricted cash	18.3	32.8	18.3	32.8

- Revenue for Q3'22 was within management's expectations at \$15.2 million. On a year-over-year basis, the change by revenue type for Q3 '22 included a \$1.5 million decrease in support and subscription revenue, a \$0.1 million increase in software and services revenue and \$0.1 million decrease in third-party software and hardware revenue.
- Gross margin for Q3'22 amounted to 72% compared to 79% during the same period in 2021. The decline in gross margin is attributable primarily due to the impact of higher customizations with lower margins 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 \$1.4 million compared to \$3.0 million during the same period in 2021. The decrease is mainly due to a \$1.6 million gain recognized upon the release of excess provision and lower legal and professional costs.
- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>(1)</sup> for Q3'22 decreased to \$3.3 million as compared to \$5.9 million during the same period in 2021, primarily driven by lower gross margin.
- Net income for Q3'22 was \$0.9 million compared to net income of \$3.8 million during the same period in 2021. Excluding the impact from change in value of warrants and the gain on a contractual claim settlement, the Company had a net

loss of \$1.0 million for the three months ended September 30, 2022, versus a net income of \$2.1 million during the corresponding period in 2021.

- The Company ended the third quarter with a cash balance of \$18.3 million. The cash balance was impacted by the payment on the contractual claim settlement and a delay in some customer payments that were collected shortly after quarter end.

(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, November 9, 2022, to discuss its third quarter 2022 financial results for the three-month period ended September 30, 2022. John Giere, President & 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, November 9, 2022

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

Toll-free (Canada/US): 1-888-394-8218

International: 1-720-543-0214

Conference ID: 3708269

Online Access: [https://viaid.webcasts.com/starthere.jsp?ei=1577551&tp\\_key=1f13256463](https://viaid.webcasts.com/starthere.jsp?ei=1577551&tp_key=1f13256463)

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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net Income for the period	\$ 870	\$ 3,783	\$ 2,215	\$ 21,813
Add back / (subtract):				
Depreciation of property and equipment	119	65	355	83
Amortization of intangible assets	361	363	1,083	1,088
Finance income	(97)	(329)	(256)	(471)
Finance costs (recovery)	2,105	804	5,518	(9,500)
Income tax expense	893	833	1,630	2,438
Foreign exchange loss (gain)	254	(109)	792	(635)
Share-based compensation	375	490	1,084	1,905
EBITDA	4,880	5,900	12,421	16,721
Release of provisions	(1,571)	–	(1,571)	(1,314)
One-time costs (recovery) related to shareholder conflict	–	–	–	(434)
Adjusted EBITDA	\$ 3,309	\$ 5,900	\$ 10,850	\$ 14,973

Adjusted EPS is reported diluted EPS excluding the impact of change in the fair value of warrants, one-time costs (recovery) related to shareholder conflict and release of provisions.

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 listed 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 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](http://www.sedar.com) and 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 thousands of U.S. dollars)  
(Unaudited)

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 16,660	\$ 29,587
Trade accounts and other receivables	10,435	7,203
Unbilled revenue	13,199	8,209
Prepaid expenses	1,298	3,044
Income taxes receivable	3,872	4,362
Other assets	739	823
Total current assets	46,203	53,228
Restricted cash	1,592	792
Property and equipment	1,372	883
Deferred income taxes	439	432
Other assets	-	372
Long-term unbilled revenue	2,119	2,878
Intangible assets	721	1,804
Goodwill	32,271	32,271
Total assets	\$ 84,717	\$ 92,660
<b>Liabilities and Shareholders' Deficit</b>		
Current liabilities:		
Trade payables	\$ 2,821	\$ 2,083
Accrued liabilities	8,969	12,905
Provisions	-	4,200
Income taxes payable	3,902	3,468
Deferred revenue	2,588	3,995
Total current liabilities	18,280	26,651
Deferred revenue	792	151
Other liabilities	1,804	2,096
Pension and other long-term employment benefit plans	999	9,423
Debentures	87,526	86,990
Series A Warrant	19	1,495
Standby Warrant	10	172
Deferred income taxes	619	746
Total liabilities	110,049	127,724
Shareholders' deficit:		
Share capital	270,560	270,560
Contributed surplus	15,449	14,172
Deficit	(315,124)	(317,339)
Accumulated other comprehensive loss	3,783	(2,457)
Total shareholders' deficit	(25,332)	(35,064)
Total liabilities and shareholders' deficit	\$ 84,717	\$ 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue:				
Support and subscription	\$ 9,900	\$ 11,412	\$ 29,859	\$ 35,681
Software licenses, services and other	5,260	5,254	16,836	13,386
	15,160	16,666	46,695	49,067
Cost of revenue	4,215	3,492	12,742	10,765
Gross profit	10,945	13,174	33,953	38,302
Operating expenses:				
Sales and marketing	2,534	1,789	7,369	5,502
General and administrative	1,431	2,990	7,666	11,984
Research and development	2,955	3,412	9,019	7,171
	6,920	8,191	24,054	24,657
Income from operations	4,025	4,983	9,899	13,645
Foreign exchange gain / (loss)	(254)	109	(792)	635
Finance income	97	328	256	471
Finance (cost) recovery	(2,105)	(804)	(5,518)	9,500
Income before income taxes	1,763	4,616	3,845	24,251
Income taxes (recovery):				
Current	1,032	922	1,727	2,691
Deferred	(139)	(89)	(97)	(253)
	893	833	1,630	2,438
Net income	\$ 870	\$ 3,783	\$ 2,215	\$ 21,813
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:				
	6,239	3,237	6,239	3,237
Total comprehensive income	\$ 7,109	\$ 7,020	\$ 8,454	\$ 25,050
Income per common share:				
Basic	\$ 0.14	\$ 0.62	\$ 0.36	\$ 3.73
Diluted	0.14	0.62	0.36	3.73
Weighted average number of common shares (thousands):				
Basic	6,178	6,151	6,178	5,851
Diluted	6,178	6,151	6,178	5,851

# 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,	
	2022	2021	2022	2021
Cash provided by (used in):				
Operating activities:				
Income for the period	\$ 870	\$ 3,783	\$ 2,215	\$ 21,813
Adjustments for:				
Depreciation of property and equipment	119	65	355	83
Amortization of intangible assets	361	363	1,083	1,088
Finance income	(97)	(329)	(256)	(471)
Finance costs (recovery)	2,105	804	5,518	(9,500)
Pension	746	9	(959)	(709)
Income tax expense	893	833	1,630	2,438
Unrealized foreign exchange (gain) / loss	278	41	(1,066)	(409)
Share-based compensation	375	490	1,084	1,905
Change in provisions	(4,200)	–	(4,200)	(1,355)
Change in non-cash operating working capital	(3,393)	(1,018)	(5,064)	(7,004)
	(1,943)	5,041	340	7,879
Interest paid	(4)	(40)	(26)	(93)
Interest received	59	9	118	19
Promissory note paid	–	–	(2,000)	–
Income taxes (paid) received	(709)	206	(672)	(1,858)
	(2,597)	5,216	(2,240)	5,947
Financing activities:				
Issue of share capital	–	–	–	19,089
Payment of interest on loans and borrowings	(4,351)	(4,351)	(8,775)	(8,764)
	(4,351)	(4,351)	(8,775)	10,325
Investing activities:				
Purchase of property and equipment	(320)	(666)	(844)	(931)
Purchase of software	–	(372)	–	(372)
Increase in restricted cash	(815)	(254)	(800)	(166)
	(1,135)	(1,292)	(1,644)	(1,469)
Effect of foreign exchange rate changes on cash and cash equivalents				
	(853)	(476)	(268)	(435)
Increase (decrease) in cash and cash equivalents				
	(8,936)	(903)	(12,927)	14,368
Cash and cash equivalents, beginning of period				
	25,596	32,935	29,587	17,664
Cash and cash equivalents, end of period				
	\$ 16,660	\$ 32,032	\$ 16,660	\$ 32,032