



## Optiva Inc. Reports Fourth Quarter 2021 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Quarterly revenue at \$16.2 million, stable over the past four quarters
- New Q4'21 Bookings increased to \$26 million, representing a twelve-fold increase when compared to the same period last year
- Gross margin remained robust at 75%
- Net Loss of \$3.3 million, versus Net Income of \$1.7 million in Q4'20
- Adjusted EBITDA<sup>(1)</sup> of \$3.6 million or 23%, versus \$5.2 million in Q4'20, representing the sixth consecutive quarter of Adjusted EBITDA over 20%
- Balance sheet remained solid with \$30.4 million in cash
- Diluted EPS of \$(0.54) versus \$0.29 in Q4'20. Adjusted EPS<sup>(1)</sup> of \$(0.41) versus \$(0.52) last year

TORONTO, March 8, 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 fourth quarter financial results for the three-month and full-year period ended December 31, 2021.

"The combination of our business activities, financial performance during Q4 and steady progress throughout the year provided further validation that our efforts towards stabilizing revenues while executing on the early days of our growth strategy are tracking extremely well," said John Giere, President and Chief Executive Officer of Optiva. "Our R&D and sales teams are working with existing and prospective customers, more so than ever before, to understand, educate and solve for their unique cloud migration needs which has resulted in a significant increase in new bookings and a robust 2022 customer pipeline."

"As we look to 2022, our strategic path remains very clear. We continue to focus on completing our business stabilization work and pivoting to drive growth through leveraging cloud technology and economics, 5G market adoption and a new focus on software license growth, which are all expected to contribute to top-line and improved gross margin levels in due course."

## Business Highlights

- New Bookings in Q4'21 and FY'21 increased twelve-fold and five-fold, respectively to \$26 million and \$50 million. Regarding our customer wins, we secured both incumbent upgrades (5) and new customers (4) over the course of the year. These wins are a strong endorsement of both our stability and future product direction.
- Optiva enhanced its market position and customer reach by entering into a multi-year partnership with Google Cloud to increase telecom customer success by enabling faster time to innovation, flexible 5G monetization and operational cost savings while driving a strong customer experience. The collaboration allows customers to accelerate their digital transformation and journey to the cloud, private and public, and deployment on the edge with Optiva products available via Google Cloud Marketplace as a SaaS solution.
- Optiva established a second R&D Centre of Excellence in Bengaluru, India, to accelerate telecom BSS innovation. Optiva chose Bengaluru due to its reputation as a thriving technology center and its concentration of global software companies, universities and talent. With a local leadership team already in place, Optiva aims to grow its headcount rapidly with high-caliber engineers across a number of disciplines.
- Optiva secured four new customer wins and five incumbent cloud upgrades during 2021. For example, Omantel signed a multi-year agreement with Optiva to upgrade Optiva Charging Engine™ to a cloud-native architecture on Omantel's private cloud. The upgrade represents the next phase of Omantel's digital transformation strategy to use technology and automation to drive superior customer experience and significantly improve time to market for new services. The upgrade will support new business models for 5G monetization and introduce Optiva Test Framework to reduce deployment time by up to 70%. Omantel will gain platform capabilities to deliver new customer-centric services and expand its customer base across consumer, fixed, broadband and enterprise market segments, supported by Optiva's platform.
- Certain directors and members of the management team purchased an aggregate of 64,129 common shares of Optiva, representing an aggregate investment of approximately C\$1.3 million.

## Fourth Quarter 2021 Financial Results Highlights:

Q4 Fiscal 2021 Highlights <i>(\$ US Thousands, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Revenue	16,169	18,142	65,236	75,916
Net Income (Loss)	(3,310)	1,670	18,503	(41,520)
Earnings (Loss) Per Share	\$(0.54)	\$ 0.31	\$ 3.12	\$(7.81)
Adjusted EBITDA	3,646	5,231	18,622	7,701
Cash from (used in) operating activities	(3,300)	(2,621)	2,647	(7,900)
Total cash, including restricted cash	30,379	18,290	30,379	18,290

- Revenue was \$16.2 million for Q4'21, a decrease of \$2.0 million driven by known attritions. The year-over-year revenue decrease was primarily due to the discontinuation of software, support and subscription sales to customers who had previously notified Optiva of their exit.
- Gross margin for Q4'21 remained strong at 75% compared to the same period in 2020, mainly attributable to tight cost management and continued progress in realizing operational efficiencies.
- General and administrative expenses decreased to \$4.8 million compared to \$6.2 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 offset by higher stock-based compensation and higher compensation costs.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>(1)</sup> for Q4'21 was \$3.6 million compared to \$4.6 million during the same period in 2020. Adjusted EBITDA<sup>(1)</sup> ("Adjusted EBITDA") for Q4'21 amounted to \$3.6 million as compared to \$5.2 million during the same period in 2020. In keeping with our stated strategic investment priorities, Adjusted EBITDA declined \$1.6 million in part driven by \$0.9 million higher Sales and Marketing expenses attributable to increased sales coverage and growth in new bookings. Investments in our Research & Development organization resulted in \$0.3 million higher expense (excluding SBC and D&A) compared to same period in 2020.
- On a year-over-year basis, net income was impacted by \$3.2 million of finance costs related to interest on debentures and the increase in the value of warrants. As a result, the Company reported a net loss of \$3.3 million in Q4'21, compared to net income of \$1.7 million during the corresponding period in 2020, which included a finance cost recovery of \$2.0 million related to a decrease in value of warrants offset by interest on Debentures.

(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.

## **Conference Call**

Optiva Inc. will hold an analyst call on Tuesday, March 8, 2022, to discuss its fourth quarter 2021 financial results for the three-month period ended December 31, 2021. John Giere, CEO, and Dinesh Sharma, V.P. Finance will host the call starting at 5:30 p.m. Eastern time. A question and answer session will follow management's discussion.

Date: Tuesday, March 8, 2022

Time: 5:30 p.m. Eastern Time

Toll-free (Canada/US): 1-888-204-4368

International: 1-720-543-0214

Conference ID: 4600229

Online Access: <https://themediiframe.com/mediiframe/webcast.html?webcastid=ZgisTEGs>

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 December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
Net Income (loss) for the period	\$ (3,309,877)	\$ 1,669,668	\$ 18,503,035	\$ (41,520,211)
Add back / (subtract):				
Depreciation of property and equipment	85,855	–	169,456	–
Amortization of intangible assets	362,763	1,819,563	1,451,052	8,960,116
Finance (income)	(63,670)	(155,736)	(535,030)	(405,810)
Finance costs (recovery)	3,240,984	(2,029,188)	(6,259,047)	26,253,579
Income tax expense	1,077,562	3,598,360	3,515,958	6,273,866
Foreign exchange loss (gain)	368,858	100,211	(266,361)	1,999,216
Share-based compensation	1,883,949	(383,911)	3,789,925	151,979
EBITDA	3,646,424	4,618,967	20,368,988	1,712,735
Restructuring costs	–	(39,449)	–	162,713
Change in other provisions	–	–	(1,313,725)	3,072,717
One-time costs (recovery) related to shareholder conflict and debenture financing	–	651,787	(433,610)	2,752,916
Adjusted EBITDA	\$ 3,646,424	\$ 5,231,305	\$ 18,621,653	\$ 7,701,081

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.

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](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 March 8, 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.

Consolidated Statements of Financial Position  
(Expressed in U.S. dollars)  
As at December 31, 2021 and December 31, 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 29,586,926	\$ 17,663,998
Trade accounts and other receivables	7,203,145	7,868,501
Unbilled revenue	8,209,036	4,086,395
Prepaid expenses	3,044,329	2,752,304
Income taxes receivable	4,361,968	4,281,673
Other assets	822,592	222,101
Total current assets	53,227,996	36,874,972
Restricted cash	791,971	625,692
Property and equipment	883,168	—
Deferred income taxes	431,472	208,237
Other assets	372,194	624,134
Long-term unbilled revenue	2,878,032	3,520,177
Intangible assets	1,804,430	3,255,482
Goodwill	32,271,078	32,271,078
Total assets	\$ 92,660,341	\$ 77,379,772
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
Current liabilities:		
Trade payables	\$ 2,083,634	\$ 8,811,407
Accrued liabilities	12,904,992	9,677,245
Provisions	4,200,000	5,555,373
Income taxes payable	3,467,897	4,932,157
Deferred revenue	3,995,143	4,894,195
Total current liabilities	26,651,666	33,870,377
Deferred revenue	151,306	661,837
Other liabilities	2,095,612	2,797,836
Pension and other long-term employment benefit plans	9,422,877	15,582,459
Debentures	86,989,976	86,338,367
Series A Warrant	1,495,025	16,662,808
Standby Warrant	172,550	—
Deferred income taxes	745,745	898,146
Total liabilities	127,724,757	156,811,830
Shareholders' equity (deficit):		
Share capital	270,559,551	250,904,013
Standby Warrant	—	997,500
Contributed surplus	14,171,732	11,406,814
Deficit	(317,339,214)	(335,842,249)
Accumulated other comprehensive income (loss)	(2,456,485)	(6,898,136)
Total shareholders' equity (deficit)	(35,064,416)	(79,432,058)
Total liabilities and shareholders' equity (deficit)	\$ 92,660,341	\$ 77,379,772

# OPTIVA INC.

Consolidated Statements of Comprehensive Income (Loss)  
(Expressed in U.S. dollars, except per share and share amounts)  
Years ended December 31, 2021 and December 31, 2020

	2021	2020
Revenue:		
Support and subscription	\$ 47,635,223	\$ 58,288,775
Software licenses, services and other	17,600,969	17,626,729
	<u>65,236,192</u>	<u>75,915,504</u>
Cost of revenue	<u>14,875,452</u>	<u>19,603,845</u>
Gross profit	50,360,740	56,311,659
Operating expenses:		
Sales and marketing	8,129,955	7,952,320
General and administrative	16,762,490	30,058,707
Research and development	10,509,740	25,537,279
Restructuring costs	–	162,713
	<u>35,402,185</u>	<u>63,711,019</u>
Income (loss) from operations	14,958,555	(7,399,360)
Foreign exchange gain (loss)	266,361	(1,999,216)
Finance and other income	535,030	405,810
Finance recovery (costs)	<u>6,259,047</u>	<u>(26,253,579)</u>
Income (loss) before income taxes	22,018,993	(35,246,345)
Income tax expense (recovery):		
Current	3,864,032	5,801,865
Deferred	<u>(348,074)</u>	<u>472,001</u>
	<u>3,515,598</u>	<u>6,273,866</u>
Net income (loss) for the year	18,503,035	(41,520,211)
Other comprehensive income (loss):		
Items that will not be reclassified to net income:		
Actuarial (loss) / gain on pension and non-pension post-employment benefit plans, net of income tax expense of nil (2020 - nil)	4,441,651	(2,416,940)
Total comprehensive income (loss)	<u>\$ 22,944,686</u>	<u>\$ (43,937,151)</u>
Net income (loss) per common share:		
Basic	\$ 3.12	\$ (7.81)
Diluted	3.11	(7.81)
Weighted average number of common shares:		
Basic	5,927,744	5,315,940
Diluted	5,948,871	5,315,940

# OPTIVA INC.

## Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

Years ended December 31, 2021 and December 31, 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	\$ 18,503,035	\$ (41,520,211)
Adjustments for:		
Depreciation of property and equipment	169,456	–
Amortization of intangible assets	1,451,052	8,960,116
Finance income	(535,030)	(405,810)
Finance costs	(6,259,047)	26,253,579
Income tax expense	3,515,958	6,273,866
Unrealized foreign exchange (gain) / loss	(3,109,791)	(1,683,892)
Share-based compensation	3,789,925	151,979
Pensions	1,614,029	1,236,746
Provisions	(1,355,373)	1,888,212
Change in non-cash operating working capital	(9,605,867)	(4,153,635)
Interest paid	8,178,347	(2,999,050)
Interest received	(111,357)	(38,897)
Income taxes paid	23,743	78,201
	(5,443,547)	(4,940,550)
	2,647,186	(7,900,296)
Financing activities:		
Issuance of debentures	–	90,000,000
Transaction costs on debentures	–	(3,933,723)
Interest paid on debentures	(8,764,162)	–
Issue of share capital (private placement)	19,655,538	–
Redemption of preferred shares	–	(80,000,000)
Dividends paid	–	(13,588,145)
	10,891,376	(7,521,868)
Investing activities:		
Purchase of property and equipment	(1,052,749)	–
Decrease (increase) in restricted cash	(166,279)	325,599
	(1,219,028)	325,599
Effect of foreign exchange rate changes on cash and cash equivalents	(396,606)	1,012,570
Increase (decrease) in cash and cash equivalents	11,922,928	(14,083,995)
Cash and cash equivalents, beginning of year	17,663,998	31,747,993
Cash and cash equivalents, end of year	\$ 29,586,926	\$ 17,663,998