



Optiva Inc. Reports Fourth Quarter 2022 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$15.1 million
- Total Contract Value (“TCV”)⁽¹⁾ bookings of \$21.5 million
- Gross margin of 70%
- Adjusted EBITDA⁽¹⁾ of \$3.0 million or 20% of revenue
- Adjusted EPS⁽¹⁾ loss of \$(0.25)
- \$20.3 million of cash on balance sheet

TORONTO, March 8, 2023 - 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 fourth quarter financial results for the three-month and full-year period ended December 31, 2022.

“Our legacy revenue stabilization has been a priority over the last two years, and that will continue into 2023,” said John Giere, President and Chief Executive Officer of Optiva. “As we move forward, fundamental to our success is acquiring new logos, leveraging our sales and R&D investments where we bring the ability to migrate customer operational and business models to the private or public cloud using Optiva’s technology, bench strength and expertise.”

Business Highlights

- TCV of Q4 '22 bookings totaled \$21.5 million. For the year ended December 31, 2022, TCV bookings totaled \$91.6 million.
- The Company and Salesforce announced a new partnership to unify and integrate BSS and data-rich applications, empowering telecom operators using MuleSoft to simplify and unify their BSS and customer data and accelerate 5G ecosystem monetization. The new integration will allow operators to unlock the

power of their data, streamline processes across all systems and deliver truly connected customer experiences faster.

- The Company launched the new Optiva Partner Monetization platform. It empowers telecom operators to monetize the B2B2X market and build partner ecosystems. Operators can leverage a simplified, unified and open platform that evolves with their roadmap and the market. The end-to-end partner management platform will allow operators to play any role in the B2B2X value chain; partner across industries, use cases and business types; and enjoy a fully digitized experience with a self-service partner portal.

Fourth Quarter 2022 Financial Results Highlights:

Q4 Fiscal 2022 Highlights (\$ US Millions, except per share information) (Unaudited)	Three Months Ended December 31,		Twelve Months December 31,	
	2022	2021	2022	2021
Revenue	15.1	16.2	61.8	65.2
Net Income (Loss)	(1.5)	(3.3)	0.7	18.5
Earnings (Loss) Per Share	\$(0.24)	\$(0.54)	\$ 0.11	\$ 3.12
Adjusted Earnings (Loss) Per Share ⁽¹⁾	\$(0.25)	\$(0.41)	\$(0.41)	\$ 0.30
Adjusted EBITDA ⁽¹⁾	3.0	3.6	13.9	18.6
Cash from (used in) operating activities	2.0	(3.3)	(0.2)	2.6
Total cash, including restricted cash	20.3	30.4	20.3	30.4

- Revenue for Q4'22 was \$15.1 million. On a year-over-year basis, the change by revenue type included a \$2.8 million decrease in support and subscription revenue, a \$1.8 million increase in software and services revenue and \$0.1 million decrease in third-party software and hardware revenue.
- Gross margin for Q4'22 amounted to 70% compared to 75% during the same period in 2021. The decline in gross margin is attributable primarily due to the impact of more 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 \$3.4 million compared to \$4.8 million during the same period in 2021. The decrease is mainly due to lower compensation costs, lower legal costs and lower stock-based compensation.

- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ for Q4'22 decreased to \$3.0 million as compared to \$3.6 million during the same period in 2021, primarily driven by lower gross margin.
- Net loss for Q4'22 was \$1.5 million compared to net loss of \$3.3 million during the same period in 2021. Excluding the impact from change in value of warrants the Company had a net loss of \$1.5 million for the three months ended December 31, 2022, versus a net loss of \$2.5 million during the corresponding period in 2021.
- The Company ended the fourth quarter with a cash balance of \$20.3 million (including restricted cash). The Company had positive cash flow from operations during the quarter.

(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 Thursday, March 9, 2023, to discuss its fourth quarter 2022 financial results for the three-month and full-year period ended December 31, 2022. John Giere, President & CEO, and Dinesh Sharma, V.P. Finance, will host the call starting at 8:30 a.m. Eastern Standard Time. A question and answer session will follow management's discussion.

Date: Thursday, March 9, 2023

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

Toll-free (Canada/US): 1-888-886-7786

International: 1-416-764-8658

Conference ID: 83938660

Online Access: https://viaid.webcasts.com/starthere.jsp?ei=1597472&tp_key=2078f0fc71

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		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Net Income (loss) for the period	\$ (1,506)	\$ (3,309)	\$ 709	\$ 18,503
Add back / (subtract):				
Depreciation of property and equipment	157	86	512	169
Amortization of intangible assets	361	363	1,444	1,451
Finance income	(150)	(64)	(406)	(535)
Finance costs (recovery)	2,398	3,241	7,916	(6,259)
Income tax expense	541	1,078	2,171	3,516
Foreign exchange loss (gain)	376	369	1,168	(266)
Share-based compensation	863	1,884	1,947	3,790
EBITDA	3,040	3,647	15,461	20,369
Release of provisions	–	–	(1,571)	(1,314)
One-time costs (recovery) related to shareholder conflict	–	–	–	(434)
Adjusted EBITDA	\$ 3,040	\$ 3,647	\$ 13,890	\$ 18,621

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.

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, 2023, 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.

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)
As at December 31, 2022 and December 31, 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,386	\$ 29,587
Trade accounts and other receivables	7,535	7,203
Unbilled revenue	17,821	8,209
Prepaid expenses	1,938	3,044
Income taxes receivable	3,820	4,362
Other assets	610	823
Total current assets	50,110	53,228
Restricted cash	1,948	792
Property and equipment	1,221	883
Deferred income taxes	376	432
Other assets	-	372
Long-term unbilled revenue	332	2,878
Intangible assets	360	1,804
Goodwill	32,271	32,271
Total assets	\$ 86,618	\$ 92,660
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 3,147	\$ 2,083
Accrued liabilities	11,624	12,905
Provisions	-	4,200
Income taxes payable	4,365	3,468
Deferred revenue	1,995	3,995
Total current liabilities	21,131	26,651
Deferred revenue	403	151
Other liabilities	2,302	2,096
Pension and other long-term employment benefit plans	713	9,423
Debentures	87,716	86,990
Series A Warrant	-	1,495
Standby Warrant	-	172
Deferred income taxes	433	746
Total liabilities	112,698	127,724
Shareholders' equity (deficit):		
Share capital	270,560	270,560
Contributed surplus	15,941	14,172
Deficit	(316,630)	(317,339)
Accumulated other comprehensive income (loss)	4,049	(2,457)
Total shareholders' equity (deficit)	(26,080)	(35,064)
Total liabilities and shareholders' equity (deficit)	\$ 86,618	\$ 92,660

OPTIVA INC.

Consolidated Statements of Comprehensive Income (Loss)
(Expressed in thousands of U.S. dollars, except per share and share amounts)
Years ended December 31, 2022 and December 31, 2021

	2022	2021
Revenue:		
Support and subscription	\$ 39,024	\$ 47,635
Software licenses, services and other	22,755	17,601
	61,779	65,236
Cost of revenue	17,193	14,875
Gross profit	44,586	50,361
Operating expenses:		
Sales and marketing	9,872	8,130
General and administrative	11,089	16,762
Research and development	12,067	10,510
	33,028	35,402
Income from operations	11,558	14,959
Foreign exchange gain (loss)	(1,168)	266
Finance and other income	406	535
Finance recovery (costs)	(7,916)	6,259
Income before income taxes	2,880	22,019
Income tax expense (recovery):		
Current	2,428	3,864
Deferred	(257)	(348)
	2,171	3,516
Net income for the year	709	18,503
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 (2021 - nil)	6,505	4,441
Total comprehensive income	\$ 7,214	\$ 22,944
Net income per common share:		
Basic	\$ 0.11	\$ 3.12
Diluted	0.11	3.11
Weighted average number of common shares (thousands):		
Basic	6,178	5,928
Diluted	6,178	5,949

OPTIVA INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
Years ended December 31, 2022 and December 31, 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	\$ 709	\$ 18,503
Adjustments for:		
Depreciation of property and equipment	512	169
Amortization of intangible assets	1,444	1,451
Finance income	(406)	(535)
Finance costs (recovery)	7,916	(6,259)
Income tax expense	2,171	3,516
Unrealized foreign exchange (gain) / loss	(378)	(3,110)
Share-based compensation	1,947	3,790
Pensions	(1,749)	1,614
Provisions	(4,200)	(1,355)
Change in non-cash operating working capital	(5,474)	(9,606)
	2,492	8,178
Interest paid	(29)	(111)
Interest received	226	24
Promissory Note Paid	(2,000)	-
Income taxes paid	(926)	(5,444)
	(237)	2,647
Financing activities:		
Interest paid on debentures	(8,775)	(8,764)
Issue of share capital	-	19,656
	(8,775)	10,892
Investing activities:		
Purchase of property and equipment	(850)	(1,053)
Increase in restricted cash	(1,156)	(166)
	(2,006)	(1,219)
Effect of foreign exchange rate changes on cash and cash equivalents	(183)	(397)
Increase (decrease) in cash and cash equivalents	(11,201)	11,923
Cash and cash equivalents, beginning of year	29,587	17,664
Cash and cash equivalents, end of year	\$ 18,386	\$ 29,587