



Optiva Inc. Reports First Quarter 2024 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$11.7 million
- Robust sales pipeline with 2 additional customer wins
- Total Contract Value (“TCV”)⁽¹⁾ bookings of \$21.8 million
- Gross margin of 58%
- Adjusted EBITDA⁽¹⁾ loss of \$2.3 million
- Adjusted EPS⁽¹⁾ loss of \$(0.98)
- \$12.0 million of cash

TORONTO, May 9, 2024 - Optiva Inc. (“Optiva” or “the Company”) (TSX:OPT), a leader in powering the telecom industry with cloud-native billing, charging and revenue management software on private and public clouds, today released its first quarter financial results for the three-month period ended March 31, 2024.

Demonstrating continued momentum, Optiva signed contracts with two new customers leveraging telecom opportunities in Africa during the three-month period ended March 31, 2024. Over the past 12 months, a total of eight new customers selected Optiva, indicating confidence in the Company’s software portfolio. During the quarter, Optiva entered into a partnership to deliver integrated BSS and OSS solutions to leverage data and GenAI for faster time to market and new digital customer experiences. Subsequent to quarter end, the Company also announced that its BSS was selected to enable platforms to connect transitioning U.S. veterans with peer mentors and community resources.

As Optiva continues to sign new customers, the more subjected it is to customer specific delays as experienced in the most recent quarter stemming from regulatory complexity and supply chain challenges. These delays have impacted Optiva’s short-term revenue, but given the large number of new customer deliveries scheduled for 2024, the expectation remains for full-year revenue to be back-end weighted. R&D spending will remain elevated throughout 2024 as Optiva completes the substantial roadmap commitment made in 2021. While these expenditures have weighed on near-term margins and masked the underlying profitability of the business, the Company is seeing

meaningful positive impacts from this investment in the form of increasing customer wins, win-backs and growing revenue backlog. “Customer retention continues to be positive, including the win back of two operators in the first quarter, serving as another data point for the technical leadership that Optiva’s products have re-established after the recent investments. We remain confident we will achieve our year-over-year revenue growth target of at least 10% in 2024,” said Robert Stabile, Chairman of the Board of Directors and Chief Executive Officer of Optiva.

For more information about Optiva, please visit: <https://www.optiva.com/investors>

Business Highlights

- TCV of Q1'24 bookings totaled \$21.8 million. For the trailing twelve months, TCV of bookings totaled \$77.7 million.
- The Company announced that its Optiva BSS Platform now leverages generative AI (GenAI) technology and full integration with Google Cloud’s BigQuery and Analytics capabilities. This allows operators to quickly highlight new, targeted revenue opportunities and dramatically reduce customer churn. The capabilities power the deep learning and real-time market data needed for customized offerings, hyper-personalized pricing and bundling and accelerated time-to-market.
- Optiva and GDi, a digital technology company with a complete portfolio for network planning, design and rollout, announced a strategic partnership to deliver integrated BSS and OSS solutions. The partnership will provide telecoms with comprehensive and complete solutions, unifying and integrating billing and charging customer data with network management and operations support data. The pre-integrated and tested BSS and OSS software leverages data and GenAI for faster time to market and new digital customer experiences.
- On May 1, 2024, the Company announced that on|comms, which provides veterans with mobile connectivity to access a unified set of services, selected Optiva BSS Platform, hosted on Google Cloud, to launch a unique MVNO service. Enabled with Optiva BSS data, on|comms will use predictive analytics to proactively identify at-risk service members, addressing the essential needs of veterans. on|comms, in partnership with Onward Ops, will provide a comprehensive transition assistance program, supporting active duty service members and their families and their reintegration into civilian life.
- On May 8, 2024, Optiva announced that it was awarded ISO 27001 Certification, the leading international standard for information security, cybersecurity and

privacy protection. This certification demonstrates the maturity and security of its business operations and company-wide protocols.

First Quarter 2024 Financial Results Highlights:

Q1 Fiscal 2024 Highlights	Three Months Ended	
<i>(\$ US Millions, except per share information)</i>	March 31,	
<i>(Unaudited)</i>	2024	2023
Revenue	11.7	12.7
Net Income (Loss)	(6.0)	(2.8)
Earnings (Loss) Per Share	(\$0.98)	(\$0.45)
Adjusted EBITDA ⁽¹⁾	(2.3)	1.0
Cash from (used in) operating activities	(3.4)	(1.7)
Total cash, including restricted cash	12.0	14.9

- Revenue for Q1'24 was \$11.7 million. On a year-over-year basis, the change by revenue type included a \$1.1 million decrease in support and subscription revenue, a \$0.1 million decrease in software and services revenue, and third-party software and hardware revenue increased by \$0.2 million. The year-over-year decline in support and subscription reflects the run-off of a few customers who had previously notified the Company of their intentions to replace Optiva.
- Gross margin for Q1'24 was 58% compared to 69% during the same period in 2023. The decline in gross margin is primarily attributable to lower revenue from high-margin license and support and subscription revenue, along with customizations with lower margins ordered by customers that required fulfillment, compared to the previous period. We expect that our gross margins may fluctuate as we prove our 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 (“G&A”) increased to \$3.0 million compared to \$2.5 million during the same period in 2023. The increase in G&A is mainly due to higher professional fees related to certain ongoing tax audits, higher bad debt expense, higher share-based compensation partially offset by lower amortization costs related to fully amortized assets. Excluding share-based compensation, amortization and depreciation, G&A expenses were \$2.5 million, or 22% of revenue, for the three months ended March 31, 2024. Excluding share-based compensation, amortization and depreciation, G&A expenses were \$2.0 million, or 16% of revenue, for the three months ended March 31, 2023.

- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ for Q1'24 decreased to a loss of \$2.3 million as compared to income of \$1.0 million during the same period in 2023, primarily driven by lower revenue and gross margin.
- Net loss for Q1'24 was \$6.0 million compared to a net loss of \$2.8 million during the same period in 2023.
- The Company ended the first quarter with a cash balance of \$12.0 million (including restricted cash). The Company used \$3.4 million of cash from operating activities 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.

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 other one-time unusual items. 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 March 31,	
	2024	2023
Net income (loss) for the period	\$ (6,032)	\$ (2,776)
Add back / (subtract):		
Depreciation of property and equipment	179	157
Amortization of intangible assets	–	361
Finance income	(193)	(135)
Finance costs	2,829	2,365
Income tax expense	239	567
Foreign exchange loss	162	290
Share-based compensation	507	197
EBITDA and Adjusted EBITDA	\$ (2,309)	\$ 1,026

Adjusted EPS is reported diluted EPS excluding the impact of change in the fair value of warrants, release of provisions and other one-time unusual items.

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

About Optiva

Optiva Inc. is a leader in powering the telecom industry with cloud-native billing, charging and revenue management software on private and public clouds. 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. Forward-looking statements in this document include statements regarding the Company's "qualified pipeline", the TCV of the qualified pipeline and the Company's expectations regarding future revenues. These statements are forward-looking as they are based on our current expectations, as at May 9, 2024, 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 include the risk that the Company will not secure contracts with customers that are included in its qualified pipeline, the risk that existing customers may decrease their spend with the Company and other risks that 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)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,243	\$ 19,642
Trade accounts and other receivables	8,811	7,504
Unbilled revenue	14,104	14,362
Prepaid expenses	1,989	2,185
Income taxes receivable	3,743	3,633
Other assets	548	480
Total current assets	40,438	47,806
Restricted cash	784	793
Property and equipment	988	963
Deferred income taxes	386	383
Other Assets	1,378	1,371
Long-term unbilled revenue	636	727
Goodwill	32,271	32,271
Total assets	\$ 76,881	\$ 84,314
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 1,626	\$ 2,256
Accrued liabilities	10,046	11,919
Income taxes payable	4,255	4,299
Deferred revenue	2,026	1,555
Total current liabilities	17,953	20,029
Deferred revenue	221	206
Other liabilities	2,132	1,702
Pension and other long-term employment benefit plans	41	132
Debentures	101,669	101,348
Deferred income taxes	136	185
Total liabilities	122,152	123,602
Shareholders' equity (deficit):		
Share capital	270,610	270,610
Contributed surplus	15,166	15,117
Deficit	(334,917)	(328,885)
Accumulated other comprehensive income (loss)	3,870	3,870
Total shareholders' equity (deficit)	(45,271)	(39,288)
Total liabilities and shareholders' equity (deficit)	\$ 76,881	\$ 84,314

OPTIVA INC.

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

	Three months ended March 31,	
	2024	2023
Revenue:		
Support and subscription	\$ 7,330	\$ 8,439
Software licenses, services and other	4,374	4,212
	<u>11,704</u>	<u>12,651</u>
Cost of revenue	<u>4,888</u>	<u>3,984</u>
Gross profit	6,816	8,667
Operating expenses:		
Sales and marketing	2,756	2,519
General and administrative	3,017	2,478
Research and development	4,038	3,359
	<u>9,811</u>	<u>8,356</u>
Income (loss) from operations	(2,995)	311
Foreign exchange loss	(162)	(290)
Finance income	193	135
Finance costs	<u>(2,829)</u>	<u>(2,365)</u>
Loss before income taxes	(5,793)	(2,209)
Income tax expense (recovery):		
Current	294	571
Deferred	(55)	(4)
	<u>239</u>	<u>567</u>
Total net loss and comprehensive loss	<u>\$ (6,032)</u>	<u>\$ (2,776)</u>
Loss per common share:		
Basic	\$ (0.98)	\$ (0.45)
Diluted	(0.98)	(0.45)
Weighted average number of common shares:		
Basic	6,180	6,178
Diluted	6,180	6,178

OPTIVA INC.

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

	Three months ended March 31,	
	2024	2023
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (6,032)	\$ (2,776)
Adjustments for:		
Depreciation of property and equipment	179	157
Amortization of intangible assets	—	361
Finance income	(193)	(135)
Finance costs	2,829	2,365
Pension	(87)	(426)
Income tax expense	239	567
Unrealized foreign exchange (gain) / loss	(314)	(57)
Share-based compensation	507	197
Change in non-cash operating working capital	(300)	(1,328)
	(3,172)	(1,075)
Interest paid	—	(6)
Interest received	172	111
Income taxes paid	(436)	(742)
	(3,436)	(1,712)
Financing activities:		
Interest paid on debentures	(5,086)	(4,424)
	(5,086)	(4,424)
Investing activities:		
Purchase of property and equipment	(200)	(178)
Decrease in restricted cash	9	778
	(191)	600
Effect of foreign exchange rate changes on cash and cash equivalents	314	71
Decrease in cash and cash equivalents	(8,399)	(5,465)
Cash and cash equivalents, beginning of period	19,642	18,386
Cash and cash equivalents, end of period	\$ 11,243	\$ 12,921