

Condensed Consolidated Interim Financial Statements
(Expressed in U.S. dollars)

OPTIVA INC.

Three months ended March 31, 2025 and 2024
(Unaudited)

OPTIVA INC.

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

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,547	\$ 10,217
Trade accounts and other receivables (note 3)	6,358	7,229
Unbilled revenue	10,090	9,292
Prepaid expenses	1,916	1,994
Income taxes receivable	332	346
Other assets	1,050	1,034
Total current assets	26,293	30,112
Restricted cash	1,476	843
Property and equipment	459	571
Deferred income taxes	453	475
Other Assets	2,651	2,712
Long-term unbilled revenue	309	384
Pension and other long-term employment benefit plans	3,386	2,773
Goodwill	32,271	32,271
Total assets	\$ 67,298	\$ 70,141
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 1,686	\$ 1,940
Accrued liabilities	10,607	14,229
Income taxes payable	1,620	3,367
Deferred revenue	2,918	2,688
Debentures (note 5)	108,126	102,701
Total current liabilities	124,957	124,925
Deferred revenue	70	64
Other liabilities	1,359	1,768
Deferred income taxes	81	126
Total liabilities	126,467	126,883
Shareholders' equity (deficit):		
Share capital	270,746	270,746
Contributed surplus	15,221	15,309
Deficit	(350,901)	(348,562)
Accumulated other comprehensive income (loss)	5,765	5,765
Total shareholders' equity (deficit)	(59,169)	(56,742)
Total liabilities and shareholders' equity (deficit)	\$ 67,298	\$ 70,141

Going concern (note 1(b))
Guarantees and contingent liabilities (note 9)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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,	
	2025	2024
Revenue (note 8):		
Support and subscription	\$ 7,500	\$ 7,330
Software licenses, services and other	4,092	4,374
	11,592	11,704
Cost of revenue	4,127	4,888
Gross profit	7,465	6,816
Operating expenses:		
Sales and marketing	1,924	2,756
General and administrative	1,675	3,017
Research and development	3,271	4,038
	6,870	9,811
Income (loss) from operations	595	(2,995)
Foreign exchange gain (loss)	85	(162)
Finance income	88	193
Finance costs (note 5)	(2,906)	(2,829)
Loss before income taxes	(2,138)	(5,793)
Income tax expense (recovery) (note 6):		
Current	226	294
Deferred	(25)	(55)
	201	239
Total net loss and comprehensive loss	\$ (2,339)	\$ (6,032)
Net Loss per common share (note 4(b)):		
Basic	\$ (0.38)	\$ (0.98)
Diluted	(0.38)	(0.98)
Weighted average number of common shares (thousands) (note 4(b)):		
Basic	6,213	6,180
Diluted	6,213	6,180

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

OPTIVA INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in thousands of U.S. dollars)

Three months ended March 31, 2025 and 2024
(Unaudited)

	Share capital		Standby Warrant	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders'
	Number Outstanding (thousands) equity (deficit) (note 4)	Amount					
Balance, December 31, 2024	6,213	\$ 270,746	\$ —	\$ 15,309	\$ (348,562)	\$ 5,765	(56,742)
Net loss for the period	—	—	—	—	(2,339)	—	(2,339)
Share-based compensation (note 4(c)(i)&(ii))	—	—	—	(88)	—	—	(88)
Balance, March 31, 2025	6,213	\$ 270,746	\$ —	\$ 15,221	\$ (350,901)	\$ 5,765	\$ (59,169)
Balance, December 31, 2023	6,180	\$ 270,610	\$ —	\$ 15,117	\$ (328,885)	\$ 3,870	\$ (39,288)
Net loss for the period	—	—	—	—	(6,032)	—	(6,032)
Share-based compensation (note 4(c)(i)&(ii))	—	—	—	49	—	—	49
Balance, March 31, 2024	6,180	\$ 270,610	\$ —	\$ 15,166	\$ (334,917)	\$ 3,870	\$ (45,271)

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OPTIVA INC.

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

	Three months ended March 31,	
	2025	2024
Cash provided by (used in):		
Operating activities:		
Income (loss) for the period	\$ (2,339)	\$ (6,032)
Adjustments for:		
Depreciation of property and equipment	113	179
Finance income	(88)	(193)
Finance costs	2,906	2,829
Pension	(447)	(87)
Income tax expense (note 6)	201	239
Unrealized foreign exchange (gain) / loss	(165)	(314)
Share-based compensation (note 4(c))	(249)	507
Change in non-cash operating working capital (note 7)	(974)	(300)
	(1,042)	(3,172)
Interest paid	—	—
Interest received	88	172
Income taxes paid	(2,115)	(436)
	(3,069)	(3,436)
Financing activities:		
Interest paid on debentures	—	(5,086)
	—	(5,086)
Investing activities:		
Purchase of property and equipment	—	(200)
Decrease (increase) in restricted cash	(632)	9
	(632)	(191)
Effect of foreign exchange rate changes on cash and cash equivalents	31	314
Decrease in cash and cash equivalents	(3,670)	(8,399)
Cash and cash equivalents, beginning of period	10,217	19,642
Cash and cash equivalents, end of period	\$ 6,547	\$ 11,243

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

OPTIVA INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Expressed in thousand of U.S. dollars)

Three months ended March 31, 2025 and 2024
(Unaudited)

Reporting Entity

Optiva Inc. (the "Company" or "Optiva"), through its predecessors, commenced operations on March 29, 1999. The Company was incorporated under the Canada Business Corporations Act on November 1, 2006. The Company's registered head office is located at 100 King Street West, Suite 3400, Toronto, Ontario, Canada. The Company is publicly traded on the Toronto Stock Exchange under ticker symbol — TSX: OPT.

Optiva monetizes today's digital world for communications service providers. The Company's portfolio of monetization and subscriber management solutions includes real-time billing, charging, policy, and customer care modules and is available on premise, cloud-based, or as Software-as-a-Service ("SaaS"). With a central focus on driving customer success, Optiva's products power growth and innovation for operators globally. The Company's software products allow communication service providers to monetize various markets, including consumer, enterprise, wholesale, and the expanding SaaS and cloud ecosystems. Optiva's software supports the introduction of new revenue streams and innovative tariffs, payment solutions, data services, and advanced customer care and subscriber self-care functionality. Optiva is the parent of the wholly owned operating subsidiary, Optiva Canada Inc., and its various subsidiaries.

1. Basis of preparation and going concern:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all the information required for annual consolidated financial statements. These condensed consolidated interim financial statements for the three months ended March 31, 2025 were authorized for issuance by the Board of Directors of the Company on May 13, 2025.

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Notes to Condensed Consolidated Interim Financial Statements (continued)
(Expressed in thousand of U.S. dollars)

Three months ended March 31, 2025 and 2024
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1. Basis of preparation and going concern (continued):

(b) Going concern:

These consolidated financial statements have been prepared using the going concern basis of preparation which assumes that the Company will realize its assets and settle its liabilities in the normal course of business.

For the three months ended March 31, 2025, the Company had a net loss of \$2,339 (three months ended March 31, 2024 – net loss of \$6.032). The Company also had a working capital deficit (current assets less current liabilities) of \$98,639 as at March 31, 2025 (December 31, 2024 – working capital deficit of \$94,813), reflecting inclusion of the 9.75% secured PIK toggle debentures due July 20, 2025 (the “Debentures”) as a current liability (note 5). The Debentures in the amount of \$108,575 as of March 31, 2025, have a maturity date of July 20, 2025.

Based on the cash balance of \$6,547 as of March 31, 2025 and forecasted cash flows from operations to the Debentures maturity date on July 20, 2025, the Company expects to have insufficient cash to meet its obligations upon maturity of the Debentures in July 2025. The Company's board of directors has formed a Special Committee which is actively engaged with strategic third parties, including key holders of the Secured Notes, for purposes of evaluating strategic alternatives to optimize outcomes for the business, our people, and our customers. The Company's ability to continue its operations is dependent upon its ability to refinance this debt or implement other financial alternatives including other sources of financing through debt or equity, however there is no assurance that this will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate, and these adjustments could be material.

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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1. Basis of preparation and going concern (continued):

(c) Judgments and estimates:

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2023 annual consolidated financial statements and described in these condensed consolidated interim financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

2. Material accounting policies:

(a) Basis of measurement and presentation:

The notes presented in these condensed consolidated interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the 2024 annual financial statements, including the notes thereto.

(b) Basis of consolidation:

The condensed consolidated interim financial statements include the financial statements of the Company, Optiva Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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2. Material accounting policies (continued):

(c) Functional currency:

The condensed consolidated interim financial statements are presented in U.S. dollars, which is the Company's functional currency, unless otherwise noted and per unit amounts.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities not denominated in the functional currency are translated at the period-end exchange rates. Foreign exchange gains and losses are recognized in the condensed consolidated interim statements of comprehensive income (loss).

3. Trade accounts and other receivables:

	March 31, 2025	December 31, 2024
Trade receivables, net of allowance for doubtful accounts	\$ 5,488	\$ 6,308
Other receivables (a)	870	921
	<u>\$ 6,358</u>	<u>\$ 7,229</u>

(a) At March 31, 2025 and December 31, 2024, the other receivables balance mainly includes amounts relating to indirect taxes receivable.

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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4. Share Capital:

(a) Authorized:

Unlimited Preferred Shares, issuable in series
Unlimited Common Shares

(b) Loss per share:

A reconciliation of the number of common shares used for purposes of calculating basic and diluted loss per common share for the three months ended March 31, 2025 and 2024, is as follows:

	Three months ended March 31,	
	2025	2024
Basic weighted average number of common shares outstanding	6,213	6,180
Effect of dilutive securities	-	-
Diluted weighted average number of common shares outstanding	6,213	6,180

The total number of stock options that were excluded from the calculation for the three months ended March 31, 2025 was 100,000 (three months ended March 31, 2024 – 130,000), as their inclusion would be anti-dilutive.

(c) Share-based compensation:

The net share-based compensation expense relating to the Company's stock options, deferred share unit plan and share unit plan during the three months ended March 31, 2025 was a recovery of \$249 (three months ended March 31, 2024 – expense of \$507).

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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4. Share Capital (continued):

(i) Stock options:

The table below is a summary of the stock option plans for the three months ended March 31, 2025:

	CAD options	
	Number of stock options	Weighted average exercise price per share (CAD)
Outstanding, December 31, 2024	130,000	\$ 30.44
Granted	-	-
Forfeited	(30,000)	23.74
Outstanding, March 31, 2025	100,000	\$ 32.45

The share-based compensation expense relating to the vesting of granted stock options during the three months ended March 31, 2025 was a recovery of \$89 (three months ended March 31, 2024 – \$49).

(ii) Share unit plan:

There were nil RSUs granted during the three months ended March 31, 2025 (three months ended March 31, 2024 – nil). The fair value of RSUs granted were established based on the fair value of the underlying stock on the grant date. The share-based compensation expense relating to the Company's share unit plan during the three months ended March 31, 2025 was \$nil (three months ended March 31, 2024 – \$nil).

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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4. Share Capital (continued):

(iii) Deferred share unit plan:

The table below is a summary of the deferred share units ("DSU") for the three months ended March 31, 2025:

DSU	
Outstanding, December 31, 2024	263,058
Granted	14,045
Outstanding, March 31, 2025	277,103

During the three months ended March 31, 2025, the Company recorded a compensation recovery of \$160 (three months ended March 31, 2024 – expense of \$458).

5. Debentures:

On July 20, 2020, the Company closed a \$90,000 financing (the "Debenture Financing") of 9.75% secured PIK toggle debentures due July 2025 (the "Debentures"). The Debentures are guaranteed by certain of the Company's subsidiaries and constitute senior secured obligations of the Company. The net proceeds from the Debenture Financing were used towards the redemption of all the Series A Preferred shares and accrued dividends. The Debenture Financing was completed on a private placement basis pursuant to certain prospectus exemptions.

On September 29, 2023, the Company issued an additional \$13,500 financing of 9.75% secured PIK toggle debentures due July 2025. The Debenture Financing was completed on a private placement basis pursuant to certain prospectus exemptions. Optiva intends to use the net proceeds from the financing for general working capital purposes.

On January 20, 2025, the Company decided to make a PIK Election with respect to the interest obligation and as a result issued additional Debentures to the existing holders in the amount of \$5,075, instead of paying cash.

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Notes to Condensed Consolidated Interim Financial Statements (continued)
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5. Debentures (continued):

	March 31, 2025	December 31, 2024
Debenture financing, bearing interest at 9.75%, per annum, payable semi-annually, maturing July 20, 2025	\$ 108,575	\$ 103,500
Less unamortized deferred financing costs	(449)	(799)
Long-term portion of loans and borrowings	\$ 108,126	\$ 102,701

As at March 31, 2025, \$108,575 (December 31, 2024 - \$103,500) is outstanding and interest computed on a 365-day (or 366-day, as applicable) basis, payable semi-annually on July 20 and January 20 of each year commencing on January 20, 2021. The Company has incurred a total of \$4,709 of transaction costs to date and has recorded these costs as deferred financing costs that are being amortized over the expected five-year term of the Debentures. During the three months ended March 31, 2025, \$350 of deferred financing fees was amortized (March 31, 2024 - \$322).

For the three months ended March 31, 2025, interest expense of \$2,583 (March 31, 2024 - \$2,509) was incurred in connection with the Debenture Financing has been recognized in the condensed consolidated interim statements of comprehensive income (loss).

6. Income tax expense:

The Company's current income tax expense for the three months ended March 31, 2025 mainly includes \$65 (three months ended March 31, 2024 - 112) of corporate tax expense incurred by foreign subsidiaries generating taxable profits and \$161 (three months ended March 31, 2024 - \$182) of foreign withholding taxes. The Company's deferred tax recovery of \$25 (three months ended March 31, 2024 – recovery of \$55) consists primarily of changes in temporary differences recognized during the current period.

OPTIVA INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Expressed in thousand of U.S. dollars)

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7. Change in non-cash operating working capital:

The change in non-cash working capital for the three months ended March 31, 2024 is as follows:

	Three months ended March 31,	
	2025	2024
Trade accounts and other receivables	\$ 872	\$ (1,286)
Unbilled revenue	(723)	349
Prepaid expenses	78	196
Other assets	45	(74)
Trade payables	(254)	(634)
Accrued liabilities and other liabilities	(1,382)	674
Income taxes receivable/payable	155	(11)
Deferred revenue	235	486
	\$ (974)	\$ (300)

8. Segment Reporting:

The Company has determined that it operates in a single reportable operating segment, the telecommunications software market. The single reportable operating segment derives its revenue from the sale of software products and related services and hardware.

Revenue is attributed to geographic locations, based on the location of the external customer. The Company's revenue by geographic area for the three months ended March 31 is as follows:

	Three months ended March 31,	
	2025	2024
Revenue by region:		
Europe, Middle East and Africa	\$ 5,895	\$ 5,900
North America, Latin America and Caribbean	4,149	4,126
Asia and Pacific Rim	1,548	1,678
	\$ 11,592	\$ 11,704

OPTIVA INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Expressed in thousand of U.S. dollars)

Three months ended March 31, 2025 and 2024
(Unaudited)

8. Segment Reporting (continued):

The Company's revenue by type for the three months ended March 31 is as follows:

	Three months ended March 31,	
	2025	2024
Revenue by type:		
Support and subscription	\$ 7,500	\$ 7,330
Software and services	3,881	4,105
Third-party software and hardware	211	269
	\$ 11,592	\$ 11,704

9. Guarantees and contingent liabilities:

From time to time, the Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees.

In the normal course of operations, the Company is subject to claims from time to time, relating to labour, customers and other matters. The Company vigorously defends itself against such claims and reviews the probability of outcome that may result in an outflow of its cash or other resources as at each consolidated statement of financial position date. Where an outflow of resources is considered probable, a provision is recognized in the condensed consolidated interim statements of financial position as the best estimate of the probable costs that the Company will incur associated with the claim. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.