

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

## **OPTIVA INC.**

Three months ended March 31, 2024 and 2023  
(Unaudited)

# OPTIVA INC.

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

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,243	\$ 19,642
Trade accounts and other receivables (note 3)	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
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
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 (note 5)	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

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,	
	2024	2023
Revenue (note 8):		
Support and subscription	\$ 7,330	\$ 8,439
Software licenses, services and other	4,374	4,212
	11,704	12,651
Cost of revenue	4,888	3,984
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
	9,811	8,356
Income (loss) from operations	(2,995)	311
Foreign exchange loss	(162)	(290)
Finance income	193	135
Finance costs (note 5)	(2,829)	(2,365)
Loss before income taxes	(5,793)	(2,209)
Income tax expense (recovery) (note 6):		
Current	294	571
Deferred	(55)	(4)
	239	567
Total net loss and comprehensive loss	\$ (6,032)	\$ (2,776)
Loss per common share (note 4(b)):		
Basic	\$ (0.98)	\$ (0.45)
Diluted	(0.98)	(0.45)
Weighted average number of common shares (thousands) (note 4(b)):		
Basic	6,180	6,178
Diluted	6,180	6,178

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# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

	Share capital		Standby Warrant	Contributed surplus	Deficit	Accumulated other comprehensive (loss)	Total shareholders' equity (deficit)
	Number Outstanding (note 4)	Amount					
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(d)(i)&(ii))	–	–	–	49	–	–	49
<b>Balance, March 31, 2024</b>	<b>6,180</b>	<b>\$ 270,610</b>	<b>\$ –</b>	<b>\$ 15,166</b>	<b>\$ (334,917)</b>	<b>\$ 3,870</b>	<b>\$ (45,271)</b>
Balance, December 31, 2022	6,178	\$ 270,560	\$ –	\$ 15,941	\$ (316,630)	\$ 4,049	\$ (26,080)
Net loss for the period	–	–	–	–	(2,776)	–	(2,776)
Share-based compensation (note 4(d)(i)&(ii))	–	–	–	282	–	–	282
<b>Balance, March 31, 2023</b>	<b>6,178</b>	<b>\$ 270,560</b>	<b>\$ –</b>	<b>\$ 16,223</b>	<b>\$ (319,406)</b>	<b>\$ 4,049</b>	<b>\$ (28,574)</b>

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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,	
	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 (note 6)	239	567
Unrealized foreign exchange (gain) / loss	(314)	(57)
Share-based compensation (note 4(d))	507	197
Change in non-cash operating working capital (note 7)	(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

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, 2024 and 2023  
(Unaudited)

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## **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:**

#### (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, 2024 were authorized for issuance by the Board of Directors of the Company on May 9, 2024.

# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

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## 1. Basis of preparation (continued):

### (b) 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 2023 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.

# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

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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.

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, 2024	December 31, 2023
Trade receivables, net of allowance for doubtful accounts	\$ 7,596	\$ 6,412
Other receivables (a)	1,215	1,092
	<u>\$ 8,811</u>	<u>\$ 7,504</u>

(a) At March 31, 2024 and December 31, 2023, the other receivables balance mainly includes amounts relating to indirect taxes receivable.



# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
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## 4. Share Capital:

(a) Authorized:

Unlimited Preferred Shares, issuable in series  
Unlimited Common Shares

(b) Income per share:

A reconciliation of the number of common shares used for purposes of calculating basic and diluted income per common share for the three months ended March 31, 2024 and 2023, is as follows:

	Three months ended March 31,	
	2024	2023
Basic weighted average number of common shares outstanding	6,180	6,178
Effect of dilutive securities	-	-
Diluted weighted average number of common shares outstanding	6,180	6,178

The total number of stock options that were excluded from the calculation for the three months ended March 31, 2024 was 130,000 (three months ended March 31, 2023 – 380,000), as their inclusion would be anti-dilutive.

(d) 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, 2024 was an expense of \$507 (three months ended March 31, 2023 – expense of \$197).

# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

## 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, 2024:

	CAD options	
	Number of stock options	Weighted average exercise price per share (CAD)
Outstanding, December 31, 2023	130,000	\$ 30.44
Granted	-	-
Forfeited	-	-
Outstanding, March 31, 2024	130,000	\$ 30.44

The share-based compensation expense relating to the vesting of granted stock options during the three months ended March 31, 2024 was \$49 (three months ended March 31, 2023 – \$261).

(ii) Share unit plan:

The table below is a summary of the restricted share units ("RSU") and performance share units ("PSU") for the three months ended March 31, 2024:

RSU & PSU	
Outstanding, December 31, 2023	-
Forfeited	-
Granted	-
Outstanding, March 31, 2024	-

There were nil RSUs granted during the three months ended March 31, 2024 (three months ended March 31, 2023 – 14,318). 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, 2024 was \$nil (three months ended March 31, 2023 – \$21).

# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

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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, 2024:

DSU	
Outstanding, December 31, 2023	247,310
Granted	5,502
Outstanding, March 31, 2024	252,812

During the three months ended March 31, 2024, the Company recorded a compensation expense of \$458 (three months ended March 31, 2023 – compensation recovery of \$85).

## 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.

# OPTIVA INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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Three months ended March 31, 2024 and 2023  
(Unaudited)

## 5. Debentures (continued):

	March 31, 2024	December 31, 2023
Debenture financing, bearing interest at 9.75%, per annum, payable semi-annually, maturing July 20, 2025	\$ 103,500	\$ 103,500
Less unamortized deferred financing costs	(1,831)	(2,152)
<u>Long-term portion of loans and borrowings</u>	<u>\$ 101,669</u>	<u>\$ 101,348</u>

As at March 31, 2024, \$103,500 (December 31, 2023 - \$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, 2024, \$322 of deferred financing fees was amortized (March 31, 2023 - \$192).

For the three months ended March 31, 2024, interest expense of \$2,509 (March 31, 2023 - \$2,164) 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, 2024 mainly includes \$112 (three months ended March 31, 2023 - \$128) of corporate tax expense incurred by foreign subsidiaries generating taxable profits and \$182 (three months ended March 31, 2023 - \$443) of foreign withholding taxes. The Company's deferred tax recovery of \$55 (three months ended March 31, 2023 – recovery of \$4) 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)

Three months ended March 31, 2024 and 2023  
(Unaudited)

## 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,	
	2024	2023
Trade accounts and other receivables	\$ (1,286)	\$ (1,259)
Unbilled revenue	349	2,547
Prepaid expenses	196	(122)
Other assets	(74)	21
Trade payables	(634)	(244)
Accrued liabilities and other liabilities	674	(1,731)
Income taxes receivable/payable	(11)	14
Deferred revenue	486	(554)
	<u>\$ (300)</u>	<u>\$ (1,328)</u>

## 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,	
	2024	2023
Revenue by region:		
Europe, Middle East and Africa	\$ 5,900	\$ 6,035
North America, Latin America and Caribbean	4,126	4,339
Asia and Pacific Rim	1,678	2,277
	<u>\$ 11,704</u>	<u>\$ 12,651</u>

# OPTIVA INC.

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

Three months ended March 31, 2024 and 2023  
(Unaudited)

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## 8. Segment Reporting (continued):

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

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	Three months ended March 31,	
	2024	2023
Revenue by type:		
Support and subscription	\$ 7,330	\$ 8,439
Software and services	4,105	4,122
Third-party software and hardware	269	90
	<hr/>	<hr/>
	\$ 11,704	\$ 12,651

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