



Optiva Inc. Reports Fourth Quarter 2023 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$12.0 million
- Robust sales pipeline with three additional customer wins
- Total Contract Value (“TCV”)¹ bookings of \$24.3 million
- Gross margin of 63%
- Adjusted EBITDA¹ loss of \$1.8 million
- Adjusted EPS¹ loss of \$(0.65)
- \$20.4 million of cash on the balance sheet

TORONTO, March 6, 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 fourth quarter financial results for the three-month and full-year period ended December 31, 2023.

During the quarter, Optiva secured three new customers, including a leading technology company in Nigeria specializing in cutting-edge telecom projects, a North American MVNO providing critical data-driven services to military veterans and a new market entrant in New Zealand, demonstrating the Company’s global impact. In addition, Optiva recently announced an expansion of its strategic partnership with BT Group and its role in powering Humane, an AI device designer with embedded mobile connectivity. All of these customers selected Optiva cloud-native BSS technology to rapidly bring innovative digital services to market and provide a superior customer experience and differentiated digital service offerings.

“New and existing customers are embracing our cloud-native portfolio with increased momentum. As our bookings continue to grow, I am encouraged by our success and

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.

agility in delivering a next-generation digital customer experience,” 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 Q4'23 bookings totaled \$24.3 million. For the year ended December 31, 2023, TCV bookings totaled \$74.9 million.
- On January 23, 2024, provided revenue growth guidance for 2024 of at least 10%.
- Humane, an innovative experience company that recently launched Ai Pin, announced that it had selected Optiva's full-stack BSS solution to help power the billing, network integration and value-added services for its users. With Ai Pin, Humane is defining a new class of devices to bring AI to a personal level. Optiva BSS Platform, available as a cloud-native SaaS solution, will support personalized experiences for Ai Pin customers through its modular and unified end-to-end suite of integrations and services deployed on the public cloud. Optiva's software and years of global telecom industry expertise will empower Humane to focus on its vision and deliver a simplified, intuitive customer experience.
- In the fourth quarter, BT Group, the UK's leading fixed and mobile telecommunications provider, extended its strategic partnership with Optiva to develop and monetize new B2B, B2C and B2B2X services. Optiva's application server, a key component of the Optiva Charging Engine, will be upgraded to a next-generation, cloud-native, open architecture service creation platform. It will include Optiva's Open API framework, enabling integration with new cutting-edge technology partners, including blockchain and artificial intelligence (AI) tools. BT Group needs a fully flexible service creation environment that enables rapid design, testing and deployment of new services, which Optiva will provide, allowing BT to achieve its business objectives across a wide variety of industries and use cases.

Fourth Quarter 2023 Financial Results Highlights:

Q4 Fiscal 2023 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Twelve Months	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenue	12.0	15.1	47.5	61.8
Net Income (Loss)	(4.0)	(1.5)	(12.3)	0.7
Earnings (Loss) Per Share	(\$0.65)	(\$0.24)	(\$1.98)	\$0.12
Adjusted Earnings (Loss) Per Share ⁽¹⁾	(\$0.65)	(\$0.25)	(\$2.06)	(\$0.41)
Adjusted EBITDA ⁽¹⁾	(1.8)	3.0	(1.9)	13.9
Cash from (used in) operating activities	(0.9)	2.0	(3.2)	(0.2)
Total cash, including restricted cash	20.4	20.3	20.4	20.3

- Revenue for Q4'23 was \$12.0 million. On a year-over-year basis, the change by revenue type included a \$1.8 million decrease in support and subscription revenue, a \$1.3 million decrease in software and services revenue, and third-party software and hardware revenue remained unchanged. 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. The drop in software and services is mainly due to fewer software implementations, primarily in the EMEA region, compared to the prior period.
- Gross margin for Q4'23 was 63% compared to 70% during the same period in 2022. 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”) decreased to \$3.1 compared to \$3.4 million during the same period in 2022. During the quarter, a provision was recorded in the amount of \$1.1 million for an unbilled amount related to a legacy customer contract. The Company continues to have a strong relationship with the customer and is working towards executing a new contract. Excluding the provision, the G&A expenditures decreased to \$2.0 million compared to \$3.4 million last year. The decrease in G&A expenditures in the three months ended

December 31, 2023 is mainly due to lower share-based compensation and lower amortization costs.

- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ for Q4'23 decreased to a loss of \$1.8 million as compared to income of \$3.0 million during the same period in 2022, primarily driven by lower revenue and gross margin.
- Net loss for Q4'23 was \$4.0 million compared to a net loss of \$1.5 million during the same period in 2022.
- The Company ended the fourth quarter with a cash balance of \$20.4 million (including restricted cash). The Company used \$0.9 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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Net Income (loss) for the period	\$ (4,009)	\$ (1,507)	\$ (12,255)	\$ 709
Add back / (subtract):				
Depreciation of property and equipment	175	157	657	512
Amortization of intangible assets	–	361	361	1,444
Finance income	(283)	(150)	(599)	(406)
Finance costs	2,860	2,398	10,050	7,916
Income tax expense (recovery)	(128)	541	1,968	2,171
Foreign exchange loss (gain)	(566)	376	77	1,168
Share-based compensation	150	863	(1,660)	1,947
EBITDA	\$ (1,801)	\$ 3,039	\$ (1,401)	\$ 15,461
Other income	–	–	(498)	–
Release of provisions	–	–	–	(1,571)
Adjusted EBITDA	\$ (1,801)	\$ 3,039	\$ (1,899)	\$ 13,890

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 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 March 6, 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.

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)
As at December 31, 2023 and December 31, 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$19,642	\$18,386
Trade accounts and other receivables	7,504	7,535
Unbilled revenue	14,362	17,821
Prepaid expenses	2,185	1,938
Income taxes receivable	3,633	3,820
Other assets	480	610
Total current assets	47,806	50,110
Restricted cash	793	1,948
Property and equipment	963	1,221
Deferred income taxes	383	376
Other assets	1,371	-
Long-term unbilled revenue	727	332
Intangible assets	-	360
Goodwill	32,271	32,271
Total assets	\$ 84,314	\$ 86,618
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 2,256	\$ 3,147
Accrued liabilities	11,919	11,624
Income taxes payable	4,299	4,365
Deferred revenue	1,555	1,995
Total current liabilities	20,029	21,131
Deferred revenue	206	403
Other liabilities	1,702	2,302
Pension and other long-term employment benefit plans	132	713
Debentures	101,348	87,716
Deferred income taxes	185	433
Total liabilities	123,602	112,698
Shareholders' equity (deficit):		
Share capital	270,610	270,560
Contributed surplus	15,117	15,941
Deficit	(328,885)	(316,630)
Accumulated other comprehensive income	3,870	4,049
Total shareholders' equity (deficit)	(39,288)	(26,080)
Total liabilities and shareholders' equity (deficit)	\$ 84,314	\$ 86,618

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, 2023 and December 31, 2022

	2023	2022
Revenue:		
Support and subscription	\$ 31,306	\$ 39,024
Software licenses, services and other	16,200	22,755
	<u>47,506</u>	<u>61,779</u>
Cost of revenue	16,892	17,193
Gross profit	30,614	44,586
Operating expenses:		
Sales and marketing	10,347	9,872
General and administrative	7,765	11,089
Research and development	13,759	12,067
	<u>31,871</u>	<u>33,028</u>
Income (loss) from operations	(1,257)	11,558
Foreign exchange loss	(77)	(1,168)
Other Income	498	-
Finance income	599	406
Finance costs	(10,050)	(7,916)
Income (loss) before income taxes	(10,287)	2,880
Income tax expense (recovery):		
Current	2,223	2,428
Deferred	(255)	(257)
	<u>1,968</u>	<u>2,171</u>
Net income (loss) for the year	(12,255)	709
Other comprehensive income:		
Items that will not be reclassified to net income:		
Actuarial gain on pension and non-pension post-employment benefit plans, net of income tax expense of nil (2022 - nil)	(179)	6,505
Total comprehensive income (loss)	<u>\$ (12,434)</u>	<u>\$ 7,214</u>
Net income (loss) per common share:		
Basic	\$ (1.98)	\$ 0.11
Diluted	(1.98)	0.11
Weighted average number of common shares (thousands):		
Basic	6,179	6,178
Diluted	6,179	6,178

OPTIVA INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
Years ended December 31, 2023 and December 31, 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	\$ (12,255)	\$ 709
Adjustments for:		
Depreciation of property and equipment	657	511
Amortization of intangible assets	361	1,444
Finance income	(599)	(406)
Finance costs	10,050	7,916
Pensions	(793)	(1,749)
Income tax expense	1,968	2,171
Unrealized foreign exchange (gain) / loss	220	(377)
Share-based compensation	(1,660)	1,947
Provisions	-	(4,200)
Change in non-cash operating working capital	575	(5,474)
	(1,476)	2,492
Interest paid	(11)	(29)
Interest received	438	226
Promissory Note Paid	-	(2,000)
Income taxes paid	(2,198)	(926)
	(3,247)	(237)
Financing activities:		
Issuance of debentures	13,500	-
Transaction costs on debentures	(776)	-
Interest paid on debentures	(8,775)	(8,775)
	3,949	(8,775)
Investing activities:		
Purchase of property and equipment	(395)	(850)
Decrease (Increase) in restricted cash	1,155	(1,156)
	760	(2,006)
Effect of foreign exchange rate changes on cash and cash equivalents	(206)	(183)
Increase (decrease) in cash and cash equivalents	1,256	(11,201)
Cash and cash equivalents, beginning of year	18,386	29,587
Cash and cash equivalents, end of year	\$ 19,642	\$ 18,386