



## Optiva Inc. Reports Third Quarter 2023 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$11.7 million
- Optiva selected by three new customers
- Total Contract Value (“TCV”)<sup>1</sup> bookings of \$13.6 million
- Gross margin of 61%
- Adjusted EBITDA<sup>1</sup> loss of \$0.8 million
- Adjusted EPS<sup>1</sup> loss of (\$0.76)
- \$21.7 million of cash

TORONTO, November 8, 2023 - 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 third quarter financial results for the three-month period ended September 30, 2023.

During the third quarter, Optiva was selected by three new customers and one additional customer shortly after the quarter ended, totaling five new customers year to date. These new logos are a testament to Optiva’s strong brand in the telecom BSS market and the significant investment the company has made in its products. As the Company looks at its pipeline, approximately 80% of bookings are expected to come from new customers, signaling that the Company's strategy is resonating.

“We continue to execute on our strategic priorities, including the growth of our sales pipeline, as cloud-native SaaS continues to resonate and expand in the markets we are pursuing,” said Robert Stabile, Chairman of the Board of Directors and Chief Executive Officer of Optiva. “We are proud to be recognized with multiple industry awards while we make significant roadmap advancements, including leveraging Optiva’s gold mine of BSS

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<sup>1</sup> 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.

data to power AI-based personalization and extending our strategic partnership with Google Cloud with the launch of Optiva MVNO Hubs.”

For more information about Optiva, please visit: <https://optiva.com/q3-2023-investor-presentation/>

## **Business Highlights**

- TCV of Q3'23 bookings totaled \$13.6 million. On a trailing 12-month basis, TCV bookings totaled \$72.3 million.
- [REALLY](#), a United States-based innovative telecom company, selected Optiva to help launch its new mobile phone service nationwide, powered by Optiva BSS on Google Cloud. REALLY is on a mission to bridge the digital divide by introducing a nationwide decentralized wireless (DeWi) network across the U.S., commencing in Austin, Texas. REALLY will be empowered by Optiva’s full suite of comprehensive BSS features, pre-integrated carrier APIs, third-party services, dual-network provisioning and turnkey managed services and support.
- Inclusive of REALLY, Optiva has secured a total of five new customer wins year to date, including a leading technology company in Nigeria specializing in cutting-edge telecom projects, one of the fastest-growing wholesale carriers in local and international voice and data traffic in Africa and an innovative technology company in North America. These customers have all selected the Optiva BSS Platform, with two choosing to leverage Optiva MVNO Hubs, enabling them to deliver a superior customer experience with innovative and integrated digital services.
- lifecell Ukraine and Optiva were named winners of Excellence in Serving People and Planet in TM Forum’s 16th Annual Awards. TM Forum’s Excellence Awards recognize the world’s leading companies for their innovative achievements spanning digital transformation, business and IT agility, customer centricity, cross-industry partnering and collaboration, and product and service innovation.
- The Company announced the launch of Optiva MVNO Hubs on Google Cloud. The multi-tenant solution is offered as a SaaS product on Google Cloud in multiple regions worldwide, beginning with the Americas. Optiva MVNO Hubs deliver BSS as a service and include deep integration with Google Cloud’s BigQuery for BSS-data-based, AI-powered insights. These regional MVNO hubs extend Optiva BSS Platform with key MVNO integrations such as payment gateway, taxation, customer care, chat, customer relationship management (CRM) ticketing and a dealer portal for rapid onboarding and management of dealer channels. Innovative

digital MVNOs in the United States are already capitalizing on the time to market and fully integrated functionality of Optiva MVNO Hubs on Google Cloud.

- Optiva announced the launch of its next-generation converged Optiva Charging Engine, the latest advancement in the Company’s billing and charging portfolio. The new release features AI-based personalization to enable real-time digital customer experiences. The new Optiva Charging Engine release delivers convergent rating and charging capabilities that empower telecom operators, especially new market entrants focused on digital customer experience and rapid time to market, to create elevated customer offerings and new revenue streams.
- On September 29, the Company completed a US\$13,500,000 debenture financing on a private placement basis for growth and working capital purposes.

### Third Quarter 2023 Financial Results Highlights:

Q3 Fiscal 2023 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue	11.7	15.2	35.5	46.7
Net Income (Loss)	(4.2)	0.9	(8.2)	2.2
Earnings (Loss) Per Share	(\$0.68)	\$0.14	(\$1.33)	\$0.36
Adjusted Earnings (Loss) Per Share <sup>(1)</sup>	(\$0.76)	(\$0.16)	(\$1.42)	(\$0.16)
Adjusted EBITDA <sup>(1)</sup>	(0.8)	3.3	(0.1)	10.9
Cash from (used in) operating activities	0.4	(2.6)	(2.4)	(2.2)
Total cash, including restricted cash	21.7	18.3	21.7	18.3

- Revenue for Q3’23 was \$11.7 million. On a year-over-year basis, the change by revenue type included a \$2.0 million decrease in support and subscription, a \$1.5 million decrease in software and services, 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 Q3’23 was 61% compared to 72% 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”) increased to \$2.2 compared to \$1.4 million during the same period in 2022. The increase is mainly due to a release of a provision related to a settlement of a contractual dispute last year in the amount of \$1.6 million, offset by lower share-based compensation, lower headcount-related costs and lower amortization costs in Q3 of 2023.
- Adjusted Earnings before interest, taxes, depreciation and amortization (“EBITDA”)<sup>1</sup> for Q3’23 decreased to a loss of \$0.8 million as compared to income of \$3.3 million during the same period in 2022, primarily driven by lower revenue and gross margin.
- Net loss for Q3’23 was \$4.2 million compared to a net income of \$0.9 million during the same period in 2022.
- The Company ended the third quarter with a cash balance of \$21.7 million (including restricted cash). The Company generated \$0.4 million of cash from operating activities during the quarter.

<sup>1</sup> 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, any one-time transaction costs associated with shareholder conflict 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net Income (loss) for the period	\$ (4,176)	\$ 870	\$ (8,246)	\$ 2,215
Add back / (subtract):				
Depreciation of property and equipment	159	119	482	355
Amortization of intangible assets	–	361	361	1,083
Finance income	(79)	(97)	(316)	(256)
Finance costs	2,433	2,105	7,190	5,518
Income tax expense	1,074	893	2,096	1,630
Foreign exchange loss	233	254	643	792
Share-based compensation	48	375	(1,810)	1,084
EBITDA	\$ (308)	\$ 4,879	\$ 400	\$ 12,421
Other income	(498)	–	(498)	–
Release of provisions	–	(1,571)	–	(1,571)
Adjusted EBITDA	\$ (806)	\$ 3,308	\$ (98)	\$ 10,850

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](http://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 November 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 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](http://www.sedar.com) and Optiva's website at [www.optiva.com/investors/](http://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)

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,912	\$ 18,386
Trade accounts and other receivables	7,208	7,535
Unbilled revenue	16,068	17,821
Prepaid expenses	1,744	1,938
Income taxes receivable	3,693	3,820
Other assets	697	610
Total current assets	50,332	50,110
Restricted cash	766	1,948
Property and equipment	992	1,221
Deferred income taxes	352	376
Long-term unbilled revenue	-	332
Pension and other long-term employment benefit plans	966	-
Intangible assets	-	360
Goodwill	32,271	32,271
Total assets	\$ 85,669	\$ 86,618
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
Current liabilities:		
Trade payables	\$ 1,279	\$ 3,147
Accrued liabilities	8,218	11,624
Income taxes payable	4,563	4,365
Deferred revenue	2,575	1,995
Total current liabilities	16,635	21,131
Deferred revenue	220	403
Other liabilities	1,659	2,302
Pension and other long-term employment benefit plans	-	713
Debentures	101,039	87,716
Deferred income taxes	341	433
Total liabilities	119,894	112,698
Shareholders' equity (deficit):		
Share capital	270,610	270,560
Contributed surplus	15,027	15,941
Deficit	(324,876)	(316,630)
Accumulated other comprehensive income (loss)	5,014	4,049
Total shareholders' equity (deficit)	(34,225)	(26,080)
Total liabilities and shareholders' equity (deficit)	\$ 85,669	\$ 86,618

# 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue:				
Support and subscription	\$ 7,948	\$ 9,900	\$ 23,933	\$ 29,859
Software licenses, services and other	3,776	5,260	11,532	16,836
	11,724	15,160	35,465	46,695
Cost of revenue	4,544	4,215	12,420	12,742
Gross profit	7,180	10,945	23,045	33,953
Operating expenses:				
Sales and marketing	2,259	2,534	7,523	7,369
General and administrative	2,187	1,431	4,673	7,666
Research and development	3,747	2,955	9,980	9,019
	8,193	6,920	22,176	24,054
Income (loss) from operations	(1,013)	4,025	869	9,899
Foreign exchange loss	(233)	(254)	(643)	(792)
Other income	498	-	498	-
Finance income	79	97	316	256
Finance costs	(2,433)	(2,105)	(7,190)	(5,518)
Income (loss) before income taxes	(3,102)	1,763	(6,150)	3,845
Income taxes (recovery):				
Current	1,190	1,032	2,169	1,727
Deferred	(116)	(139)	(73)	(97)
	1,074	893	2,096	1,630
Net income (loss)	\$ (4,176)	\$ 870	\$ (8,246)	\$ 2,215
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:	965	6,239	965	6,239
Total comprehensive income (loss)	\$ (3,211)	\$ 7,109	\$ (7,281)	\$ 8,454
Net income (loss) per common share:				
Basic	\$ (0.68)	\$ 0.14	\$ (1.33)	\$ 0.36
Diluted	(0.68)	0.14	(1.33)	0.36
Weighted average number of common shares (thousands):				
Basic	6,179	6,178	6,178	6,178
Diluted	6,179	6,178	6,178	6,178



# OPTIVA INC.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ (4,176)	\$ 870	\$ (8,246)	\$ 2,215
Adjustments for:				
Depreciation of property and equipment	159	119	482	355
Amortization of intangible assets	–	361	361	1,083
Finance income	(79)	(97)	(316)	(256)
Finance costs	2,433	2,105	7,190	5,518
Pension	(66)	746	(708)	(959)
Income tax expense	1,074	893	2,096	1,630
Unrealized foreign exchange loss (gain)	(38)	278	(49)	(1,066)
Share-based compensation	48	375	(1,810)	1,084
Change in provisions	–	(4,200)	–	(4,200)
Change in non-cash operating working capital	1,692	(3,393)	189	(5,064)
	1,047	(1,943)	(811)	340
Interest paid	(5)	(4)	(11)	(26)
Interest received	55	59	247	118
Promissory note paid	–	–	–	(2,000)
Income taxes (paid) received	(716)	(709)	(1,821)	(672)
	381	(2,597)	(2,396)	(2,240)
Financing activities:				
Issuance of Debentures	13,500	–	13,500	–
Transaction costs on debentures	(776)	–	(776)	–
Interest paid on Debentures	(4,351)	(4,351)	(8,775)	(8,775)
	8,373	(4,351)	3,949	(8,775)
Investing activities:				
Purchase of property and equipment	(45)	(320)	(245)	(844)
Decrease (increase) in restricted cash	10	(815)	1,183	(800)
	(35)	(1,135)	938	(1,644)
Effect of foreign exchange rate changes on cash and cash equivalents	11	(853)	35	(268)
Increase (decrease) in cash and cash equivalents	8,730	(8,936)	2,526	(12,927)
Cash and cash equivalents, beginning of period	12,182	25,596	18,386	29,587
Cash and cash equivalents, end of period	\$ 20,912	\$ 16,660	\$ 20,912	\$ 16,660