



Optiva

Investor Presentation

TSX:OPT

March 08, 2023

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Dinesh Sharma, VP of Finance





Caution Concerning Forward-Looking Statement

Certain statements in this document may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which 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. These statements are forward-looking as they are based on our current expectations, as at March 08, 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 are discussed in the Company's most recent Annual Information Form, which is available on SEDAR at www.sedar.com and on 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.

Non-IFRS Measures

The Company uses non-IFRS measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA, TCV and Operating Expense (Non-IFRS) as measures of operating performance. The Company believes that these measures may also be useful to investors in enhancing their understanding of the Company's operating performance. See definitions of non-IFRS measures on slide 19.

Optiva in Numbers

TSX:OPT

Technology Software

6.2M

Shares Outstanding



50+

CSP Customers

\$61.8M

Revenue (FY'22)

C\$19.00

Stock Price 8-Mar-2023



3 Billion

Transactions Per Hour

\$13.9M

Adj. EBITDA (FY'22)

\$86M

Market Capitalization



50+

Countries Globally

\$0.11

Diluted EPS (FY'22)

\$156M

Enterprise Value



386

Global Headcount

Optiva Product Strategy

Agility & simplicity driving faster TTM and efficient operations

- Launch new offers in 3 hours
- Fast delivery in 90 days
- Zero business disruption - CI/CD

Digital experience meeting customer expectations in real time

- Personalization
- Converged
- Quality as the new currency
- Digital customer lifecycle management

Accelerating monetization

Innovation to monetize new opportunities and accelerate revenue growth

- Tap into new revenue streams
- Build new services (5G, IoT)
- Monetize any services, attributes and business models
- Launch MVNE offering
- Build partner ecosystem

Harnessing Transformational Possibilities to Accelerate Monetization



Optiva
BSS Platform

End-to-end suite, fully managed,
tailored for the digital era



Optiva
Charging Engine

Converged and online charging,
offering real-time at scale



Ready for 5G
& IoT monetization



Simplify
offering



Launch new
MVNO

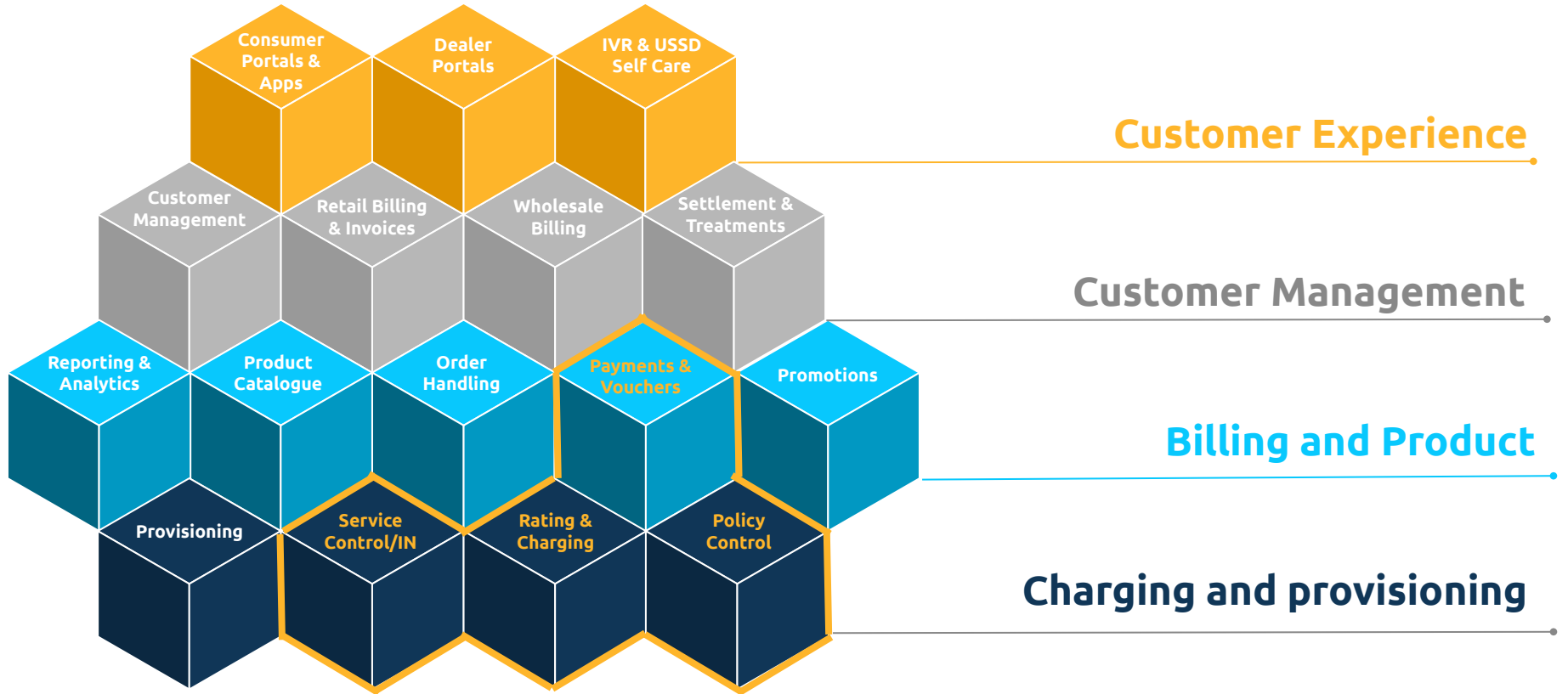


Launch a new
digital brand or
MVNE



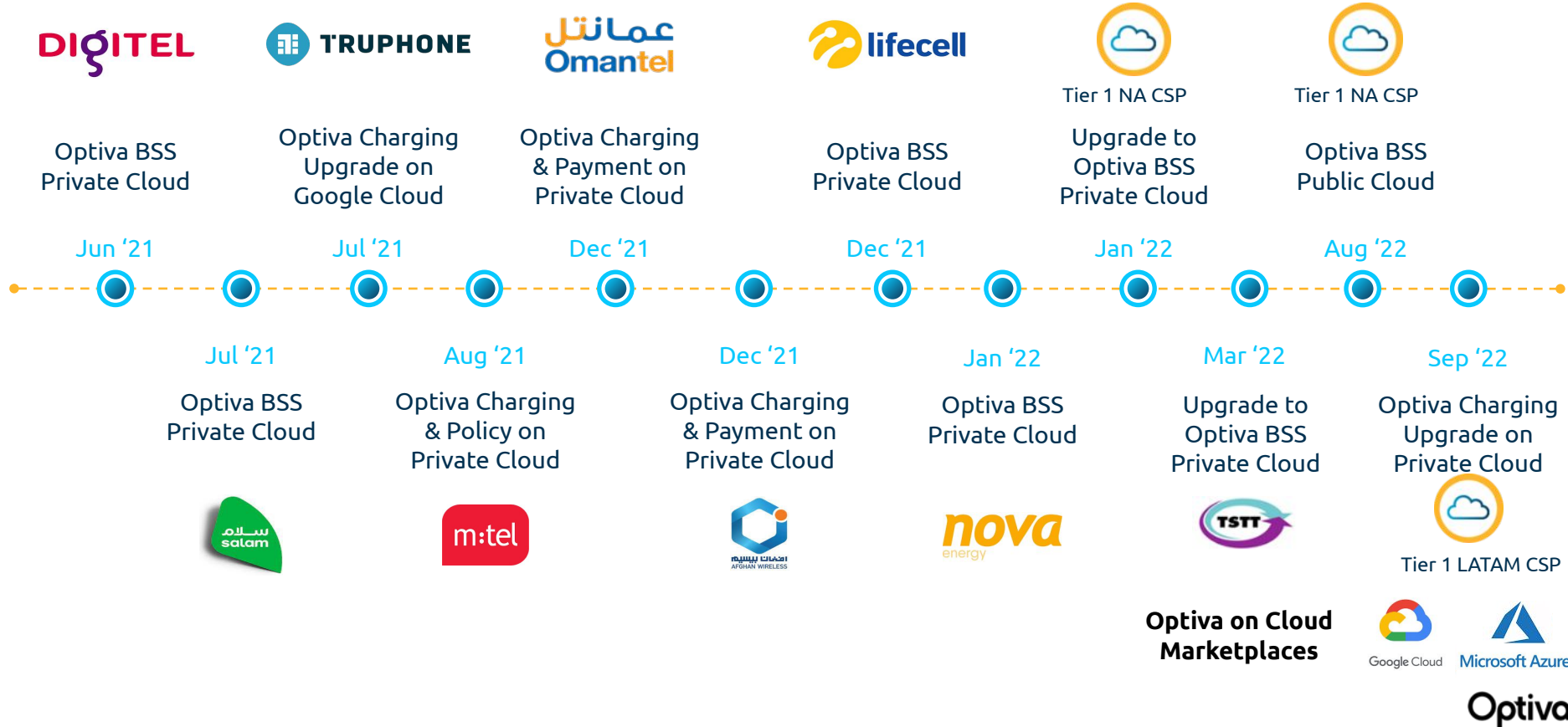
Drive new revenue
streams and partner
ecosystems

The BSS Landscape We Serve



● Functions serve as best-of-breed offerings from Optiva Charging Engine suite

Cloudification: Optiva is a Leader



Fourth Quarter Financial Summary

\$15.1M
Revenue

70%
Gross Margin

20%
Adj EBITDA*

\$20.3M
Cash

\$21.5M
TCV*

20%
R&D % of Rev

*Represents Non-IFRS measures. Defined in the Glossary slide 19

Fourth Quarter Highlights

Steady Financial Performance

Steady Revenue and Solid Bookings

- **Revenue** lower by (1%) QoQ & (7%) YoY at \$15.1M

- Q4'22 **TCV* bookings of \$21.5M**, FY'22 TCV bookings of **\$91.6M**

Steady Gross & EBITDA Margins

- Q4'22 Gross Margin steady at **70%**

- Q4'22 **Adj. EBITDA* Margin of 20%** with continued investments in S&M and R&D

Investments in Sales and R&D Delivering

Research & Development

Launched B2B/B2B2X Partner Monetization PaaS: Telecom operators can monetize partner offerings and emerging 5G and IoT B2B2X opportunities across industries, use cases and business types.

Salesforce / Mulesoft Integration: Empower CSPs using MuleSoft to simplify and unify their BSS and customer data to accelerate 5G ecosystem monetization.

Customer Wins

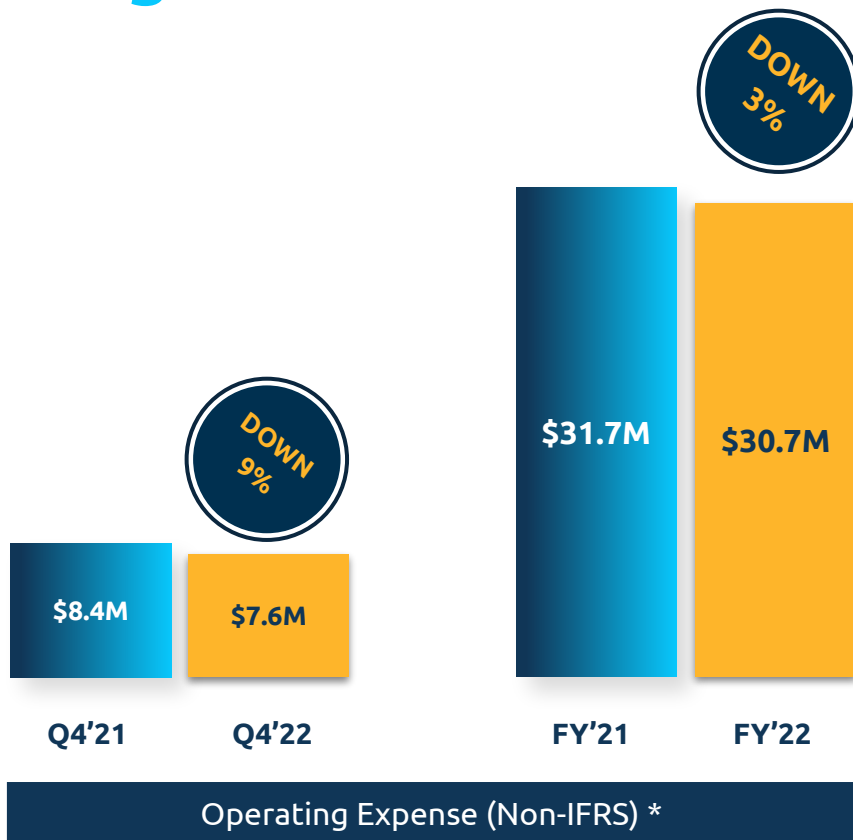
BT: renewed its next-generation intelligent network (NGIN) service delivery platform (SDP) solution and support services.

Tier 1 Latin-American CSP: Multi year renewal with migration from private to public cloud

Tier 1 European CSP: Multi year renewal and upgrade of the public cloud stack

*Represents Non-IFRS measures. Defined in the Glossary slide 19.

Driving Efficiency While Making Strategic Investments

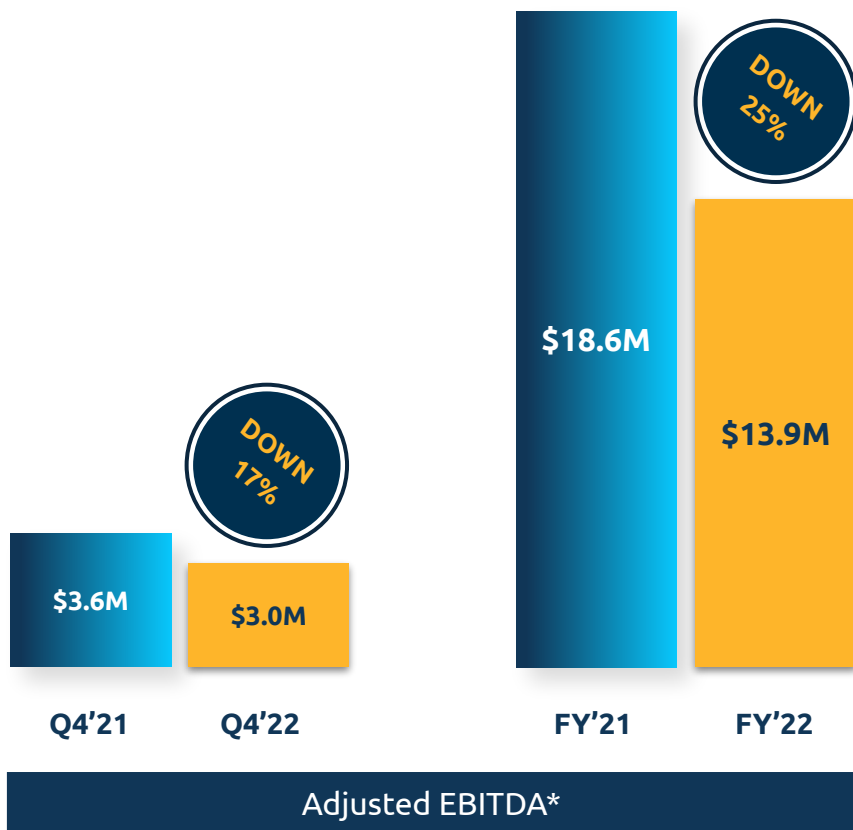


Opex Drivers

- R&D: FY'22 R&D spend is lower YoY primarily due to cost optimization of non-headcount spend, despite increased headcount spend
- S&M: Increased coverage in APAC & North America, strong bookings drive higher YoY spend in FY'22
- G&A: Opex reduction in FY'22 driven by lower compensation costs, lower legal & finance costs

*Represents Non-IFRS measures. Defined in the Glossary slide 19.

Strong Core Profitability With Continued Investments



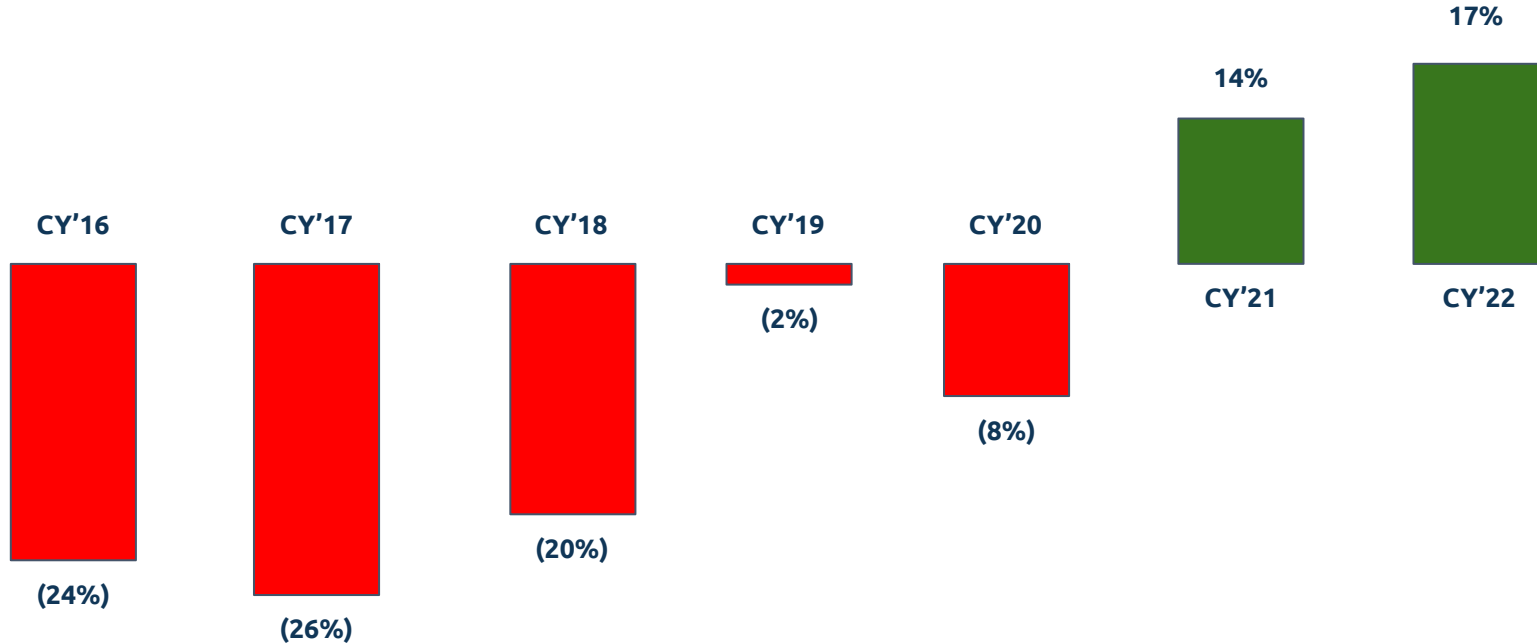
FY'22 Adjusted EBITDA

- Q4'22 Adj EBITDA is the 10th consecutive quarter of strong profitable results, demonstrating the strength of the core business
- Continued investments in R&D and S&M resulting in YoY EBITDA decline in FY'22

*Represents Non-IFRS measures. Defined in the Glossary slide 19.

Progress on Rule of 40

Rule of 40 : Sum of Revenue Growth % (Y/Y) + Adjusted EBITDA %



*Cloud innovation spend is not added back in Adj EBITDA calculation.

Goals

- ❖ Targeting the intersection of cloud and 5G market inflection point
- ❖ Transition from a services to a software business model
- ❖ Delivering high-value products and services to satisfy the complex needs of our global customers for their public and private cloud strategies
- ❖ Converting growing sales pipeline into new revenue starting in FY23
- ❖ Focus on achieving a steady and predictable ARR

Thank you

Analyst Coverage

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Income Statement

Income Statement <i>(US\$, in thousands, except per share data)</i>	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Software, Services & Other	3,921	5,095	4,727	3,884	3,303	4,829	5,254	4,215	5,837	5,739	5,260	5,919	17,627	17,601	22,755
Support and Subscription	15,116	14,838	14,077	14,258	12,788	11,482	11,412	11,954	10,299	9,660	9,901	9,165	58,289	47,635	39,024
Total Revenue	19,037	19,933	18,804	18,142	16,091	16,311	16,666	16,169	16,136	15,399	15,160	15,084	75,916	65,236	61,779
Cost of Revenue	5,354	5,121	4,649	4,479	3,675	3,599	3,492	4,110	4,071	4,456	4,215	4,451	19,604	14,875	17,193
Gross Margin	13,683	14,811	14,155	13,663	12,416	12,712	13,174	12,059	12,065	10,942	10,945	10,633	56,312	50,361	44,586
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	71%	72%	70%	74%	77%	72%
Operating expenses															
Sales & Marketing	3,023	1,668	1,581	1,680	1,787	1,926	1,789	2,628	2,819	2,016	2,535	2,503	7,952	8,130	9,872
General & Administrative	5,464	10,141	8,288	6,165	4,458	4,536	2,990	4,779	3,174	3,062	1,431	3,423	30,059	16,762	11,089
Research & Development	11,924	8,684	2,255	2,674	517	3,242	3,413	3,339	2,854	3,210	2,955	3,047	25,537	10,510	12,067
Restructuring costs (recovery)	116	26	59	(39)	-	-	-	-	-	-	-	-	163	-	-
Total Operating Expenses	20,528	20,520	12,184	10,480	6,762	9,704	8,191	10,745	8,847	8,287	6,920	8,973	63,711	35,402	33,028
Income / (Loss) from operations	(6,845)	(5,708)	1,971	3,183	5,654	3,008	4,983	1,314	3,218	2,655	4,025	1,659	(7,399)	14,959	11,558
Operating Income Margin %	(36%)	(29%)	10%	18%	35%	18%	30%	8%	20%	17%	27%	11%	(10%)	23%	19%
Foreign exchange gain (loss)	(1,883)	(298)	283	(100)	307	218	110	(369)	(49)	(488)	(255)	(376)	(1,999)	266	(1,168)
Finance income	86	(9)	173	156	72	71	329	64	86	73	97	149	406	535	406
Finance expense / (recovery)	9,763	(8,385)	(29,661)	2,029	11,193	(889)	(805)	(3,241)	(1,175)	(2,238)	(2,104)	(2,399)	(26,254)	6,259	(7,916)
Income / (Loss) before Income Taxes	1,120	(14,400)	(27,234)	5,268	17,227	2,408	4,616	(2,232)	2,080	2	1,762	(966)	(35,246)	22,019	2,880
Income tax expense	312	376	1,987	3,598	528	1,077	833	1,078	243	494	893	541	6,274	3,516	2,171
Net Income / (Loss) for the period	808	(14,777)	(29,221)	1,670	16,698	1,332	3,783	(3,310)	1,837	(492)	869	(1,507)	(41,520)	18,503	709
Earnings / (Loss) per common share															
Basic	\$0.15	(\$2.78)	(\$5.50)	\$0.31	\$3.14	\$0.22	\$0.62	(\$0.54)	\$0.30	(\$0.08)	\$0.14	(\$0.24)	(\$7.81)	\$3.12	\$0.11
Diluted	\$0.14	(\$2.78)	(\$5.50)	\$0.29	\$3.01	\$0.22	\$0.61	(\$0.54)	\$0.30	(\$0.08)	\$0.14	(\$0.24)	(\$7.81)	\$3.11	\$0.11
Wtd. Avg. number of common shares (thousands)															
Basic	5,316	5,316	5,316	5,316	5,316	6,076	6,151	6,154	6,178	6,178	6,178	6,178	5,316	5,928	6,178
Diluted	5,632	5,316	5,316	5,698	5,544	6,128	6,159	6,154	6,178	6,178	6,178	6,178	5,316	5,949	6,178

Balance Sheet

Balance Sheet <i>(US\$, in thousands)</i>	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Cash, Cash Equivalents and Restricted Cash	30,286	27,175	21,306	18,290	10,637	33,473	32,823	30,379	25,999	26,373	18,252	20,334
Trade Accounts & Other Receivables	7,100	7,360	9,744	7,869	12,687	9,421	9,241	7,203	9,154	10,625	10,435	7,535
Unbilled Revenue	9,505	8,258	8,365	7,607	5,806	8,177	9,251	11,087	12,192	13,993	15,318	18,153
Goodwill and Intangible Assets	41,999	39,535	37,360	35,527	35,164	34,801	34,811	34,076	33,714	33,353	32,992	32,631
Other Assets	6,792	8,739	7,468	8,088	8,827	9,016	9,423	9,916	8,205	8,060	7,722	7,964
Total Assets	95,682	91,066	84,242	77,380	73,122	94,887	95,549	92,660	89,264	92,405	84,720	86,618
Trade Payable and Accrued Liabilities	20,974	19,638	22,589	18,489	14,667	14,432	14,016	14,989	10,304	13,617	11,794	14,771
Deferred Revenue	12,185	11,938	6,866	5,556	5,449	6,830	4,788	4,146	5,462	6,262	3,380	2,398
Provisions	3,217	6,024	5,765	5,555	4,223	4,200	4,200	4,200	4,200	4,200	-	-
Debentures	-	-	86,812	86,338	86,493	86,653	86,819	86,990	87,162	87,340	87,526	87,716
Preferred Shares	66,794	69,504	-	-	-	-	-	-	-	-	-	-
Series A Warrant	10,183	15,737	21,291	16,663	4,020	2,508	861	1,668	512	337	29	-
Other Liabilities	17,143	17,815	23,289	24,211	21,482	22,340	19,173	15,732	14,455	13,538	7,323	7,812
Total Liabilities	130,496	140,656	166,613	156,812	136,334	136,963	129,857	127,725	122,094	125,293	110,052	112,698
Shareholders' Equity / (Deficit)	(34,813)	(49,590)	(82,371)	(79,432)	(63,212)	(42,075)	(34,308)	(35,064)	(32,830)	(32,888)	(25,332)	(26,080)
Total Liabilities & Shareholders' Equity / (Deficit)	95,682	91,066	84,242	77,380	73,122	94,887	95,549	92,660	89,264	92,405	84,720	86,618

Adjusted EBITDA Reconciliation

Reconciliation of Net Income to Adj. EBITDA (US\$, in thousands)	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Net income (loss) for the period	808	(14,777)	(29,221)	1,670	16,698	1,332	3,783	(3,309)	1,837	(492)	870	(1,506)	(41,520)	18,503	709
Add back / (subtract):															
Depreciation of property and equipment	-	-	-	-	-	18	65	86	92	144	119	157	-	169	512
Amortization of intangible assets	2,488	2,464	2,188	1,820	363	363	363	363	361	361	361	361	8,960	1,451	1,444
Finance (income) / loss	(86)	9	(173)	(156)	(72)	(71)	(329)	(64)	(86)	(73)	(97)	(150)	(406)	(535)	(406)
Finance costs (recovery)	(9,763)	8,385	29,661	(2,029)	(11,193)	889	804	3,241	1,175	2,238	2,105	2,398	26,254	(6,259)	7,916
Income tax expense	312	376	1,987	3,598	528	1,077	833	1,078	243	494	893	541	6,274	3,516	2,171
Share-based compensation	(1,244)	359	1,421	(384)	723	693	490	1,884	149	560	375	863	152	3,790	1,947
Foreign exchange loss (gain)	1,883	298	(283)	100	(307)	(218)	(109)	369	49	488	254	376	1,999	(266)	1,168
EBITDA ⁽²⁾	(5,601)	(2,885)	5,580	4,619	6,739	4,082	5,900	3,647	3,821	3,720	4,880	3,040	1,713	20,369	15,461
Restructuring costs (recovery)	116	26	59	(39)	-	-	-	-	-	-	-	-	163	-	-
Change in Other Provisions	-	3,073	-	-	(1,314)	-	-	-	-	-	(1,571)	-	3,073	(1,314)	(1,571)
Non-Recurring Items ⁽¹⁾	191	731	1,179	652	(434)	-	-	-	-	-	-	-	2,753	(434)	-
Adjusted EBITDA ⁽²⁾	(5,294)	944	6,819	5,231	4,992	4,082	5,900	3,647	3,821	3,720	3,309	3,040	7,701	18,621	13,890

(1) One-time costs (recovery) related to shareholder conflict and Debenture financing.

(2) EBITDA and Adjusted EBITDA represent Non-IFRS measures. Defined in the Glossary slide 19.

Adj. Income Statement (Adj. for D&A, SBC & Non-Recurring Items)

Adj. Income Statement (non-IFRS) ⁽¹⁾ (US\$, in thousands)	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Total Revenue	19,037	19,933	18,804	18,142	16,091	16,311	16,666	16,169	16,136	15,399	15,160	15,084	75,916	65,236	61,779
Recurring Revenue	16,890	16,648	14,962	14,959	13,562	12,272	12,167	12,694	11,117	10,696	10,428	9,732	63,459	50,696	41,973
Recurring Revenue % of Revenue	89%	84%	80%	82%	84%	75%	73%	79%	69%	69%	69%	64%	84%	78%	68%
Cost of Revenue (non-IFRS) ⁽¹⁾	5,354	5,121	4,649	4,479	3,675	3,599	3,492	4,110	4,071	4,456	4,197	4,419	19,604	14,875	17,143
Gross Margin (non-IFRS) ⁽¹⁾	13,683	14,811	14,155	13,663	12,416	12,712	13,174	12,059	12,065	10,942	10,963	10,665	56,312	50,361	44,635
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	71%	72%	71%	74%	77%	72%
Sales & Marketing (non-IFRS) ⁽¹⁾	3,023	1,668	1,581	1,680	1,787	1,926	1,789	2,628	2,819	2,016	2,535	2,503	7,952	8,130	9,872
S&M % of Revenue	16%	8%	8%	9%	11%	12%	11%	16%	17%	13%	17%	17%	10%	12%	16%
General & Administrative (non-IFRS) ⁽¹⁾	4,029	3,515	3,500	4,078	3,106	3,658	2,323	2,775	2,749	2,229	2,375	2,328	15,121	11,862	9,681
G&A % of Revenue	21%	18%	19%	22%	19%	22%	14%	17%	17%	14%	16%	15%	20%	18%	16%
Research & Development (non-IFRS) ⁽¹⁾	11,924	8,684	2,255	2,674	2,531	3,045	3,162	3,010	2,677	2,977	2,743	2,795	25,537	11,747	11,192
R&D % of Revenue	63%	44%	12%	15%	16%	19%	19%	19%	17%	19%	18%	19%	34%	18%	18%
Total Operating Expenses (non-IFRS) ⁽¹⁾	18,976	13,867	7,336	8,432	7,424	8,630	7,273	8,412	8,245	7,222	7,653	7,625	48,611	31,739	30,745
Opex % of Revenue	100%	70%	39%	46%	46%	53%	44%	52%	51%	47%	50%	51%	64%	49%	50%
Adjusted EBITDA ⁽²⁾	(5,294)	944	6,819	5,231	4,992	4,082	5,900	3,647	3,821	3,720	3,309	3,040	7,701	18,621	13,890
Adj. EBITDA Margin %	(28%)	5%	36%	29%	31%	25%	35%	23%	24%	24%	24%	20%	10%	29%	22%

(1) Non-IFRS denotes exclusion of SBC, D&A, and Non-Recurring charges from IFRS reported Cost of Revenue and Operating expenses.

(2) Adjusted EBITDA represents Non-IFRS measure. Defined in the Glossary slide 19.

Glossary of Terms

EBITDA / Adjusted EBITDA: "EBITDA" and "Adjusted EBITDA" are not financial measures 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 & reversals, and any one-time transaction costs associated with shareholder conflict. The Company believes that Adjusted EBITDA is a metric that investors may find useful in understanding the Company's financial position.

Cash: Total Cash, which includes (a) Cash and cash equivalents in current assets and (b) Restricted cash in non-current assets.

Headcount: Total resources including employees, independent contractors and resources onboarded via any third party agency and working exclusively for Optiva.

Operating Expense (non-IFRS): Total sales & marketing, general & administrative and research & development expenses excluding (a) depreciation and amortization, (b) share-based compensation and (c) non-recurring items.

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