

The Optiva logo is displayed in white, sans-serif font in the top left corner. The background features a dark blue city skyline at night with numerous vertical light trails in shades of blue and purple, and a large, semi-transparent blue circular graphic containing a white upward-pointing arrow on the right side.

Optiva

# Investor Presentation

TSX:OPT

November 08, 2022

John Giere, President & CEO  
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 November 08, 2022, 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](http://www.sedar.com) and on 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.

## 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 20.

# Optiva in Numbers

**TSX:OPT**

Technology Software

**6.2M**

Shares Outstanding



**50+**

CSP Customers

**\$65.2M**

Revenue (FY'21)

**C\$17.50**

Stock Price 7-Nov-2022



**3 Billion**

Transactions Per Hour

**\$18.6M**

Adj. EBITDA (FY'21)

**\$80M**

Market Capitalization



**50+**

Countries Globally

**\$3.11**

Diluted EPS (FY'21)

**\$152M**

Enterprise Value



**376**

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

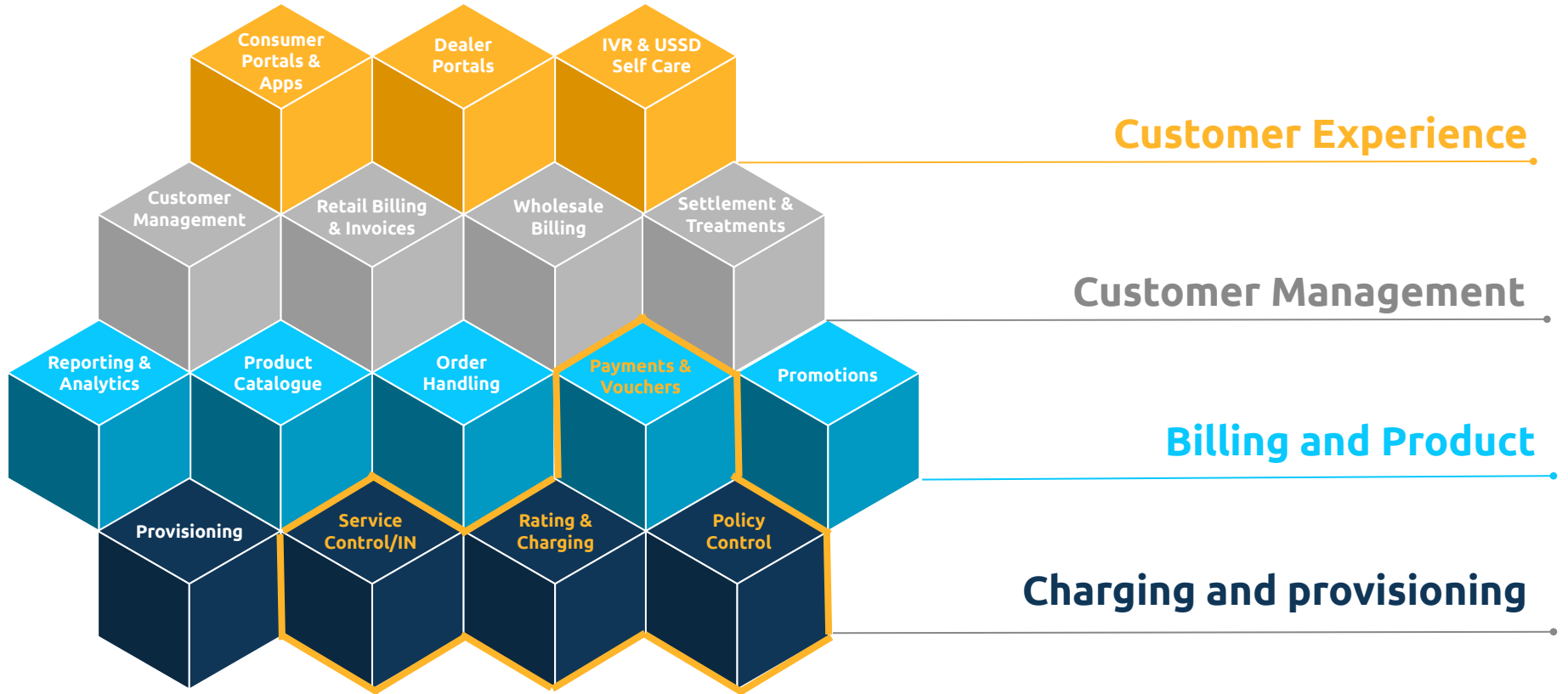


Launch a new  
digital brand or  
MVNE



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 an Early Mover



Optiva BSS  
Private Cloud

Jun '21



Optiva Charging  
Upgrade on  
Google Cloud

Jul '21

Jul '21

Optiva BSS  
Private Cloud



Optiva Charging  
& Payment on  
Private Cloud

Dec '21

Aug '21

Optiva Charging  
& Policy on  
Private Cloud



Optiva BSS  
Private Cloud

Dec '21

Dec '21

Optiva Charging  
& Payment on  
Private Cloud



Tier 1 NA CSP

Upgrade to  
Optiva BSS  
Private Cloud

Jan '22

Jan '22

Optiva BSS  
Private Cloud



Tier 1 NA CSP

Optiva BSS  
Public Cloud

Aug '22

Mar '22

Upgrade to  
Optiva BSS  
Private Cloud



Tier 1 Latam CSP

Sep '22

Optiva Charging  
Upgrade on  
Private Cloud

# Third Quarter Financial Summary

**\$15.2M**  
Revenue

**72%**  
Gross Margin

**22%**  
Adj EBITDA\*

**\$18.3M**  
Cash

**\$24.7M**  
TCV\*

**19%**  
R&D % of Rev

\*Represents Non-IFRS measures. Defined in the Glossary slide 20



# Third Quarter Highlights

## Steady Financial Performance

### Steady Revenue and Solid Bookings

- **Revenue** lower by (2%) QoQ & (9%) YoY **within expected range** at \$15.2M
- Q3'22 **TCV\* bookings of \$24.7M**, YTD Q3'22 TCV bookings of **\$70M**

### Steady Gross & EBITDA Margins

- Q3'22 Gross Margin steady at **72%**
- Q3'22 **Adj. EBITDA\* Margin of 22%** with continued investments in S&M and R&D

## Investments in Sales and R&D Delivering

### Research & Development

- Digitel: Migrated 7.2M Subs**  
Successful go live with new Optiva next-gen BSS platform. Ease and agility to create new service offerings around VoLTE, 5G and IoT.
- TM Forum Certification:**  
Optiva achieved its fifth TM Forum Open API certification, placing the company in TM Forum's Open API Conformance Silver Tier.

### Customer Wins

- Google Cloud:** The first 5G telecom charging solution was transacted through Google Cloud Marketplace.
- TSTT:** Cloud modernization to Optiva next-generation full BSS stack.
- Tier 1 Latin-American CSP:** Private cloud implementation and multi-year support extension to upgrade Optiva Charging Engine.

\*Represents Non-IFRS measures. Defined in the Glossary slide 20.

# Customer Progress



- Cloud modernization to Optiva's next-generation BSS Platform
- Five-year subscription services agreement with Optiva, with pay-as-you-grow commercial terms
- "Optiva's BSS platform, with cloud and Kubernetes technology, allows TSTT to leverage cloud innovation and shift to an Opex business model to achieve extraordinary business growth and TCO savings" — Kenrick Garcia, CTIO of TSTT



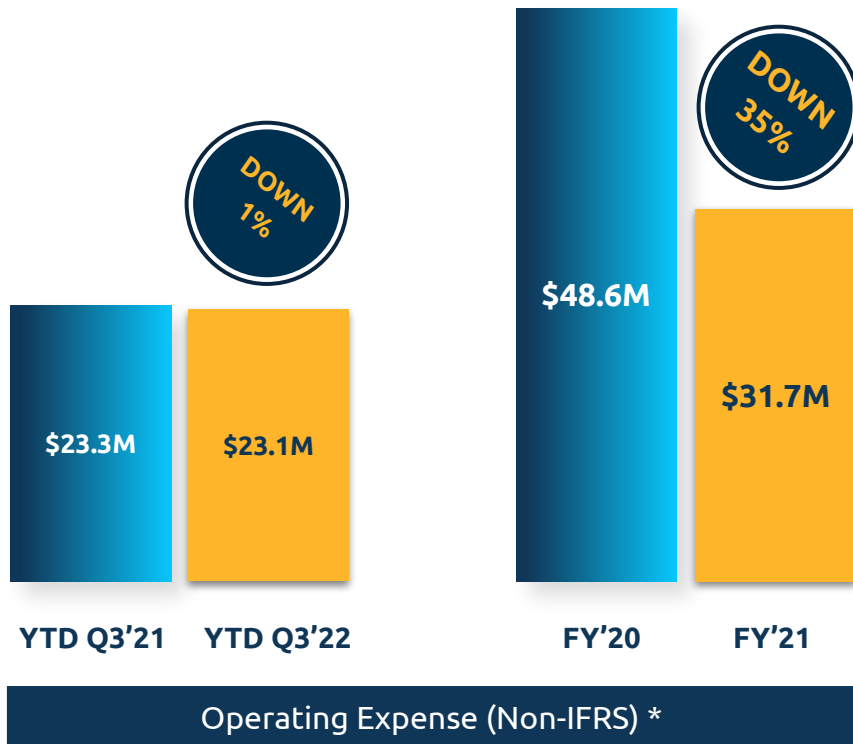
Google Cloud

- Launched the first 5G telecom charging solution to be transacted through Google Cloud Marketplace.
- Leading Canadian media and telecommunications company.
- Optiva Charging Engine is pre-integrated with Google Cloud.
- Enables CSPs to rapidly procure the software and connect to other parts of their architecture within 90 days.



- Tier 1 Latin-American CSP.
- Upgraded Optiva Charging Engine.
- Private cloud implementation.
- Multi-year support extension.
- Opportunities to further grow the account within the larger group.

# Driving Efficiency While Making Strategic Investments

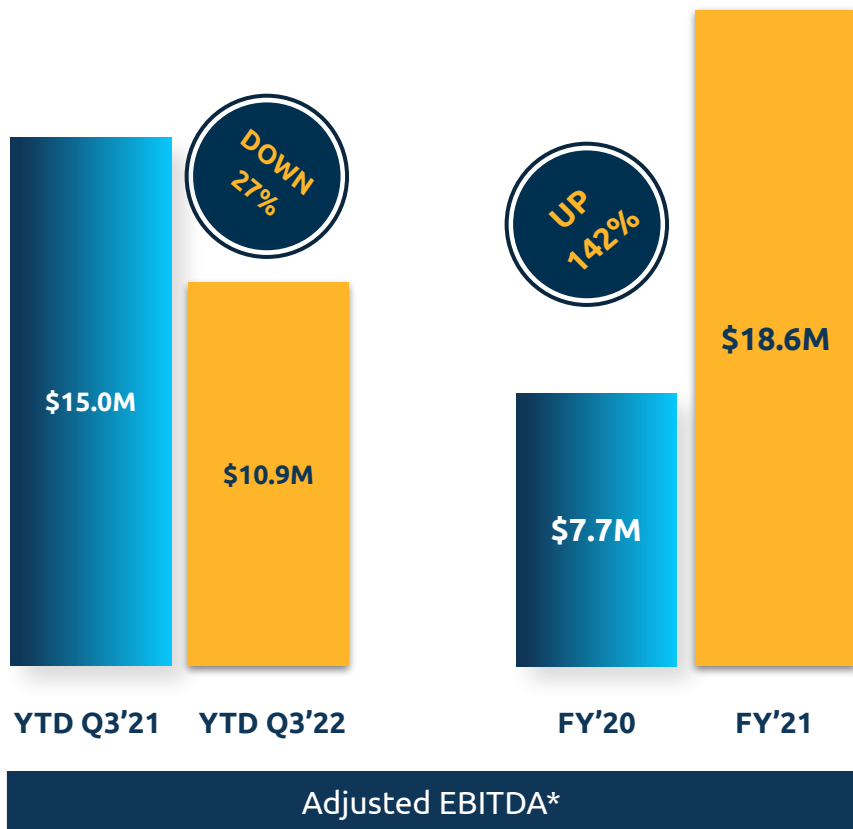


\*Represents Non-IFRS measures. Defined in the Glossary slide 20.

## Opex Drivers

- R&D: YTD Q3'22 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 YTD Q3'22
- G&A: Opex reduction in YTD Q3'22 driven by lower compensation costs, lower legal & finance costs

# Strong Core Profitability With Continued Investments



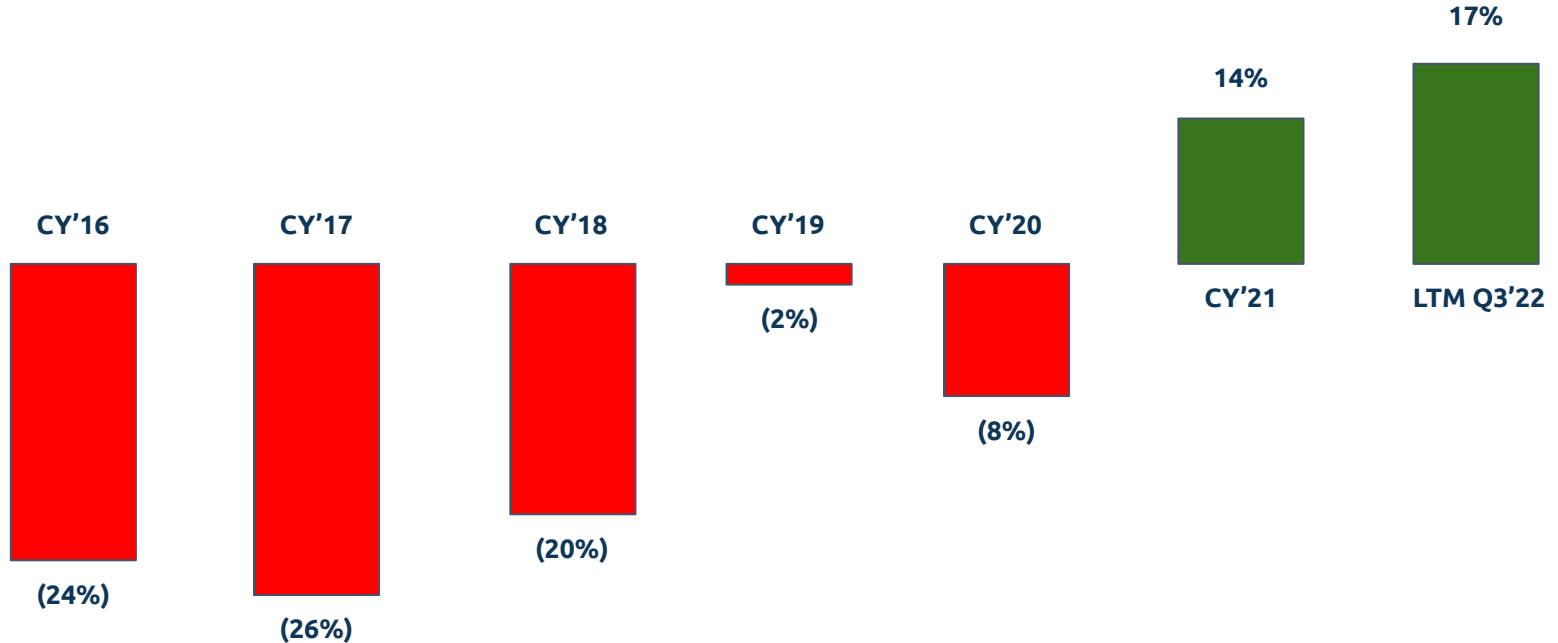
## YTD Q3'22 Adjusted EBITDA

- Q3'22 Adj EBITDA is the 9<sup>th</sup> 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 YTD Q3'22

\*Represents Non-IFRS measures. Defined in the Glossary slide 20.

# 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.

# Looking Ahead

- ❖ Targeting the intersection of cloud and 5G market inflection point
- ❖ Transition from a services to a software business model
- ❖ R&D continues to deliver high-value products and services to satisfy the complex needs of our global customers for their public and private cloud strategies
- ❖ The sales pipeline is expected to show meaningful results in FY23
- ❖ Focus on delivering a steady and predictable ARR

**Continued progress on the Rule of 40**

**Thank you**

**Analyst Coverage**

**CIBC World Markets, Todd Coupland  
Raymond James, Steven Li**



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**Optiva**

# Income Statement

<b>Income Statement</b> <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	FY'20	FY'21
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	17,627	17,601
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	58,289	47,635
<b>Total Revenue</b>	<b>19,037</b>	<b>19,933</b>	<b>18,804</b>	<b>18,142</b>	<b>16,091</b>	<b>16,311</b>	<b>16,666</b>	<b>16,169</b>	<b>16,136</b>	<b>15,399</b>	<b>15,160</b>	<b>75,916</b>	<b>65,236</b>
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	19,604	14,875
<b>Gross Margin</b>	<b>13,683</b>	<b>14,811</b>	<b>14,155</b>	<b>13,663</b>	<b>12,416</b>	<b>12,712</b>	<b>13,174</b>	<b>12,059</b>	<b>12,065</b>	<b>10,942</b>	<b>10,945</b>	<b>56,312</b>	<b>50,361</b>
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	71%	72%	74%	77%
<b>Operating expenses</b>													
Sales & Marketing	3,023	1,668	1,581	1,680	1,787	1,926	1,789	2,628	2,819	2,016	2,535	7,952	8,130
General & Administrative	5,464	10,141	8,288	6,165	4,458	4,536	2,990	4,779	3,174	3,062	1,431	30,059	16,762
Research & Development	11,924	8,684	2,255	2,674	517	3,242	3,413	3,339	2,854	3,210	2,955	25,537	10,510
Restructuring costs (recovery)	116	26	59	(39)	-	-	-	-	-	-	-	163	-
<b>Total Operating Expenses</b>	<b>20,528</b>	<b>20,520</b>	<b>12,184</b>	<b>10,480</b>	<b>6,762</b>	<b>9,704</b>	<b>8,191</b>	<b>10,745</b>	<b>8,847</b>	<b>8,287</b>	<b>6,920</b>	<b>63,711</b>	<b>35,402</b>
<b>Income / (Loss) from operations</b>	<b>(6,845)</b>	<b>(5,708)</b>	<b>1,971</b>	<b>3,183</b>	<b>5,654</b>	<b>3,008</b>	<b>4,983</b>	<b>1,314</b>	<b>3,218</b>	<b>2,655</b>	<b>4,025</b>	<b>(7,399)</b>	<b>14,959</b>
Operating Income Margin %	(36%)	(29%)	10%	18%	35%	18%	30%	8%	20%	17%	27%	(10%)	23%
Foreign exchange gain (loss)	(1,883)	(298)	283	(100)	307	218	110	(369)	(49)	(488)	(254)	(1,999)	266
Finance income	86	(9)	173	156	72	71	329	64	86	73	97	406	535
Finance expense / (recovery)	9,763	(8,385)	(29,661)	2,029	11,193	(889)	(805)	(3,241)	(1,175)	(2,238)	(2,104)	(26,254)	6,259
<b>Income / (Loss) before Income Taxes</b>	<b>1,120</b>	<b>(14,400)</b>	<b>(27,234)</b>	<b>5,268</b>	<b>17,227</b>	<b>2,408</b>	<b>4,616</b>	<b>(2,232)</b>	<b>2,080</b>	<b>2</b>	<b>1,763</b>	<b>(35,246)</b>	<b>22,019</b>
Income tax expense	312	376	1,987	3,598	528	1,077	833	1,078	243	494	893	6,274	3,516
<b>Net Income / (Loss) for the period</b>	<b>808</b>	<b>(14,777)</b>	<b>(29,221)</b>	<b>1,670</b>	<b>16,698</b>	<b>1,332</b>	<b>3,783</b>	<b>(3,310)</b>	<b>1,837</b>	<b>(492)</b>	<b>870</b>	<b>(41,520)</b>	<b>18,503</b>
<b>Earnings / (Loss) per common share</b>													
Basic	\$0.15	(\$2.78)	(\$5.50)	\$0.31	\$3.14	\$0.22	\$0.62	(\$0.54)	\$0.30	(\$0.08)	\$0.14	(\$7.81)	\$3.12
Diluted	\$0.14	(\$2.78)	(\$5.50)	\$0.29	\$3.01	\$0.22	\$0.61	(\$0.54)	\$0.30	(\$0.08)	\$0.14	(\$7.81)	\$3.11
<b>Wtd. Avg. number of common shares (thousands)</b>													
Basic	5,316	5,316	5,316	5,316	5,316	6,076	6,151	6,154	6,178	6,178	6,178	5,316	5,928
Diluted	5,632	5,316	5,316	5,698	5,544	6,128	6,159	6,154	6,178	6,178	6,178	5,316	5,949



# Balance Sheet

<b>Balance Sheet</b> <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
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
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
Unbilled Revenue	9,505	8,258	8,365	7,607	5,806	8,177	9,251	11,087	12,192	13,993	15,318
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
Other Assets	6,792	8,739	7,468	8,088	8,827	9,016	9,423	9,916	8,205	8,060	7,722
<b>Total Assets</b>	<b>95,682</b>	<b>91,066</b>	<b>84,242</b>	<b>77,380</b>	<b>73,122</b>	<b>94,887</b>	<b>95,549</b>	<b>92,660</b>	<b>89,264</b>	<b>92,405</b>	<b>84,720</b>
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
Deferred Revenue	12,185	11,938	6,866	5,556	5,449	6,830	4,788	4,146	5,462	6,262	3,380
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
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
<b>Total Liabilities</b>	<b>130,496</b>	<b>140,656</b>	<b>166,613</b>	<b>156,812</b>	<b>136,334</b>	<b>136,963</b>	<b>129,857</b>	<b>127,725</b>	<b>122,094</b>	<b>125,293</b>	<b>110,052</b>
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)
<b>Total Liabilities &amp; Shareholders' Equity / (Deficit)</b>	<b>95,682</b>	<b>91,066</b>	<b>84,242</b>	<b>77,380</b>	<b>73,122</b>	<b>94,887</b>	<b>95,549</b>	<b>92,660</b>	<b>89,264</b>	<b>92,405</b>	<b>84,720</b>

# 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	FY'20	FY'21
Net income (loss) for the period	808	(14,777)	(29,221)	1,670	16,698	1,332	3,783	(3,310)	1,837	(492)	870	(41,520)	18,503
<b>Add back / (subtract):</b>													
Depreciation of property and equipment	2,488	2,464	2,188	1,820	363	381	428	449	453	504	480	8,960	1,621
Amortization of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance (income) / loss	(86)	9	(173)	(156)	(72)	(71)	(329)	(64)	(86)	(73)	(97)	(406)	(535)
Finance costs (recovery)	(9,763)	8,385	29,661	(2,029)	(11,193)	889	805	3,241	1,175	2,238	2,104	26,254	(6,259)
Income tax expense	312	376	1,987	3,598	528	1,077	833	1,078	243	494	893	6,274	3,516
Share-based compensation	(1,244)	359	1,421	(384)	723	693	490	1,884	149	561	375	152	3,790
Foreign exchange loss (gain)	1,883	298	(283)	100	(307)	(218)	(110)	369	49	488	254	1,999	(266)
<b>EBITDA <sup>(2)</sup></b>	<b>(5,601)</b>	<b>(2,885)</b>	<b>5,580</b>	<b>4,619</b>	<b>6,739</b>	<b>4,082</b>	<b>5,901</b>	<b>3,646</b>	<b>3,821</b>	<b>3,721</b>	<b>4,880</b>	<b>1,713</b>	<b>20,369</b>
Restructuring costs (recovery)	116	26	59	(39)	-	-	-	-	-	-	-	163	-
Change in Other Provisions	-	3,073	-	-	(1,314)	-	-	-	-	-	(1,571)	3,073	(1,314)
Non-Recurring Items <sup>(1)</sup>	191	731	1,179	652	(434)	-	-	-	-	-	-	2,753	(434)
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>(5,294)</b>	<b>944</b>	<b>6,819</b>	<b>5,231</b>	<b>4,992</b>	<b>4,082</b>	<b>5,901</b>	<b>3,646</b>	<b>3,821</b>	<b>3,721</b>	<b>3,309</b>	<b>7,701</b>	<b>18,622</b>

(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 20.

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

Adj. Income Statement (non-IFRS) <sup>(1)</sup> (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	FY'20	FY'21
<b>Total Revenue</b>	<b>19,037</b>	<b>19,933</b>	<b>18,804</b>	<b>18,142</b>	<b>16,091</b>	<b>16,311</b>	<b>16,666</b>	<b>16,169</b>	<b>16,136</b>	<b>15,399</b>	<b>15,160</b>	<b>75,916</b>	<b>65,236</b>
Cost of Revenue (non-IFRS) <sup>(1)</sup>	5,354	5,121	4,649	4,479	3,675	3,599	3,492	4,110	4,071	4,456	4,197	19,604	14,875
<b>Gross Margin (non-IFRS) <sup>(1)</sup></b>	<b>13,683</b>	<b>14,811</b>	<b>14,155</b>	<b>13,663</b>	<b>12,416</b>	<b>12,712</b>	<b>13,174</b>	<b>12,059</b>	<b>12,065</b>	<b>10,942</b>	<b>10,963</b>	<b>56,312</b>	<b>50,361</b>
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	71%	72%	74%	77%
Sales & Marketing (non-IFRS) <sup>(1)</sup>	3,023	1,668	1,581	1,680	1,787	1,926	1,789	2,628	2,819	2,016	2,535	7,952	8,130
S&M % of Revenue	16%	8%	8%	9%	11%	12%	11%	16%	17%	13%	17%	10%	12%
General & Administrative (non-IFRS) <sup>(1)</sup>	4,029	3,515	3,500	4,078	3,106	3,658	2,323	2,775	2,749	2,229	2,375	15,121	11,862
G&A % of Revenue	21%	18%	19%	22%	19%	22%	14%	17%	17%	14%	16%	20%	18%
Research & Development (non-IFRS) <sup>(1)</sup>	11,924	8,684	2,255	2,674	2,531	3,045	3,162	3,010	2,677	2,977	2,743	25,537	11,747
R&D % of Revenue	63%	44%	12%	15%	16%	19%	19%	19%	17%	19%	18%	34%	18%
<b>Total Operating Expenses (non-IFRS) <sup>(1)</sup></b>	<b>18,976</b>	<b>13,867</b>	<b>7,336</b>	<b>8,432</b>	<b>7,424</b>	<b>8,630</b>	<b>7,273</b>	<b>8,412</b>	<b>8,245</b>	<b>7,222</b>	<b>7,653</b>	<b>48,611</b>	<b>31,739</b>
Opex % of Revenue	100%	70%	39%	46%	46%	53%	44%	52%	51%	47%	50%	64%	49%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>(5,294)</b>	<b>944</b>	<b>6,819</b>	<b>5,231</b>	<b>4,992</b>	<b>4,082</b>	<b>5,901</b>	<b>3,646</b>	<b>3,821</b>	<b>3,721</b>	<b>3,309</b>	<b>7,701</b>	<b>18,622</b>
Adj. EBITDA Margin %	(28%)	5%	36%	29%	31%	25%	35%	23%	24%	24%	22%	10%	29%

(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 20.

# 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, 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.