

The Optiva logo is displayed in a 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

May 10, 2022

John Giere - President and 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 May 10, 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, Operating expense (non-IFRS) and New Bookings 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\$26.34**

Stock Price 9-May-2022



**3 Billion**

Transactions Per Hour

**\$18.6M**

Adj. EBITDA (FY'21)

**\$126M**

Market Capitalization



**50+**

Countries Globally

**\$3.11**

Diluted EPS (FY'21)

**\$190M**

Enterprise Value



**390**

Global Headcount

# 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



Get ready for 5G & IoT monetization



Simplify architecture



Launch new MVNO, digital brand

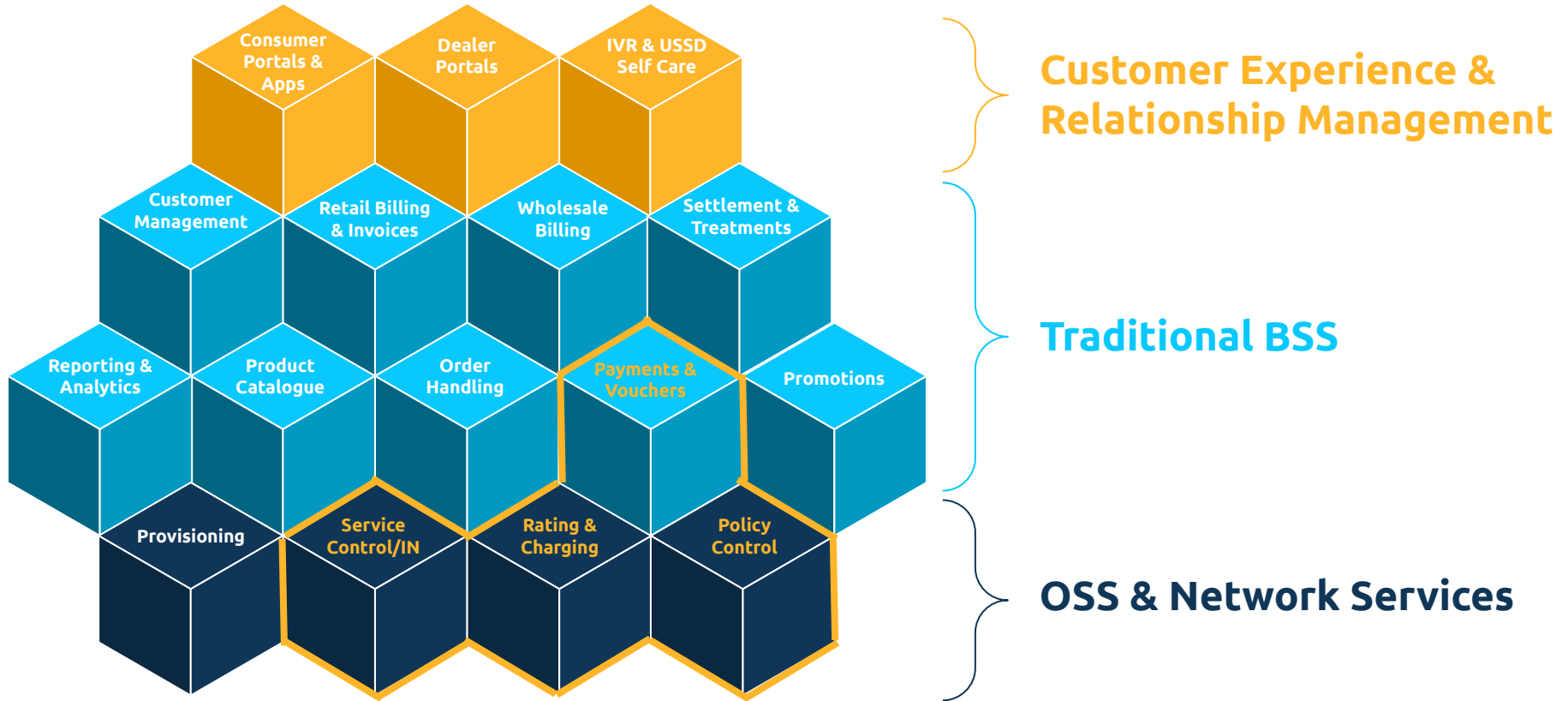


Accelerate TTR for launching new offerings



Drive new revenue streams and partner ecosystem

# Landscape We Serve



# BSS Cloud Leadership



Optiva BSS Private Cloud

Jun '21



Jul '21

Optiva BSS Private Cloud



Optiva Charging Upgrade on Google Cloud

Jul '21



Aug '21

Optiva Charging & Policy on Private Cloud



Optiva Charging & Payment on Private Cloud

Dec '21



Dec '21

Optiva Charging & Payment on Private Cloud



Optiva BSS Private Cloud

Dec '21



Jan '22

Optiva BSS Private Cloud



Tier 1 NA CSP  
Optiva BSS Public Cloud

Mar '22



Mar '22

Optiva BSS Private Cloud



Tier 1 NA CSP

# First Quarter Financial Summary

**\$16.1M**  
Revenue

**75%**  
Gross Margin

**24%**  
Adj EBITDA\*

**\$26.0M**  
Cash

**\$19.7M**  
New Bookings\*

**18%**  
R&D % of Rev

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

# First Quarter Highlights

## Financial performance steadily trending up

### Steady Revenue, Strong Bookings

- **Revenue stable** (QoQ and YoY) at \$16.1M

- Q1'22 New Bookings\* of **\$19.7M, up 10x YoY**

### Steady Gross & EBITDA Margins

- Q1'22 Gross Margin steady at 75%

- Q1'22 **Adj. EBITDA\* Margin of 24%** with continued investments in S&M and R&D

## Investments in Sales and R&D delivering

### Investment Priorities

**R&D Team:** 77 gross adds in LTM in R&D

**Delivery Automation:** Implementation of Optiva Charging Engine Fast Track pack reducing time to market to 90 days

**Centres of Excellence:** Established our 3<sup>rd</sup> COE in Osijek, Croatia

### Strong Customer Traction

**Incumbent customers:** choosing **multi-year cloud upgrades** with Optiva

**Hyperscaler Partnership:** Listing of Optiva products on Google Marketplace

**Sales Team:** Strong traction across geographies driven by increased Sales coverage

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



# Customer Progress

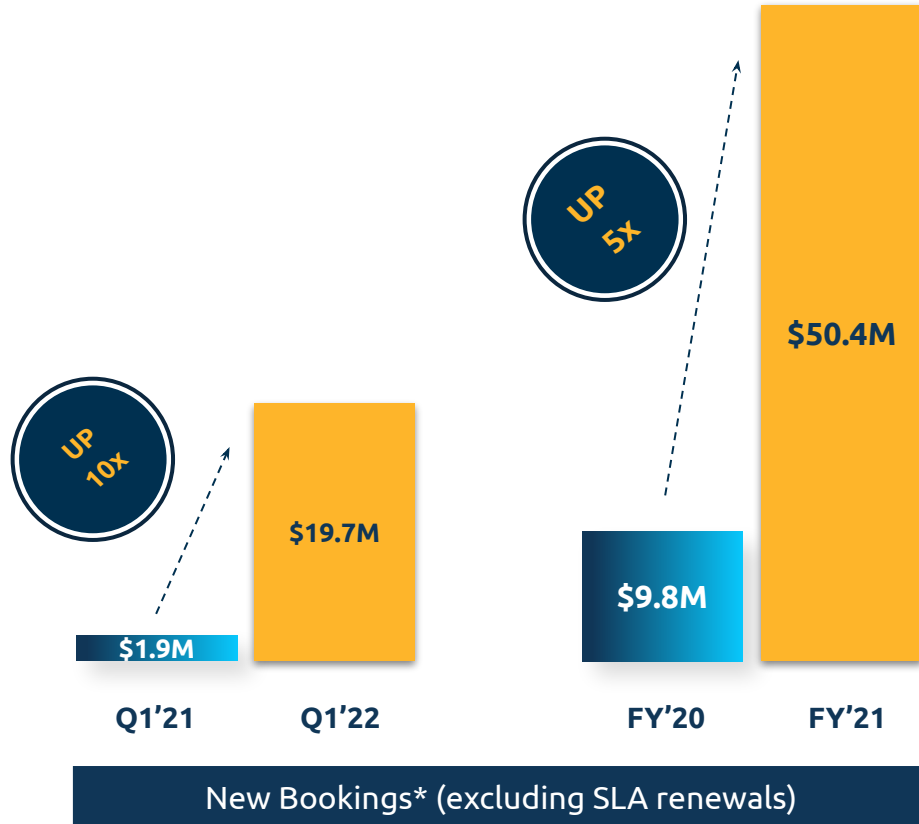
## Highlights

- Listing of Optiva products on Google Marketplace

## Wins

- Multi-year private cloud upgrades by two incumbent North American customers
- Multi-year upgrade with an incumbent Eastern European customer

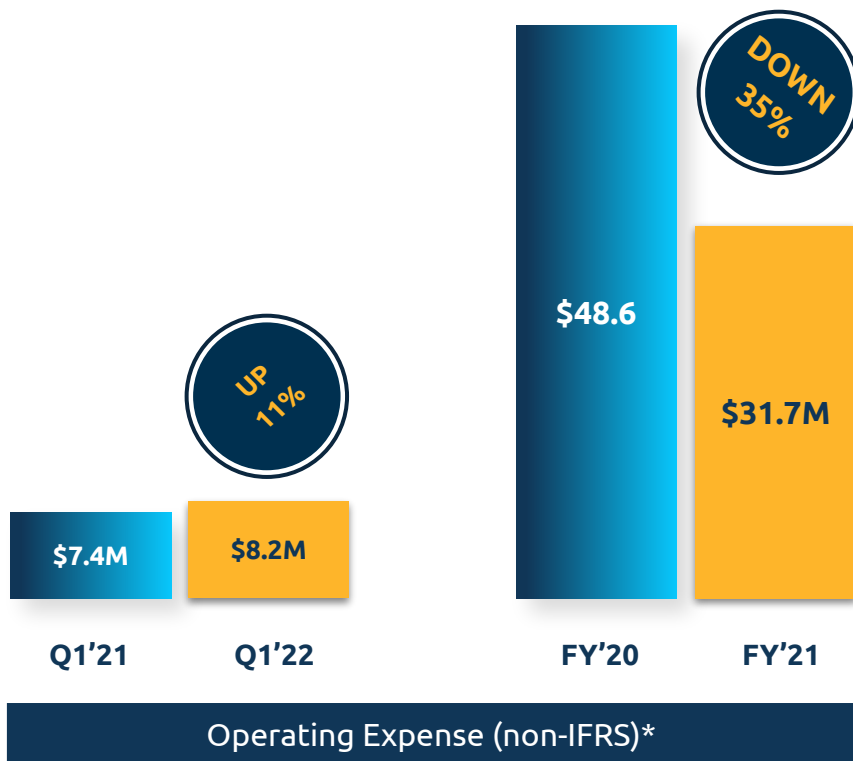
# Strong Growth in New Bookings



## Q1'22 New Bookings

- Multi-year deals signed with two incumbent customers to upgrade to private cloud
- One multi-year upgrade to existing hardware

# Driving Efficiency While Making Strategic Investments

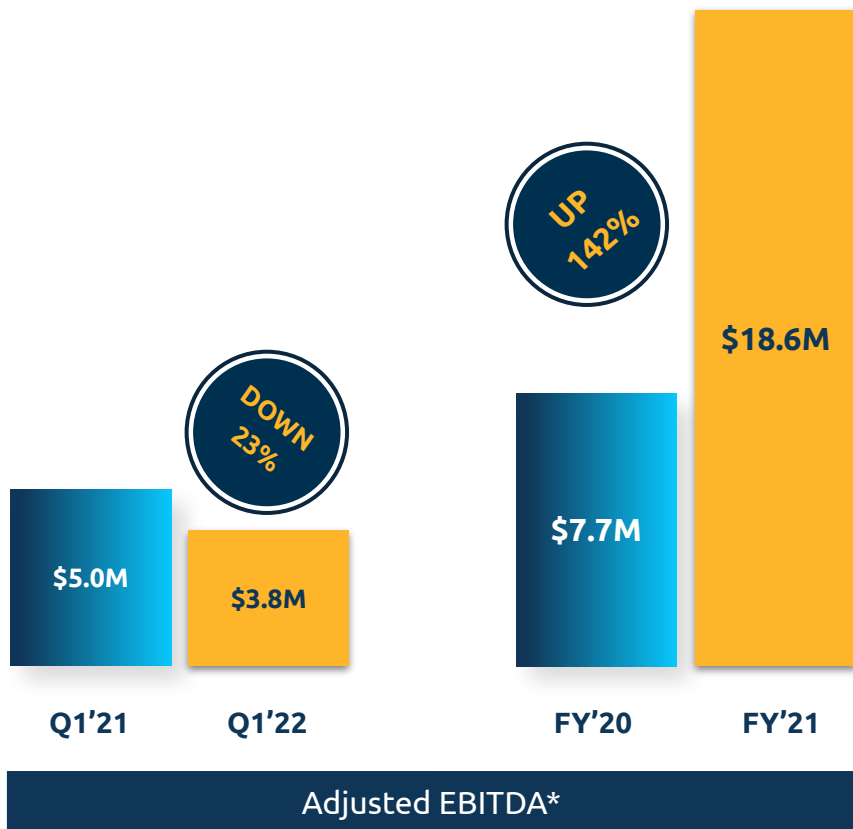


\*Represents Non-IFRS measures. Defined in the Glossary slide 20

## Strategic Priorities

- R&D: Higher headcount leading to an 11% YoY cost increase in Q1'22
- S&M: Increased coverage in APAC & North America, strong bookings drive higher YoY spend in Q1'22
- G&A: Opex reduction driven by lower Legal (settlement of shareholder dispute) and Finance costs (insourced finance function and audit fee reduction)

# Strong Core Profitability With Continued Investments



## Q1'22 Adjusted EBITDA

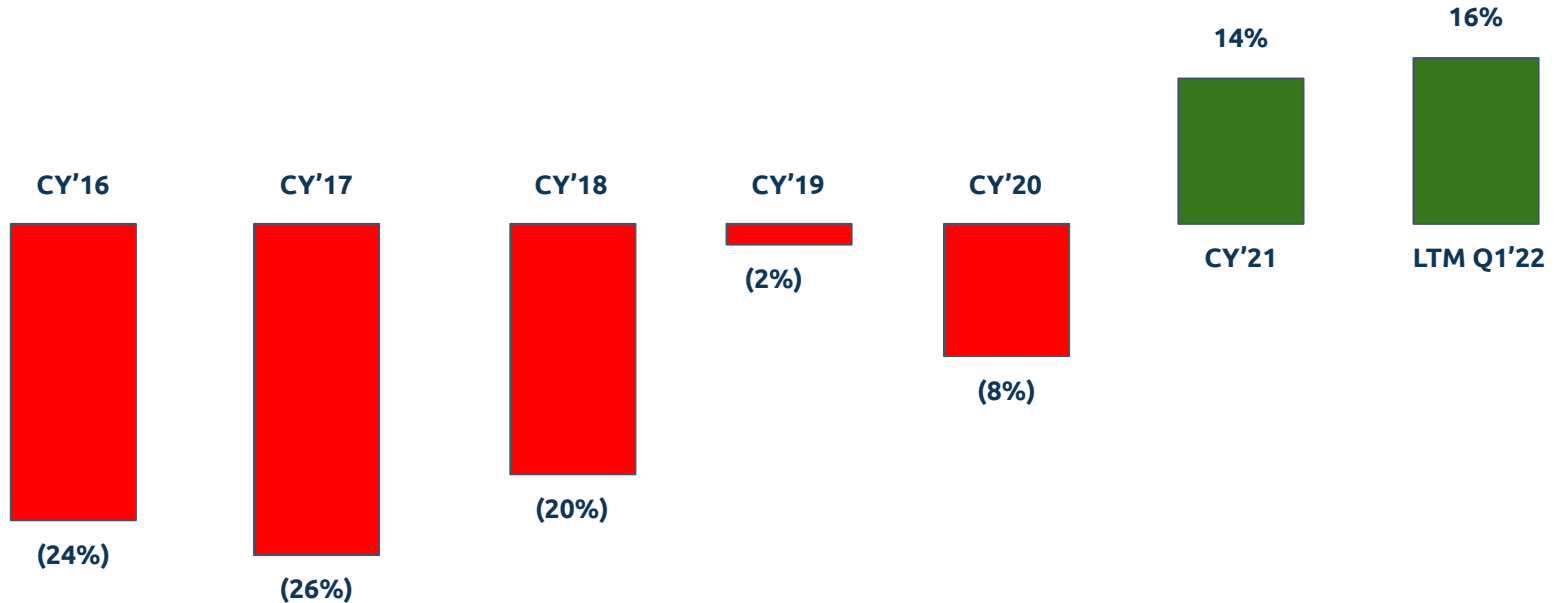
- Q1'22 Adj EBITDA is the 7<sup>th</sup> consecutive quarter of strong profitable results, demonstrating strength of the core business
- Investments in R&D and S&M resulting in YoY EBITDA decline in Q1'22

\*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 %**

FY'21 Positive on Rule of 40: 1<sup>st</sup> year since CY'15



\*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
- ❖ Strengthening the sales pipeline during FY'22
- ❖ On track to deliver product refresh across the portfolio during FY'22
- ❖ 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	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	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	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>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	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>56,312</b>	<b>50,361</b>
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	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	7,952	8,130
General & Administrative	5,464	10,141	8,288	6,165	4,458	4,536	2,990	4,779	3,174	30,059	16,762
Research & Development	11,924	8,684	2,255	2,674	517	3,242	3,413	3,339	2,854	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>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>(7,399)</b>	<b>14,959</b>
Operating Income Margin %	(36%)	(29%)	10%	18%	35%	18%	30%	8%	20%	(10%)	23%
Foreign exchange gain (loss)	(1,883)	(298)	283	(100)	307	218	110	(369)	(49)	(1,999)	266
Finance income	86	(9)	173	156	72	71	329	64	86	406	535
Finance expense / (recovery)	9,763	(8,385)	(29,661)	2,029	11,193	(889)	(805)	(3,241)	(1,175)	(26,254)	6,259
<b>Income / (Loss) before Income Taxes</b>	<b>1,119</b>	<b>(14,401)</b>	<b>(27,234)</b>	<b>5,268</b>	<b>17,227</b>	<b>2,408</b>	<b>4,617</b>	<b>(2,232)</b>	<b>2,081</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	6,274	3,516
<b>Net Income / (Loss) for the period</b>	<b>807</b>	<b>(14,777)</b>	<b>(29,221)</b>	<b>1,670</b>	<b>16,699</b>	<b>1,332</b>	<b>3,783</b>	<b>(3,310)</b>	<b>1,837</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	(\$7.81)	\$3.12
Diluted	\$0.14	(\$2.78)	(\$5.50)	\$0.29	\$3.01	\$0.22	\$0.61	(\$0.54)	\$0.30	(\$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	5,316	5,928
Diluted	5,632	5,316	5,316	5,698	5,544	6,128	6,159	6,154	6,178	5,316	5,949



# Balance Sheet

<b>Balance Sheet</b> <i>(US\$, in thousands)</i>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>Q1'22</b>
Cash, Cash Equivalents and Restricted Cash	30,286	27,175	21,306	18,290	10,637	33,473	32,823	30,379	25,999
Trade Accounts & Other Receivables	7,100	7,360	9,744	7,869	12,687	9,421	9,241	7,203	9,154
Unbilled Revenue	9,505	8,258	8,365	7,607	5,806	8,177	9,251	11,087	12,192
Goodwill and Intangible Assets	41,999	39,535	37,360	35,527	35,164	34,801	34,811	34,076	33,714
Other Assets	6,792	8,739	7,468	8,088	8,827	9,016	9,423	9,916	8,205
<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>
Trade Payable and Accrued Liabilities	20,974	19,638	22,589	18,489	14,667	14,432	14,016	14,989	10,304
Deferred Revenue	12,185	11,938	6,866	5,556	5,449	6,830	4,788	4,146	5,462
Provisions	3,217	6,024	5,765	5,555	4,223	4,200	4,200	4,200	4,200
Debentures	-	-	86,812	86,338	86,493	86,653	86,819	86,990	87,162
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
Other Liabilities	17,143	17,815	23,289	24,211	21,482	22,340	19,173	15,732	14,455
<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>
Shareholders' Equity / (Deficit)	(34,813)	(49,590)	(82,371)	(79,432)	(63,212)	(42,075)	(34,308)	(35,064)	(32,830)
<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>

# 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	FY'20	FY'21
<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>(41,520)</b>	<b>18,503</b>
<b>Add back / (Subtract):</b>											
Depreciation of property and equipment	2,488	2,464	2,188	1,820	363	381	428	449	453	8,960	1,621
Amortization of intangible assets	-	-	-	-	-	-	-	-	-	-	-
Finance (income) / loss	(86)	9	(173)	(156)	(72)	(71)	(329)	(64)	(86)	(406)	(535)
Finance costs (recovery)	(9,763)	8,385	29,661	(2,029)	(11,193)	889	805	3,241	1,175	26,254	(6,259)
Income tax expense	312	376	1,987	3,598	528	1,077	833	1,078	243	6,274	3,516
Share-based compensation	(1,244)	359	1,421	(384)	723	693	490	1,884	149	152	3,790
Foreign exchange loss (gain)	1,883	298	(283)	100	(307)	(218)	(110)	369	49	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>1,713</b>	<b>24,190</b>
Restructuring costs (recovery)	116	26	59	(39)	-	-	-	-	-	163	-
Change in Other Provisions	-	3,073	-	-	(1,314)	-	-	-	-	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>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	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>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	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>56,312</b>	<b>50,361</b>
Gross Margin %	72%	74%	75%	75%	77%	78%	79%	75%	75%	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	7,952	8,130
S&M % of Revenue	16%	8%	8%	9%	11%	12%	11%	16%	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	15,121	11,862
G&A % of Revenue	21%	18%	19%	22%	19%	22%	14%	17%	17%	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	25,537	11,747
R&D % of Revenue	63%	44%	12%	15%	16%	19%	19%	19%	17%	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>48,611</b>	<b>31,739</b>
Opex % of Revenue	100%	70%	39%	46%	46%	53%	44%	52%	51%	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>7,701</b>	<b>18,622</b>
Adj. EBITDA Margin %	(28%)	5%	36%	29%	31%	25%	35%	23%	24%	10%	29%

(1) Non-GAAP 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

**New Bookings:** *Total bookings minus SLA renewals* - New Bookings Indicates the contractually committed revenue, excluding renewal of maintenance/support contracts from existing customers, that we expect to recognize over the forthcoming quarters. New Bookings is thus a subset of our Total Bookings in a particular period. New Booking indicates our success in contracting new business whereas Total Bookings reflects our success in both, contracting new business as well as renewing existing maintenance and support SLAs.

**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