



Optiva Inc. Reports First Quarter 2023 Financial Results

All amounts are stated in United States dollars unless otherwise indicated

- Revenue of \$12.7 million
- Total Contract Value (“TCV”)⁽¹⁾ bookings of \$17.1 million
- Gross margin of 69%
- Adjusted EBITDA⁽¹⁾ of \$1.0 million
- Adjusted EPS⁽¹⁾ loss of (\$0.45)
- \$14.1 million of cash

TORONTO, May 10, 2023 - Optiva Inc. (“Optiva” or “the Company”) (TSX:OPT), a leader in providing communications service providers (CSPs) worldwide with cloud-native revenue management software on the private and public cloud, today released its first quarter financial results for the three-month period ended March 31, 2023.

“Optiva’s sales pipeline of new business has continued to grow and we remain confident we can compete to win, however the timing of contract awards has led to delays in offsetting the remaining legacy revenue attrition, which we continue to work towards further stabilizing,” said John Giere, President and Chief Executive Officer of Optiva. “Based on our current view, deals that we anticipated to be awarded in 1H2023 have shifted to the right and now look more like 2H2023 opportunities that we believe Optiva is well positioned for.”

“Management, the board of directors and our major shareholders are aligned on our strategy of continuing to invest in research & development and sales & marketing to further our product roadmap and to capitalize on our growing sales pipeline and anticipated growth in demand for our products down the road,” added Robert Stabile, Chairman of the Board of Directors.

Business Highlights

- TCV of Q1'23 bookings totaled \$17.1 million. On a trailing 12-month basis, TCV bookings totaled \$75.9 million.
- The Company announced that CellularOne, a leading provider of mobile technology and wireless communications to tribal lands and communities in the American Southwest, selected Optiva to transform its network capability and mission-critical launch of VoLTE. The expansion of the 10-year partnership will modernize CellularOne's technology stack to also support 5G, accelerate time to market and increase network coverage.

First Quarter 2023 Financial Results Highlights:

Q1 Fiscal 2023 Highlights <i>(\$ US Millions, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2023	2022
Revenue	12.7	16.1
Net Income (Loss)	(2.8)	1.8
Earnings (Loss) Per Share	(\$0.45)	\$0.30
Adjusted Earnings (Loss) Per Share ⁽¹⁾	(\$0.45)	\$0.11
Adjusted EBITDA ⁽¹⁾	1.0	3.8
Cash from (used in) operating activities	(1.7)	(0.1)
Total cash, including restricted cash	14.1	26.0

- Revenue for Q1'23 was \$12.7 million. On a year-over-year basis, the change by revenue type included a \$1.8 million decrease in support and subscription revenue, a \$1.8 million decrease in software and services revenue and \$0.1 third-party software and hardware revenue remained unchanged.
- Gross margin for Q1'23 was 69% compared to 75% during the same period in 2022. The decline in gross margin is primarily attributable to lower revenue from support and subscription revenue along with the impact of more customizations with lower margins ordered by customers that required fulfillment compared to the previous period. Gross margins may fluctuate as the Company proves out its 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 decreased to \$2.5 million compared to \$3.2 million during the same period in 2022. The decrease is mainly due to lower professional fees, legal costs and allowance for doubtful accounts.
- Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ for Q1'23 decreased to \$1.0 million as compared to \$3.8 million during the same period in 2022, primarily driven by lower gross margin.
- Net loss for Q1'23 was \$2.8 million compared to net income of \$1.8 million during the same period in 2022.
- The Company ended the first quarter with a cash balance of \$14.1 million (including restricted cash). The Company consumed \$1.7 million of cash in 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.

Earnings Conference Call Update

Optiva will not host an earnings conference call and the Company does not anticipate reinstating earnings conference calls until further notice. All investor inquiries should be directed to [Ali Mahdavi](mailto:Ali.Mahdavi@optiva.com) at investors-relations@optiva.com.

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 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. The following

table provides a reconciliation of Net Income to EBITDA and Adjusted EBITDA (in thousands of U.S. dollars).

	Three months ended	
	2023	March 31, 2022
Net income (loss) for the period	\$ (2,776)	\$ 1,837
Add back / (subtract):		
Depreciation of property and equipment	157	92
Amortization of intangible assets	361	361
Finance income	(135)	(86)
Finance costs	2,365	1,175
Income tax expense	567	243
Foreign exchange loss	290	49
Share-based compensation	197	149
EBITDA and Adjusted EBITDA	\$ 1,026	\$ 3,821

Adjusted EPS is reported diluted EPS excluding the impact of change in the fair value of warrants, one-time costs (recovery) related to shareholder conflict and release of provisions.

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

About Optiva

Optiva Inc. is a leading provider of mission-critical, cloud-native revenue management software for the telecommunications industry. 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 listed 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. These statements are forward-

looking as they are based on our current expectations, as at May 10, 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, 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.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of U.S. dollars)
(Unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,921	\$ 18,386
Trade accounts and other receivables	8,818	7,535
Unbilled revenue	15,228	17,821
Prepaid expenses	2,061	1,938
Income taxes receivable	3,936	3,820
Other assets	589	610
Total current assets	43,553	50,110
Restricted cash	1,170	1,948
Property and equipment	1,243	1,221
Deferred income taxes	379	376
Long-term unbilled revenue	378	332
Intangible assets	-	360
Goodwill	32,271	32,271
Total assets	\$ 78,994	\$ 86,618
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 2,904	\$ 3,147
Accrued liabilities	7,546	11,624
Income taxes payable	4,324	4,365
Deferred revenue	1,604	1,995
Total current liabilities	16,378	21,131
Deferred revenue	239	403
Other liabilities	2,307	2,302
Pension and other long-term employment benefit plans	298	713
Debentures	87,908	87,716
Series A Warrant	-	-
Standby Warrant	-	-
Deferred income taxes	438	433
Total liabilities	107,568	112,698
Shareholders' equity (deficit):		
Share capital	270,560	270,560
Contributed surplus	16,223	15,941
Deficit	(319,406)	(316,630)
Accumulated other comprehensive income (loss)	4,049	4,049
Total shareholders' equity (deficit)	(28,574)	(26,080)
Total liabilities and shareholders' equity (deficit)	\$ 78,994	\$ 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 March 31,	
	2023	2022
Revenue:		
Support and subscription	\$ 8,439	\$ 10,299
Software licenses, services and other	4,212	5,837
	<u>12,651</u>	<u>16,136</u>
Cost of revenue	<u>3,984</u>	<u>4,071</u>
Gross profit	8,667	12,065
Operating expenses:		
Sales and marketing	2,519	2,819
General and administrative	2,478	3,174
Research and development	3,359	2,854
	<u>8,356</u>	<u>8,847</u>
Income from operations	311	3,218
Foreign exchange loss	(290)	(49)
Finance income	135	86
Finance costs	(2,365)	(1,175)
Income (loss) before income taxes	(2,209)	2,080
Income tax expense (recovery):		
Current	571	185
Deferred	(4)	58
	<u>567</u>	<u>243</u>
Total net income (loss) and comprehensive income (loss)	<u>\$ (2,776)</u>	<u>\$ 1,837</u>
Income (loss) per common share:		
Basic	\$ (0.45)	\$ 0.30
Diluted	(0.45)	0.30
Weighted average number of common shares:		
Basic	6,178	6,178
Diluted	6,178	6,178

OPTIVA INC.

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

	Three months ended	
	March 31,	
	2023	2022
Cash provided by (used in):		
Operating activities:		
Income (loss) for the period	\$ (2,776)	\$ 1,837
Adjustments for:		
Depreciation of property and equipment	157	92
Amortization of intangible assets	361	361
Finance income	(135)	(86)
Finance costs	2,365	1,175
Pension	(426)	(1,113)
Income tax expense	567	243
Unrealized foreign exchange (gain) / loss	(57)	(511)
Share-based compensation	197	149
Change in non-cash operating working capital	(1,328)	(540)
	(1,075)	1,607
Interest paid	(6)	(11)
Interest received	111	32
Promissory note paid	–	(2,000)
Income taxes (paid) received	(742)	319
	(1,712)	(53)
Financing activities:		
Interest paid on debentures	(4,424)	(4,424)
	(4,424)	(4,424)
Investing activities:		
Purchase of property and equipment	(178)	(108)
Decrease (Increase) in restricted cash	778	(8)
	600	(116)
Effect of foreign exchange rate changes on cash and cash equivalents	71	205
Decrease in cash and cash equivalents	(5,465)	(4,388)
Cash and cash equivalents, beginning of period	18,386	29,587
Cash and cash equivalents, end of period	\$ 12,921	\$ 25,199