OPTIVA INC. (Formerly Redknee Solutions Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED MARCH 31, 2018

DATED: May 9, 2018

SCOPE OF ANALYSIS

This Management's Discussion and Analysis ("MD&A") covers the results of operations, financial condition and cash flows of Optiva Inc. (formerly Redknee Solutions Inc.) (the "Company" or "Optiva") for the three and six months ended March 31, 2018. This document is intended to assist the reader in better understanding operations and key financial results as they are, in our opinion, at the date of this report.

The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2018 and the 2017 annual financial statements and MD&A, which we prepared in accordance with International Financial Reporting Standards ("IFRS").

Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" and "Risks and Uncertainties". The consolidated financial statements and the MD&A have been reviewed by Optiva's Audit Committee and approved by its Board of Directors.

Unless otherwise indicated, all dollar amounts are expressed in U.S. Dollars. In this document, "we," "us," "our," "Company" and "Optiva" all refer to Optiva Inc. collectively with its subsidiaries.

FORWARD-LOOKING STATEMENTS

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 reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this document. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the "Risk Factors" section of the Company's most recently filed Annual Information Form. Although the forward-looking statements contained in this document are based upon what we believe are reasonable assumptions, we cannot assure investors that our actual results will be consistent with these forward-looking statements. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances, except as required by securities law.

OVERVIEW

Established in 1999, Optiva monetizes today's digital world for communications service providers ("CSPs"). Our market-leading portfolio of monetization and subscriber management solutions includes real-time billing, charging, policy, and customer care modules and is available on premise, cloud-based, or as Software-as-a-Service (SaaS). With a central focus on driving customer success, Optiva products power growth and innovation for operators globally.

The Company's software products allow CSPs to monetize various markets, including consumer, enterprise, wholesale, and the expanding SaaS and cloud ecosystems. Optiva software supports the introduction of new revenue streams and innovative tariffs, payment solutions, data services, and advanced customer care and subscriber self-care functionality. Optiva Inc. (TSX: OPT (formerly RKN)) can be found on the Toronto Stock Exchange ("TSX"). On January 16, 2018, the Company announced its corporate name change to Optiva Inc. Renaming the company was finalized upon completion of all requisite shareholder and regulatory approvals, and the official effective date for the name change was March 29, 2018. A stock ticker symbol change was finalized with an effective date of April 5, 2018.

The Company derives its revenue from three main geographic areas namely:

1. APAC – Asia and Pacific Rim
2. Americas – North America, Latin America and Caribbean
3. EMEA – Europe, Middle East and Africa

Optiva's highly scalable and agile, end-to-end platform supports the following market solutions:

- **Optiva Charging Engine** - Optiva Charging Engine is a powerful, flexible, end-to-end convergent solution. Built for the world's largest CSPs, Optiva Charging Engine is the industry's premier charging product, with the innovative technology, stability, and scalability to handle up to 500,000 charging transactions per second. Optiva Charging Engine has an open integration framework that can be placed into the heart of a network to create a best-of-breed, end-to-end experience.

- **Optiva Revenue Management Suite** - Optiva Revenue Management Suite is an end-to-end BSS / OSS powerful charging engine suite tailored for CSPs. Easy to deploy and maintain, the suite eliminates the expense and complexity of integrating point solutions, providing the best concept-to-cash journey for subscribers. Available on premise or on Google Cloud Platform, this innovative technology is ideal for CSPs with up to 5M subscribers, providing the experience vital to growing and retaining subscriber base. Optiva Revenue Management Suite modules include:

    - Advanced Product Catalog
    - Integrated CRM & Order Management
    - Fully Multi-Play Ready
    - Omni-Channel Customer Care
    - Efficient Billing & Payments

- **Optiva Services** - The Optiva Services Business Unit provides a full suite of professional services and caters to the needs of CSPs, using best-in-class processes and tools to deliver agreed service levels. Services offered by Optiva are Business Value, Application, and Managed Services, which include consulting services, software factory, test factory, cloud services, learning services, application services, analytics and business intelligence, revenue assurance, and security services.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information of Optiva for the periods indicated. Each investor should read the following information in conjunction with those financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the consolidated financial statements.

Consolidated Statements of Comprehensive Loss	Three Months Ended		Six Months Ended	
(all amounts in thousands of US$, except per share amounts)		March 31,		March 31,
(unaudited)	**2018**	**2017**	**2018**	**2017**
Revenue				
Software, services and other	6,033	13,464	19,018	27,468
Support and subscription	21,862	20,901	43,277	44,107
Total Revenue	**27,895**	**34,365**	**62,295**	**71,575**
Cost of revenue	12,061	14,200	32,158	30,331
Gross profit	**15,834**	**20,165**	**30,137**	**41,244**
Operating expenses				
Sales and marketing	2,335	5,421	5,841	10,456
General and administrative	8,872	7,727	18,624	15,449
Research and development	13,355	9,337	30,066	18,488
Restructuring costs	2,263	3,875	49,231	4,080
Total Operating Expenses	**26,825**	**26,360**	**103,762**	**48,473**
Loss from operations	**(10,991)**	**(6,195)**	**(73,625)**	**(7,229)**
Foreign exchange loss	(241)	(1,078)	(861)	(666)
Other expense	-	1,749	-	(1,451)
Finance income	111	45	154	230
Finance (cost) recovery	1,054	(8,693)	1,203	(9,382)
Loss before income taxes	**(10,067)**	**(14,172)**	**(73,129)**	**(18,498)**
Income tax expense	161	1,091	1,553	3,120
Loss for the period	**(10,228)**	**(15,263)**	**(74,682)**	**(21,618)**
Loss per subordinate voting share				
Basic	$ (0.04)	$ (0.14)	$ (0.29)	$ (0.20)
Diluted	$ (0.04)	$ (0.14)	$ (0.29)	$ (0.20)
Weighted average number of subordinate voting shares (thousands)				
Basic	261,652	108,339	261,652	108,298
Diluted	261,652	108,339	261,652	108,298

Statement of Financial Position Data *$US Thousands (unaudited)*	As at March 31, 2018	As at September 30, 2017	$ Change	% Change
Cash, Cash Equivalents and Restricted Cash	78,222	115,445	(37,223)	-32%
Trade Accounts, Other Receivables and Unbilled Revenue	43,948	44,258	(310)	-1%
Goodwill and Intangible Assets	53,020	57,777	(4,757)	-8%
Total Assets	188,699	232,631	(43,932)	-19%
Trade Payable and Accrued Liabilities	33,614	28,082	5,532	20%
Deferred Revenue	22,143	16,467	5,676	34%
Provisions	45,970	19,478	26,492	136%
Other Long-Term Liabilities	19,342	18,814	528	3%
Preferred Shares and Series A Warrant	80,161	89,294	(9,133)	-10%
Total Liabilities	201,439	172,458	28,981	17%
Shareholders' Equity (Deficit)	(12,740)	60,174	(72,914)	-121%

CURRENT PERIOD OPERATING RESULTS

Revenue

The following tables set forth the Company's revenues by type and as a percentage of total revenue for the periods indicated:

$US Thousands **(unaudited)**	**Three Months Ended March 31,**		**Six Months Ended March 31,**	
	2018	**2017**	**2018**	**2017**
Software and Services	5,861	12,991	16,362	25,398
Support and Subscription	21,862	20,901	43,277	44,107
Third Party Software and Hardware	172	473	2,656	2,070
Total	**27,895**	**34,365**	**62,295**	**71,575**

Percentage of Total Revenue **(unaudited)**	**Three Months Ended March 31,**		**Six Months Ended March 31,**	
	2018	**2017**	**2018**	**2017**
Software and Services	21%	38%	26%	35%
Support and Subscription	78%	61%	70%	62%
Third Party Software and Hardware	1%	1%	4%	3%
Total	**100%**	**100%**	**100%**	**100%**

The Company recognizes revenue from the sale of software licenses, including initial perpetual licenses, term licenses, capacity increases and/or upgrades; professional services; third party hardware and software components and customer support contracts.

For the three-month period ended March 31, 2018, the Company's revenues have declined by $6.5 million from the previous year's comparative period to $27.9 million. The change by revenue type for the quarter ended March 31, 2018 is as follows: $7.1 million decrease in software and services revenue, $0.9 million increase in support and subscription revenue, and $0.3 million decrease in third party software and hardware revenue.

For the six-month period ended March 31, 2018, the Company's revenues have declined by $9.3 million from the previous year's comparative period to $62.3 million. The change by revenue type for the quarter ended March 31, 2018 is as follows: $9.0 million decrease in software and services revenue, $0.8 million decrease in support and subscription revenue, and $0.5 million increase in third party software and hardware revenue.

Software and Services Revenue

Software and services revenue consists of fees earned from the on-premise licensing and deployment of software products to our customers as well as the revenues resulting from consulting and training service contracts related to the software products.

Software and services revenue for the three-month period ended March 31, 2018 decreased to $5.9 million, or 21% of total revenue, compared to $13.0 million, or 38% of total revenue for the same period last year. For the six-month period ended March 31, 2018, the Company's software and services revenue decreased to $16.4 million, or 26% of total revenue, compared to $25.4 million or 35% of total revenue for the same period last year.

The decrease in the three and six months ended March 31, 2018 is mainly a result of lower software and services revenue in Americas and EMEA regions due to fewer orders from customers.

Support and Subscription Revenue

Support and subscription revenue consists of revenue from our customer support and subscription contracts, term-based software licenses, SaaS licensing, and maintenance contracts. These recurring revenue support and subscription agreements allow customers to receive technical support and upgrades. Support and subscription revenue is generated from such agreements relative to current year sales and the renewal of existing agreements for software licenses sold in prior periods. Typically, support contracts commence for a period of one or more years upon completion of acceptance testing and then renew annually thereafter.

Support and subscription revenue for the three-month period ended March 31, 2018 was $21.9 million, or 78% of total revenue, compared to $20.9 million, or 61% of total revenue, for the same period last year. The increase is mainly due to timing of renewal of certain support contracts, compared to the same period last year.

For the six-month period ended March 31, 2018, the Company's support and subscription revenue decreased to $43.3 million, or 70% of total revenue, compared to $44.1 million, or 62% of total revenue for the same period last year. The decline is mainly due to fewer software implementations and due to the non-renewal of certain support contracts, compared to the same period last year.

Third Party Software and Hardware Revenue

Third party software and hardware revenue consists of revenue from the sale of other vendors' software and hardware components as part of Optiva's solutions, including server platforms, database software and other ancillary components.

Third party software and hardware revenue for the three-month period ended March 31, 2018 decreased to $0.2 million, or 1% of total revenue, compared to $0.5 million, or 1% of total revenue, for the same period last year.

For the six-month period ended March 31, 2018, the Company's third party software and hardware revenue increased to $2.7 million, or 4% of total revenue, compared to $2.1 million, or 3% of total revenue, for the same period last year. The increase was mainly due to specific hardware delivery ordered by a customer. Management continues its initiative to minimize the sale of third party software and hardware components, which have minimal contribution to overall profitability.

Revenue by Geography

Revenue is attributed to geographic locations based on the location of the customer. The following tables set forth revenues by main geographic area and as a percentage of total revenue for the periods indicated:

$US Thousands (unaudited)	**Three Months Ended March 31, 2018**	**2017**	**Six Months Ended March 31, 2018**	**2017**
Asia and Pacific Rim	8,900	8,081	20,523	17,569
North America, Latin America and Caribbean	5,245	8,426	12,314	18,028
Europe, Middle East and Africa	13,750	17,858	29,458	35,978
Total	**27,895**	**34,365**	**62,295**	**71,575**

Percentage of Total Revenue (unaudited)	**Three Months Ended March 31, 2018**	**2017**	**Six Months Ended March 31, 2018**	**2017**
Asia and Pacific Rim	32%	24%	33%	25%
North America, Latin America and Caribbean	19%	24%	20%	25%
Europe, Middle East and Africa	49%	52%	47%	50%
Total	**100%**	**100%**	**100%**	**100%**

For the three-month period ended March 31, 2018, revenue from the APAC region was $8.9 million, or 32% of total revenue, compared to $8.1 million, or 24% of total revenue, for the same comparable period in fiscal 2017. This increase is mainly a result of higher software and services revenue in the region. For the six-month period ended March 31, 2018, revenue from the APAC region was $20.5 million, or 33% of total revenue, compared to $17.6 million, or 25% of total revenue, for the same comparable period in fiscal 2017. This increase is mainly a result of higher software and services and higher third party software and hardware revenue in the region.

For the three-month period ended March 31, 2018, revenue from the Americas region decreased to $5.2 million, or 19% of total revenue, compared to $8.4 million, or 24% of total revenue, for the same comparable period in fiscal 2017. For the six-month period ended March 31, 2018, revenue from the Americas region decreased to $12.3 million, or 20% of total revenue, compared to $18.0 million, or 25% of total revenue, for the same comparable period in fiscal 2017. The decrease in revenue is mainly attributable to lower software and services revenue and lower support and subscription revenue.

For the three-month period ended March 31, 2018, revenue from the EMEA region decreased to $13.8 million, or 49%, compared to $17.9 million, or 52% of total revenue, for the same comparable period in fiscal 2017. For the six-month period ended March 31, 2018, revenue from the EMEA region decreased to $29.5 million, or 47% of total revenue, compared to $36.0 million, or 50% of total revenue, for the same comparable period in fiscal 2017. The decrease in revenue is mainly a result of lower software and services revenue in the region due to fewer orders from customers for implementation of software contracts slightly offset by higher support revenue due to timing of renewal of certain support contracts.

Cost of Revenue and Gross Margin

Cost of revenue consists of personnel costs providing professional services to implement and provide post sales technical support for our solutions, and the costs of third party hardware and software components sold as part of Optiva's solution. In addition, it includes an allocation of certain direct and indirect costs attributable to these activities and expected losses on any contracts when it is probable that the total contract costs will exceed contract revenues.

For the three months ended March 31, 2018, cost of revenue decreased to $12.1 million from $14.2 million incurred for the same comparable period in 2017. During the three months ended March 31, 2018, the Company identified a customer contract where it is probable that the total cost to complete this contract will exceed the contract revenue. As a result, the Company recorded a provision of $2.3 million and included the expected loss in cost of revenue. The gross margin for the quarter, prior to recognizing this expected loss would have increased to 65% in the three months ended March 31, 2018 compared to 59% in the three months ended March 31, 2017.

For the six months ended March 31, 2018, cost of revenue increased to $32.2million from $30.3 million incurred for the same comparable period in 2017. During the six months ended March 31, 2018, the Company identified certain customer contracts where it is probable that the total cost to complete these contracts will exceed the contract revenue. As a result, the Company recorded a provision of $7.6 million and included the expected loss in cost of revenue. The gross margin for the six months ending March 31, 2018, prior to recognizing these expected losses would have been 61% compared to 58% in the six months ended March 31, 2017.

The increase in gross margin, excluding the contract loss provisions, for the three and six months ended March 31, 2018 was mainly due to lower headcount and related costs incurred as a result of the Company's cost structure optimization plan.

Operating Expenses

Total operating expenses (excluding depreciation and amortization) in the three months ended March 31, 2018 increased marginally to $23.7 million as compared to $23.4 million in the same period last year. This includes restructuring costs of $2.3 million and $3.9 million for the three months ended March 31, 2018 and March 31, 2017, respectively. Excluding depreciation, amortization and restructuring costs, total operating costs in the quarter ending March 31, 2018 increased to $21.4 million, or 77% of total revenue, compared to $19.4 million, or 57% of total revenue, for the same period last year. The increase in overall operating expenses (excluding depreciation, amortization and restructuring costs) is mainly attributable to higher general and administrative and research and development costs offset by lower sales and marketing costs, as further explained below by function.

Total operating expenses (excluding depreciation and amortization) in the six months ended March 31, 2018 increased to $96.8 million from $42.5 million for the comparable period last year. This includes restructuring costs of $49.2 million and $4.1 million for the six months ended March 31, 2018 and March 31, 2017, respectively. Excluding depreciation, amortization and restructuring costs, total operating costs in the six months ending March 31, 2018 increased to $47.6 million, or 76% of total revenue, compared to $38.4 million, or 54% of total revenue, for the same period last year. The increase in overall operating expenses (excluding depreciation, amortization and restructuring costs) is mainly attributable to higher general and administrative and research and development costs offset by lower sales and marketing costs, as further explained below by function.

The following tables set forth total operating expenses by function and as a percentage of total revenue for the periods indicated:

$US Thousands (unaudited)	Three Months Ended March 31, 2018	2017	Six Months Ended March 31, 2018	2017
Sales and Marketing	2,335	5,421	5,841	10,456
General and Administrative	8,872	7,727	18,624	15,449
Research and Development	13,355	9,337	30,066	18,488
Restructuring Costs	2,263	3,875	49,231	4,080
Total Operating Expenses	**26,825**	**26,360**	**103,762**	**48,473**
Excluding Amortization and Depreciation	*23,701*	*23,385*	*96,827*	*42,457*

Percentage of Total Revenue (unaudited)	Three Months Ended March 31, 2018	2017	Six Months Ended March 31, 2018	2017
Sales and Marketing	8%	16%	9%	15%
General and Administrative	32%	23%	30%	22%
Research and Development	48%	27%	49%	25%
Restructuring Costs	8%	11%	79%	6%
Acquisition and Related Costs	0%	0%	0%	0%
Total Operating Expenses	**96%**	**77%**	**167%**	**68%**
Excluding Amortization and Depreciation	*85%*	*68%*	*155%*	*59%*

Sales and Marketing Expenses

Sales and Marketing ("S&M") expenses consist primarily of salaries, variable compensation costs and other personnel costs, travel, advertising, marketing and conference costs plus the allocation of certain overhead costs to support the Company's sales and marketing activities.

For the three-month period ended March 31, 2018, S&M expenditures decreased to $2.3 million, or 8% of total revenue, compared to $5.4 million, or 16% of total revenue, for the comparable period last year. For the six-month period ended March 31, 2018, S&M expenditures decreased to $5.8 million, or 9% of total revenue, compared to $10.5 million, or 15% of total revenue, for the comparable period last year. The decrease is mainly due to lower headcount, lower sales commissions and the impact of other cost optimization initiatives.

General and Administrative Expenses

General and administrative ("G&A") expenses consist of the Company's corporate and support activities such as finance, human resources, information technology, and professional costs associated with tax, accounting, and legal expenditures. Certain overhead costs such as facilities, communications and computer costs are allocated to G&A and the other departments on a per headcount basis.

For the three-month period ended March 31, 2018, G&A expenditures increased to $8.9 million, or 32% of total revenue, from $7.7 million, or 23% of total revenue, in fiscal 2017. For the six-month period ended March 31, 2018, G&A expenditures increased to $18.6 million, or 30% of total revenue, from $15.4 million, or 22% of total revenue, in fiscal 2017. The increase was mainly due to the higher stock compensation expense, accelerated amortization on planned office closures and higher professional fees incurred in various initiatives supporting the Company's strategic plan, slightly offset by lower headcount costs.

Excluding share-based compensation, amortization and depreciation, G&A expenses were $5.6 million, or 20% of revenue for the three months ended March 31, 2018 compared to $6.2 million, or 18% of revenue for the three months ended March 31, 2017. Excluding share-based compensation, amortization and depreciation, G&A expenses were $10.6 million, or 17% of revenue for the six months ended March 31, 2018 compared to $11.7 million, or 16% of revenue for the six months ended March 31, 2017.

Research and Development Expenses

Research and development ("R&D") expenses consist primarily of personnel costs associated with product management and the development and testing of new products. R&D includes cost of technical services provided by DevFactory, a related party, as explained in the Related Party Transactions section below.

For the three-month period ended March 31, 2018, R&D expenditures increased to $13.4 million, or 48% of total revenue, from $9.3 million, or 27% of total revenue, in the same prior year quarter. For the six-month period ended March 31, 2018, R&D expenditures increased to $30.1 million, or 49% of total revenue, from $18.5 million, or 25% of total revenue, in the same prior year quarter. The increase is due to higher professional fees related to programs initiated with an objective to enhance product innovation and improve code quality including significant expenditures with related parties. This increase is partially offset by lower headcount and related costs incurred under the Company's cost structure optimization plan to eliminate projects that are no longer going to be pursued.

Restructuring Costs

In February 2017, under the new strategic plan, the Company announced a corporate restructuring plan that is expected to be completed in calendar 2018. The restructuring involves significant reduction in headcount, location reorganization including closure of certain facilities and entity simplification.

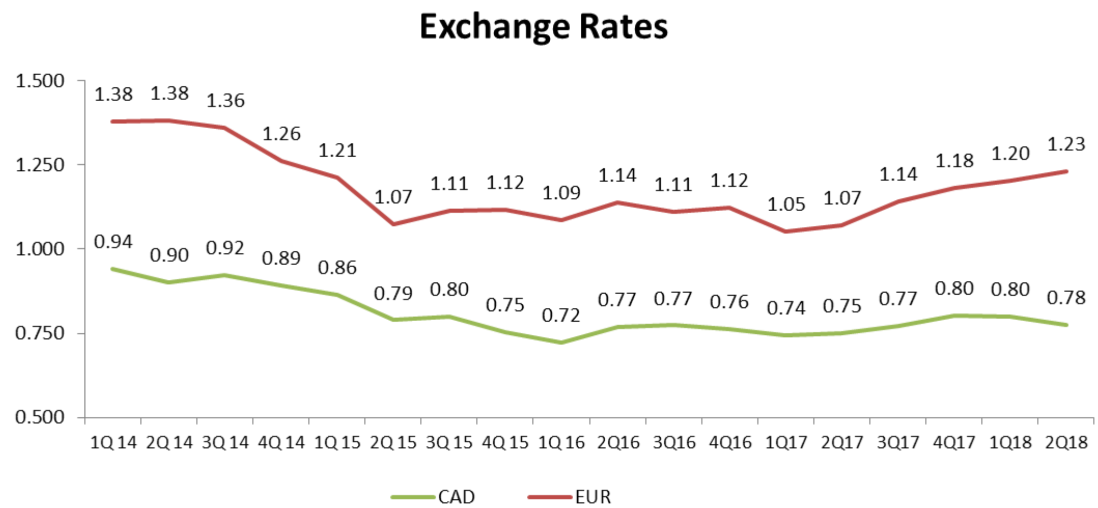
In November 2017, the Company finalized the restructuring plan and commenced implementing a reduction in workforce of approximately 530 employees globally and vacating premises in 18 locations.

During the three and six months ended March 31, 2018, restructuring charges related to employee and lease terminations of $2.3 million and $49.2 million respectively (2017 - $3.9 million and $4.1 million) were recorded.

As at March 31, 2018, the Company has a restructuring provision of $39.5 million. For the six months ended March 31, 2018, an amount of $29.2 million has been paid and an additional amount of $38.9 million is estimated as payable within one year. The balance of the restructuring provision, classified as long-term, payable over three years, amounts to $0.6 million and has been discounted to its present value.

Foreign Exchange Gain/Loss

We operate internationally and have foreign currency risks related to our revenue, operating expenses, monetary assets, monetary liabilities and cash denominated in currencies other than the U.S. Dollar, which is our functional currency. Consequently, movements in the foreign currencies in which we transact have and could significantly affect current and future net earnings. Currently, we do not use derivative instruments to hedge such currency risks. The graph below displays the change in rates of our significant currencies relative to the U.S. Dollar.



Source: Bank of Canada

For the three months ended March 31, 2018, the Company had a foreign currency exchange loss of $0.2 million, compared to a foreign currency exchange loss of $1.1 million in the comparable period last year. For the six months ended March 31, 2018, the Company had a foreign currency exchange loss of $0.9 million, compared to a foreign currency exchange loss of $0.7 million in the comparable period last year. The Company has monetary assets and liabilities in a number of currencies, the most significant of which are denominated in Euro and the Canadian Dollar. The U.S. Dollar weakened against the Euro during the three and six months ended March 31, 2018. The foreign exchange loss in quarter was mainly due to the higher Euro denominated liabilities in comparison to the assets.

A change in foreign exchange rates as at March 31, 2018 of 10% would result in a gain or loss of approximately $1.3 million arising from the translation of the Company’s foreign currency denominated monetary assets and liabilities as at March 31, 2018. This foreign currency gain or loss arising from translation would be recorded in the condensed consolidated interim statements of comprehensive loss.

Income Taxes

The Company's current income tax expense for the six months ended March 31, 2018 mainly includes $0.9 million (2017 - $1.2 million) of corporate tax expense incurred by foreign subsidiaries generating taxable profits and $0.6 million (2017 - $2.2 million) of foreign withholding taxes. The Company's deferred tax recovery of less than $0.1 million (2017 – recovery of $0.3 million) consists primarily of changes in temporary differences recognized during the current period.

SUMMARY OF RESULTS

All financial results are in thousands, unless otherwise stated, with the exception of per share amounts. The table below provides summarized information for our eight most recently completed quarters:

$US Thousands, except share and per share amounts (Unaudited)	2Q 18 (1)	1Q 18 (1) (2)	4Q 17 (1)	3Q 17 (2)	2Q17	1Q17	4Q16	3Q16
Revenue	$27,895	$34,400	$33,772	$32,577	$34,365	$37,210	$40,662	$40,520
Net Loss	$(10,228)	$(64,454)	$(10,407)	$(26,749)	$(15,263)	$(6,354)	$(14,683)	$(12,255)
Loss per Share	$(0.04)	$(0.25)	$(0.07)	$(0.25)	$(0.14)	$(0.06)	$(0.14)	$(0.11)
Diluted Loss per Share	$(0.04)	$(0.25)	$(0.07)	$(0.25)	$(0.14)	$(0.06)	$(0.14)	$(0.11)
Weighted average shares outstanding – Basic (thousands)	261,652	261,652	154,821	108,517	108,339	108,252	108,227	108,305
Weighted average shares outstanding - Diluted (thousands)	261,652	261,652	154,821	108,517	108,339	108,252	108,227	108,305

(1) Increase in weighted average shares outstanding (basic and diluted) in 4Q 17 and subsequently is as a result of the rights offering

(2) Increase in net loss due to significant charge taken for restructuring

TRADE ACCOUNTS AND OTHER RECEIVABLES

The Company’s Days Sales Outstanding in Trade Receivable (“DSO”) is at 80 days as of March 31, 2018 compared to 70 days as of September 30, 2017. The Company calculates DSO based on the annualized revenue and the accounts receivable balance at period end. In order to minimize the risk of loss for trade receivables, the Company's extension of credit to customers involves review and approval by senior management, as well as progress payments as contracts are performed. Credit reviews take into account the counterparty's financial position, past experience and other factors. Management regularly monitors customer credit limits. The Company also maintains credit insurance in certain jurisdictions. The Company believes that the concentration of credit risk from trade receivables is limited, as they are widely distributed among customers in various countries.

While the Company's credit controls and processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Company's low credit loss experience will continue. Most sales are invoiced with payment terms in the range of 30 to 120 days. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by making an allowance for doubtful accounts as soon as the account is determined not to be fully collectible. The Company's trade accounts and other receivables had a carrying value of $28.1 million as at March 31, 2018.

The allowance for doubtful accounts as at March 31, 2018 was $2.3 million, compared to $2.2 million as at September 30, 2017. Estimates for allowance for doubtful accounts are determined based on an evaluation of collectability by customer and project at each consolidated statement of financial position reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and ability to pay.

UNBILLED REVENUE

Unbilled revenue represents revenue that has been earned but not billed. Optiva operates in an industry where contract prices are fixed and payments are often based on billing milestones. All services provided from inception of the contracted arrangement are recoverable under the contract terms. Differences between the timing of billings, based upon billing milestones or other contractual terms, collection of cash and the recognition of revenue result in either unbilled revenue or deferred revenue.

Revenue in a typical implementation project is earned as progress is made in project delivery. This earned revenue results in unbilled revenue until the customer is invoiced upon reaching a contractual milestone and/or receipt of customer acceptance. Delays in the completion of a billing milestone does not indicate that the contract is on hold or that the customer is unwilling to pay its contracted fee.

Unbilled revenue decreased by $2.1 million to $15.9 million at March 31, 2018, as compared to $17.9 million as at September 30, 2017.

DEFERRED REVENUE

Deferred revenue represents amounts that have been billed and collected in accordance with the terms of the contract but where the criteria for revenue recognition has not been met. Optiva operates in an industry where contract prices are fixed and payments are based on billing milestones. All services provided from inception are recoverable under the contract terms. Differences between the timing of billings, based upon billing milestones or other contractual terms, and the recognition of revenue are recognized as either unbilled revenue or deferred revenue. Deferred revenue increased to $22.1 million at September 30, 2018, as compared to $16.5 million at September 30, 2017. The increase in deferred revenue is consistent with the timing of renewal of annual support arrangements which is generally higher in this period compared to other quarters.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s objective in managing capital resources is to ensure sufficient liquidity to drive its organic growth, fund operations and implement its strategic plan, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company currently funds its operations, changes in non-cash working capital and capital expenditures from internally generated cash flows, share capital issuances including preferred shares and cash on hand.

The Company operates in several jurisdictions, some of which impose currency remittance restrictions and income tax withholdings, which impacts the timing and amount of cash which can be repatriated from these countries.

The table below outlines a summary of cash inflows (outflows) by activity.

Statement of Cash Flows Summary	Three months ended		Six months ended	
($ US Thousands)		March 31,		March 31,
(Unaudited)	2018	2017	2018	2017
Cash inflows and (outflows) by activity:				
Operating activities	(12,917)	(12,074)	(29,703)	(19,098)
Investing activities	898	177	871	747
Financing activities	(7,641)	26,817	(7,641)	24,982
Effect of foreign currency exchange rate changes on cash and cash equivalents	(183)	291	136	(444)
Net cash inflows (outflows)	(19,843)	15,212	(36,337)	6,187
Cash and cash equivalents, beginning of period	94,398	28,056	110,892	37,081
Cash and cash equivalents, end of period	74,555	43,268	74,555	43,268

Cash from Operating Activities

Cash used by operating activities was $12.9 million in the three months ended March 31, 2018, compared to cash used by operating activities of $12.1 million in the same period last year. In the six months ended March 31, 2018, cash used for operating activities was $29.7 million, compared to cash used for operating activities of $19.1 million in the same period last year.

Cash generated by operating activities, net of restructuring payments, was $4.9 million in the three months ended March 31, 2018 (2017 – Cash used by operating activities, net of restructuring payments, of $7.6 million). For the six months ended March 31, 2018, cash used by operating activities, net of restructuring payments was $0.5 million (2017 – Cash provided by operating activities, net of restructuring payments, of $6.9 million).

Working capital represents the Company’s current assets less its current liabilities. The Company’s working capital balance decreased to $28.2 million as at March 31, 2018, as compared to $100.5 million at September 30, 2017. The decrease in working capital mainly relates to the restructuring provision made in the last six months, decrease in cash, increase in accrued liabilities and increase in deferred revenue.

Cash used for Investing Activities

In the three months ended March 31, 2018, there was $0.9 million of cash generated through investing activities, compared to cash generated of $0.2 million during the same period in fiscal 2017. Cash provided by investing activities during the six months ended March 31, 2018 was $0.9 million, compared to cash generated of $0.7 million during the same period in fiscal 2017. The source of cash in all periods mainly relates to the release of restricted cash.

Cash from Financing Activities

In the three months ended March 31, 2018, cash used by financing activities was $7.6 million, compared to cash generated of $26.8 million during the same period in fiscal 2017. For the six months ended March 31, 2018, cash used by financing activities was $7.6 million compared to cash generated of $25.0 million during the same period in fiscal 2017.

The use of cash in the three and six months ended March 31, 2018 relates to the dividends paid during the quarter as explained in the share capital section below . The source of cash during the comparative periods last year mainly relates to the net proceeds from the Financing Transaction after full repayment of the loans and borrowings.

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MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of 100% customer success, fund research and development leading to innovative and market leading products and implement its strategic plan that will help towards increasing shareholder value, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is currently composed of Preferred Shares and Series A Warrant (classified as liability), Subordinated Voting Shares and Standby Warrant (classified as equity). The Company's primary uses of capital are financing its operations including restructuring, increases in working capital, capital expenditures, payment of preferred share dividends and acquisitions, when approved by the Board of Directors. The Company currently funds these requirements from cash flows from operations and cash raised through past share issuances.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified and passed to its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the CEO and the CFO to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Controls over Financial Reporting

There have been no changes to the Company's internal controls over financial reporting during the three and six months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

ACCOUNTING CHANGES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements

The IASB has issued new standards and amendments to existing standards. These changes in accounting are not yet effective at March 31, 2018 and could have an impact on future periods.

(i) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"):

The IASB issued IFRS 15, which is effective for annual periods beginning on or after January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard will be applicable for the Company effective October 1, 2018. The Company is currently in the Scoping phase. This phase focuses on identifying the Company's major revenue streams, determining how and when revenue is currently recognized and determination of whether any changes are expected upon adoption. The Company is in the process of assessing the impact of this standard on its consolidated financial statements.

(ii) Amendments to IFRS 2, Classification and measurement of Share-based Payment Transactions ("IFRS 2"):

On June 20, 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively, retrospectively, or early, application is permitted if information is available without the use of hindsight. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and,
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The Company will adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on October 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(iii) IFRS 9, Financial Instruments ("IFRS 9"):

The IASB issued IFRS 9, which replaces IAS 39 and which establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exemptions. The Company is in the process of assessing the impact of this standard on its consolidated financial statements and will adopt the standard effective October 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(iv) IFRS 16, Leases ("IFRS 16"):

On January 13, 2016 the IASB issued IFRS 16. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company will adopt the standard effective October 1, 2019 and is in the process of assessing the impact on its consolidated financial statements. The extent of the impact of adoption of the standard has not yet been determined.

PATENT PORTFOLIO

As part of Optiva's commitment to R&D to maintain its position as a key industry innovator in the real-time BSS software space, the Company currently has a portfolio of 37 filed and 166 granted patents. To date Optiva has not initiated any action with respect to assertions and/or claims of patent infringement.

OUTSTANDING SHARE DATA

The number of common shares outstanding as at March 31, 2018 is 261,652,353 (September 30, 2017 – 261,652,353). In addition, there were 4,007,753 (September 30, 2017 – 5,185,397) stock options outstanding with exercise prices ranging from CAD $0.81 to CAD $6.30 per share.

SHARE CAPITAL

(a) Series A Preferred Shares and Subordinate Voting Shares :

On January 26, 2017, the Company issued 800,000 Series A Preferred Shares (the "Preferred Shares") of the Company and a warrant ("the "Series A Warrant") (collectively the "Financing Transaction") to the ESW Holdings, Inc. (formerly known as Wave Systems Corp.) (the "Investor"), an affiliate of ESW Capital LLC ("ESW Capital"). The Investor, as the holder of the Preferred Shares, is entitled to elect a number of directors that will be a majority of the Board of Directors, with the holders of the Common Shares being entitled to elect the balance of the directors, which resulted in the Common Shares becoming "restricted securities" under applicable securities laws and the TSX Company Manual, on January 26, 2017. The Preferred Shares are redeemable any time at the option of the Company and redeemable at the option of the Investor any time after 10 years of issuance. The holders of the Preferred Shares are entitled to dividends, payable quarterly at the rate of 10% per annum of the issue price. Provided that to the extent such dividends are not declared and paid, dividends shall accrue and compound monthly at the rate of 10%.

The Preferred Shares will be accreted to their face amount of $80.0 million plus accrued cumulative dividends over the 10-year maturity period using the effective interest rate method. During the three months ended March 31, 2018, accretion expense, amortization of transaction costs and accrued dividends on the Preferred Shares amounted to $2.5 million (2017 - $1.5 million). During the six months ended March 31, 2018, accretion expense, amortization of transaction costs and accrued dividends on the Preferred Shares amounted to $5.0 million (2017 - $1.5 million). These charges are included in finance costs in the condensed consolidated interim statements of comprehensive loss. During the quarter ended March 31, 2018, cumulative dividends in amount of $7.6 million (cumulative as of December 31, 2017) were paid. The amount of accrued dividends have been included in the Preferred Shares on the condensed consolidated interim statements of financial position.

On March 29, 2017, at its annual and special meeting, the shareholders passed a resolution to amend and restate Optiva's articles to re-designate the Common Shares of the Company as Subordinate Voting Shares. The Company has filed amended and restated articles with Industry Canada and TSX in order to give effect to the re-designation of the Common Shares as Subordinate Voting Shares.

On March 28, 2018, at its annual shareholders meeting, the shareholders passed a resolution to consolidate the issued and outstanding Subordinate Voting Shares on the basis of one post-consolidation share for every fifty (50) pre-consolidation shares. Effective April 5, 2018, the

Company received an approval from TSX for this share consolidation. Had this consolidation be effective March 31, 2018, basic and diluted weighted average number of subordinate voting shares would have been 5,233,047 shares. Basic and diluted earnings per share would have been a loss of $1.95 per share for three months ended March 31, 2018 and loss of $14.27 per share for six months ended March 31, 2018

(b) Rights Offering :

On September 6, 2017, the Company closed a rights offering to the holders of its Subordinate Voting Shares (the "Rights Offering"). Under the Rights Offering, an aggregate of 108,519,936 Subordinate Voting Shares were issued at a subscription price of CAD$0.63 ($0.50) per share for gross proceeds to the Company of CAD$68.4 million ($54.2 million).

Pursuant to the Rights previously granted to ESW Capital to maintain its pro rata interest in the Company, ESW Capital subscribed for an additional 44,604,981 Subordinate Voting Shares at a price of CAD$0.63 per share for additional aggregate gross proceeds to the Company of CAD$28.1 million ($23.2 million). This issuance was closed on September 12, 2017.

(c) Series A Warrant and Standby Warrant :

As part of the Financing Transaction, the Company issued a Series A Warrant that entitles the Investor to subscribe of 46,285,582 Subordinate Voting Shares at $0.68 per share. The Series A Warrant is being classified as a liability because it contains an adjustment provision if the Company issues common shares ("Common Shares") or securities exchangeable for or convertible into Common Shares at a price per share less than the Series A Warrant exercise price of $1.2963. The decrease in fair value of the warrant liability of $3.7 million during the three months ended March 31, 2018 (2017 – 3.7 million) is recorded in finance costs in the condensed consolidated interim statements of comprehensive loss. The decrease in fair value of the warrant liability of $6.5 million during the six months ended March 31, 2018 (2017 – 3.7 million) is recorded in finance costs in the condensed consolidated interim statements of comprehensive loss. Any unexercised Series A Warrant expires on January 25, 2027. No Series A Warrant was exercised as at March 31, 2018 (September 30, 2017 – none).

Upon closing of the Rights Offering on September 6, 2017, the Company issued a warrant to the Investor that entitles the Investor to subscribe for 2,500,000 Subordinate Voting Shares at $0.50 per share (the "Standby Warrant"). The fair value of the Standby Warrant classified as equity upon issuance at September 6, 2017, was $1.0 million. The Standby Warrant expires on September 5, 2027. No warrants were exercised as at March 31, 2018 (September 30, 2017 – none).

(d) Share-based Compensation

The share-based compensation relating to the Company's stock options, deferred share unit plan and under the share unit plan during the three and six months ended March 31, 2018 was an expense of $0.8 million and $2.0 million (2017 – recovery of $0.7 million and $0.7 million), respectively.

CONTRACT LOSS PROVISION

During the three and six months ended March 31, 2018, the Company identified certain customer contracts where it is probable that the total costs to complete these contracts will exceed the contract revenue. As a result, the Company recorded a provision of $2.3 million and $7.6 million respectively. The expected loss was recorded in cost of revenue in the condensed consolidated interim statements of comprehensive loss. In March 2018, two of these contracts were terminated, and the Company is in the process of negotiating a settlement with the parties. During the three months ended March 31, 2018 cash payments in the amount of $0.9 million were made towards the settlement of a contract. During the three months ended March 31, 2018, $1.5 million of the provision was utilized on delivery of these projects. Although liability is not admitted, if a defense against these matters is unsuccessful, the Company may incur additional costs associated with these claims that may exceed the Company's best estimate of the provision at March 31, 2018.

RELATED PARTY TRANSACTIONS

Related Party Service Agreements

On May 8, 2017, the Company entered into short term service agreements with Crossover Markets Inc. ("Crossover") and DevFactory FZ-LLC ("DevFactory"), (collectively the "Service Agreements") to provide cross functional and specialized technical services. Each of Crossover and DevFactory is an affiliate of ESW Capital. On June 9, 2017, the Company extended the short term Services Agreements with Crossover and DevFactory, respectively, until the termination of the Standby Purchase Agreement with ESW Capital. Based on the closing of the Rights Offering and termination of the Standby Purchase Agreement, the Company has entered into longer term service agreements with Crossover and DevFactory, , which can be terminated by either party with 30 days written notice.

The Service Agreements have been negotiated and approved by the Special Committee of the Board of Directors. The contracted rates with these related parties are priced as agreed to by the parties and are to be settled in cash on normal payment terms upon receipt of invoices. The Company has not offered any security to these vendors.

Crossover provides Optiva with access to skilled temporary employees. Crossover leverages its network of global resources to hire, and assign resources on behalf of Optiva. These resources provide a variety of services, including HR, operations, finance, and support functions, at any global location for pricing agreed to in the Crossover service agreement. During the three and six months ended March 31, 2018, the Company has incurred $7.4 million and $13.4 million respectively, of costs associated with services provided by Crossover (2017 – nil and nil). The costs have been recorded in cost of goods sold or operating expenses in accordance with the department of the contract resource in the condensed consolidated interim statements of comprehensive loss.

DevFactory provides certain technology services to Optiva as per agreed statement of work. The technology services include source code analysis, code cleanup service and various other technical services related to Optiva's software solutions. During the three and six months ended March 31, 2018, the Company has incurred $5.7 million and $12.5 million respectively, of costs associated with services provided by DevFactory (2017 – nil and nil). The costs have been recorded in research and development expense in the condensed consolidated interim statements of comprehensive loss.

Amounts owing to Crossover and DevFactory as of March 31, 2018 aggregated to $12.5 million (September 30, 2017 - $4.5 million) and are included in both trade payables and accrued liabilities in the condensed consolidated interim statement of financial position at the respective period ends.

In the normal course of business, the Company retained certain contractors with specialized skills and knowledge to assist the Company in its operations. These contractors are retained from other entities controlled by ESW Capital. The costs of these contractors are $0.1 million and $0.2 million for the three and six months ended March 31, 2018 respectively (2017 – nil and nil) and have been recorded in general and administrative expense in the condensed consolidated interim statements of comprehensive loss. Amounts owing to these entities as of March 31, 2018 aggregated to $0.3 million (September 30, 2017 - $0.1 million) and are included in accrued liabilities in the condensed consolidated interim statement of financial position.

RISK FACTORS

Please refer to our FY17 Annual Information Form and FY17 Annual MD&A for a discussion of the principal risks and uncertainties that could affect our business. There were no material changes in the Company's principal risks and uncertainties during the three months ended March 31, 2018.

ADDITIONAL INFORMATION

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.