OPTIVA INC.

ANNUAL INFORMATION FORM
FOR THE FIFTEEN MONTH FISCAL PERIOD ENDED DECEMBER 31, 2019

March 9, 2020

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PRESENTATION OF INFORMATION AND FORWARD LOOKING STATEMENTS

Except where the context otherwise requires, all references in this Annual Information Form ("AIF") to the "Company", "Optiva", "we", "us", "our" or similar are to Optiva Inc. and its subsidiaries, taken together.

This AIF is dated March 9, 2020 and is stated as at December 31, 2019, unless otherwise indicated. The information that appears in the Company's annual management discussion and analysis for the fiscal period ended December 31, 2019 (the "fiscal 2019 MD&A") is hereby incorporated by reference in, and forms part of, this AIF. The fiscal 2019 MD&A is available at www.sedar.com and on the Company's website at http://www.optiva.com.

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars.

Certain statements included in or incorporated into this AIF including but not limited to statements relating to business trends, our customers' preferences and our ability to address their requirements, the basis for our future growth, competition, our dividend policy and potential legal proceedings and our liability under current legal proceedings constitute "forward looking" statements for purposes of applicable securities laws. When used in this AIF, statements made using such expressions as "will", "continue", "predict", "may", "would", "could", "anticipate", "believe", "plan", "estimate", "expect", "intend", "aim" and similar terminology are intended to identify forward looking statements. The forward looking statements are not historical facts but reflect management's current expectations regarding future results or events. These forward looking statements include statements regarding financial or other projections, Optiva's future plans, objectives or performance for the current period and subsequent periods and regarding the markets for its products.

These forward looking statements are subject to a number of assumptions, risks, uncertainties and other factors that could cause actual results, performance, achievements, industry results or events to differ materially from current expectations. 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. The material assumptions made in making these forward looking statements include the following: the stability of general economic and market conditions, equity and debt markets continuing to provide us with access to capital, our ability to adapt to technological changes, our ability to identify and secure attractive and executable business opportunities, compliance with intellectual property rights and currency exchange and interest rates remaining stable. While management believes these assumptions to be reasonable under the current circumstances, they may be inaccurate. 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 inability of Optiva's products to perform as expected, a material adverse change in the affairs of Optiva, the failure of the reorganization described herein to result in the efficiencies expected by management, the ability of Optiva to transition to a Cloud business that operates on a Software as a Service model, and the factors discussed under "Risk Factors" below. 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.

These forward looking statements are made as of the date of this AIF and Optiva does not intend, and does not assume any obligation, unless otherwise required by law, to update or revise them to reflect new events or circumstances. Readers are cautioned not to place undue reliance on forward looking statements.

CORPORATE STRUCTURE

Redknee.com Inc. was incorporated under the *Business Corporations Act* (Ontario) on March 29, 1999. Through a series of corporate reorganizations, Redknee.com Inc. was renamed Redknee Inc. On March 28, 2018, Redknee Inc. was renamed Optiva Canada Inc. Since 1999, Redknee Inc. (now Optiva Canada Inc.) has been the operating entity of Redknee Solutions Inc. (now Optiva Inc.) which was incorporated on November 1, 2006 under the *Canada Business Corporations Act*. On February 14, 2007 the Articles of Incorporation of the Company were amended to authorize Redknee Solutions Inc. as a Mutual Fund Corporation in Canada. At the June 11, 2008 Annual General Meeting, the shareholders approved a further amendment of the Articles of the Company to eliminate the Mutual Fund Corporation status effective October 22, 2008, being the date that the Company's common shares ("Common Shares") were listed on the Toronto Stock Exchange ("TSX"). At the January 25, 2017 special meeting of holders of the Company's Common Shares, shareholders approved the creation of the first series of preferred shares of the Company designated as Series A Preferred Shares ("Preferred Shares"). The Articles and By-law No. 1 of the Company were amended to reflect the creation of Preferred Shares. At the March 29, 2017 Annual and Special Meeting, shareholders approved the re-designation of Common Shares to Subordinate Voting Shares. As a result, the Articles of the Company were restated to reflect the change from Common Shares to Subordinate Voting Shares. On March 28, 2018 the Articles of the Company were amended to consolidate all of the issued and outstanding Subordinate Voting Shares in the capital of the Company on the basis of one post-consolidated Subordinate Voting Share for every 50 pre-consolidation Subordinate Voting Shares and to change the name of the Company to Optiva Inc. Concurrently, the stock symbol for the Subordinate Voting Shares was changed to OPT.

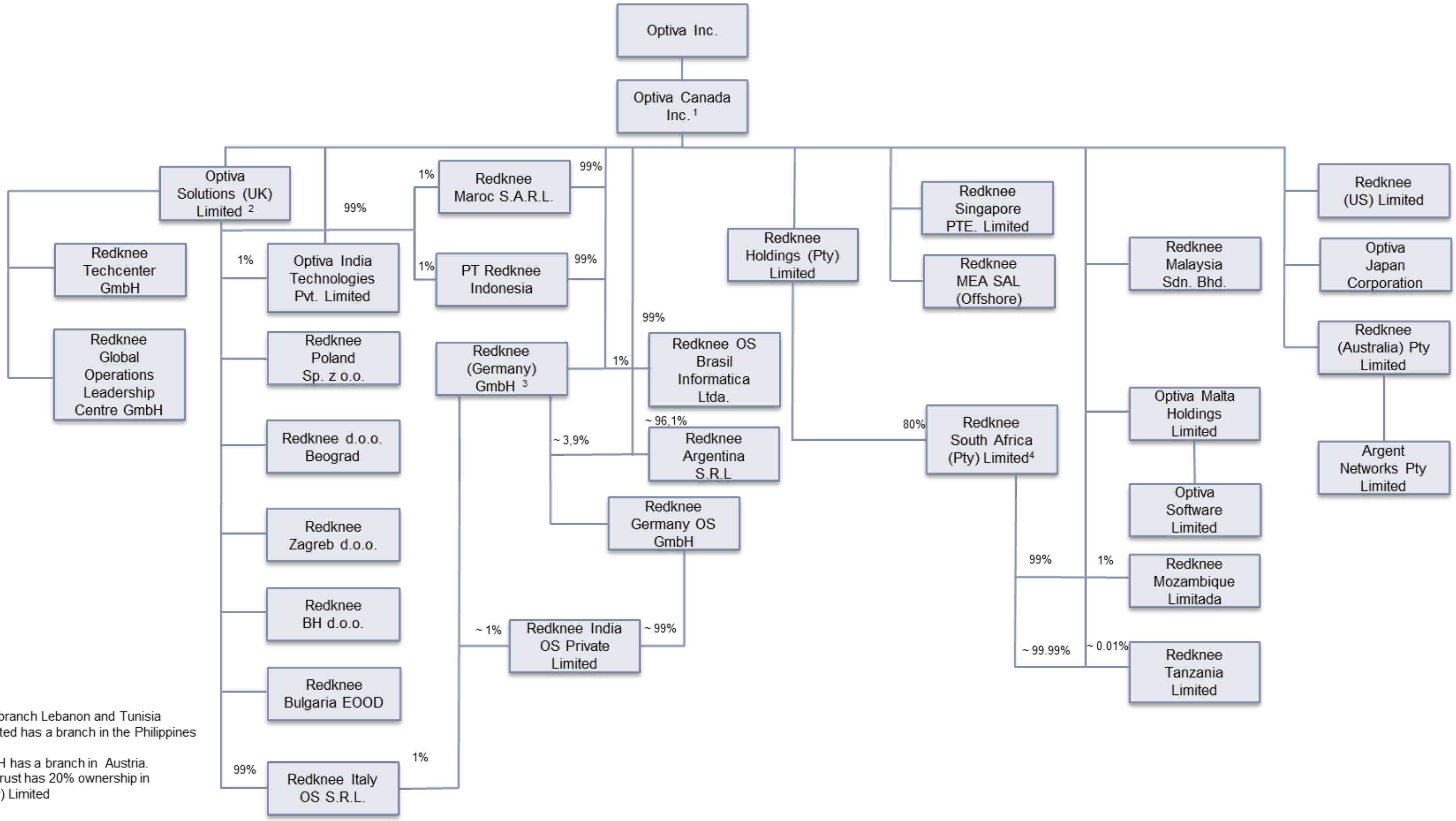
Optiva's registered office is 100 King Street West, Suite 3400, Toronto, Ontario, M5X 1A4, Canada. The head office for the Company is 2233 Argentia Rd., East Tower, Suite 302, Mississauga, Ontario, L5N 2X7. The Company's telephone number is +1 (905) 625 2622. The Company's website address is www.optiva.com. The information on that website is not incorporated by reference in this AIF.

Inter-corporate Relationships

The following table illustrates the inter-corporate relationships between the Company and its material and other subsidiaries (as determined by Item 3.2 of Form 51-102F2) and sets out the respective jurisdictions of incorporation of such subsidiaries and the percentage of their voting securities owned, controlled or directed, directly or indirectly, by the Company as at December 31, 2019. A corporate structure chart showing the relationship among the various subsidiaries follows below.

Name of Subsidiary	Percentage of Votes Attaching to Voting Securities Beneficially Owned, Controlled or Directed by the Company	Jurisdiction of Incorporation
Optiva Canada Inc.	100%	Ontario
Optiva Solutions (UK) Limited	100%	United Kingdom
Redknee (US) Limited	100%	Delaware
Redknee (Australia) PTY Limited	100%	Australia
Argent Networks Pty Limited	100%	Australia
Optiva India Technologies Pvt. Limited	100%	India
Redknee India OS Private Ltd.	100%	India
Redknee d.o.o. Beograd	100%	Serbia
Redknee Zagreb d.o.o.	100%	Croatia
Redknee Bulgaria EOOD	100%	Bulgaria
Redknee (Germany) GmbH	100%	Germany
Redknee Germany OS GmbH	100%	Germany
Redknee Techcenter GmbH	100%	Germany
Redknee Global Operations Leadership Centre GmbH	100%	Germany
Redknee Poland Sp. z.o.o.	100%	Poland
Redknee Maroc SARL	100%	Morocco

Name of Subsidiary	Percentage of Votes Attaching to Voting Securities Beneficially Owned, Controlled or Directed by the Company	Jurisdiction of Incorporation
PT Redknee Indonesia	100%	Indonesia
Redknee South Africa Proprietary Limited	100%	South Africa
Redknee Holdings (Pty) Limited	100%	South Africa
Redknee Malaysia Sdn. Bhd.	100%	Malaysia
Redknee Singapore PTE. Limited	100%	Singapore
Redknee MEA SAL (Offshore)	100%	Lebanon
Redknee BH d.o.o.	100%	Bosnia and Herzegovina
Redknee Tanzania Limited	100%	Tanzania
Redknee Mozambique Limitada	100%	Mozambique
Optiva Japan Corporation	100%	Japan
Redknee Argentina S.R.L	100%	Argentina
Redknee OS Brasil Informatica Ltda.	100%	Brazil
Redknee Italy OS s.r.l.	100%	Italy
Optiva Malta Holdings Limited	100%	Malta
Optiva Software Limited	100%	Malta



1 Optiva Canada Inc. has a branch Lebanon and Tunisia
2 Optiva Solutions (UK) Limited has a branch in the Philippines and Greece.
3 Redknee (Germany) GmbH has a branch in Austria.
4 Redknee SA Employees Trust has 20% ownership in Redknee South Africa (Pty) Limited

Ownership is 100% unless otherwise indicated.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Optiva, which commenced operations in July 1999, is an innovative provider of cloud-native revenue management products on the public cloud to leading communication service providers (CSPs) worldwide. MNOs and MVNOs can integrate our best-of-breed charging engine or our Business Support Systems ("BSS") stack or deploy our fully managed, end-to-end, SaaS platform. Optiva products offer unmatched speed, scale, security and savings. Our market knowledge, analytical insights and unique Customer Success Program ensure telecoms are equipped to achieve their strategic business goals.

Our business has been driven traditionally by the adoption of mobile voice and data services globally and the application of these services across vertical markets. We believe that the requirement of service providers to monetize those services with more sophisticated real-time converged charging and billing is becoming more urgent in today's digital era. We are seeing a number of CSPs undertake transformation projects and consolidate business support systems (BSS) as they adapt their offering to include new services, such as digital, media and Over the Top ("OTT") related and converged services. As a result, the potential market for Optiva's revenue management products keeps offering opportunities to grow.

The Company's primary focus in fiscal 2019 was to invest in Customer Success, product quality and cloud innovation, funded by significantly reducing other operating expenses, despite declining revenues.

As announced previously, the Company intends to accelerate its research and development in the area of Cloud innovation and maintain its leadership position in the Cloud BSS market. The Company expects to incur approximately $72 million over the next two years, and is looking to raise additional financing to fund this investment, as the legacy business continues to decline. The Company expects that it will burn cash over the next few quarters as it transitions from its legacy business to a Cloud business that operates on a Software as a Service ("SaaS") model. While the Company's Cloud strategy is beginning to achieve traction with our customers and future targets, there is significant uncertainty whether this strategy will be successful, and the time horizon to achieve a sustainable Cloud business is significantly long. Actual financial results during this transition could vary materially, potentially resulting in significant loss in shareholder value. .

On December 12, 2018, the Board of Directors approved a change in the Company's fiscal year end from September 30 to December 31. The change is to better align the Company's fiscal year end with its business operations. The change in the year end has been filed with the regulators. Further important product and business developments over the last three fiscal years are listed below. Readers are also encouraged to review the annual Management's Discussion & Analysis for the past three fiscal years, which are available at www.sedar.com.

Fiscal 2019

- December 18, 2018, Tier 1 CSP migrated its Optiva Wholesale Billing™ solution to Google Cloud Platform (GCP) to further advance its autoscale capabilities and cost savings through public cloud advantages.

- December 20, 2018, Optiva announced the deployment of a new mobile virtual network enabler (MVNE) platform for a Latin American telecom provider that services over 360 million lines in 25 countries.

- January 15, 2019, Ooredoo Palestine entered into a multi-year agreement and software upgrade with Optiva to enhance customer experience, achieve TCO reduction, support their growth and build upon their subscriber base and overall revenue increases.

- February 14, 2019, Optiva announced the commercial launch of multi-play billing and charging transformation on Optiva Charging Engine™ for Omantel, the leading telco provider in Oman, to further revolutionize their fixed-line and multi-play services and meet increasing demand for services.

- February 19, 2019, Optiva announced it would unveil its new Total Cost of Ownership (TCO) Simulator as part of the *Optiva Insider* events at MWC.

- February 20, 2019, Optiva announced that Truphone, an eSIM technology provider, would upgrade their Optiva Charging Engine™ to Google Cloud Platform and Cloud Spanner on the public cloud to increase savings and scalability of operations.

- February 24, 2019, Optiva announced that its Optiva Revenue Management Suite™, a BSS solution that provides features for charging, billing, product catalog and order management, had been released on the public cloud.

- March 12, 2019, Optiva announced a significant upgrade and multi-year agreement with Afghan Wireless Communication Company (AWCC) to support future transitions to the public cloud.

- April 30, 2019, Optiva announced that Google Anthos, an integrated platform for hybrid cloud and cloud-native environments, would serve as the Kubernetes platform for private and public cloud deployments offering telcos total cost of ownership (TCO) savings of up to 80%.

- June 25, 2019, Optiva announced an expanded partnership with Vodacom Tanzania for utilization of Optiva Charging Engine™ and Policy Control (PCRF). Vodacom Tanzania services 12.4 million customers as the leading CSP in Tanzania and has utilized Optiva services for over 10 years.

- July 25, 2019, Optiva announced an upgrade for a Tier 1 APAC telco, which services more than 400 million subscribers. The upgrade included cloud-enabling features and was carried out across multiple campuses for one of the world's largest operators.

- August 13, 2019, Optiva announced that it won a contract to provide a payment application to deploy on private cloud for a Tier 1 telecom operator in the Middle East to accelerate its digital transformation and cost savings.

- September 26, 2019, Optiva announced it signed a new customer to its now available SaaS BSS platform on the public cloud, which leveraged Optiva's entry into the Software-as-a-Service (SaaS) market. The operator will leverage the platform to launch a new mobile virtual network operator (MVNO) service.

- October 22, 2019, Optiva announced that Vodafone Idea Ltd (VIL), India's leading telecom service provider with a base of 320 million subscribers, initiated a pilot to deploy its Optiva Charging Engine™ BSS solution on VIL's universal cloud.

Fiscal 2018

- November 28, 2017, Redknee announced that it began offering high-performance Google Cloud Spanner to customers, improving performance and reducing total cost of ownership to achieve customers' strategic business goals.

- January 16, 2018, Redknee announced its corporate name change to Optiva Inc., part of the company's transformation and strategic plan advancement. The name change became effective April 3, 2018.

- February 22, 2018, Redknee became a Google Cloud Technology Partner, demonstrating its anticipation of market trends around digital transformation, focus on Customer Success and investment in research and development to elevate its products.

- March 2018, Redknee completed the upgrade and expansion of the data charging platform for a Tier 1 CSP in Japan, which is one of the world's largest CSPs, supporting more than 35 million subscribers.

- June 2018, Optiva became the first telecom charging enterprise software company to meter charging transactions in a Kubernetes environment using Cloud Spanner and Google Cloud Platform.

- June 2018, Optiva Charging Engine became generally available on Kubernetes and is the first Kubernetes-ready, real-time charging solution for the telecom industry.

- July 2018, Optiva Charging Engine became available on Google Cloud Spanner, offering CSPs 10 times processing performance, speed, scale and savings. This is another step toward the company's cloud transformation.

- August 2018, Optiva won a multi-year, multi-million dollar managed services and care agreement extension to support a Tier 1 Asia-Pacific CSP's rapidly growing, critical data platform.

- September 2018, Optiva Charging Engine became the first proven carrier-grade revenue management application on the public cloud and available on Google Cloud Platform, upgrading its stability and dynamic scaling to handle more than 500,000 transactions per second. This leverages the auto-scaling and elasticity of cloud computing to process 10 times the transactions at one-tenth the cost.

Fiscal 2017

- In October 2016, Redknee successfully implemented Redknee Unified, a converged multi-play billing, charging and customer care platform at Omantel, a leading communication service provider in the Middle East.

- In October 2016, Redknee won a multi-year monetization solution contract for a major retailer in Latin America (LATAM) valued at more than $5 million dollars. The solution is delivered from Redknee Cloud to provide the leading retailer with an enhanced real-time, end-to-end cloud-based monetization solution.

- In December 2016, Redknee entered into a waiver and amendment to its credit agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company, and its two partners, the Royal Bank of Canada and Capital One (collectively, the "Lending Syndicate") in connection with the Financing Transaction (as defined below).

- In December 2016, Redknee completed an expansion of its real-time monetization and subscriber management platform at Telecommunications Services of Trinidad and Tobago Limited (TSTT).

- On December 9, 2016, Redknee entered into an agreement (the "Constellation Agreement") with Constellation Software Inc. and Trapeze Software ULC ("Constellation") to issue to Constellation 800,000 Preferred Shares of the Company and a Common Share purchase warrant for gross proceeds of $80.0 million. The Constellation Agreement provided that, in the event that Redknee received a competing proposal that was considered to be superior by the Company's Board of Directors to the transaction contemplated by the Constellation Agreement, Constellation would have the right to offer to amend the Constellation Agreement such that the competing proposal was no longer a superior proposal.

- On December 19, 2016, the Company received an unsolicited offer (the "ESW Offer") from ESW Capital, LLC ("ESW Capital") and Wave Systems Corp. (now called ESW Holdings Inc.), a subsidiary of ESW Capital ("Wave") that the Company's Board of

Directors unanimously determined in good faith, after consultation with its financial advisors and outside counsel, constituted a superior proposal within the meaning of the Constellation Agreement. Constellation declined to exercise its matching right under the Constellation Agreement and as a result, the Constellation Agreement was terminated and the Company entered into a subscription agreement (the "ESW Agreement") with ESW Capital and Wave pursuant to which the Company agreed to complete a private placement of 800,000 Preferred Shares and a Common Share purchase warrant (the "Warrant") to Wave for gross proceeds of $83.2 million (the "Financing Transaction"). The termination fee of $3.2 million payable to Constellation under the Constellation Agreement was assumed and paid by ESW Capital, which payment is non-refundable but was credited against the obligation to pay the proceeds of $83.2 million to the Company on closing of the Financing Transaction. The terms and conditions of the Preferred Shares and the Warrant are described under "Description of Share Capital".

- On January 25, 2017, at a special meeting of holders of the Company's then Common Shares (since re-designated as Subordinate Voting Shares), shareholders approved the termination of the Company's Amended and Restated Shareholder Rights Plan Agreement dated March 9, 2016. Also at such meeting, shareholders also provided such approvals as necessary for the Company to complete the Financing Transaction. This private placement closed on January 26, 2017 (the "Closing Date").

- On January 26, 2017, the Company accepted the resignations of Dahra Granovsky, Greg Jacobsen and Steve Davies as directors and appointed to the board Demetrios Anaipakos, Scott Brighton, Chris Helling and Andrew Price, the nominees of Wave.

- In February 2017, Telekom Sprske and Redknee signed a multi-million dollar upgrade to the latest version of Redknee Unified and a contract expansion, including the deployment of Redknee's geo-redundancy system to improve the quality and reliability of services.

- In February 2017, WOM Chile and Redknee signed a multi-million dollar transformation deal to deliver the full Redknee Unified stack and enable WOM to launch new service offerings, improve operational efficiency and create greater business value.

- On February 15, 2017, Alan Michels and Kent Thexton stepped down from the board of directors. Christy Jones and Farhan Thawar were appointed to the board.

- On February 23, 2017, a strategic plan for long-term growth and sustained profitability was initiated. The strategic plan included a corporate restructuring plan that was expected to be completed in 2018. The restructuring plan is described in further detail below under "Description of the Business".

- In March 2017, a Tier 1 CSP in APAC signed a multi-million dollar upgrade to the latest version of Redknee Unified. The upgrade was intended to add additional capacity and new capabilities including VoLTE.

- On March 29, 2017, at the Annual and Special meeting of Shareholders, a resolution to amend and restate Redknee's articles to re-designate the Common Shares of the Company as Subordinate Voting Shares was passed. Articles of amendment to effect the re-designation were filed on March 29, 2017.

- On May 8, 2017, the Company entered into service agreements with Crossover Markets Inc. (“Crossover”) and DevFactory FZ-LLC (“DevFactory”), each affiliates of ESW Capital, to provide cross functional and specialized technical services for a period of six weeks.

- On May 16, 2017, the Company announced that it had entered into a non-binding letter of intent in respect of a proposed transaction that will accelerate the Company’s previously announced Strategic Plan, comprised of 1) a rights offering by the Company for a subscription price per right of no more than the Canadian dollar equivalent of $0.50, and for aggregate gross proceeds of no less than $54 million, which rights offering will be backstopped by Wave, for an amount of rights up to 100% of the rights offering, and 2) contemporaneously with the closing of the rights offering, the entering into of i) a services agreement (the “Crossover Services Agreement”) between the Company and Crossover or an affiliate thereof pursuant to which Crossover will provide the Company with access to service providers and ii) a technology services agreement between the Company and DevFactory FZ-LLC or an affiliate thereof (the “DevFactory Services Agreement”) pursuant to which DevFactory will provide certain technology services to the Company.

- In May 2017, a Global Tier 1 telecommunications operator in Europe, Middle East and Africa (“EMEA”) awarded Redknee a multi-country contract to upgrade and expand Redknee Unified.

- On June 9, 2017, the Company entered into a Standby Purchase Agreement with Wave and ESW Capital in connection with the rights offering, fully backstopped by Wave. The Standby Purchase Agreement provided for the issuance to Wave of a warrant to acquire 2,500,000 Subordinate Voting Shares at an exercise price of $0.50 per share as a fee for providing the standby guarantee. The Company also extended its interim Services Agreements with Crossover and DevFactory. The Services Agreements were extended until the earlier of (i) July 25, 2017, if the shareholders of Redknee Solutions Inc. have not approved the transactions contemplated by the Standby Purchase Agreement and (ii) the date the Standby Purchase Agreement is terminated.

- On June 9, 2017, the Company announced that David Charron, Chief Financial Officer, would be departing after completion of the Rights Offering, following which Anin Basu would assume the role on an interim basis with a formal search process for a permanent Chief Financial Officer to follow. The Company also announced that Vishal Kothari, Chief Operating Officer, and Chris McGrady, Vice President Human Resources, Integration Management and Corporate IT and Security would be departing within 12 months and that Mr. Kothari would continue to work with the Company as an advisor following his departure.

- In June 2017, a large Tier 1 telecommunications operator in Europe made a multi-million dollar investment in Redknee Unified. This investment is intended to enable Redknee to further enhance its existing service creation platform to provide NextGen capability.

- In June 2017, Smart Communications awarded Redknee a services and support contract for Redknee Unified.
- On July 25, 2017, the Company received shareholder approval for a $54 million rights offering.
- On September 1, 2017, the Company announced that the rights offering was over-subscribed and as such Wave was not required to fulfill its obligations under the standby purchase agreement.
- On September 6, 2017, the Company closed the rights offering pursuant to which an aggregate of 108,519,936 Subordinate Voting Shares were issued at a subscription price of Cdn$0.63 per share for gross proceeds to the Company of approximately Cdn$68 million. The net proceeds of the rights offering were expected to be used to fund the restructuring of the business in furtherance of the Company's strategic plan. Pursuant to the right previously granted to ESW to maintain its pro rata interest in the Company, Wave Systems Investment Corp., an affiliate of Wave and assignee of the Preferred Shares initially issued to Wave, agreed to subscribe for an additional 44,604,981 Subordinate Voting Shares at a price of Cdn$0.63 per share for aggregate gross proceeds to the Company of approximately Cdn$28 million. As a result of the completion of the rights offering and the subsequent issuance to Wave, the exercise price of the Warrant issued to Wave in January 2017 was reduced from $1.30 to $0.68. The Warrant now entitles the holder thereof to acquire 46,285,582 Subordinate Voting Shares. Upon closing of the rights offering, the Company entered into further extensions of the Services Agreements with Crossover and DevFactory.

DESCRIPTION OF BUSINESS

OVERVIEW

Optiva, which commenced operations in July 1999, is an innovative provider of cloud-native revenue management products on the public cloud to leading communication service providers (CSPs) worldwide. MNOs and MVNOs can integrate our best-of-breed charging engine or our Business Support Systems ("BSS") stack or deploy our fully managed, end-to-end, SaaS platform. Optiva products offer unmatched speed, scale, security and savings. Our market knowledge, analytical insights and unique Customer Success Program ensure telecoms are equipped to achieve their strategic business goals.

The Company's product and services, empower CSPs to monetize on their various customer segments, including consumer, enterprise, wholesale and IoT. The company's solutions allow the introduction of new innovative tariffs and marketing offerings, coupled with payment solutions, customer care and subscriber self-service applications, to allow its customers to achieve their objectives and address their challenges, including monetization of their assets, better customer experience and reduced costs.

The Subordinate Voting Shares of Optiva Inc. (TSX: OPT) are listed on the Toronto Stock Exchange.

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 award-winning cloud-enabled real-time converged charging, billing, and customer care platform delivers the benefits of a flexible, end-to-end software platform, including real-time charging, billing, product catalog, order management, policy management and customer care for any digital services of a CSP. Optiva's product family supports any type of CSP from tier 1 to tier 4, in the cloud or on-premise. It enables a digital customer journey delivering innovative end user services from real-time offering towards digital guide self-management of customer interaction.

Optiva supports the telecommunication industry with the following market solutions:

- **Optiva Charging Engine** – Optiva's highly scalable, convergent charging solution is a full cloud-enabled platform for private and public cloud. It monetizes any type of transaction and enables a smooth transition from a traditional telco business to digital CSP as a single monetization platform. The solution runs most efficiently with Google Cloud Platform ("GCP") and scales with Google Spanner above 500k transactions per second ("TPS"). Kubernetes and the customization framework enables fast adaptation to the market and new use cases with the shortest time to market and lowest total cost of ownership ("TCO") in the world. Today, Optiva's scalable solution is supporting more than 200 million subscribers at a single customer and enables operators to launch and monetize their 4G and 5G networks and deliver advanced data services, including Voice over LTE ("VoLTE"), M2M, IoT, cloud services, and OTT offerings.

- **Policy Management** – Optiva's Policy Management solution provides a single solution that enables service providers to take control of network resource usage, assure quality of experience for users, and offer personalized services and differentiated, service-specific charging. Optiva's Policy Management solution is key to supporting operator data monetization strategies for real-time applications, such as video streaming, interactive gaming, and VoLTE.

- **Optiva BSS Platform** – Optiva BSS Platform provides a fully managed, end-to-end, cloud-native converged billing solution on the public cloud. For CSPs, including Mobile Network Operators ("MNOs"), Mobile Virtual Network Enablers ("MVNEs"), and MVNOs, Optiva BSS Platform, re-architected to be cloud-native and made available on the public cloud, is Optiva's new entry into the SaaS market. The multi-tenant platform allows customers the freedom to focus on their business, not on deploying and managing enterprise software. Customers can design marketing plans, load subscribers, and deploy their services — without having to install software on premise. With Optiva BSS Platform, customers can run on the public cloud: customer care, product catalog, unified rating and charging, customer self-care, payments and voucher management, billing and collections, order handling, policy control, dealer care, and wholesale settlement. Public cloud offers rapid, unlimited scale with capability for worldwide reach without the costs and complexities of bare metal or virtualized enterprise software deployments. Customers also benefit from a worry-free SaaS model, pay-as-you-grow pricing, lowest TCO with up to 80% savings, and rapid deployment capabilities. Public cloud deployment is 100% containerized, Kubernetes-based, and Oracle-free. Deployment, upgrades, testing, and configuration management are automated, using a continuous integration and deployment pipeline.

- **Wholesale Settlement** – Optiva's Wholesale Settlement is a cloud-based solution that provides operators with greater visibility into network transactions to achieve converged settlement and accurate interconnect billing. Optiva's solution helps service providers maximize the value of their network with a comprehensive and cost-effective interconnect, wholesale, roaming, MVNO, franchise management, and content settlement software solution.

- **E-Payments –** Optiva's e-payment solutions strengthen a customer's ability to monetize services with the provision of different payment methods, including voucher and voucher-less payment and top-up solutions. Optiva's solution allows service providers to offer end users the most convenient payment solutions in their market.

Customer Success Program and Investment in Product Revitalization and Innovation

The Company's Customer Success Program involves a series of cross-functional account teams to drive customer success with the objective of getting 100% of our customers answering affirmatively to the question "Does Optiva help make your business successful?" Customer success is significantly dependent upon operating smoothly and constantly improving operational efficiency, closing product gaps to solve provide customers with a path to maximize reliability and scalability of our solutions while reducing costs, as well as providing business consultancy around our customers business objectives. The Company expects that it will burn cash over the next few quarters as it transitions from its legacy business to a Cloud business that operates on a Software as a Service ("SaaS") model. The Company's 2019 investment included $14.2 million spent on Cloud innovation. The life-to-date total spend on Cloud Innovation initiative has been approximately $28.2 million. The Company plans to spend up to another $71.8 million on Cloud Innovation, including the Company's move to public cloud-based solutions and its partnership with Google, for a total estimated investment of approximately $100 million. The Company intends to raise additional capital of up to $100 million to accelerate its investment in the cloud strategy. Completion of any financing is dependent upon terms that are acceptable to the Company, obtaining necessary regulatory approvals, and under certain circumstances, consent from the holder of the Company's preferred shares may be required.

Revenue

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

The Company's revenues of $120.9 million in the fifteen-month fiscal year ended December 31, 2019 declined by $0.8 million relative to the twelve-month period ended September 30, 2018.

Revenue by category for the fiscal periods ended December 31, 2019 and September 30, 2018 is shown in the tables below.

$US Thousands (unaudited)	Fifteen Months Ended December 31, 2019	Twelve Months Ended September 30, 2018
Support and Subscription	86,860	84,747
Software and Services	32,674	33,553
Third Party Software and Hardware	1,349	3,327
Total	**120,883**	**121,627**

Percentage of Total Revenue (unaudited)	Fifteen Months Ended December 31, 2019	Twelve Months Ended September 30, 2018
Support and Subscription	72%	70%
Software and Services	27%	27%
Third Party Software and Hardware	1%	3%
Total	**100%**	**100%**

The increase in support and subscription revenue in the fiscal period ended December 31, 2019 relative to the previous year is mainly due to the extra quarter in the fiscal period 2019. Based on annualized revenue, the support and subscription revenue has actually decreased mainly due to discontinuation of support to customers who had previously notified us of their exit. The decrease in software and services revenue in the fiscal period ended December 31, 2019 relative to the previous year was mainly a result of fewer software implementations.

For the fifteen-months ended December 31, 2019, the Company had no customer that accounted for greater than 10% of revenue (2018 - one). The Company attempts to minimize the collection risk associated with extending credit to customers by reviewing the customers' credit history, financial information and other relevant data prior to senior management approval.

The Market

Optiva is a leading global provider of real-time monetization and subscriber management software and solutions helping CSPs to charge and bill subscribers for any service they consume, including data, text, content, and voice services across wireless, cable, fixed and alternate service providers around the world. As such, Optiva markets its products and solutions globally to providers that range in size from regional to multinational service providers with operations in multiple continents. Our customers offer a range of services, including new market-leading technologies such as 4G, 5G, and LTE services, and some are monetizing the Internet of Things. Optiva's products and solutions support CSPs targeting rapid subscriber growth through to mature communications service providers that require data monetization solutions to help them launch premium messaging, location services, mobile broadband, VoIP, and data-rich services such as streaming video services.

Sales and Marketing

Optiva's sales approach is to use direct sales teams that market and distribute its products and solutions. The direct sales force sells across the Americas, APAC, and EMEA; it increases visibility and market penetration, ensures long-term customer relationships, and facilitates sales of additional products. Optiva supports its sales channels primarily through marketing programs, including public relations, web-based initiatives, sales collateral, case studies, and participation in key industry events and trade shows. To help ensure that Optiva contributes significantly and proactively to customers' overall strategic business objectives and retains and acquires new business through existing customers, these marketing programs support Optiva's Customer Success program.

In 2018, Optiva added a new service offering to its portfolio called Business Value, focused on helping customers to leverage and utilize Optiva's products and solutions as well as the data CSPs own. This service is aimed at transforming the discussion held with customers and to elevate it to a business and strategic level, leveraging Optiva's worldwide experience and skilled team of telecom business consultants. The service focuses on enabling CSPs to act on their business objectives - including utilizing their existing products, monetizing on market trends, and improving ROI of products used.

Competitive Environment

The market for the Company's products is intensely competitive, rapidly evolving, and subject to technological change. There are a number of companies worldwide that have emerged as competitors in the network communications BSS software market, which include:

- ***Service infrastructure providers*** – these are entities that provide products that enable communication service providers to offer a variety of wholesale and retail billing, real-time rating/charging, and other revenue-generating solutions. The Company's direct and indirect competitors in this category include, but are not limited to Netcracker, Amdocs, CSG International, and Oracle.

- ***Network infrastructure providers*** – these are large, vertically integrated telecommunications equipment suppliers, including Ericsson and Huawei, which offer a broad portfolio of network infrastructure products and are positioned to bundle services software with their network and hardware offerings in order to differentiate their products.

- ***Software suppliers, services suppliers, and integrators*** – these include generic and specialized software integration organizations that provide complex project management, software integration services, and custom software development. Included in this category are divisions of companies such as Accenture, IBM, Infosys, and Tata Consulting Services, and smaller, regional software vendors. The larger of these competitors generally provide complete turnkey solutions derived from products developed in-house or by customizing products that are developed externally. Optiva sees these competitors, in the long term, as potential channel and integration partners.

Growth Strategy

Optiva's growth strategy is focused on existing customer retention and acquisition of new business from new and existing customers. To sustainably drive growth, the strategy includes investing in product development, expanding products and services, growing recurring revenue streams, and investing in sales and marketing. Optiva implemented the Customer Success program in March 2017, which ensures that Optiva contributes significantly and proactively to customers' overall strategic business objectives and retains and acquires new business through existing customers.

The Customer Success program:

- Is a unique offering, the only program of its kind in the industry to our knowledge.
- Identifies, establishes, and focuses on customers' goals and overall strategic business objectives.
- Includes an action plan that is created, tracked, and reviewed every six months for each Optiva customer.
- Is supported by a cross-functional team focused on executing the plan, including Customer Partners, professional services, support, and engineering resources.
- Provides a binary trigger for the corporate bonus plan and incentive pay based on the Customer Success KPI.
- Is measured by the percentage of customers, weighted by revenue, that answer "yes" to the question "Are you achieving your business objectives with Optiva?"

In 2018 Optiva came to the conclusion that the best opportunity for future success of the Company and its customers is to lead the telecom industry by leveraging the capabilities of the public cloud. The Company has invested to re-platform and re-architect its products to support cloud-native capabilities on the public cloud, and Optiva plans to invest $100 million over three years to pivot its products and services to this strategy. The Company expects that it will burn cash over the next few quarters as it transitions from its legacy business to a Cloud business that operates on a Software as a Service ("SaaS") model. The Company is considering raising additional capital of up to $100 million to accelerate its investment in the cloud strategy. Completion of any financing is dependent upon terms that are acceptable to the Company, obtaining necessary regulatory approvals, and under certain circumstances, consent from the holder of the Company's preferred shares may be required.

Research and Development

Research and development has historically been, and is expected to be, a significant portion of Optiva's overall operating cost model, as it continues to invest in building a suite of market-leading software products for telecom vendors. Optiva believes in investing in the long-term success of its product lines for the benefit of its customers, shareholders, and the Company as a whole. The product planning efforts are led by Optiva's product management team, who work closely with research and development, sales and delivery operations in order to define the product roadmap requirements based on feedback from customers, the direction and requirements of industry standards, competitive offerings, as well as the overall trends of the communications and information technology industries.

Optiva uses a structured software delivery lifecycle process that leverages commercially available, as well as proprietary, tools and systems.

The Company has retained DevFactory, a related party, pursuant to the DevFactory Services Agreement to provide software development services that enables the Company to better manage its technology suite. The DevFactory platform facilitates software source code management leading to improvements in the quality of the code. DevFactory's services will run proprietary diagnostics on the Company's existing code base, and on future improvements and bug fixes, to identify portions of the code that are failing or hindering functionality. DevFactory will also improve the code base directly by enhancing its in-built testing capacity and write unit test code that provides early warning of introduced errors. DevFactory also provides services to improve the performance of the products as well as to provide new features and functionality, including re-architecting the product to run cloud natively. The Company expects that the services provided by DevFactory will enable the Company to enhance the quality, performance, and capability of its products, going forward. The Company views the relationship with DevFactory as a key capability differentiator that allows it to speed up time to market with increased quality at a significantly reduced cost as compared to traditional software development models.

Intellectual Property

In accordance with industry practice, Optiva protects its proprietary product rights through a combination of patent, copyright, trademark and trade secret laws and contractual provisions.

Patent law offers some protection for Optiva's current and future products. The Company maintains an active program regarding patent protection for novel elements of its products to improve the Company's competitive position. Optiva primarily files patent applications globally with a focus on the United States and Europe. As of December 31, 2019, Optiva had a portfolio of 14 filed and over 100 granted patents. These numbers do not include the patents which were acquired as a result of the acquisition of Orga Systems. Notwithstanding any deliberate abandonment of intellectual property assets or court decisions invalidating such assets, part of Optiva's current patent portfolio will expire in 2020 and this constitutes a part of the natural evolution of Optiva's patent portfolio. Optiva has continuously made new inventions, applied for new patent applications and prosecuted the applications in the jurisdiction of choice around the world. As a result, Optiva has been continuously granted new patents in the last years so that Optiva has been able to maintain a quality patent portfolio to protect new technical and business areas of interest.

The source code for Optiva's software products are protected under trade secret law and as unpublished copyrighted works. Optiva recognizes, however, that effective copyright protection may not be available in some countries in which it distributes its products.

As part of the strategic plan, Optiva Canada Inc. sold business assets, including its intellectual property, to Optiva Software Limited, a wholly owned subsidiary located in Malta. The transaction was undertaken as part of the rationalization of the group's legal and tax structure. Expected benefits include a greater proximity to Optiva's customers in the EMEA region and possible reduction in the effective rate of corporate income tax.

It is Optiva’s general practice to enter into confidentiality and non-disclosure agreements with its employees, contractors, consultants, manufacturers, end-users, channel partners and others to attempt to limit access to and distribution of its proprietary information. In addition, it is the Company’s practice to enter into agreements with employees, contractors and consultants that include an assignment to the Company of all intellectual property developed in the course of employment.

Optiva relies on its patent portfolio as a defensive measure to help ensure that the processes used for monetizing subscriber transactions are protected from potential infringement.

Human Resources

The Company’s human resources strategy is supplemented by Crossover pursuant to the Crossover Services Agreement.

Pursuant to the Crossover Services Agreement, the Company has outsourced to Crossover the recruitment and hiring of its employees and independent contractors. Through its proprietary network of resources, Crossover is expected to provide the Company with access to globally sourced personnel at competitive prices. Crossover's proprietary platform, WorkSmart™, provides a software suite which includes time tracking and productivity management that the Company is using to manage some of its service providers. Resources provided by Crossover are expected to enable the Company to dedicate personnel in countries where its customers are operating. By sourcing local talent to work directly in the regions where the Company’s customers are domiciled, the Company expects to improve its customer success while optimizing its cost structure. The Company views the relationship with Crossover as a key capability differentiator, allowing the Company to quickly hire or terminate global resources with greater productivity results at a lower cost, as compared to typical employment models.

As of December 31, 2019, Optiva had 342 employees and contractors, 198 of whom are involved in delivery of professional services including implementation of software solutions, 22 of whom are involved in support and maintenance related services, 40 of whom are involved in sales and marketing, 41 of whom are involved in general administration and 41 of whom are involved in research and development.

Foreign Operations

The Company’s business is substantially dependent on foreign operations as described under Inter-corporate Relationships.

Strategic Plan and Restructuring

As part of the strategic plan the company announced in February 2017, the Company announced that it would undertake a corporate restructuring plan, consisting of planned headcount and facility reductions that was expected to be completed in calendar 2018, and reduction of subsidiaries and affiliates, that is expected to be completed within the next two years. The restructuring plan included a planned personnel reduction of 530 people, closure of 18 facilities and a wind up of 35 statutory entities. The Company has completed the workforce reduction and facilities closures associated with this plan and has reduced its personnel levels (including contractors) by 194 people since September 30, 2018 to 342 people as at December 31, 2019. Execution of the restructuring plan with respect to headcount and facility reduction is substantially completed. Wind up of legal entities remains as the largest outstanding effort, which we expect to complete in the next two years, and includes efforts to complete final legal, accounting and tax activities before a formal voluntary liquidation.

The Company recorded restructuring expenses of $2.1 million (2018 - $51.8 million) and paid $6.2 million in cash associated with restructuring activities in the fiscal period ended December 31, 2019. The Company has a remaining restructuring provision of $1.2 million as at December 31, 2019, estimated to be paid within one year.

Operations and Facilities

The Company's registered office is located in Toronto, Ontario, Canada. The Company had 2 offices globally as of December 31, 2019.

Changes to Contracts

As of the date of this AIF, other than those contracts affected by the Restructuring and Strategic Plan discussed above and in the MD&A for the fiscal period ended December 31, 2019 (filed on SEDAR) (the "Fiscal 2019 MD&A"), Optiva does not anticipate any changes to existing contracts as a result of renegotiation or termination of contracts or subcontracts that would have a material effect on the Company's financial results for the year ended December 31, 2019. Contracts may be renegotiated or terminated based on circumstances of which the Company is not currently aware, including those discussed in the Fiscal 2019 MD&A (filed on SEDAR).

RISK FACTORS

The risks and uncertainties below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations and cause the price of its subordinate voting shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of its subordinate voting shares could decline, and an investor may lose all or part of his, her or its investment.

An investment in the Company may not be suitable for all investors. Potential investors are therefore strongly recommended to consult an independent financial adviser who specializes in advising upon the acquisition of shares and other securities before making a decision to invest.

Risks Associated with the Preferred Shares

As holder of the Preferred Shares, the Preferred Shareholder is entitled to elect a majority of the directors to the board of directors of the Company. This voting entitlement remains a term of the Preferred Shares upon transfer thereof and, pursuant to their terms, the Preferred Shares may be transferred without the consent of the Company. Accordingly, a control premium may be offered to the Preferred Shareholder for the acquisition of the Preferred Shares.

Under applicable Canadian law, any offer to purchase the Preferred Shares, regardless of the offered price, would not require that an offer be made to purchase the Subordinate Voting Shares. The holders of the Subordinate Voting Shares do not have coattail protections which would ensure that, in the event of a takeover bid for the Preferred Shares, the holders of Subordinate Voting Shares would be entitled to participate in the transaction on an equal footing with the Preferred Shareholder, as the holder of the Preferred Shares. In the absence of any coattail protection, if a takeover bid or any other public offer or private transaction is undertaken to acquire the Preferred Shares, holders of Subordinate Voting Shares will not have the right to participate in the transaction. Furthermore, if an offer is made to acquire both the Subordinate Voting Shares and the Preferred Shares, such offer need not be made on equal terms and the Subordinate Voting Shares may be offered less than what is offered to the Preferred Shareholder, as holder of the Preferred Shares. Canadian securities regulatory authorities may intervene in the public interest to prevent an offer to holders of the Preferred Shares being made or completed where such offer is abusive of the holders of Subordinate Voting Shares who are not subject to that offer, however such a determination would be at the discretion of the regulatory authorities and it remains possible that such a transaction could be completed by the Preferred Shareholder.

The Preferred Shares include a provision that allows the Independent Directors to approve redemption of the Preferred Shares without the payment of a premium. In addition, the financing of any redemption of the Preferred Shares is within the discretion of the Independent Directors. These provisions are intended to limit the likelihood that a third party would pay a premium for the Preferred Shares as a means by which to acquire the right to elect a majority of the board of directors.

Partial redemptions of the Preferred Shares will not reduce the entitlement of the holders thereof to elect a majority of the Board. Accordingly, until the Preferred Shares are redeemed in full, the holders thereof will retain the same influence over the Board, regardless of their relative economic interest in the Preferred Shares.

The Preferred Shares Rank Ahead of the Subordinate Voting Shares in the Event of any Liquidation, Dissolution or Winding Up of the Company

In the event of any liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its Shareholders for the purpose of winding up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Preferred Shares, the Preferred Shareholder, as the sole holder of Preferred Shares, is entitled to be paid an amount equal to US$100 per Preferred Share, plus all unpaid dividends on the Preferred Shares, up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Company), before any amount is paid or any assets of the Company are distributed to the holders of Subordinate Voting Shares.

Activist Shareholders

The Company is currently subject to and may in the future become the target of shareholder activist activities. The effects of shareholder activist activities could have a materially negative effect on the Company and its business. The Company cannot predict with certainty the outcome of any current or future shareholder activist activities. There can be no assurances that activist shareholders will not continue to, or in the future, publicly advocate for the Company to make certain corporate governance changes or engage in certain corporate actions. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on the Company's reputation and divert the attention and resources of the Company's management and Board, which could have an adverse effect on the Company's business and results of operations. Even if the Company does undertake such corporate governance changes or corporate actions, activist shareholders may continue to promote or attempt to effect further changes, and may attempt to acquire control of the Company to implement such changes. If shareholder activists seeking to increase short-term shareholder value are elected to the Board, this could adversely affect the Company's business and future operations. Additionally, shareholder activism could create uncertainty about the Company's future strategic direction, resulting in loss of future business opportunities or the termination of certain of the Company's existing favourable contractual arrangements, which could adversely affect the Company's business, future operations, profitability and the Company's ability to attract and retain qualified personnel.

Effectiveness of the Restructuring and Strategic Plan

The Company's future success depends on its ability to realize the expected economic, strategic and operational benefits anticipated by the completion of its Restructuring and the execution of its Strategic Plan. There can be no assurance as to the effectiveness of the Restructuring and the Strategic Plan. The Company may face complex and time-consuming challenges which may result in unanticipated organizational and legal problems, expenses and liabilities as well as disruption or inconsistencies in standards, controls, procedures and policies that may adversely affect relationships with customers, suppliers, employees and other business partners. If the Company is not successful in completing the Restructuring and executing its Strategic Plan in a timely and cost-effective manner, the Company will have difficulty achieving and sustaining revenue growth, profitability and cash flow in the future.

Impact on Business Relationships

The Restructuring has resulted in several changes in the executive team and senior management as well as significant changes in day to day personnel at the Company. This coupled with the risks associated with the implementation of the Strategic Plan may result in further scrutiny from the Company's customers and suppliers. The impact of such additional scrutiny may result in customers cancelling or postponing purchasing decisions and suppliers requiring more onerous terms from the Company. If management is unable to complete the Restructuring and implement the Strategic Plan on a timely basis, the Company may not be able to achieve and sustain revenue growth, profitability and positive cash flows in the future.

Failure of our solutions could expose the Company to significant liabilities

The Company's solutions are critical to our customers' ability to deliver and monetize services on their networks. If the Company fails to successfully deploy its solutions or if customers experience system outages caused by our software, the Company may be exposed to significant liabilities associated with unplanned remediation costs, penalties and claims for damages.

Company's investment in public Cloud as a growth strategy may not be successful

The Company is investing significant resources in developing a public cloud-based BSS solution that is going to significantly change the way the Company generates revenue from its customers. While this solution is expected to be significantly advantageous to our customers and all communication service providers ("CSPs") from cost, performance and reliability perspectives, the adoption of public cloud based BSS solutions by these entities is still in the nascent stages. Many CSPs have expressed interest, however, it remains uncertain as to when we will generate significant revenue from these solutions. There is no guarantee that CSPs will be willing to adopt public cloud based BSS solutions and, as a result, the Company may not recover its planned $100 million investment and may not be able to achieve and sustain revenue growth, profitability and positive cash flows in the future.

Market Development

The market in which the Company operates is still developing and the market demand, price sensitivity and preferred business model to deliver innovative mobile communications infrastructure software and value-added services for CSPs remains highly uncertain. The Company's growth is therefore dependent on, among other things, the size and pace at which the markets for its software products and services develop. If the markets for the Company's software products and services decline, remain constant, or grow more slowly than anticipated, the Company's growth plans, business and financial results may suffer. Furthermore, the timing of revenue from sales of the Company's products and services in any financial year may change as a result of the specific requirements of the Company's customers and their available financial resources and, as such, may result in fluctuations in the Company's operating performance.

The Company faces intense competition from several competitors and if it does not compete effectively with these competitors, its revenue may not grow and could decline.

The Company has experienced, and expects to continue to experience, intense competition from a number of companies. The Company competes principally with multi-national vendors such as Amdocs, Ericsson, Oracle, Huawei, NetCracker and CSGi. The Company's competitors may announce new products, services or enhancements that better meet the needs of end-users or changing industry standards. Further, new competitors or alliances among competitors could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Many of the Company's competitors and potential competitors have significantly greater financial, technical, marketing or service resources than the Company. Many of these companies also have a larger installed base of products, longer operating histories or greater name recognition than the Company. End-users of the Company's products are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's relatively small size and recent operating history may be considered negatively by prospective end-users. In addition, the Company's competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

The Company's ability to recruit and retain personnel is crucial to its ability to develop market, sell and support its products and services.

The Company depends on the services of its key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, product, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified technical, product, sales, marketing and management personnel in the future. The Company's inability to attract and retain the necessary technical, product, sales, marketing and management personnel may have a material adverse effect on its future growth and profitability. It may be necessary for the Company to increase the level of compensation paid to existing or new employees and contractors to a degree that its operating expenses could be materially increased.

Currency fluctuations may adversely affect the Company.

A substantial portion of the Company's revenue is earned in U.S. dollars, Japanese Yen, Indian Rupee and in Euros, and a substantial portion of the Company's operating expenses is incurred in U.S. dollars and Euros. Fluctuations in the exchange rate between the U.S. dollar, Euros, Japanese Yen and other currencies may have a material adverse effect on the Company's business, financial condition and operating results.

Sales and Product Implementation Cycles

The Company's customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to license the Company's software. Typically, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take many months after the first contact with a customer before a sale can actually be completed. The Company may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of the Company's software varies among customers and may last several months, depending on customer needs and the products deployed.

During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example:

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- the Company, or its competitors, may announce or introduce new products;
- The customer may require an extensive proof of concept, completed at the Company's cost, that does not result in a purchase; or
- the customer's budget and purchasing priorities may change.

If these events were to occur, sales of the Company's software or services may be cancelled or delayed, which could reduce revenue, and negatively impact its profitability and cash flows.

Customer Credit Risk

The Company is exposed to credit risk related to accounts receivable from customers, unbilled revenue related to on-going customer projects and amounts owing from channel partners and other third parties that the Company engages in business with. Third parties may default on their obligations to the Company due to bankruptcy, lack of liquidity, operational failure or other reasons. Credit risk may be dependent on general economic conditions, and regional and political risks. If a material number of third parties fail to make payment in respect of amounts owing to the Company to an extent that is in excess of the Company's estimated default rates, the Company's business, financial condition and results of operation could be materially adversely affected.

In accordance with industry practice, payment by customers under the Company's commercial contracts generally is based on achieving specified milestones, which may occur over extended periods of time. Therefore, the Company is exposed to credit and bad-debt risks and such risks may vary with economic conditions.

Maintaining Business Relationships

The Company has relationships with third parties that facilitate its ability to sell and implement its products. These business relationships are important to extend the geographic reach and customer penetration of the Company's sales force and ensure that the Company's products are compatible with customer network infrastructures and with third party products. However, the agreements that the Company does have, generally do not include obligations with respect to co-operating on future business. Should any of these third parties go out of business or choose not to work with the Company, the Company may be forced to increase the development of those capabilities internally, incurring significant expense and adversely affecting operating margins. Any of these third parties may develop relationships with other companies, including those that develop and sell products that compete with the Company's software. The Company could lose sales opportunities if it fails to work effectively with these parties or they choose not to work with the Company.

Contracts with related parties

The Company has entered into contracts with related parties that in certain circumstances may be terminated upon as few as 30 days' notice prior to the annual automatic renewal period, and will be purchasing significant development services and accessing skilled resources from these parties that are critical to the future success of the Company. During the year, the Company has incurred approximately 48% of its total operating expenses in connection with these contracts with related parties. There is no assurance that the services delivered or the skilled resources supplied by these related parties will meet the Company's requirements. The Company may not be able to fulfill its contractual obligations with its customers or may be exposed to significant operational and financial risks should these related parties experience disruption in their operations, go out of business or choose not to work with the Company.

The Company's quarterly revenue and operating results can be difficult to predict and can fluctuate substantially, which may harm its results of operations.

The Company is deriving a material portion of its license revenues from relatively large sales. Accordingly, the Company believes that period-to-period comparisons are not necessarily meaningful and should not be relied upon as indications of future performance. The factors affecting the Company's revenue and results of operations include, but are not limited to:

- the size and timing of individual transactions;
- competitive conditions in the industry, including strategic initiatives by the Company or its competitors, new products or services, product or service announcements and changes in pricing policy by the Company or its competitors;
- market acceptance of the Company’s products and services;
- the Company’s ability to maintain existing relationships and to create new relationships with channel partners;
- varying mix of solutions and contractual terms of orders for the Company’s products, which may affect the timing recognition of revenue;
- the discretionary nature of purchase and budget cycles of the Company’s end-users and changes in their budgets for, and timing of, telecommunications infrastructure related purchases;
- the length and variability of the sales cycles for the Company’s products;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the economy resulting in a decrease in the overall demand for telecommunications infrastructure products and services or otherwise affecting the capital investment levels of businesses with respect to telecommunications industry; and
- timing of product development and new product initiatives.

Because the Company’s quarterly revenue is dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of its sales prospects into revenue could cause it to plan or budget inaccurately, and those variations could adversely affect its financial results. Delays, reductions in the amount or cancellations of end-users’ purchases would adversely affect the Company’s business, results of operations and financial condition.

Product Liability

The Company's agreements with its customers typically contain provisions designed to limit its exposure to potential product liability claims. Despite this, it is possible that these limitations of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. The Company has not experienced any dispute over product liability claims to date. However, the sale and support of the Company's products may entail the risk of those claims, which are likely to be substantial in light of the use of its products in critical applications. A successful product liability claim could result in significant monetary liability and could seriously harm the Company's business and its reputation.

System Failures and Breaches of Security

The successful operation of the Company's business depends upon maintaining the integrity of the Company's computer, communication and information technology systems. These systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Company's control, such as (i) fire, flood and other natural disasters; (ii) power loss or telecommunications or data network failures; (iii) improper or negligent operation of the Company's system by personnel, or unauthorized physical or electronic access; and (iv) interruptions to Internet system integrity generally as a result of attacks by computer hackers or viruses or other types of security breaches. Any such damage or interruption could cause significant disruption to the operations of the Company. This could be harmful to the Company's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Company's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Company's business, results of operations or financial condition.

Unauthorized disclosures and breaches of data security may adversely affect our operations

Most of the jurisdictions in which we operate have laws and regulations relating to data privacy, security and protection of information. We use significant cloud based third party information systems as part of our daily workflow, and store data with third party providers. We have certain measures to protect our information systems against unauthorized access and disclosure of personal information and of our confidential information and those belonging to our customers and other business partners, and we place significant reliance on our third party cloud service providers to keep their systems secure. We have policies and procedures in place dealing with data security and records retention. However, there is no assurance that the security measures we have put in place will be effective in every case, nor will our third parties be able to guarantee the effectiveness of the security measures taken by them. Breaches in security could result in negative impact for us and for our customers, adversely affecting our and our customers' businesses, assets, revenues, brands and reputation, and may result in penalties, fines, litigation, regulatory proceedings and other potential liabilities. Certain jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data, and in some cases our agreements with certain customers require us to notify them in the event of a data security incident. Such mandatory disclosures could lead to negative publicity and may cause our current and prospective customers to lose confidence in the effectiveness of our data security measures. These risks to our business may increase as we expand into cloud based products and services globally.

Transfer Pricing

The Company conducts business operations in various jurisdictions and provides products and services to, and may from time to time undertake certain significant transactions with, other subsidiaries in different jurisdictions. The tax laws of these jurisdictions have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles and that contemporaneous documentation exists to support such pricing.

Taxation authorities in foreign jurisdictions, including the Canada Revenue Agency, could challenge the validity of the Company's arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities are successful in challenging the

Company's transfer pricing policies, income tax expenses may be adversely affected and the Company could also be subjected to interest and penalty charges. Any such increase in income tax expenses and related interest and penalties could have a significant impact on the Company's future earnings and future cash flows.

Taxation

Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company's financial condition and results and its ability (if any) to provide returns to shareholders of the Company. The taxation of an investment in the Company depends on the individual circumstances of investors.

Financial Resources

The Company's future capital requirements will depend on many factors, including its ability to maintain and expand its customer base, implement its cost optimization plans and implement its strategic plans. In the future, the Company may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Subordinate Voting Shares of the Company and any debt financing, if available, may require restrictions to be placed on the Company's future financing and operating activities. The Company may be unable to obtain additional financing on acceptable terms if market and economic conditions, the financial condition or operating performance of the Company or investor sentiment are unfavourable. The Company's inability to raise further funds may hinder its ability to implement its strategy to grow in the future or pay its obligations when it becomes due.

Liquidity risk and Credit facility

The Company currently does not have any credit facility, and relies on its own cash to meet its liquidity needs. The Company collects its cash from customers in various jurisdictions, however, most of its cash payments to suppliers are sourced from Canada and its wholly owned subsidiary in Malta. While the Company's objective is to maintain adequate cash in Canada and Malta to ensure it meets its financial obligations on a timely manner, there is a risk that repatriation of cash from foreign jurisdictions may take longer than anticipated or may be disrupted due to events outside the control of the Company. This may result in the Company being unable to meet its obligations when it becomes due.

The market price of the Company's Subordinate Voting Shares may be volatile.

The market price of the Company's Subordinate Voting Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- actual or anticipated fluctuations in the Company's results of operations;
- changes in estimates of the Company's future results of operations by it or securities analysts;
- ownership of the Company's shares is concentrated with a small number of shareholders which reduces the ability to buy or sell shares at the quoted market price.

- announcements of technological innovations or new products or services by the Company or its competitors;
- general industry changes in the market for telecommunications software or related markets;
- announcements relating to any strategic review undertaken by the Company's Board of Directors; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the telecommunications industry specifically, may adversely affect the market price of the Company's common shares.

The industry in which the Company operates is characterized by rapid technological changes, and the Company's continued success will depend upon its ability to react to such changes.

The markets for the Company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render the Company's existing products obsolete and unmarketable and can exert price pressures on existing products. It is critical to the success of the Company that the Company is able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The Company's inability to develop products that are competitive in technology and price and that meet end-user needs could have a material adverse effect on the Company's business, financial condition or results of operations.

Failure to manage the Company's Cloud strategy successfully may adversely impact its operating results.

The growth of the Company's operations is dependent upon the success of its Cloud innovation and places a strain on managerial, financial and human resources. The Company's ability to manage future growth will depend in large part upon a number of factors, including the ability of the Company to rapidly:

- develop the Company's cloud based solution and influence customers to adopt it;
- build a cloud services team that manages customer environments on their behalf
- build a network of channel partners to create an expanding presence in the evolving marketplace for the Company's products and services;
- build a sales team to keep end-users and channel partners informed regarding the technical features, issues and key selling points of its products and services, including its cloud based solution;

- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- develop support capacity for end-users as sales increase, so that the Company can provide post-sales support without diverting resources from product development efforts; and
- expand the Company's internal management and financial controls significantly, so that the Company can maintain control over its operations and provide support to other functional areas as the number of personnel and size increases and as it changes over to a new SaaS based business model.

The Company's inability to achieve any of these objectives could harm the Company's business, financial condition and results of operations.

Defects in components or design of the Company's solutions could result in significant costs to the Company and could impair its ability to sell its solutions.

The Company's solutions are complex, although the Company employs a vigorous testing and quality assurance program, its solutions may contain defects or errors, particularly when first introduced or as new versions are released. The Company may not discover such defects or errors until after a solution has been released to a customer and used by the customer and end-users. Defects and errors in the Company's solutions could materially and adversely affect the Company's reputation, result in significant costs to it, delay planned release dates and impair its ability to sell its solutions in the future. The costs incurred in correcting any solution defects or errors may be substantial and could adversely affect the Company's operating margins. While the Company plans to continually test its solutions for defects and errors and work with end-users through the Company's post-sales support services to identify and correct defects and errors, defects or errors in the Company's solutions may be found in the future.

The Company relies on a small number of customers for a large percentage of its revenue.

The Company has been dependent, and expects that during Fiscal 2019 it will continue to be dependent, on a relatively small number of customers for a large percentage of its revenue. For the fifteen months period ended December 31, 2019, the Company's top 25 customers made up 77% of the Company's revenues. (2018 – 75%). If one or more of the Company's end-users discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchases of the Company's products or services, the Company's business, results of operations and financial condition could be materially adversely affected.

The Company may infringe on the intellectual property rights of others.

The Company's commercial success depends, in part, upon the Company not infringing on the intellectual property rights owned by others. A number of the Company's competitors and other third parties have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of the patents. The Company cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require it to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in the Company's target markets, the overlap in functionality of these products and the prevalence of products. The

Company may become subject to these claims either directly or through indemnities against these claims that it routinely provides to its end-users and channel partners.

The Company has received, and may receive in the future, claims from third parties asserting infringement, claims based on indemnities provided by the Company, and other related claims. Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary or other rights, or to establish the Company's proprietary or other rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such claims could:

- be time consuming to evaluate and defend;
- result in costly litigation;
- cause product shipment delays or stoppages;
- divert management's attention and focus away from the business;
- subject the Company to significant liabilities;
- require the Company to enter into costly royalty or licensing agreements; and
- require the Company to modify or stop using the infringing technology.

Any such claim may therefore result in costs or other consequences that have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be prohibited from developing or commercializing certain technologies and products unless the Company obtains a license from a third party. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

The Company may engage in future acquisitions that could disrupt its business, cause dilution to its shareholders and harm its financial condition and operating results.

The Company may pursue acquisitions of assets, products or businesses that it believes are complementary to its existing business and/or to enhance its market position or expand its product portfolio. There is a risk that the Company will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into its operations. The Company is likely to face competition for acquisition candidates from other parties including those that have substantially greater available resources. Acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to the Company's ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities; and

- inappropriate valuation of the acquired in-process research and development, or the entire acquired business.

If the Company does not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on the Company's business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the Company's performance or its business as a whole. In addition, if the Company proceeds with an acquisition, the Company's available cash may be used to complete the transaction, diminishing its liquidity and capital resources, or shares may be issued which could cause dilution to existing shareholders.

If the Company is required to change its pricing models to compete successfully, its margins and operating results may be adversely affected.

The intensely competitive market in which the Company conducts its business may require it to reduce its prices. If the Company's competitors offer deep discounts on certain products or services in an effort to recapture or gain market share or to sell other products and services, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would reduce the Company's margins and could adversely affect the Company's operating results.

If the Company's intellectual property is not adequately protected, the Company may lose its competitive advantage.

The Company's success depends in part on its ability to protect its rights in its intellectual property. The Company relies on various intellectual property protections, including patents, copyright, trade-mark and trade secret laws and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada, the United States, the United Kingdom or the European Union.

To protect the Company's intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Company's business or materially adversely affect its revenue, financial condition and results of operations.

Future sales of Subordinate Voting Shares by the Company's existing shareholders could cause the Company's share price to fall.

If the Company's shareholders sell substantial amounts of the Company's Subordinate Voting Shares in the public market, the market price of the Company's Subordinate Voting Shares could fall. The perception among investors that these sales will occur could also produce this effect.

Operating internationally exposes the Company to additional and unpredictable risks.

The Company sells its products throughout the world and intends to continue to increase its penetration of international markets. Although as part of the restructuring plan, the Company is winding-up various subsidiaries in multiple jurisdictions, the Company continues to operate through subsidiaries that are located in various jurisdictions globally. A number of risks are inherent in international transactions. Future results could be materially adversely affected by a variety of factors including, many of which are beyond the Company's control, including risks associated with:

- foreign currency fluctuations;
- political, security and economic instability in foreign countries;
- changes in and compliance with local laws and regulations, including export control laws, tax laws, labour laws, employee benefits, currency remittance restrictions and other requirements;
- differences in tax regimes and potentially adverse tax consequences of operating in foreign countries;
- customizing products for foreign countries;
- legal uncertainties regarding liability, export and import restrictions, tariffs and other trade barriers;
- hiring qualified resources; and
- difficulty in accounts receivable collection and longer collection periods, as well as remitting cash from jurisdictions with exchange controls

Any or all of these factors could materially adversely affect the Company's business or results of operations.

The exit of the United Kingdom from the European Union could adversely affect the Company

The June 2016 United Kingdom (UK) referendum on its membership in the European Union (EU) resulted in a majority of UK voting to exit the EU ("Brexit"), resulting in its ultimate exit in January 2020. The Company has a significant subsidiary and operations in the UK, and customers in the UK and EU, and as a result, the Company faces risks associated with potential uncertainty and disruptions that may follow Brexit, including with respect to volatility in exchange rates, interest rates, and potential material changes to the regulatory regime applicable to our operations in the UK. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global geo-political financial and regulatory institutions. As a consequence of Brexit, the UK may lose access to the single EU market and to the global trade deals negotiated by the EU on behalf of its members, or disrupt the flow of human capital and resources between the UK and EU. Any of these negative impacts of Brexit, and others that may evolve over time and not anticipated currently, could adversely affect our business, operating results and financial condition.

Many of the Company's sales are made by competitive bid, which makes forecasting difficult and often requires us to expend significant resources with no guarantee of recoupment.

Many of the Company's sales, particularly in larger installations, are made by competitive bid. Successfully competing in competitive bidding situations subjects us to risks associated with:

- the frequent need to bid on programs in advance of the completion of their design, which may result in unforeseen technological difficulties and cost overruns;

- research and development to improve or refine the Company’s product in advance of winning the sale; and
- the substantial time, money, and effort, including design, development, and marketing activities, required to prepare bids and proposals for contracts that may not be awarded to us. If the Company does not ultimately win a bid, the Company may obtain little or no benefit from those expenditures and may not be able to recoup them on future projects.

The Company’s business is sensitive to changes in spending for network operator technology infrastructure.

The market for the Company’s solutions has been adversely affected in the past by declines in mobile network technology infrastructure spending and continues to be affected by fluctuations in mobile network operator technology spending. If sales do not increase as anticipated or if expenses increase at a greater pace than revenues, the Company may not be able to attain, or sustain or increase profitability on a quarterly or annual basis.

The Company’s engagements with its customers involve complex arrangements which may require interpretation of IFRS and may result in deferral of revenue recognition.

The Company may be required to defer recognizing revenue from the sale of products until all the conditions necessary for revenue recognition have been satisfied. Conditions that can cause delays in revenue recognition include:

- arrangements that have undelivered elements for which objective evidence of fair value has not been established;
- requirements to deliver services for significant enhancements or modifications to customize Optiva’s software for a particular customer; or
- material customer acceptance criteria.

Optiva may be required to defer revenue recognition for a period of time after its products are delivered and billed to a customer, and such deferral may extend over one or more fiscal quarters. The period of deferral, if any, depends on the specific terms and conditions of each customer contract, and therefore it is difficult for the Company to predict with accuracy at the beginning of any fiscal period the amount of revenues that it will be able to recognize from anticipated customer deployments in that period. Moreover, any changes in accounting principles or interpretations and guidance could have a significant effect on the Company’s reported financial results.

Use of Open Source Software

The Company uses certain "open-source" or "free-ware" software tools in the development of its software products which are not maintained or supported by the original developers thereof. The Company has conducted no independent investigation to determine whether the sources of these tools have the rights necessary to permit the Company to use these tools free of claims of infringement by third parties. The Company could be required to replace these components with internally developed or commercially licensed equivalents which could delay the Company's product development plans, interfere with the ability of the Company to support its customers and require the Company to pay licensing fees.

Dependence Upon Relationships With Sales Channel Partners

Where the Company sells products and services through sales channel partners, rather than directly to the customer, it is dependent upon its ability to establish and develop new relationships and to build on existing relationships with sales channel partners. The Company cannot guarantee that it will be successful in developing, maintaining or advancing its relationships with sales channel partners or that such sales channel partners will act in a manner that will promote the success of the Company's products and services. Failure by the sales channel partners to promote and support the Company's products and services could adversely affect its business, financial condition or results of operations.

Dependence Upon Suppliers

The Company licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay the Company’s ability to ship its products while the Company seeks to implement alternative technology offered by other sources which may require significant unplanned investments on its part. In addition, alternative technology may not be available on commercially reasonable terms or may not be available at all. In the future, it may be necessary or desirable to obtain other third party technology licenses relating to one or more of the Company’s products or relating to current or future technologies to enhance the Company’s product offerings. There is a risk that the Company will not be able to obtain licensing rights to the required technology on commercially reasonable terms, if at all. The Company is also dependent upon two related parties for the majority of its personnel and its research and development activities. Any disruption in the operation of these two entities would seriously impair the Company’s operations until it was able to secure employee resources or alternative suppliers and would negatively impact the Company’s ability to fulfill its contractual obligations with its customers and execute on its strategic plan.

Economic and geopolitical uncertainty may negatively affect the Company.

The market for the Company’s products depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company’s control. In addition, acts of terrorism and the outbreak of a global health crisis or hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy or geopolitical uncertainties may cause end-users to delay or cancel projects, reduce their overall security or IT budgets or reduce or cancel orders for the Company’s products, which could have a material adverse effect on its business, results of operations and financial condition.

We caution that period-to-period comparison of results of operations is not necessarily meaningful and should not be relied upon as any indication of future performance.

DIVIDENDS

Subordinate Voting Shares

The Company currently does not, nor has the Company paid dividends on its Subordinate Voting Shares in the last three financial years. Any future determination to pay dividends on the Subordinate Voting Shares will be at the discretion of the Company's Board of Directors and will depend upon the Company's results of operations, capital requirements, and other relevant factors.

Preferred Shares

In Fiscal 2019, the Company's Board of Directors declared and paid the following dividends on the Preferred Shares:

Declaration Date	Total Amount	Payment Date
December 12, 2018	$2,000,000	December 21, 2018
December 18, 2019	$2,264,969	December 24, 2019

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and an unlimited number of Preferred Shares. As of December 31, 2019, there were 5,315,746 Subordinate Voting Shares, and 800,000 Preferred Shares issued and outstanding.

Subordinate Voting Shares

The holders of the Subordinate Voting Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and to one vote for each share held at all meetings of shareholders of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote.

Dividends

Subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Subordinate Voting Shares, the holders of the Subordinate Voting Shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the board of directors of the Company out of moneys properly applicable to the payment of dividends, such dividends as the board of directors of the Company may from time to time declare.

Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Subordinate Voting Shares, the holders of the

Subordinate Voting Shares shall be entitled to receive the remaining property and assets of the Company.

Restricted Securities

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

Under applicable Canadian law, any offer to purchase the Preferred Shares, regardless of the offered price, would not require that an offer be made to purchase the Subordinate Voting Shares. The holders of the Subordinate Voting Shares do not have coattail protections which would ensure that, in the event of a takeover bid for the Preferred Shares, the holders of Subordinate Voting Shares would be entitled to participate in the transaction on an equal footing with the Preferred Shareholder, as the holder of the Preferred Shares. In the absence of any coattail protection, if a takeover bid or any other public offer or private transaction is undertaken to acquire the Preferred Shares, holders of Subordinate Voting Shares will not have the right to participate in the transaction. Furthermore, if an offer is made to acquire both the Subordinate Voting Shares and the Preferred Shares, such offer need not be made on equal terms and the Subordinate Voting Shares may be offered less than what is offered to the Preferred Shareholder, as holder of the Preferred Shares. Canadian securities regulatory authorities may intervene in the public interest to prevent an offer to holders of the Preferred Shares being made or completed where such offer is abusive of the holders of Subordinate Voting Shares who are not subject to that offer, however such a determination would be at the discretion of the regulatory authorities and it remains possible that such a transaction could be completed by the Preferred Shareholder.

The Preferred Shares include a provision that allows the Independent Directors to redeem the Preferred Shares without the payment of a premium. In addition, the financing of any redemption of the Preferred Shares is within the discretion of the Independent Directors. These provisions are intended to limit the likelihood that a third party would pay a premium for the Preferred Shares as a means by which to acquire the right to elect a majority of the board of directors.

Partial redemptions of the Preferred Shares will not reduce the entitlement of the holders thereof to elect a majority of the Board. Accordingly, until the Preferred Shares are redeemed in full, the holders thereof will retain the same influence over the Board, regardless of their relative economic interest in the Preferred Shares.

Preferred Shares

Dividends

The Preferred Shares will be eligible to receive cumulative dividends at the rate of 10% per annum of the issue price and will be payable quarterly, if, as and when declared by the Board, provided that if such dividends are not declared and paid, they will accrue and compound monthly at the rate of 10% per annum. During the year ended December 31, 2019, $4.3 million was paid out in dividends on the Preferred Shares (2018 - $11.6 million).

Voting and Preferred Directors

For so long as any Preferred Shares are outstanding, the holders of Preferred Shares ("Preferred Shareholders") shall be entitled to nominate and elect to the Board a majority of the number of directors of the Company at a meeting of Preferred Shareholders (such directors being the "Preferred Directors"). The Preferred Shareholders' nominees will (subject to certain limitations) be subject to approval by the three directors elected by the holders of Subordinate Voting Shares other than the Chief Executive Officer (the "Independent Directors").

Each of the Preferred Directors shall have one vote on all matters submitted to the Board, other than the following matters that shall be subject to the approval of the Independent Directors: (i) any redemption of Preferred Shares and any financing necessary to fund the redemption of the Preferred Shares; and (ii) for a period of four years after the Closing Date, and provided that ESW Capital does not own more than 50% of the outstanding Subordinate Voting Shares, any change of control transaction for which the value of the consideration per Subordinate Voting Share to be paid is in excess of 120% of the exercise price of the Warrant then in effect.

Other than as described above, Preferred Shareholders will not be entitled to receive notice of, attend, or vote at any meeting of shareholders of the Company, except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class or series.

Rights on Liquidation

In the event of any liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Preferred Shares, each Preferred Shareholder will be entitled to be paid an amount equal to $100.00 per Preferred Share, plus all accrued and unpaid dividends on the Preferred Shares, up to, but excluding, the date of payment or distribution (the "Liquidation Preference") (less any tax required to be deducted and withheld by the Company), before any amount is paid or any assets of the Company are distributed to holders of any shares ranking junior as to capital to the Preferred Shares. Upon payment of such amounts, the Preferred Shareholders will not be entitled to share in any further distribution of assets of the Company.

Redemption by the Company

The Company may, at its option, subject to the terms of any shares ranking prior to the Preferred Shares and to applicable law, on at least 20 days' notice, redeem all or from time to time any part of the then outstanding Preferred Shares by payment of an amount in cash for each such Preferred Share redeemed equal to the Liquidation Preference less any tax required to be deducted and withheld by the Company. If less than all of the outstanding Preferred Shares are at any time to be redeemed, the particular Preferred Shares to be redeemed shall be selected on a pro rata basis or, if the Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the Board in their sole discretion may determine.

Redemption by Preferred Shareholders

The Preferred Shares will not be redeemable at the election of a Preferred Shareholder until ten years following the Closing Date. Thereafter, a Preferred Shareholder may at its option, on at least 60 days' prior written notice, require the Company to redeem, subject to applicable law, all, or from time to time any part, of the then outstanding Preferred Shares for an amount in cash for each such Preferred Share so redeemed equal to the Liquidation Preference less any tax required to be deducted and withheld by the Company.

Change of Control Payment

On the occurrence of a change of control of the Company, subject to the terms of any shares ranking prior to the Preferred Shares and to applicable law, the Company will have the right, without the consent of the Preferred Shareholders, to require that the Preferred Shares be purchased or otherwise acquired from Preferred Shareholders for the aggregate sum of the Liquidation Preference and a make-whole payment for any taxes incurred by the Preferred Shareholders in connection with such sale that would be incremental to taxes arising in connection with a redemption of the Preferred Shares in connection with a change of control.

Warrants

As at December 31, 2019, the Warrant granted to Wave under the Financing Transaction is outstanding which is convertible into 925,712 subordinate voting shares at an exercise price of $34.00 per share. The Warrant contains anti-dilution provisions or adjustments whereby the Company will be required to make adjustments to the exercise price of the Warrant and, in certain circumstances, the total number of Warrant Shares issuable, upon the occurrence of certain prescribed events.

Upon the occurrence of a change of control of the Company, the Warrant will terminate in consideration for the payment in cash by or on behalf of the Company of an amount equal to the fair market value equivalent as determined by the Board, acting reasonably, of such cash, securities and property to which the holder of the Warrant would have been entitled upon the consummation of the change of control if the holder had exercised the rights represented by the Warrant immediately prior thereto, less the exercise price of the Warrant.

The Warrant expires on January 25, 2027.

In addition, the warrants issued to Wave under the standby purchase agreement are outstanding as at December 31, 2019 and are convertible into 50,000 subordinate voting shares at an exercise price of $25.00 per share. These warrants expire on September 5, 2027.

Options

As at December 31, 2019 there were 26,889 stock options outstanding under the Company's Stock Option Plan with exercise prices ranging from CDN$149.50 to CDN$315.00 per share.

MARKET FOR SECURITIES

Optiva's Subordinate Voting Shares are publicly traded on the TSX under the symbol "OPT". The following table sets forth the high and low sale prices in Canadian dollars and volumes traded on the TSX as reported by such exchange for each month during the fiscal period ended December 31, 2019.

SUBORDINATE VOTING SHARES – TSX

Month	High	Low	Volume
October, 2018	50.08	44.00	121,900
November, 2018	47.24	43.16	35,300
December, 2018	47.43	42.50	52,200
January, 2019	47.50	44.49	83,500
February, 2019	45.86	44.40	39,600
March, 2019	45.45	42.01	47,800
April, 2019	42.00	38.00	25,400
May, 2019	44.49	39.65	72,500
June, 2019	42.00	39.83	32,000
July, 2019	40.31	37.90	27,200
August, 2019	43.00	37.83	46,300
September, 2019	44.75	41.82	48,300
October, 2019	51.35	43.00	83,600
November, 2019	59.85	49.42	30,600
December, 2019	52.41	51.51	24,300

PRIOR SALES

Except for Subordinate Voting Shares issued pursuant to security-based compensation arrangements, no Subordinate Voting Shares or Preferred Shares were issued by the Company during the fiscal period ended December 31, 2019.

ESCROWED SECURITIES

To the knowledge of the Company, there were no securities of the Company that were held in escrow as of December 31, 2019.

DIRECTORS AND OFFICERS

Directors

Our directors as at December 31, 2019 were as follows:

Name and Municipality of Residence	Principal Occupation	Director Since	Holdings of Outstanding Subordinate Voting Shares as of December 31, 2019
SCOTT BRIGHTON (3) Austin, Texas, United States	President and CEO, Aurea Software	January 26, 2017	See note below(4)
DEMETRIOS (1) (2) ANAIPAKOS Houston, Texas, United States	Partner at AZA Law	January 26, 2017	Nil
DAVID HASELWOOD(5) Austin, Texas, United States	Senior Analyst for JFL Capital Management	March 2, 2020	Nil
CHRIS HELLING (1) Austin, Texas, United States	Partner at Lancaster Helling, LLP	January 26, 2017	Nil
CHRISTY JONES (2) (3) Seattle, Washington	Managing Director of Carlisle Jones Venture	February 14, 2017	Nil
ANDREW PRICE (3) Austin, Texas, United States	Group Chief Financial Officer, ESW Capital, LLC	January 26, 2017	See note below(4)
ROBERT STABILE (2) (6) Toronto, Ontario, Canada	Chief Financial Officer, Beanfield Metroconnect	October 16, 2017	Nil
FARHAN THAWAR (1) Toronto, Ontario, Canada	Vice President of Engineering of Shopify	February 14, 2017	Nil

(1) Member of Nomination and Governance Committee.
(2) Member of Audit Committee.
(3) Member of Compensation Committee. Mr. Price resigned from the board, March 2, 2020.
(4) ESW Capital, LLC and ESW Investment Corp. own and control 1,194,725 Subordinate Voting Shares. ESW Capital, LLC and ESW Investment Corp. are affiliated entities of each individual. ESW Investment Corp. also holds all 800,000 of the Company's preferred shares along with warrants to purchase 975,712 Subordinate Voting Shares.
(5) Appointed to the board on March 2, 2020.
(6) Appointed Chair of the Compensation Committee, March 9, 2020

Our directors as at the date of this AIF are set forth above. Each of our directors holds office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office becomes vacant by resignation, death, removal or other cause.

Scott Brighton, Non-executive Chairman of the Board

Scott Brighton was appointed to the Board in 2017. He has over 25 years of experience in technology, including enterprise software and telecommunications. Scott is President and CEO of Aurea Software, an enterprise software company that helps global enterprises create transformative experiences for their end customers, and previously served as President and CEO of Artemis International, a global project and portfolio management software company. Scott has also held several leadership and senior positions at Trilogy Software, A.T. Kearney and Arthur D Little. Scott has a BS in Computer Engineering from Bucknell University and an MBA from the Fuqua School of Business at Duke University.

Robert Stabile, Lead Independent Non-executive Director

Robert Stabile was appointed to the Board in 2017. He brings 15 years of equity capital markets experience and is currently Chief Financial Officer of Beanfield Metroconnect, a privately-owned telecommunications company. From 2011 to 2015, Mr. Stabile served as a Portfolio Manager at a private-client asset management firm, LDIC Inc. From 2005 to 2011 Mr. Stabile was an Institutional Equity Salesperson and Partner at Paradigm Capital. He began his capital markets career at CIBC World Markets from 2001 to 2005 in Equity Research. Mr. Stabile is an Honours Business graduate from Wilfrid Laurier University in Waterloo, Ontario, and a Chartered Financial Analyst charter holder since 2001. Mr. Stabile currently serves as the Lead Independent Director of the Board and as Chair of the Audit and Compensation Committee. He is considered an independent director for purposes of NI 52-110 and NI 58-101.

Demetrios Anaipakos, Non-executive Director

Demetrios Anaipakos was appointed to the Board in 2017, he is a graduate of Stanford University and Stanford Law School. He has over 20 years of experience handling a wide variety of complex legal issues and disputes, with a significant emphasis in software, telecommunications, commercial, and intellectual property matters. Among these engagements, Mr. Anaipakos has worked closely with a Canadian company as part of a very successful effort to license its patented technologies in the mobile telephony space worldwide. Mr. Anaipakos is Board Certified in Civil Trial Law by the Texas Board of Legal Specialization and has garnered numerous professional accolades, including as a Super Lawyer in every year since that designation began. His work has been featured in numerous international news publications as well as other media.

David Haselwood, Non-executive Director

David Haselwood was appointed to the Board of Directors March 2, 2020 and brings with him over 23 years of experience in global capital markets, corporate finance, and business operations. He is a senior analyst for JFL Capital Management, and he previously served in a similar role for Lyon Street Capital. Mr. Haselwood is co-founder and general partner of G-Con, LLC, a holding company with a majority interest in G-Con Manufacturing, the world's leading provider of modular, mobile manufacturing solutions, and other enterprises.

Chris Helling, Non-executive Director

Chris Helling was appointed to the Board of Directors in 2017, bringing over 20 years of corporate legal and transactional experience to the board. Mr. Helling founded Lancaster | Helling in 2001, and is responsible for corporate legal matters such as general counsel services, corporate governance, mergers and acquisitions, employment, licensing, real-estate leases, franchise relationships, debt and equity transactions and intellectual property. Prior to this Mr. Helling served as General Counsel and Chief Privacy Officer of AIM Technologies where he was responsible for the company's legal affairs. He also worked for the law firm Touchstone, Bernays, Johnston, Beall & Smith, L.L.P in Dallas, Texas. Mr. Helling holds a J.D. from SMU Dedman School of Law and B.A in Economics from Stanford University. He is a member of the State Bar of Texas, the Dallas Bar Association, the Austin Bar Association, is a Life Fellow of the Texas Bar Foundation and is admitted to practice in the United States District Courts for the Northern District of Texas.

Christy Jones, Non-executive Director

Christy Jones joined the Board of Directors in 2017. She has extensive experience serving on Boards and has a successful career as an executive and entrepreneur bringing new technologies to market. Ms. Jones co-founded Trilogy Software, one of the largest privately held companies, where she served as Director of Marketing and Divisional General Manager through 1996. She went on to found pcOrder.com, an early innovator in internet commerce, where she served as President and led the company to become public valued at over $1 billion. She also founded Extend Fertility and continues to serve on its Board of Directors. Ms. Jones has been honored as Ernst and Young's "National Young Entrepreneur of the Year", a "Top 100 Young Innovator" by MIT's Technology Review and as an Aspen Institute Henry Crown Fellow. She earned a Master of Business Administration from Harvard Business School and a Bachelor of Arts in Economics from Stanford University. Ms. Jones currently serves as a member of the Audit Committee and the Compensation Committee and is considered an independent director for purposes of NI 52-110 and NI 58-101.

Andrew Price, Non-executive Director

Andrew Price was appointed to the Board in 2017 bringing many years of experience as Chief Financial Officer at ESW Capital and its group of over 50 affiliated enterprise software companies where he is responsible for accounting, tax, treasury, financial planning and M&A activities. Prior to this Mr. Price was part of the Trilogy management team and had a successful career in software development and product management at Trilogy. Andrew holds a BA in Computer Science and

BS in Electrical Engineering from Rice University. Mr. Price resigned from the Board of Directors on March 2, 2020.

Farhan Thawar, Non-executive Director

Farhan Thawar was appointed to the Board in 2017 and brings extensive experience as an executive with technology companies. Mr. Thawar co-founded and currently serves as Vice President of Engineering of the computer software company Shopify. He previously served as the Chief Technology Officer Helpful.com, as the Chief Technology Officer for Mobile and Vice President of Engineering at Pivotal Software, Inc. and as the Vice-President of Engineering at Xtreme Labs. In 2010, Mr. Thawar was recognized as one of "Toronto's Top 25 Most Powerful People" by Eye Weekly. Mr. Thawar has a Master of Business Administration in Risk Management and Financial Engineering from the University of Toronto's Rotman School of Management and holds a Bachelor of Mathematics and Computer Science (with Electrical Engineering) from the University of Waterloo. Mr. Thawar currently serves as a member of the Nomination and Governance Committee and is considered an independent director for purposes of NI 52-110 and NI 58-101.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Optiva, no director or executive officer is, at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer, or chief financial officer of any company, that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

To the knowledge of Optiva, no director or executive officer of Optiva, or a shareholder holding a sufficient number of securities of Optiva to affect materially the control of Optiva (a) is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including Optiva) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director, executive officer, or shareholder, except for:

- Scott Brighton was the Chief Executive Officer of Nuvo Network Management, Inc. ("Nuvo") and Andrew Price was the Chief Financial Officer of Nuvo in 2013 when Nuvo filed for bankruptcy protection under the Bankruptcy and Insolvency Act (Canada) in connection with the winding up of the business. All creditors of Nuvo were paid 100% in connection with this process.

- Scott Brighton was the President of think3, Inc. ("think3") and Andrew Price was a director of think3 in 2011 when think3 entered into Chapter 11 bankruptcy protection under the laws of the United States Bankruptcy Code. The filing was made after an Italian bankruptcy trustee (the "Italian Trustee") unilaterally initiated an involuntary bankruptcy proceeding in Italy by way of think3's Italian branch office. think3 refuted the Italian Trustee's positions in litigation in the United States, Japan, Germany and Dubai and the dispute was ultimately settled in connection with the Chapter 11 proceedings and the business of think3 was reorganized.

- Chris Helling was General Counsel and Chief Privacy Officer for AIM Technologies, Inc., which went through a Chapter 7 bankruptcy under the laws of the United States Bankruptcy Code in 2001.

Executive Officers

Our executive officers as of the date of this AIF were as follows:

Name and Municipality of Residence	Offices with the Company	Holdings of Outstanding Subordinate Voting Shares as of December 31, 2019
DANIELLE ROYSTON Austin, Texas, United States	Chief Executive Officer	65,374
ANINDYARAJ BASU Markham, Ontario, Canada	Interim Chief Financial Officer	555
SHAY ASSARAF Tel Aviv, Israel	Chief Marketing Officer	Nil

Danielle Royston, Chief Executive Officer

Danielle Royston is the Chief Executive Officer of Optiva, Inc. Previous to her tenure at Optiva, she has served as a turnaround CEO for ESW Capital. Her previous experience includes more than 25 years in the enterprise software sector holding various positions at IBM, Trilogy and Freescale Semiconductor. She was at Trilogy for ten years and held a variety of positions in Human Resources, including Director of Trilogy University, Trilogy's nationally known corporate university and R&D incubator.

She has been featured in Harvard Business Review, Fast Company and The SAAS Report recently ranked Danielle sixth in its list of top 50 Women Leaders in SAAS for 2018. Danielle earned her bachelor's degree in Computer Science in 1993 from Stanford University.

Anindyaraj Basu, Interim Chief Financial Officer

Anin Basu is the Interim Chief Financial Officer of Optiva, Inc. He is responsible for all financial and corporate matters of the Company, including financial and management reporting, investor relations, human resources and corporate secretarial functions. Prior to joining Optiva (formerly Redknee) in August 2013, Anin was an audit partner in the Technology, Media and Telecommunications practice of KPMG Canada. He has extensive experience working with publicly traded technology and media companies, as well as start-ups.

Anin is a member of the Chartered Professional Accountants of Ontario, a member of the Institute of Chartered Accountants of India, and holds a Bachelor of Commerce degree.

Shay Assaraf, Chief Marketing Officer

Shay Assaraf joined Optiva as Chief Marketing Officer in August 2018 from Amdocs where he was Head of Marketing Consulting, in the Digital Intelligence department. Shay has more than 15 years in the telecom industry, holding roles in product and marketing organizations, including leading B2B and B2C marketing departments in public and private companies. Prior to Amdocs, Shay held executive positions at PONTIS (acquired by amdocs), and was part of its management when acquired by amdocs. He has been a key speaker at several consumer marketing and customer experience conferences worldwide and consulted few of the most known telecom companies in the world. Shay holds a BA in Multidisciplinary Studies of the Faculty of Humanities and Bachelor of Laws (Dean's List) from the Hebrew University of Jerusalem.

Board and Executive Officer Aggregate Ownership of Subordinate Voting Shares

Our directors and executive officers, as a group, beneficially own, or control or direct, directly or indirectly, a total of 65,896 Subordinate Voting Shares, representing 1.24% of the total outstanding Subordinate Voting Shares as of December 31, 2019.

Board Committees

The Board of Directors of the Company has established an audit committee, a compensation committee and a nomination and governance committee. Each of the committees has adopted a written charter establishing its role and responsibilities.

The chart below sets out Optiva's current Board and committee structure as of December 31, 2019:

Board	**Audit**	**Compensation**	**Nomination and Governance**
Scott Brighton (Chair)		X	
Demetrios Anaipakos	X		X

Board	Audit	Compensation	Nomination and Governance
Chris Helling			Chair
Christy Jones	X	X	
Farhan Thawar			X
Andrew Price[(1)]		Chair	
Robert Stabile[(2)]	Chair	Chair	

(1) Mr. Price resigned from the board, March 2, 2020.
(2) Mr. Stabile was appointed as Chair of the Compensation Committee on March 9, 2020.

Audit Committee

The audit committee assists the Board of Directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. These responsibilities include oversight of the quality and integrity of the Company's internal controls and procedures, reviewing annual and quarterly financial statements and related management discussion and analysis, engaging the external auditor and approving independent audit fees and considering the recommendations of the independent auditor, monitoring the Company's compliance with legal and regulatory requirements related to financial reporting and examining improprieties or suspected improprieties with respect to accounting and other matters that impact financial results. The committee is composed of three independent directors, Robert Stabile (Chair), Demetrios Anaipakos, and Christy Jones. Each audit committee member, as at both December 31, 2019 and the date of this AIF, is "independent" and "financially literate" within the meaning of National Instrument 52-110 — Audit Committees ("NI 52-110").

Relevant Education and Experience of Members of the Audit Committee

Robert Stabile

Mr. Stabile is currently Chief Financial Officer of Beanfield Metroconnect, a privately-owned telecommunications company. He has over 18 years of financial analysis experience. Mr. Stabile has served as a Portfolio Manager at a private-client asset management firm, LDIC Inc. and prior to that as an Institutional Equity Salesperson and Partner at Paradigm Capital. He began his career at CIBC World Markets in Equity Research. Robert is an Honours Business graduate from Wilfrid Laurier University in Waterloo, Ontario, and a Chartered Financial Analyst charterholder since 2001.

Demetrios Anaipakos

Mr. Anaipakos is a graduate of Stanford University Law School. He has over 20 years of experience handling a wide variety of complex legal issues and disputes, with a significant emphasis in software, telecommunications, commercial and intellectual property matters. Among these engagements, Mr. Anaipakos has worked closely with a Canadian company as part of a very successful effort to license its patented technologies in the mobile telephony space worldwide. Mr. Anaipakos is Board Certified in Civil Trial Law by the Texas Board of Legal Specialization and has garnered numerous professional accolades, including as a "Super Lawyer" in every year since that designation began.

Christy Jones

Ms. Jones has extensive experience in the enterprise software and technology industries. She served as President of pcOrder from 1996 to 2000 and led the company through initial and secondary public offerings on NASDAQ and ultimately through an acquisition. She went on to found Extend Fertility, Inc. and currently serves on the board of directors of Extend Fertility, LLC. She holds a Bachelor of Arts in Economics from Stanford University and earned a Master of Business Administration from Harvard Business School.

Audit Fees

As set out in the audit committee's charter (attached as Schedule A to this AIF), the audit committee is responsible for pre-approving all non-audit services to be provided to the Company by its external auditor and has pre-approved the non-audit services as set out below. The current auditors of the Company are KPMG LLP, effective December 30, 2011. The following table sets out the approximate fees the Company incurred in using the services of KPMG for the fiscal period ended September 30, 2018 and December 31, 2019 respectively.

Category	Fiscal period ended December 31, 2019 ($)	Fiscal year ended September 30, 2018 ($)
Audit Fees	993,353	940,308
Tax Fees	1,082,589	396,335
All Other Fees	72,222	-
Total	**2,148,164**	**1,336,643**

Audit fees include, among other things, fees for the audit of the annual consolidated financial statements, review of the consolidated interim financial statements, statutory audits of our subsidiaries, and review of regulatory filings. Tax fees relate to various corporate tax planning and compliance related services for Optiva Inc. and its subsidiaries in various jurisdictions. All Other

Fees include assistance with implementation of new accounting standards, and review and assessment of risks associated with specific outsourcing transactions.

Compensation Committee

The compensation committee assists the Board of Directors in discharging its duties with respect to the compensation of the Company's CEO and other executive officers. The committee considers and recommends to the Board of Directors the framework or broad policy for the compensation of executives. It considers and recommends to the Board of Directors for approval the compensation of the Company's CEO and, upon recommendation of the Company's CEO, considers and approves compensation for the executives, including salary, performance incentive, long term incentives and material benefits. The committee provides oversight to the appointment and termination of executives, the approval of all management incentive plans, and the review and approval of disclosure relating to executive compensation disclosure. The committee periodically reviews the adequacy and the form of the compensation of non-management directors. The compensation committee is currently composed of one independent director, Christy Jones, and two non-independent directors, Andrew Price (Chair), and Scott Brighton. Andrew Price resigned from the Board of Directors on March 2, 2020 and was replaced by David Haselwood. Robert Stabile, an independent director, replaced Mr. Price as Chair of the Compensation Committee.

Nomination and Governance Committee

The Nomination and Governance Committee assists the Board of Directors in identifying candidates for the Board of Directors. The Nomination and Governance Committee also evaluates the effectiveness of the Board of Directors as a whole, each committee of the Board of Directors, and the contribution of individual directors. The Nomination and Governance Committee is currently composed of Chris Helling (Chair), Demetrios Anaipakos, and Farhan Thawar.

LEGAL PROCEEDINGS

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. The Company is defending an indemnification claim made by a former customer pertaining to an intellectual property claim from a third party to the former customer. The Company has made a provision reflecting the best estimate of the costs that the Company will incur associated with the claim. Although liability is not admitted, if a defense against this matter is unsuccessful, the Company may incur costs associated with this claim that will likely be settled within twelve months from December 31, 2019.

In the normal course of operations, the Company is subject to claims from time to time, relating to labour, customers and other. The Company vigorously defends itself against such claims and reviews the probability of outcome that may result in an outflow of its cash or other resources as at each balance sheet date. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact `on the results of operations, financial position or liquidity of the Company. In fiscal 2018 and 2019, the Company recorded provisions for the best estimates of its obligation to settle certain claims made by terminated employees and other parties. This liability is included in provisions in the consolidated statements of financial position as at September 30, 2018 and December 31, 2019. Subsequent to December 31, 2019, the Company has received a partial adverse award arising from a dispute relating to a contract with a former customer that was previously terminated. The Company intends to appeal this award and vigorously defend its position. Although liability is not admitted, if a defense against any of these matters is unsuccessful, the Company may incur additional costs associated with the claims that may exceed the Company's best estimate of the provision as at December 31, 2019.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Annual Information Form as it pertains to transactions between the Company and ESW Capital, no director or executive officer or, to the knowledge of the Company, any person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the common shares of the Company or any associate or affiliate of any such persons or companies had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's common shares in Canada is Computershare Investor Services Inc. at its principal offices at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

The following are the material contracts, other than those contracts entered into in the ordinary course of business, which have been entered into by the Company within the most recently completed fiscal year, or were entered into before the most recently completed fiscal year and are still in effect, deemed to be material:

- The Crossover Services Agreement dated as of May 5, 2017 between the Company and Crossover Markets, Inc.
- Technology Services Agreement dated as of May 5, 2017 between the Company and DevFactory FZ-LLC
    - Amendment to Statement of Work No. 1 dated June 8, 2017 between the Company and DevFactory FZ-LLC
- Services Agreement dated as of September 6, 2017 between the Company and Crossover Markets, Inc.
- Technology Services Agreement dated as of September 6, 2017 between the Company and DevFactory FZ-LLC
    - Amendment #1 to Technology Services Agreement dated as of November 1, 2017 between the Company and DevFactory FZ-LLC
    - Statement of Work No. 2 dated as of November 1, 2017 between the Company and DevFactory FZ-LLC

- Statement of Work No. 3 dated as of May 11, 2018 between the Company and DevFactory FZ-LLC

Copies of the above material agreements may be inspected during ordinary business hours via our investor relations contact or may be viewed at the website maintained by the Canadian Securities Administrators at http://www.sedar.com.

INTERESTS OF EXPERTS

Our consolidated audited annual financial statements for the year ended December 31, 2019 (the ‘‘Financial Statements’’) filed under National Instrument 51-102 - Continuous Disclosure Obligations have been audited by KPMG LLP, Toronto, Canada. The Financial Statements can be found on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

Our auditors, KPMG LLP, report that they are independent of the Company within the meaning of the relevant rule and related interpretations prescribed by the relevant professional bodies in Canada and applicable legislation or regulations.

ADDITIONAL INFORMATION

Copies of this AIF and such other information and documentation relating to the Company that we make available via SEDAR can be found at www.sedar.com. Additional financial information is available in the Company’s audited consolidated financial statements and management’s discussion and analysis for the fiscal period ended December 31, 2019.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans is contained in our Management Proxy Circular to be distributed to shareholders in connection with our annual general meeting to be held on May 12, 2020.

The information referred to in this AIF may also be obtained from www.optiva.com or as follows:

Anin Basu	Telephone:	(905) 625-2174
Interim Chief Financial Officer and Corporate Secretary	E-Mail:	corpaffairs@optiva.com
2233 Argentia Rd., East Tower, Suite 302		
Mississauga, Ontario, Canada L5N 2X7		

SCHEDULE A

OPTIVA INC.

(the “Company”)

CHARTER FOR THE AUDIT COMMITTEE

1. Constitution and Purpose

The Audit Committee (the "Committee") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of its financial statements.

2. Membership

2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company (the "Directors") and shall be comprised of not less than three members. All of the members of the Committee shall be independent Directors, as that term is defined under applicable law.

2.2 All members of the Committee must be financially literate, as that term is defined under applicable law.

2.3 The Chairman of the Committee, who shall be an independent non-executive Director, shall be appointed by the Board, which shall determine the period for which he/she shall hold office.

2.4 Any member may be removed and replaced at any time by the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office.

2.5 A quorum for decisions of the Committee shall be two members.

3. Attendance at meetings

3.1 The Chairman of the Board, the Chief Executive Officer and Chief Financial Officer of the Company and a representative of the external auditors of the Company (the "Company's Auditors") may, if invited by the Chairman of the Committee, attend and speak at meetings of the Committee. Other Board members may also, if invited by the Chairman of the Committee, attend and speak at meetings of the Committee.

3.2 The Committee may also invite other members of management to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

3.3 At least once each year, representatives of the Company's Auditors shall meet the Committee without any executive Directors being present.

3.4 The Committee may at each meeting appoint one of their number or any other attendee to be the Secretary of the Committee.

3.5 The Chair of the Committee may attend, when possible at the Annual General Meeting of the Company, in order to respond to any shareholder questions on the activities and responsibilities of the Company.

4. Frequency of meetings

4.1 The Committee shall meet at least quarterly and at such other times as the Chairman of the Committee shall require. The Company's Auditors, the Board or any member of the Committee may request a meeting if they consider that one is necessary.

4.2 At least seven days' notice of any meeting of the Committee shall be given, although such notice may be waived or shortened with the consent of all the members of the Committee.

5. Authority

5.1 The Committee is authorised by the Board to investigate any matter under its responsibility. The Committee is authorized to have direct communication with the Company's Auditors. The Committee is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee shall have unrestricted access to the books and records of the Company.

5.2 The Committee is authorized by the Board to obtain, at the cost of the Company, outside professional advice if it considers this appropriate. In obtaining outside advice, the Committee will act in consultation with the Chairman of the Company.

6. Duties

6.1 The duties of the Committee shall be:

(a) to consider and make recommendations to the Board, for it to put to the shareholders for their approval in a general meeting, in relation to the appointment, re-appointment and removal of the Company's Auditors and to approve the remuneration and terms of engagement of the Company's Auditors;

(b) to require the Company's Auditors to report directly to the Committee;

(c) to discuss with the Company's Auditors, before an audit commences, the nature and scope of the audit, and other relevant matters and ensure co-ordination where more than one audit firm is involved;

(d) to review and monitor:

(i) the independence and objectivity of the Company's Auditors; and

(ii) the effectiveness of the audit process;

taking into consideration relevant professional and regulatory requirements;

(e) to review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former Auditor of the Company;

(f) to monitor in discussion with the Company's Auditors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them and in particular to review the interim and annual financial statements, including any related management statements, before submission to the Board, focusing particularly on:

  (i) significant accounting policies and practices and any changes in such accounting policies and practices;

  (ii) major judgmental areas including significant estimates and key assumptions;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) compliance with accounting standards;

  (vi) compliance with stock exchange and legal requirements;

  (vii) significant litigation and investigations of regulatory agencies;

  (viii) the extent to which the financial statements are affected by any unusual transaction; and

  (ix) significant off-balance sheet and contingent asset and liabilities and the related disclosures;

(g) to review the Company’s financial statements, Management’s Discussion & Analysis, Annual Information Form and earnings press releases prior to their public disclosure and to ensure that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements;

(h) to discuss problems and reservations arising from an audit, and any matters the Company's Auditors may wish to discuss (in the absence of management where necessary);

(i) to review the Company's Auditors' management letter and management's response;

(j) to oversee the design, implementation and assessment of an effective system of disclosure controls and procedures, and internal control over financial reporting;

(k) to monitor and review the Company’s Policy on Confidentiality and Disclosure on an annual basis;

(l) to review and approve the mandate of the Company's Disclosure Committee and on a quarterly basis, receive the report of the Disclosure Committee with respect to the Disclosure Committee's activities during the quarter, which is the subject of the report;

(m) on an annual basis, to receive the report of the Disclosure Committee with respect to the results of the self-assessment of the Company's Disclosure Controls and Procedures including any control deficiencies identified and to review, consider and make recommendations on related corrective actions to be taken;

(n) to review management's assessment of the effectiveness of the Company's internal control over financial reporting as of the end of the most recent fiscal year;

(o) to review any significant deficiencies or material weaknesses identified by management with respect to the Company's internal control over financial reporting and to monitor management's plans for remediation of such control deficiencies or weaknesses;

(p) to review and discuss any fraud or alleged fraud involving management or other employees who have a role in the Company's system of internal control over financial reporting and the related corrective and disciplinary actions to be taken;

(q) to discuss with management any significant changes in the system of internal control over financial reporting that are disclosed, or considered for disclosure, in the Management's Discussion & Analysis, on a quarterly basis;

(r) to review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and interim filings with the securities commissions;

(s) to review the Company's risk management program established to effectively identify, assess and treat the Company's key risks including the risk of fraud and to receive an annual report thereon;

(t) to monitor and review the effectiveness of any internal audit function, ensure coordination between the internal and external auditors and ensure that it is adequately resourced and has appropriate standing within the Company (and where there is no internal audit function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board);

(u) to develop and implement a pre-approval policy on the engagement of the Company's Auditors to supply non-audit services to the Company and its subsidiaries, taking into account relevant ethical guidance regarding the provision of non-audit services by the Company's Auditors; and to report to the Board, identifying any matters in respect of which the Committee considers that action or improvement is needed and to make recommendations as to the steps to be taken;

(v) to establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(iii) the proportionate and independent investigation of such matters with appropriate follow-up action

(w) to consider the major findings of the Company's Auditors, or any internal investigations and management's response, including the resolution of disagreements between management and the Company's Auditors regarding financial reporting;

(x) to review management's roles, responsibilities and performance with respect to financial reporting and system of internal control;

(y) to, at least annually, review the qualifications and performance of the lead partners(s) of the Company's Auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors; and

(z) to consider other matters referred to the Committee by the Board.

7. Procedures

7.1 The Secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board and to the Company's Auditors. All decisions and recommendations of the Committee shall be reported to the Board after each Committee meeting.

7.2 The Chairman of the Committee shall be available at the Annual General Meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Committee.

7.3 In setting the agenda for a meeting, the Chairman of the Committee shall encourage the Committee members, management, the Company's Auditors and other members of the Board to provide input in order to address emerging issues.

7.4 Prior to the beginning of a fiscal year, the Committee shall submit an agenda for the upcoming fiscal year for review and approval by the Board to ensure compliance with the requirements of this Charter.

7.5 Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed in advance of the respective meeting to allow Committee members sufficient time to review and understand the information.

7.6 The Committee shall conduct an annual self-assessment of its performance and this Charter and shall make recommendations to the Board with respect thereto.

7.7 Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Company.

7.8 New Committee members shall be provided with an orientation program to educate them on the Company, their responsibilities and the Company's financial reporting and accounting practices.

8. <u>No Rights Created</u>

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements as well as in the context of the Company's article and By-laws, it is not intended to establish any legally binding obligations.