# OPTIVA INC.

## ANNUAL INFORMATION FORM
## FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

**March 31, 2021**

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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.*

*The information in this AIF is as of March 31, 2021 unless stated otherwise, and except for information in documents incorporated by reference that have a different date. The information that appears in the Company's annual management discussion and analysis for the fiscal period ended December 31, 2020 (the "Fiscal 2020 MD&A") is hereby incorporated by reference in, and forms part of, this AIF. The Fiscal 2020 MD&A is available at www.sedar.com and on the Company's website at 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 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, 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 March 31, 2021 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 (the "Articles") were amended to authorize Redknee Solutions Inc. as a Mutual Fund Corporation in Canada. At the June 11, 2008, annual meeting of shareholders, the shareholders approved a further amendment of the Articles 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 Common Shares, shareholders approved the creation of preferred shares issuable in series and the first series of Preferred Shares 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 were restated to reflect the change from Common Shares to Subordinate Voting Shares. On March 28, 2018, the Articles 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. On July 20, 2020, the Company redeemed all of the Preferred Shares in accordance with the terms of the Preferred Shares and closed a $90 million financing of 9.75% PIK toggle debentures due in 2025 (the "Debentures"). The Debentures were listed for trading on the Neo Exchange Inc. (the "NEO") on December 16, 2020.

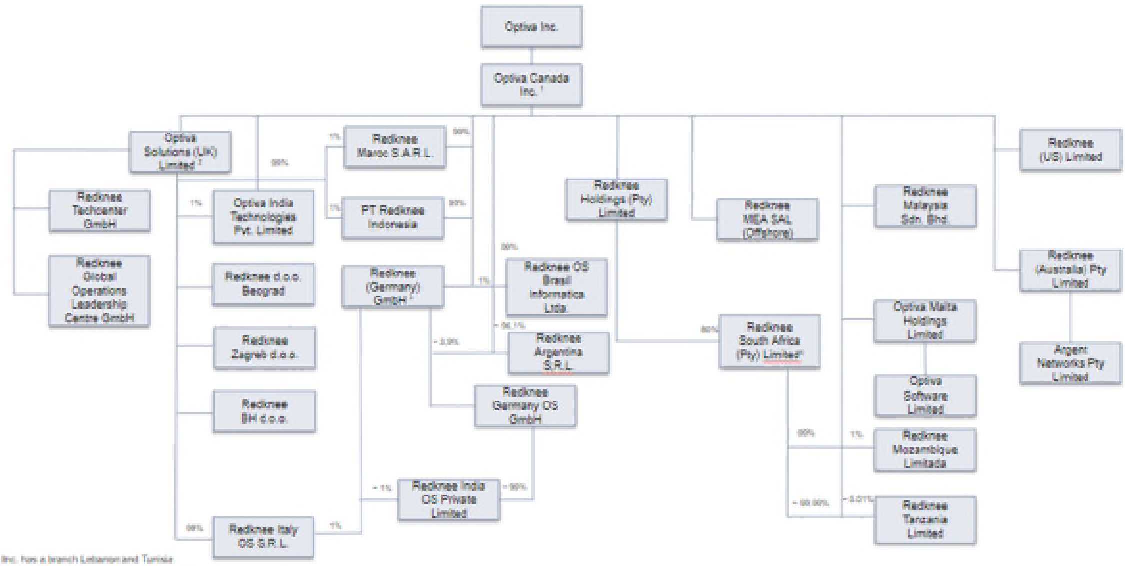
Optiva's registered office is 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, Canada. The head office for the Company is 2233 Argentia Rd., East Tower, Suite 302, Mississauga, Ontario, L5N 2X7, Canada. The Company's telephone number is +1 (905) 625 2622. The Company's website address is www.optiva.com. 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 beneficially owned, or controlled or directed, directly or indirectly, by the Company as at December 31, 2020. 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, or 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 (Germany) GmbH | 100% | Germany |
| Redknee Germany OS GmbH | 100% | Germany |
| Redknee Techcenter GmbH | 100% | Germany |
| Redknee Global Operations Leadership Centre GmbH | 100% | Germany |
| Redknee Maroc SARL | 100% | Morocco |
| 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 MEA SAL (Offshore) | 100% | Lebanon |
| Redknee BH d.o.o. | 100% | Bosnia and Herzegovina |
| Redknee Tanzania Limited | 100% | Tanzania |
| Redknee Mozambique Limitada | 100% | Mozambique |
| 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.
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 a leading and innovative provider of cloud-native monetization products to communication service providers (CSPs) worldwide on the private and public cloud. Leading Mobile Network Operators ("MNO") as well as disruptive green-field and start-up CSPs like Mobile Virtual Network Operators ("MVNO") are empowered to monetize innovation and grow their business. Using Optiva's best-of-breed charging engine, end-to-end business support systems ("BSS") platform or additional complementary revenue management products, Optiva's customers can offer their end customers new monetization schemes and business models to consume and pay for telecommunication services. Optiva's products encapsulate years of telecom-specific experience, and are proven in the field. Optiva allows CSPs of different sizes, regions and lines of business to achieve their strategic business goals and leverage the services they provide to address customer needs today and tomorrow.

The telecom industry and as a result, the BSS business, has been traditionally driven by the adoption of mobile voice and data services globally and application of these services across vertical markets. We believe the requirement of service providers to monetize those services with sophisticated real-time converged charging and billing is becoming more urgent in today's digital era and in light of the new opportunities that lie ahead of us. The 5G network, together with technology trends such as the internet of things ("IoT") brings additional monetization opportunities and calls for CSPs to rethink their BSS stack. We are seeing a number of CSPs undertake transformation projects and completely evolve their BSS stacks as they adapt their offerings to include new services, such as digital, media, partner-related services and over-the-top ("OTT") services. Other CSPs are taking a gradual approach and replacing specific applications to introduce some of these new capabilities. As a whole, the industry is searching for new solutions that will enable the monetization of tomorrow.

The Company's primary focus in 2020 was to evolve its products to become cloud-native, introducing new cloud architecture and allowing it to deliver those products on both the public and private cloud. On this journey, we have engaged and interacted with industry experts, architecture and cloud gurus, our customers and selected prospects to gather insights and inputs into our roadmap. The market indications, as well as the feedback we received, were positive and helped us to refine and forge our plans.

In 2020, the Company saw significant changes to its board of directors (the "Board") and executive leadership team (see "Fiscal 2020" below), which permitted the Company to put additional focus on its roadmap. The two main outcomes were the strategic decision to include a private cloud supported version for the products as part of our roadmap and expanding the roadmap to include functional requirements around new use cases and capabilities.

In the second half of 2020, Optiva's roadmap focused on plans to allow unique and innovative use cases to act on new 5G technology and new monetization schemes evolving around B2B2X, IoT and partner management. These plans have been developed and introduced into the research and development ("R&D") plan. Various components of these plans are now available on the latest versions of Optiva's products and will enable Optiva to retain and maintain a leading market position. As a result of the Company's strategic work, we have experienced a high demand for Optiva products in the market and our growing sales pipeline proves that this direction is valuable to our customers and industry.

The Company believes the telecom industry will continue to shift its business model to the cloud — private, hybrid and public — and demand cloud-native solutions and products from its vendors. Accordingly, Optiva's three-year product roadmap includes investing aggressively in upgrading its product offering to become fully cloud-native and offset legacy revenues with new revenues generated by the Company's cloud agnostic product offering. Management believes this transition will take a number of years due to technology, regulatory and security issues that each of the customers has to resolve to their satisfaction. Optiva is extremely well positioned to deliver on the new SaaS or subscription business model.

Further important product and business developments over the last three fiscal years are listed below. Readers are also encouraged to review the annual managements' discussion & analysis for the past three fiscal years, which are available at www.sedar.com.

### Year to Date 2021

- February 9, 2021, Optiva announced that Paul Yancich had resigned from the Board and appointed Graham Gow to the Board.

- March 1, 2021, Optiva announced that ESW Capital, LLC ("ESW Capital") agreed to (i) sell all of its subordinate voting shares in a private sale (the "ESW Share Sale"), (ii) terminate all of its related party agreements with Optiva, including the services agreements between Optiva and ESW's affiliates, DevFactory FZ-LLC and Crossover Markets, Inc. and (iii) waive certain provisions of the warrants to acquire subordinate voting shares held directly or indirectly by ESW Capital. Optiva also announced its intention to complete a subsequent offering of subordinate voting shares and that it had received non-binding indications of interest to participate of up to $17 million.

- March 4, 2021, Optiva announced that Tele2, a European telecommunications group, has extended its partnership in Sweden and the Baltics with Optiva.

- March 10, 2021, Optiva announced that the ESW Share Sale had closed and that the previously announced separation agreement, intellectual property agreement and mutual multi-party release were effective. Optiva also announced that Andrew Price and Neeraj Gupta, ESW Capital's board nominees, had resigned from the board of directors of Optiva.

- March 23, 2021, Optiva announced that lifecell selected Optiva for a multi-year renewal to accelerate its services.

- March 31, 2021, Optiva announced a private placement to issue a total of 834,500 subordinate voting shares at a price of CDN$30.00 per share for aggregate gross proceeds of approximately CDN$25,035,000. The offering is expected to close on or about April 8, 2021, subject to the satisfaction of customary closing conditions.

### Fiscal 2020

- January 20, 2020, Optiva announced the acceleration of its strategic plan with plans to raise as much as $ 100 million to accelerate investment for the transition to cloud.

- January 31, 2020, Optiva announced that its Board had received a requisition for a special meeting of holders of the Company's Subordinate Voting Shares, and the Board formed a special committee (the "Special Committee").

- March 2, 2020, Optiva announced that Andrew Price had resigned from the Board and appointed David Haselwood to the Board.

- March 3, 2020, Optiva announced that Vodafone Idea Ltd. ("VIL"), India's leading telecom service provider with a base of 320 million subscribers, had gone live with a new pilot deployment cloud-native Optiva Charging Engine™ on the cloud.

- March 18, 2020, Optiva announced the appointment of Ganesh Balasubramanian as Chief Revenue Officer.

- April 14, 2020, Optiva and Truphone, an embedded SIM (eSIM) technology provider, announced the precedent-setting deployment of its cloud-native telecom charging solution on the public cloud.

- April 21, 2020, Optiva announced the appointment of Ashish Joshi as Chief Financial Officer.

- May 6, 2020, OXIO connectivity-as-a-service platform went live with Optiva BSS Platform™ on the public cloud accelerated to support the Oxigeno2030 COVID-19 relief initiative.

- May 11, 2020, Optiva announced the resignation of Chief Executive Officer, Danielle Royston following recent compensation requests that the Board declined to meet.

- June 29, 2020, Optiva announced the redemption of its Preferred Shares and $90 million offering of Debentures and related governance changes.

- July 2, 2020, Optiva announced that in connection with its previously announced redemption of its Preferred Shares and Debenture financing, Robert Stabile had assumed the day-to-day oversight of the Company's senior executive team on an interim basis to ensure a smooth transition to closing of the transaction and the appointment of a new Chief Executive Officer.

- July 14, 2020, Optiva announced that it had received a Notice of Application filed by ESW Capital, and certain of its affiliates, in the Ontario Superior Court of Justice in respect of the Company's previously announced $90 million Debenture financing.

- July 20, 2020, Optiva announced that it had fully redeemed all of the Preferred Shares, including all accrued and unpaid dividends thereon, beneficially owned or controlled by ESW Capital and its affiliates, in accordance with the terms of the Preferred Shares.

- July 27, 2020, Optiva announced that ESW Capital had publicly disclosed an unsolicited and non-binding intention to offer to acquire any and all Subordinate Voting Shares of the Company not owned by ESW Capital for a price of C$60 per share. The Company also announced the adoption of a shareholder rights plan (the "Rights Plan") effective as of July 27, 2020.

- August 10, 2020, Optiva announced the unanimous recommendation of the Special Committee that all shareholders vote in favor of the Rights Plan at the upcoming annual and special meeting of the Company's shareholders to be held on August 18, 2020 (the "2020 ASM").

- August 18, 2020, Optiva announced that, among other matters, the size of the Board had been fixed at eight and that Robert Stabile, Andrew Day, Lee Matheson, Paul Yancich, Dan Goldsmith, Ryan Morris, Anuroop Duggal and Demetrios Anaipakos were elected to the Board, and that the Rights Plan had been ratified, at the 2020 ASM held earlier that day.

- September 15, 2020, Optiva announced that the Ontario Securities Commission' had decided not to exercise its discretion to grant ESW Capital relief from the mandatory minimum tender requirement for take-over bids under applicable Canadian securities laws.

- November 10, 2020, Optiva announced that OceanLink Management Ltd. ("Oceanlink") had agreed to make a C$30 million investment in Optiva through the purchase of Subordinate Voting Shares on a private placement basis at a purchase price of C$40 per share pursuant to the terms of a private placement purchase agreement entered into between the Company and OceanLink (the "OceanLink Subscription Agreement").

- November 24, 2020, Optiva announced that it had received a Notice of Application filed by ESW Capital and certain of its affiliates in the Ontario Superior Court of Justice in respect of the Company's previously announced private placement of 750,000 Subordinate Voting Shares to OceanLink (the "OceanLink Placement").

- December 4, 2020, Optiva announced the appointment of accomplished telecom veteran John Giere as President and Chief Executive Officer.

- December 14, 2020, Optiva announced that the Ontario Superior Court of Justice had rendered its decision with respect to the Notice of Application filed by ESW Capital, in which the Court declined to set aside the Company's July 20, 2020, $90 million Debenture financing and related redemption of its Preferred Shares. The court also held that ESW Capital was entitled under the subscription agreement dated December 18, 2016, among the Company and Wave Systems Corp. ("Wave") and ESW Capital (the "ESW Subscription Agreement") to nominate two individuals for election to the Board. The Company also announced that the Court enjoined Optiva from proceeding for 45 days with the OceanLink Placement to allow Optiva to conduct a review process and provide ESW an opportunity to participate in that process.

- December 15, 2020, Optiva announced the supplemental listing of Debentures on the NEO.

- December 29, 2020, Optiva announced that its Board had established a financing committee to conduct a process to review and assess, among other things, Optiva's alternatives to complete a financing transaction involving the issuance of Subordinate Voting Shares or other securities of the Company.

### 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 total cost of ownership ("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 TCO Simulator as part of the *Optiva Insider* events at MWC.

- February 20, 2019, Optiva announced that Truphone would upgrade their Optiva Charging Engine™ to GCP and Google Cloud Spanner ("Google 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 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 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 Software-as-a-Service ("SaaS") BSS platform on the public cloud, which leveraged

Optiva's entry into the SaaS market. The operator will leverage the platform to launch a new MVNO service.

- October 22, 2019, Optiva announced that VIL had 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 Cloud Spanner to customers, improving performance and reducing TCO to achieve customers' strategic business goals.
- January 16, 2018, Redknee announced its corporate name change to Optiva Inc. as 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 R&D 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 GCP.
- 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 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 GCP, 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.

# DESCRIPTION OF BUSINESS

## OVERVIEW

Optiva, which commenced operations in July 1999, is a leading and innovative provider of cloud-native monetization products on the private and public cloud to CSPs worldwide.

The Company's products 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, through its rating, charging and billing solutions. Coupled with complementing products such as payment solutions, policy control, wholesales billing, customer care and subscriber self-service applications, Optiva allows its customers to achieve their objectives and address their challenges, including monetization of their communication services, convergence of their service portfolio and diversification of their offering, all through improving customer experience and reduced costs.

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

The Debentures (NEO: OPT.DB.U) are listed on the NEO.

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

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

Optiva's award-winning cloud-native real-time converged charging and billing platform delivers the benefits of a flexible, end-to-end software platform, including real-time charging, rating, billing, product catalog, 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 5, in the private or public cloud. 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 natively on GCP and scales with Google Cloud Spanner, and it is also available on an OpenShift infrastructure on a private cloud. 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 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"), machine to machine, IoT, cloud services, and OTT offerings.

- **Policy Control –** Optiva's Policy Control 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 Control solution is key to supporting operator data monetization strategies for real-time applications, such as video streaming, interactive gaming, and VoLTE, and is a key to Optiva value proposition to 5G.

- **Optiva BSS Platform™ –** Optiva BSS Platform™ provides a fully managed, end-to-end, cloud-native converged charging and billing solution on the private and public cloud. For CSPs, including MNOs, MVNEs, and MVNOs, Optiva BSS Platform™, re-architected to be cloud-native and made available on the public cloud, is Optiva's leading proposition in 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 an end-to-end BSS stack with all of the mandatory components such as unified rating and charging, billing, customer care and self-care, product catalog, payments and voucher management, collections and settlements, and dealer care.

- **Optiva Wholesale Billing™ –** Optiva Wholesale Billing™ 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.

- **Optiva Payment Solution –** Optiva's Payment Solution strengthens 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.

## 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 $75.9 million in the 12-month fiscal year ended December 31, 2020 declined by $45.0 million relative to the 15-month period ended December 31, 2019. Revenue by category for the fiscal periods ended December 31, 2020, and December 31, 2019, is shown in the tables below.

| $US Thousands (unaudited) | Tweleve Months Ended December 31, 2020 | Fifteen Months Ended December 31, 2019 |
|---|---|---|
| Support and Subscription | 58,289 | 86,860 |
| Software and Services | 16,617 | 32,674 |
| Third Party Software and Hardware | 1,010 | 1,349 |
| **Total** | **75,916** | **120,883** |

| Percentage of Total Revenue (unaudited) | Tweleve Months Ended December 31, 2020 | Fifteen Months Ended December 31, 2019 |
|---|---|---|
| Support and Subscription | 77% | 72% |
| Software and Services | 22% | 27% |
| Third Party Software and Hardware | 1% | 1% |
| **Total** | **100%** | **100%** |

The decrease in support and subscription revenue in the fiscal period ended December 31, 2019, relative to the previous year is mainly due to an extra quarter in the fiscal period 2019 and 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, 2020, relative to the previous year was mainly a result of the extra quarter in the fiscal period 2019 and fewer software implementations.

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 products helping CSPs to charge and bill subscribers for any service they consume, including data, text, content, voice services, partner-related, IoT and more 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 and 5G, and some are monetizing the IoT. 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, Voice over Internet Protocol (VoIP), and data-rich services such as streaming video services.

## Sales and Marketing

Optiva's sales approach is to use direct sales teams and sales agents 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, analyst relations, content marketing and media relation, product marketing and sales support, sales collateral and enablements, digital and social programs, and participation in key industry events and trade shows (happening throughout 2020 virtually). 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 efforts in both prospects as well as in existing customers.

## 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 monetization domain which is part of the BSS software market, which include:

- ***BSS oriented software and services provided –*** these are entities that provide products that enable CSPs to offer a variety of wholesale and retail billing, real-time rating/charging, and other revenue-generating solutions. Usually, they will have a wide offering that spans across the entire BSS domain, and sometimes even OSS. 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, Nokia 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.

- ***Independent software vendors –*** these include specialized software vendors that offer one or two products, usually charging or billing, and target opportunities in CSP to replace part of the BSS stack (or as part of a larger partnership scheme, to have a full BSS transformation). Included in this category are Matrixx, Openet (acquired by Amdocs in mid-2020), MDS, Nexygen and others.

## Growth Strategy

Optiva's growth strategy is focused on existing customer retention and acquisition of new business from new and existing customers. To drive sustainable growth, the strategy includes investing in product development, expanding products and services, growing recurring revenue streams, and investing in sales and marketing. In 2018, Optiva determined that the best opportunity for the future success of the Company and its customers is to lead the industry in leveraging the capabilities of cloud-native technologies for BSS solutions. The Company has invested to re-platform and re-architect its products to support cloud-native capabilities on public, private and hybrid cloud architectures, and Optiva plans to invest heavily over the next three years to pivot its products and services to this strategy. The Company believes that this technology, along with the evolution of its commercial structure to support subscription-based models (including SaaS), will maximize recurring revenue and return higher value to its shareholders. Customers will also reap the benefits of a centrally managed product that will enable continuous implementation and deployment of the latest software features and associated business benefits. This shift in the operating model will make both the Company and its customers more agile to respond to market phenomena like 5G, the IoT and shifting demand.

On March 31, 2021, Optiva announced a private placement to issue a total of 834,500 subordinate voting shares at a price of CDN$30.00 per share for aggregate gross proceeds of approximately CDN$25,035,000. The proceeds from the private placement will be used in part to accelerate the Company's investment in the cloud strategy. The offering is expected to close on or about April 8, 2021, subject to the satisfaction of customary closing conditions.

### Research and Development

R&D 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 R&D, 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.

Optiva built an in-house R&D team in 2020 to control all aspects of the software engineering lifecycle. Optiva established a world-class team of engineers and management and implemented an agile methodology to develop quality software on time and deliver customer value. The R&D team actively participates in the Company's goal setting and receives structured feedback and insights from all departments and customers to enhance the current software base and develop future unique products. R&D actively manages the cost of the center to adhere to the financial goals of the Company.

R&D is established to deliver immediate benefits and long-term profitability of the Company. R&D is an expense center as Optiva invests to research and develop new products and services. The department is composed primarily of software architects, software engineers, quality assurance engineers, technical writers, technical program managers, site reliability engineers and management.

R&D's focus is on private and public cloud enablement with the latest features and functionalities that support current and future customer needs. R&D plans and executes research, design, architecting, development and testing of the portfolio of the Company with a five-year view based on the product management vision.

Optiva understands the importance of having a strong R&D team as product design and delivery is crucial for the Company. With an R&D team, Optiva has a leading position and differentiation to compete in the fast-paced world. In a business context, R&D generates knowledge that enhances the Company's unique selling points with continual evaluation of the best products that add the most value to stay competitive and keep its leading market position.

## 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, 2020, Optiva had a portfolio of several pending patent applications and over 50 granted patents. Notwithstanding any deliberate abandonment of intellectual property assets or court decisions invalidating such assets, part of Optiva's current patent portfolio will expire in 2021 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 is 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.

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 highly skilled workforce and customer-focused, team-oriented culture is a key element of the Company's competitive strength. In 2020, Optiva insourced its human resources function and hired 112 employees and/or contractors. The Company actively recruits highly qualified individuals in the areas of operations, product management, R&D, sales, marketing and services that it believes will support the Company's long-term growth strategy. Optiva believes in the importance of actively engaging with staff and regularly holds townhalls and all-hands sessions.

As of December 31, 2020, Optiva had 337 employees and contractors, of which 42 are involved in the delivery of professional services including implementation of software solutions, 125 are involved in support and maintenance related services, 28 are involved in sales and marketing, 47 are involved in general administration, and 95 are involved in R&D.

### 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 disclosed by the Company in 2017 (the "Strategic Plan"), Optiva announced that the Company would undertake a corporate restructuring (the "Restructuring"), consisting of planned personnel reduction, closure of facilities and a wind up of 35 statutory entities. The Company has completed the personnel reduction and closure of facilities. Wind up of legal entities remains outstanding.

The Company recorded Restructuring expenses of $0.2 million (2019 - $2.1 million) and paid $1.3 million in cash associated with the Restructuring in the fiscal period ended December 31, 2020. The Company has a remaining provision of $0.1 million as at December 31, 2020 for the Restructuring, estimated to be paid within one year.

### Operations and Facilities

The Company's registered office is located in Toronto, Ontario, Canada. The Company had two offices globally as of December 31, 2020.

### Changes to Contracts

As of the date of this AIF, other than as described elsewhere in this AIF, including under the heading *"General Development of the Business - Year to Date 2021"*, Optiva does not anticipate that any aspect of its business will be materially affected in the 2021 financial years by the renegotiation or termination of contracts. However, contracts may be renegotiated or terminated based on circumstances of which the Company is not currently aware, including those discussed in the Fiscal 2020 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.

*Effectiveness of the Strategic Plan*

The Company's future success depends on its ability to realize the expected economic, strategic and operational benefits anticipated by the execution of its Strategic Plan. There can be no assurance as to the effectiveness of 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 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 canceling or postponing purchasing decisions and suppliers requiring more onerous terms from the Company. If management is unable to 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 Solutions Could Expose 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.

*Investment in Cloud as a Growth Strategy*

The Company is investing significant resources in developing a 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 CSPs from cost, performance and reliability perspectives, the adoption of cloud-based BSS solutions by these entities is still in the nascent stages. While many CSPs have expressed interest, it remains uncertain as to when the Company will generate significant revenue from these solutions. There is no guarantee that CSPs will be willing to adopt cloud-based BSS solutions and, as a result, the Company may not recover its 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.

***Intense Competition from Several Competitors***

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. Many of these companies also have a larger installed base of products, longer operating histories or greater name recognition. 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.

***Ability to Recruit and Retain Personnel***

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***

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 canceled. 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 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 canceled 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.

***Variance in Quarterly Revenue and Operating Results***

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 the 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 unfavorable 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 that 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***

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 a 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. The Company currently requires 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 and any debt financing, if available, may require restrictions to be placed on the Company's future financing and operating activities. The Debentures place restrictions on the ability of the Company to incur additional debt. The Company may be unable to obtain additional financing on acceptable terms if the market and economic conditions, financial condition or operating performance of the Company or investor sentiment are unfavorable. 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 Lack of 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 the Company's 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 in 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.

***Market Price Volatility***

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;
- shareholder disputes and the commencement or continuance of litigation;
- announcements relating to any strategic review undertaken by the Board; 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 Subordinate Voting Shares.

***Default Risk Due to Issuance of Debentures***

The Debentures are secured debt obligations and represent a significant amount of indebtedness of the Company. The principal amount of the Debentures must be repaid on or before July 20, 2025. The Company's ability to pay principal and cash interest when due on the Debentures will depend on the success of the Company's operations and the Company's financial condition over the long term. In the event that the financial condition of the Company deteriorates, the Company may not be able to pay principal and cash interest on the Debentures. If and to the extent the Company has insufficient revenue to pay its debt obligations, cash from other sources will be required or the Company may be required to pay interest in-kind through the issuance of additional Debentures. The Company might also be required to sell some or all of its assets to meet its obligations, or to seek an extension to the Debentures, or to seek alternative debt or equity financing. If sale, extension or refinancing is not obtained or consummated, the Company could default on its obligations.

***Potential Exercise of Secured Creditor Rights***

If we default on the Debentures, the remedy of the holders of Debentures ("Debentureholders") would be (among other things) to institute proceedings against the Company's assets and properties to sell them to satisfy the amounts owed pursuant to the Debentures. This could result in the partial or total loss of the Company's assets. There is no assurance that, upon the exercise of the Debentureholders' secured creditor rights, the Company would receive a return of anything on its assets. The loss of Company's assets by the exercise of the Debentureholders' secured creditor rights would most likely materially adversely affect the Company business, financial condition or results, and could result in a total loss to shareholders of the Company.

***Covenant Obligations***

The Debentures contain operating covenants that prohibit the Company from undertaking certain actions ("negative operating covenants") and that require the Company to undertake other actions ("affirmative operating covenants"). The negative operating covenants could preclude the Company from taking actions that the Company may believe to be in its best interests. The affirmative operating covenants will require the Company to incur continuing costs and expense and could require the Company to take actions that it believes are not in its best interests. Moreover, the failure to comply with either negative operating covenants or affirmative operating covenants would most likely be a default under the Debentures, giving Debentureholders the rights described above.

***Market Value Fluctuation for Debentures***

Prevailing interest rates will affect the market value of the Debentures as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing interest rates for comparable debt instruments rise and increase as prevailing interest rates for comparable debt instruments decline.

***Trading Market for Debentures***

Although the Debentures are listed for trading on the NEO, there can be no assurance that a market for trading in the Debentures will develop or that any market that does develop, will continue. There are no assurances that any such market will survive.

***Rapid Technological 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.

***Management of Cloud Strategy***

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***

The Company's solutions are complex, although the Company employs a rigorous 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.

### *Small Number of Customers Compose Proportionately Large Percentage of Revenue*

The Company has been dependent, and expects that during the current fiscal year it will continue to be dependent, on a relatively small number of customers for a large percentage of its revenue. For the year ended December 31, 2020, the Company's top 25 customers made up 87% of the Company's revenues. (2019 – 77%). 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.

### *Potential for Infringement on Intellectual Property Rights*

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 favorable 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.

***Impact on Future Acquisitions***

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.

***Change in Pricing Models***

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 favorable terms to compete successfully. Any such changes would reduce the Company's margins and could adversely affect the Company's operating results.

***Protection of Intellectual Property***

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 (the "UK") or the European Union (the "EU").

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.

***Sales of Subordinate Voting Shares***

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.

***International Operations***

The Company sells its products throughout the world and intends to continue to increase its penetration of international markets. Although as part of its Restructuring, 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, labor 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.

***Company Sales made by Competitive Bids***

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;
- R&D 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.

***Sensitivity 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.

***Complex Customer Arrangements***

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 on 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 on 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.

### *Economic and Geopolitical Uncertainty*

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 (including the continuation or worsening of the COVID-19 pandemic) 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. The Company does not currently intend to pay dividends on its Subordinate Voting Shares. Any future determination to pay dividends on the Subordinate Voting Shares will be at the discretion of the Board and will depend upon the Company's results of operations, capital requirements, and other relevant factors.

### Preferred Shares

On July 20, 2020, the Company fully redeemed all of the Preferred Shares including all accrued and unpaid dividends thereon, in accordance with the terms of the Preferred Shares. Prior to redemption, the Board declared the following dividends on the Preferred Shares:

| Declaration Date | Total Amount | Payment Date |
|---|---|---|
| July 20, 2020 | $11,378,719 | July 20, 2020 |
| January 17, 2020 | $2,209,426 | January 31, 2020 |
| December 18, 2019 | $2,264,969 | December 24, 2019 |
| December 12, 2018 | $2,000,000 | December 21, 2018 |
| August 8, 2018 | $2,000,000 | August 14, 2018 |
| May 9, 2018 | $2,000,000 | May 22, 2018 |
| February 7, 2018 | $7,640,670 | February 16, 2018 |

## 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 the date hereof, 5,316,057 Subordinate Voting Shares and no preferred shares were issued and outstanding.

The following summary describes the rights, privileges, restrictions and conditions that are attached to the Subordinate Voting Shares and preferred shares. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of its Articles.

### 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.

The Subordinate Voting Shares are listed and posted for trading on the TSX under the symbol "OPT".

*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 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.

**Preferred Shares**

*Dividends*

The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, rank on a parity with the preferred shares of every other series and be entitled to preference over the Subordinate Voting Shares. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the preferred shares of any series is not paid in full, the preferred shares of such series shall participate ratably with the preferred shares of every other series in respect of all such dividends and amounts.

***Voting***

Holders of preferred shares are not 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.

**Warrants**

The Company currently has outstanding (a) a share purchase warrant (the "ESW Warrant") exercisable for 925,712 Subordinate Voting Shares at an exercise price of $34.00 per share, and (b) a share purchase warrant (the "Standby Warrant" together with the ESW Warrant, the “Warrants”) exercisable for 50,000 Subordinate Voting Shares at an exercise price of $25.00 per share, The ESW Warrant was issued to an entity related to ESW under the ESW Subscription Agreement in January 2017 and was originally set to expire on January 25, 2027. The Standby Warrant was also issued to an entity related to ESW and was originally set to expire on September 5, 2027. In connection with the ESW Share Sale, the terms of the Warrants were amended to remove certain anti-dilution provisions in favour of ESW, provide Optiva with a right to repurchase Warrants for cancellation and to abridge the expiry date of the Warrants to the date that is two years from the closing date of the ESW Share Sale.

**Options**

The Company has adopted a stock option plan (the "Option Plan") to provide long-term incentives to attract, motivate and retain its employees, directors, officers and service providers. As of the date hereof, there were 370,239 options to purchase Subordinate Voting Shares ("Options") outstanding under the Option Plan, with exercise prices ranging from C$32.45 to C$227.50 per share.

The Option Plan is available on SEDAR at www.sedar.com.

**RSUs and PSUs**

The Company maintains a share unit plan (the "Share Unit Plan") pursuant to which all employees, directors, officers of, or consultants providing services as an independent contractor to, the Company or its affiliated entities are eligible to participate in the plan. Pursuant to the Share Unit Plan, eligible individuals are eligible to receive restricted share units ("RSUs") and/or performance share units ("PSUs") in respect of services rendered in a fiscal year. As of the date hereof, there were no RSUs and PSUs outstanding under the Share Unit Plan.

The Share Unit Plan is available on SEDAR at www.sedar.com.

**Debentures**

On July 20, 2020, the Company issued Debentures in the aggregate principal amount of C$90 million. The Debentures bear interest at a rate of 9.75% per annum, payable semi-annually on January 20 and July 20 each year, commencing on January 20, 2021. The Debentures will mature on July 20, 2025. The interest payable on the Debentures may be satisfied by way of a cash or in-kind payment, at the election of the Company. The Debentures are not convertible and are guaranteed by certain of the Company's subsidiaries, and constitute senior secured obligations of the Company. The Debentures are listed and posted for trading on the NEO under the symbol "OPT.DB.U".

**Shareholder Rights Plan**

The Company adopted the Rights Plan effective as of July 27, 2020. Shareholders of the Corporation ratified and approved the Rights Plan at the 2020 ASM. The Rights Plan is in effect until the close of business on the date on which the annual meeting of shareholders of the Company is held in 2023. The Rights Plan may be renewed in accordance with its terms for an additional period of three years (from 2023 to 2026) provided the Board approves and shareholders ratify such renewal at or prior to the annual meeting of shareholders to be held in 2023.

The Rights Plan is designed to ensure that all shareholders of the Company are treated fairly in connection with any take-over bid and to protect against "creeping bids", which involve the accumulation of more than 30%, on an aggregate basis, of the Subordinate Voting Shares through purchases exempt from applicable take over-bid rules. Pursuant to the Rights Plan, one right attaches to each issued and outstanding Subordinate Voting Share. Subject to the terms of the Rights Plan, the rights become exercisable in the event that any person (together with certain related parties) becomes a beneficial holder of 30% or more of the outstanding Subordinate Voting Shares without complying with the "Permitted Bid" provisions under the Rights Plan. In such event, holders of the rights (other than the acquiring person and its related parties) will be permitted to exercise their rights to purchase additional Subordinate Voting Shares at a 50% discount to the then prevailing market price of the Subordinate Voting Shares.

The Rights Plan is available on SEDAR at www.sedar.com.

## MARKET FOR SECURITIES

Optiva's Subordinate Voting Shares are listed 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 the periods indicated.

### SUBORDINATE VOTING SHARES – TSX

| Month | Low (C$) | High (C$) | Volume (#) |
|---|---|---|---|
| January, 2020 | 40.00 | 54.25 | 64,400 |
| February, 2020 | 37.03 | 45.99 | 8,700 |
| March, 2020 | 19.00 | 39.71 | 17,600 |
| April, 2020 | 17.50 | 27.05 | 18,400 |
| May, 2020 | 17.50 | 26.01 | 47,000 |
| June, 2020 | 19.25 | 28.00 | 16,100 |
| July, 2020 | 25.00 | 55.00 | 20,700 |
| August, 2020 | 41.00 | 58.00 | 102,600 |
| September, 2020 | 45.00 | 48.00 | 31,500 |
| October, 2020 | 42.23 | 46.88 | 28,400 |
| November, 2020 | 42.25 | 45.50 | 3,700 |
| December, 2020 | 34.91 | 44.25 | 36,100 |

Optiva's Debentures are listed on the NEO under the symbol "OPT.DB.U". There has been no trading on the Debentures since the Debentures were listed on December 16, 2020.

## PRIOR SALES

Except for Subordinate Voting Shares issued pursuant to security-based compensation arrangements, no Subordinate Voting Shares were issued by the Company during the fiscal period ended December 31, 2020.

The only securities of the Company that are outstanding but not listed or quoted on a marketplace are the Options and deferred share units.

On March 31, 2021, Optiva announced a private placement to issue a total of 834,500 subordinate voting shares at a price of CDN$30.00 per share for aggregate gross proceeds of approximately CDN$25,035,000. The offering is expected to close on or about April 8, 2021, subject to the satisfaction of customary closing conditions.

**Options**

The following table sets forth the number of Options granted during the most recently completed financial year, the date of grant and the exercise price thereof.

| Date of Grant | Number of Options | Exercise Price per Option (C$) |
|---|---|---|
| December 7, 2020 | 250,000 | 42.02 |

## ESCROWED SECURITIES

To the knowledge of the Company, there were no securities of the Company that were held in escrow as of December 31, 2020.

## DIRECTORS AND OFFICERS

**Name, Address, Occupation and Voting Security Holdings**

The following table sets out the directors and officers of the Board together with their province or state and country of residence, positions and offices held, principal occupations during the last five years, the years in which they were first appointed as directors and/or officers of the Company and the number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised by them, as of March 31, 2021.

| Name and Place of Residence[4] | Principal Occupation | Director and/or Officer Since | Voting Securities of the Company Beneficially Owned |
|---|---|---|---|
| Robert Stabile<br>Toronto, Ontario, Canada | Partner, The Rosseau Group Inc. | October 16, 2017 | Nil |
| Lee Matheson<br>Toronto, Ontario, Canada | Partner, EdgePoint Investment Group Inc. | July 20, 2020 | Nil |
| Demetrios Anaipakos[2]<br>Houston, Texas, United States | Partner at AZA Law | January 26, 2017 | Nil |
| Andrew Day[2][3]<br>Oakville, Ontario, Canada | President, ADAY Management Services Inc. | July 20, 2020 | Nil |

| | | | |
|---|---|---|---|
| Anuroop Duggal(1)(2)<br>Toronto, Ontario, Canada | Adjunct Professor, Columbia Business School | August 18, 2020 | 5,000* |
| John Giere<br>California, USA | President and Chief Executive Officer, Optiva Inc. | December 7, 2020 | Nil |
| Daniel Goldsmith(1)<br>Philadelphia, Pennsylvania, USA | Partner, GoldsmithLink Advisors | August 18, 2020 | Nil |
| Graham Gow<br>Ontario, Canada | Formerly Senior Partner, McCarthy Tétrault LLP | February 9, 2021 | 3,000* |
| Ashish Joshi<br>Texas, USA | Chief Financial Officer and Corporate Secretary, Optiva Inc. | May 1, 2020 | Nil |
| Ryan Morris(3)<br>San Francisco, California, USA | Chairman & CEO, Turntide Technologies Inc. | August 18, 2020 | Nil |
| Dinesh Sharma<br>Ontario, Canada | Vice President, Finance, Optiva Inc. | May 8, 2019 | 580 |

(1) Member of Nomination and Governance Committee.
(2) Member of Audit Committee.
(3) Member of Compensation Committee.
(4) The information as to place of residence, principal occupation and voting securities beneficially owned or controlled has been furnished by each director and/or officer directly.

*Represents subordinate voting shares subscribed for under the private placement announced by the Company on March 31, 2021. The offering is expected to close on or about April 8, 2021, subject to the satisfaction of customary closing conditions.

Each director on the Board 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.

## Director and Officer Biographic Notes

### *Robert Stabile, Chair of the Board*

Robert Stabile was appointed to the Board in 2017. Mr. Stabile brings 15 years of equity capital markets experience and is currently a Partner at The Rosseau Group Inc. From 2015 to 2020, Mr. Stabile was the 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 Inc. He began his capital markets career at CIBC World Markets Inc. 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 Chair of the Board. He is considered an independent director for purposes of National Instrument 52-110 - *Audit Committees* ("NI 52-110") and National Instrument 58-101 - *Disclosure of Corporate Governance Practices.*

### *Lee Matheson, Vice-Chair of the Board*

Lee Matheson is a Partner at EdgePoint Investment Group Inc. Previously, Mr. Matheson was a co-founder of Broadview Capital Management Inc. and portfolio manager of the Broadview Dark Horse LP, a long/short fund focused on Canadian small cap securities. Mr. Matheson has extensive public company experience having served on the boards of RDM Corporation, AlarmForce Industries Inc., WesternOne Inc., Medworxx Solutions Inc., and Strad Inc. Mr. Matheson is currently a director of exactEarth Ltd., AutoCanada Inc. and Old PSG Wind-Down Ltd. Additionally, Mr. Matheson serves as co-chair of Canadian Art Foundation.

### *Demetrios Anaipakos, Non-executive Director*

Demetrios Anaipakos was appointed to the Board in 2017. Mr. Anaipakos 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.

***Andrew Day, Non-executive Director***

Andrew Day has held several senior leadership positions in sales and general management for technology companies and most recently was the Chief Operating Officer and Executive Vice President of Internap Corporation ("Internap"). He has over 25 years of management experience in telecommunications, technology innovation, sales, and marketing leadership. He has served as Senior Vice President, Consumer Channels at Rogers Communications Inc., where he led all consumer product sales across all sales channels. He has also served as Chief Executive Officer of Primus Telecommunications Group Inc. and Primus Telecommunications Canada Inc., where he was responsible for the company's direction and results. Before joining Primus, he held various roles of increasing responsibility in general management, sales, product management, and finance at AT&T Canada Corp., Gillette Canada, Inc., and Xerox Canada, Inc. Mr. Day holds an Honours Bachelor of Commerce from McMaster University, is a Chartered Public Accountant (CPA, CMA) and is also a Chartered Director (C. Dir.). Mr. Day is currently a director of Spartacus Acquisition Corporation (SPAC), a Nasdaq listed company.

***Anurooop Duggal, Non-executive Director***

Anuroop Duggal was a Partner at 3G Capital, a global multi-billion-dollar asset manager, where he helped launch, manage, and grow a public market focused equity and credit fund. Prior to that, he was an investor with Goldman Sachs Investment Partners, which was the Asset Management division's flagship hedge fund. Mr. Duggal is an Adjunct Professor for the MBA program at Columbia Business School, where he teaches value-investing courses with key topics including capital allocation, business model analysis, valuation, and management analysis. He graduated from the University of Western Ontario with an Honors Business Administration degree (Richard Ivey School of Business, gold medalist) and an Electrical Engineering degree. Mr. Duggal is currently a director of Calfrac Well Services Ltd., a TSX listed company.

***John Giere, Chief Executive Officer***

John Giere is President and Chief Executive Officer of Optiva, Inc. Mr. Giere has served with leading global vendors, including Openwave Mobility Inc., Alcatel-Lucent and Ericsson, Inc. He has more than 25 years of telecommunications industry leadership experience, building successful global telecom software businesses. Mr. Giere has a proven track record of building customer relationships and delivering innovative products to the market. Prior to joining Optiva, Mr. Giere served as Chief Executive Officer of Openwave Mobility Inc. and General Manager of the mobility business unit for Openwave Systems Inc. He also served as Chief Marketing Officer for Alcatel-Lucent and Lucent Technologies Inc. and held vice president roles in sales, marketing and business development at Ericsson, Inc. Mr. Giere holds an MBA from the University of Maryland and a Bachelor of Science degree from Georgetown University.

***Dan Goldsmith, Non-executive Director***

Dan Goldsmith is an accomplished executive with a strong track record of building businesses from startup to scale. With more than 20 years of experience in software and management consulting, Mr. Goldsmith has developed deep expertise in SaaS, market growth strategies, global expansion, and verticalization with a focus on life sciences and education industries. Mr. Goldsmith most recently served as the Chief Executive Officer of Instructure Inc. ("Instructure"), leading the company to a successful $2 billion exit from public to private and increasing shareholder value by 50% over a two-year period. During his tenure, Instructure delivered strong sales growth and over $200 million in annual recurring revenue, released new products, executed two acquisitions, and reached cash flow positive for the first time in the company's history. Prior to Instructure, Mr. Goldsmith was a c-level executive at Veeva Systems Inc. ("Veeva"). During his 8+ years at Veeva, he most recently served as the Chief Strategy Officer developing Veeva's multi-year growth plan and launching products. While at Veeva, the company grew to over $700 million in annual recurring revenue, went through a successful initial public offering, and achieved a $25 billion market cap with sustained 20%+ annual growth and profitability. Before Veeva, Mr. Goldsmith had a full career in management consulting working for Accenture, PriceWaterhouseCoopers, and IBM.

***Graham Gow, Non-executive Director***

Graham Gow was formerly a Senior Partner at McCarthy Tétrault LLP. Mr. Gow is a recognized expert in corporate law, corporate finance and mergers and acquisitions for publicly traded companies. He received his B.A. from the University of Western Ontario and his LL.B. from the University of Windsor. He was called to the Ontario bar in 1982. As a recognized expert in corporate law, securities law and merger & acquisitions, Mr. Gow is listed in The Best Lawyers in Canada and Canadian Legal Lexpert Directory. Mr. Gow has taught Canadian Mergers and Acquisitions law at the University of Western Ontario and the University of Windsor. He currently serves on two other boards of directors and is a former director of the Osler Bluff Ski Club, the Mount Sinai Hospital Foundation and the Bridgepoint Hospital Foundation.

***Ashish Joshi, Chief Financial Officer and Corporate Secretary***

Ashish Joshi is the Chief Financial Officer of Optiva. Mr. Joshi is responsible for all financial and corporate matters, including financial and management reporting, investor relations, human resources and corporate secretarial functions. Mr. Joshi has more than 20 years of executive leadership, business and finance experience. Prior to Optiva, Mr. Joshi served as Vice President of Finance at Colfax Inc., where he led global operations and was previously Director, Global Value Creation and Productivity Office at Dell Technologies Inc., where he won the Michael Dell Chairman's award for driving significant improvement in customer experience for European enterprise customers. Mr. Joshi was also a Senior Manager, Audit and Six Sigma Black Belt with General Electric Capital Corp., where he led and mentored over 20 projects with a focus on business improvements.

***Ryan Morris, Non-executive Director***

Ryan Morris is an entrepreneur and investor and has served as Chairman and Chief Executive Officer of Turntide Technologies, Inc. (formerly Software Motor Company) since October 2017. Mr. Morris founded Meson Capital Partners LLC, an investment firm in February 2009. Mr. Morris has served as Chairman of three publicly traded companies including most recently Sevcon, Inc., which was a world leader in power electronics for high-performance electric vehicles. Sevcon, Inc. was sold to BorgWarner Inc. in September 2017. In July 2008, after finishing his Bachelor of Science and Master of Engineering from Cornell University in Operations Research and Information Engineering, Mr. Morris was a co-founder and Chief Executive Officer of VideoNote LLC, a software company dedicated to capturing and indexing the videos of college lectures.

***Dinesh Sharma, Vice President, Finance***

Dinesh Sharma is Vice President of Finance of Optiva. Mr. Sharma is responsible for all financial matters, including external financial reporting and internal management reporting. Mr. Sharma has more than 20 years of finance experience, 10 of which have been with Optiva. Prior to Optiva, Mr. Sharma served as Associate Director of Finance at Bell Canada, where he was in a controller role for Bell Residential Services for three years and prior to that he was the Finance Manager at Symcor Inc., where he led the planning and analysis group for 7 years. Mr. Sharma is a chartered accountant and was a senior auditor at Ernst & Young before moving to the industry.

## 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:

- Andrew Day was Executive Vice President at Internap, which filed Chapter 11 proceedings in U.S. Bankruptcy Court in White Plains, N.Y. on March 16, 2020. Internap emerged from its bankruptcy proceedings on May 11, 2020.

**Board and Executive Officer Aggregate Ownership of Subordinate Voting Shares**

The directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, 580 Subordinate Voting Shares, representing **0.01**% of the total outstanding Subordinate Voting Shares as of the date hereof.

**Board Committees**

The Board 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 the Board and committee structure as of the date hereof:

| **Name of Director** | **Audit** | **Compensation** | **Nomination and Governance** |
|---|---|---|---|
| Robert Stabile (Chair) | | | |
| Lee Matheson (Vice-Chair) | | | Chair |
| Demetrios Anaipakos | X | | |
| Andrew Day | Chair | X | |
| Anuroop Duggal | X | | X |
| Dan Goldsmith | | | X |
| Graham Gow | | | |
| Ryan Morris | | X | |

**Audit Committee**

The audit committee assists the Board 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, Andrew Day (Chair), Demetrios Anaipakos, and Anuroop Duggal. Each audit committee member, as at both December 31, 2020, and the date of this AIF, is "independent" and "financially literate" within the meaning of NI 52-110.

**Relevant Education and Experience of Members of the Audit Committee**

***Andrew Day***

Mr. Day is a Chartered Public Accountant (CPA, CMA) and has over 25 years of management experience in telecommunications, technology innovation, sales, and marketing leadership. Mr. Day was most recently Chief Operating Officer and Executive Vice President of Internap. Prior to Internap, Mr. Day served as CEO of Primus Telecommunications Group Inc. and Primus Telecommunications Canada Inc., where he was responsible for the company's direction and results, as Senior Vice President, Consumer Channels at Rogers Communications Inc., where he led all consumer product sales across all sales channels, and held various roles of increasing responsibility in general management, sales, product management, and finance at AT&T Canada Corp., Gillette Canada Inc., and Xerox Canada, Inc..

***Demetrios Anaipakos***

Mr. Anaipakos is a graduate of 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.

***Anuroop Duggal***

Mr. Duggal is an Adjunct Professor at Columbia Business School, where he teaches value-investing courses with key topics including capital allocation, business model analysis, valuation, and management analysis. Mr. Duggal was previously a Partner at 3G Capital, a global multi-billion-dollar asset manager, where he helped launch, manage, and grow a public market focused equity and credit fund. Prior to that, he was an investor with Goldman Sachs Investment Partners, which was the Asset Management division's flagship hedge fund. Mr. Duggal graduated from the University of Western Ontario with an Honors Business Administration degree (Richard Ivey School of Business, gold medalist) and an Electrical Engineering degree.

### *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 fees incurred by the Company in using the services of KPMG LLP for the fiscal periods ended December 31, 2020, and December 31, 2019:

| Category | Fiscal period ended December 31, 2020 ($) | Fiscal year ended December 31, 2019 ($) |
|---|---:|---:|
| Audit Fees | 1,676,400 | 1,294,300 |
| Audit Related Fees | 26,000 | 94,100 |
| Tax Compliance | 2,554,000 | 1,086,300 |
| Tax Advisory | 188,200 | 324,200 |
| All Other Fees | - | - |
| **Total** | **4,444,600** | **2,798,900** |

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. Audit Related fees include assistance with implementation of new accounting standards and related transactions. Tax fees primarily relate to compliance-related services and various corporate tax planning for Optiva and its subsidiaries in various jurisdictions.

### Compensation Committee

The compensation committee assists the Board in discharging its duties with respect to the compensation of the Company's Chief Executive Officer and other executive officers. The committee considers and recommends to the Board the framework or broad policy for the compensation of executives. It considers and recommends to the Board for approval the compensation of the Company's Chief Executive Officer and, upon recommendation of the Company's Chief Executive Officer, 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 two independent directors, Andrew Day and Ryan Morris.

**Nomination and Governance Committee**

The nomination and governance committee assists the Board in identifying candidates for the Board. The nomination and governance committee also evaluates the effectiveness of the Board as a whole, each committee of the Board, and the contribution of individual directors. The nomination and governance committee is currently composed of Lee Matheson (Chair), Anuroop Duggal and Dan Goldsmith.

## 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 may be settled within 12 months from December 31, 2020.

In the normal course of operations, the Company is subject to claims from time to time, relating to labor, 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.

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 has appealed this award and defends 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, 2020.

In connection with the ESW Share Sale, Optiva, ESW and certain of its affiliates, and certain shareholders of Optiva entered into a mutual multi-party release pursuant to which the parties release each other from certain claims relating to the Company and one another. The multi-party release settles all previous litigation outstanding between Optiva, ESW and its affiliates, and Optiva’s other shareholders.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this AIF 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 Subordinate Voting Shares 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 Subordinate Voting 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:

- Separation Agreement dated as of March 9, 2021, between the Company, ESW and Danielle Royston
- Intellectual Property Agreement made as of March 9, 2021, between the Company, ESW and Danielle Royston
- Private placement debenture purchase agreement dated June 26, 2020, between the Company and EdgePoint Investment Group Inc.
- Private placement debenture purchase agreement dated June 26, 2020, between the Company and Maple Rock Master Fund LP
- Senior secured notes indenture dated as of July 20, 2020, among the Company, Computershare Trust Company of Canada, as trustee and collateral agent, and each of the guarantors thereunder
- Agency agreement dated July 20, 2020, between the Company and CIBC World Markets Inc.
- Shareholders rights plan agreement dated July 27, 2020, between the Company and Computershare Investor Services Inc.

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.

As described elsewhere in this AIF, in connection with the ESW Share Sale, on March 9, 2021, the Company and ESW terminated all of its related party agreements between them, including the services agreements between Optiva and ESW’s affiliates, DevFactory FZ-LLC and Crossover Markets, Inc.

## INTERESTS OF EXPERTS

The Company's audited annual consolidated financial statements for the year ended December 31, 2020, filed pursuant to National Instrument 51-102 - Continuous Disclosure Obligations have been audited by KPMG LLP, Vaughan, Canada.

KPMG LLP has advised 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.

Other than as described above, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies is, or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## ADDITIONAL INFORMATION

Additional information relating to the Company, which is not and shall not be deemed to be incorporated by reference in this AIF, is available electronically on SEDAR at www.sedar.com and on its website www.optiva.com.

Additional information, which is not and shall not be deemed to be incorporated by reference in this AIF, including director and officer remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular for its 2020 ASM. For information relating to corporate governance matters, please see "Statement of Corporate Governance Practices" in such circular.

Additional financial information, which is not and shall not be deemed to be incorporated by reference in this AIF, is provided in the Company's financial statements and management discussion and analysis for its most recently completed financial year.

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. <u>Frequency of meetings</u>

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. <u>Authority</u>

5.1 The Committee is authorized 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. <u>Duties</u>

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 judgments 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. No Rights Created

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.