



Optiva Inc. Reports Financial Results for the Three-Month Period Ended December 31, 2019 and Fiscal 2019

Financial Results

TORONTO, March 9, 2020 - Optiva Inc. (“Optiva” or “the Company”) (TSX:OPT), the leader in providing communications service providers (CSPs) worldwide with cloud-native revenue management software on the public cloud, released its financial results today for the three-month period ended December 31, 2019 and fiscal year ended December 31, 2019. As previously announced on December 12, 2018, Optiva changed its fiscal year end from September 30 to December 31 to better align the Company's year-end reporting cycle with its business operations. The Company’s transition to a December 31 year-end in fiscal 2019 will include five fiscal quarters.

Q5 Fiscal 2019 Highlights	Three Months Ended		Fifteen	Twelve
	December 31,		Months Ended	Months Ended
<i>(\$ US Thousands, except per share information)</i>			December 31,	September 30,
<i>(Unaudited)</i>	2019	2018	2019	2018
Revenue	20,530	27,617	120,883	121,627
Net income (loss)	(16,874)	538	(13,751)	(92,592)
Earnings (loss) Per Share	\$(3.17)	\$ 0.10	\$(2.60)	\$(17.69)
Cash generated from (used in) operating activities	(2,966)	(1,917)	(2,259)	(61,011)
Total cash, including restricted cash	32,699	35,385	32,699	39,683

Fifth Quarter 2019 Financial Results for the Period Ended December 31, 2019

- Revenues decreased by \$7.1 million relative to the corresponding quarter of 2018, primarily due to the discontinuation of support and subscription sales to customers who had previously notified Optiva of their exit.
- Optiva's cost of revenue and operating expenses declined by \$6.9 million relative to the same period in 2018 as a result of Optiva's ongoing focus on operational efficiencies, cost management and lower non-cloud research and development expenses.
- Fifth quarter 2019 research and development expenses included \$4.4 million of investments in cloud innovation, which brings the total spent in fiscal 2019, to \$14.2 million. Since the beginning of 2018, Optiva has invested a total of \$28.2 million in cloud innovation and will continue to spend up to another \$72 million over the course of the next two to three years, as per its stated cloud-driven growth strategy.
- Net loss for the quarter increased to \$16.9 million compared to net income of \$0.5 million during the corresponding period in 2018. The lower earnings were mainly attributable to a decrease in revenues and higher finance costs and income tax expense during the reported period.
- Optiva consumed \$3.0 million in cash from operating activities in the fifth quarter of 2019, versus consuming \$1.9 million of cash in the corresponding period in 2018.
- Continued focus and investments in cloud innovation remain at the forefront of the Company's growth strategy.

Business Highlights:

- Optiva announced its objective to raise as much as US\$100 million for the acceleration of its strategic plan consisting of increasing pace and amount of investments in order to maintain its leadership position in the cloud opportunity, while withstanding near term losses in order to aggressively invest in long-term, sustainable, profitable growth.
- The Customer Success metric is showing improvement for the period July to December, increasing to just over 50%.
- Subsequent to quarter-end, Vodafone Idea Ltd (VIL), announced it had gone live with a pilot deployment of cloud-native Optiva Charging Engine™ on VIL's Universal Cloud, catering to over four million subscribers and over 1,000 transaction units per second (TPS) traffic for online charging data.
- Optiva is named a market disruptor by GlobalData, a world-leading analytics company and one of the largest data and insights solution providers, citing Optiva's leadership in the telecom industry in its journey to the public cloud.

Conference Call

Optiva Inc. will hold an analyst call on March 10, 2020, to discuss its quarterly financial for the three-month period ended December 31, 2019. CEO Danielle Royston and Interim CFO Anin Basu will host the call starting at 8:30 a.m. Eastern time. A question and answer session will follow management's discussion.

Date: Tuesday, March 10, 2020

Time: 8:30 a.m. Eastern Time

Toll-free (Canada/US): 1-888-204-4368

International: 1-720-543-0214

Reference number: 8661099

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. A replay of the call will be available via Optiva's website (www.optiva.com/investors/) Media Inquiries: media@optiva.com

About Optiva Inc.

Optiva Inc. is the leader in providing communication service providers (CSPs) worldwide with cloud-native revenue management software on the public cloud. MNOs and MVNOs can integrate our best-of-breed charging engine into a BSS stack or deploy our fully managed, end-to-end, SaaS platform. Optiva products offer unmatched speed, scale, security and savings. Our market knowledge, analytical insights and unique Customer Success Program ensure telecoms are equipped to achieve their strategic business goals. Established in 1999, Optiva Inc. is on the Toronto Stock Exchange (TSX: OPT). For more information, visit www.optiva.com.

Caution Concerning Forward-Looking Statement

Certain statements in this document may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this document, such statements use such words as "may," "will," "expect," "continue," "believe," "plan," "intend," "would," "could," "should," "anticipate" and other similar terminology. These statements are forward-looking as they are based on our current expectations, as at March 9, 2020, about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could materially differ from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate.

As a result, there is no assurance that any forward-looking statements will materialize. Risks that could cause our results to differ materially from our current expectations are discussed in the Company's most recent Annual Information Form, both of which are available on SEDAR at www.sedar.com and on Optiva's website at www.optiva.com/investors/. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Optiva does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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OPTIVA INC.

Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

As at December 31, 2019 and September 30, 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,747,993	\$ 36,174,863
Trade accounts and other receivables	7,808,293	14,954,291
Unbilled revenue	4,468,014	12,908,847
Prepaid expenses	1,983,391	1,833,105
Income taxes receivable	4,105,144	5,173,450
Other assets	243,199	253,517
Inventories	473,201	1,111,782
Total current assets	50,829,235	72,409,855
Restricted cash	951,291	3,507,759
Property and equipment	–	541,861
Deferred income taxes	217,423	2,093,716
Investment tax credits	358,309	361,810
Long-term unbilled revenue	4,676,597	1,531,062
Intangible assets	12,215,598	18,044,530
Goodwill	32,271,078	32,271,078
Total assets	\$ 101,519,531	\$ 130,761,671
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 7,350,942	\$ 21,568,158
Accrued liabilities	10,518,015	12,832,812
Provisions	3,630,550	7,655,199
Income taxes payable	3,644,752	500,489
Deferred revenue	6,363,724	13,445,746
Total current liabilities	31,507,983	56,002,404
Deferred revenue	702,143	1,512,863
Other liabilities	2,628,408	1,272,488
Pension and other long-term employment benefit plans	12,486,732	16,900,821
Provisions	36,611	5,662,009
Preferred shares	66,345,563	57,862,418
Series A Warrant	22,679,934	21,754,223
Deferred income taxes	753,036	120,000
Total liabilities	137,140,410	161,087,226
Shareholders' equity (deficit):		
Share capital	250,893,223	248,680,325
Standby Warrant	997,500	997,500
Contributed surplus	11,291,632	13,386,978
Deficit	(294,322,038)	(285,318,990)
Accumulated other comprehensive loss	(4,481,196)	(8,071,368)
Total shareholders' equity (deficit)	(35,620,879)	(30,325,555)
Total liabilities and shareholders' equity (deficit)	\$ 101,519,531	\$ 130,761,671

OPTIVA INC.

Consolidated Statements of Comprehensive Loss
(Expressed in U.S. dollars, except per share and share amounts)

Fifteen months ended December 31, 2019 and Twelve months ended September 30, 2018

	2019	2018
Revenue:		
Support and subscription	\$ 86,859,693	\$ 84,747,291
Software licenses, services and other	34,022,831	36,879,413
	120,882,524	121,626,704
Cost of revenue	39,351,285	50,711,612
Gross profit	81,531,239	70,915,092
Operating expenses:		
Sales and marketing	12,552,570	11,331,769
General and administrative	22,585,631	31,076,334
Research and development	35,156,577	61,515,108
Restructuring costs (recovery)	(1,715,241)	51,775,138
	68,579,537	155,698,349
Income (loss) from operations	12,951,702	(84,783,257)
Foreign exchange loss	(1,475,908)	(317,823)
Finance income	604,885	523,718
Finance costs	(14,190,135)	(2,572,010)
Loss before income taxes	(2,109,456)	(87,149,372)
Income tax expense:		
Current	9,162,706	5,391,880
Deferred	2,478,943	50,404
	11,641,649	5,442,284
Loss for the year	(13,751,105)	(92,591,656)
Other comprehensive income:		
Items that will not be reclassified to net income:		
Actuarial gain on pension and non-pension post-employment benefit plans, net of income tax expense of nil (2018 - nil)	3,590,172	390,055
Total comprehensive loss	\$ (10,160,933)	\$ (92,201,601)
Loss per common share:		
Basic	\$ (2.60)	\$ (17.69)
Diluted	(2.60)	(17.69)
Weighted average number of common shares:		
Basic	5,280,662	5,233,047
Diluted	5,280,662	5,233,047

OPTIVA INC.

Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

Fifteen months ended December 31, 2019 and Twelve months ended September 30, 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (13,751,105)	\$ (92,591,656)
Adjustments for:		
Depreciation of property and equipment	166,698	2,505,018
Amortization of intangible assets	5,828,932	7,487,034
Finance income	(604,885)	(523,718)
Finance costs	14,190,135	2,572,010
Income tax expense	11,641,649	5,442,284
Unrealized foreign exchange loss	39,847	3,073,740
Share-based compensation	2,175,412	2,776,008
Pensions	(684,984)	(595,754)
Provisions	(9,650,047)	(6,161,235)
Loss on disposal of property and equipment	307,707	421,610
Change in non-cash operating working capital	(7,094,600)	20,708,948
	2,564,759	(54,885,711)
Interest paid	(77,487)	(185,333)
Interest received	281,776	512,379
Income taxes paid	(5,028,410)	(6,452,848)
	(2,259,362)	(61,011,513)
Financing activities:		
Dividends paid	(4,264,969)	(11,640,670)
	(4,264,969)	(11,640,670)
Investing activities:		
Sale (Purchase) of property and equipment	67,456	(5,538)
Purchase of intangible assets	–	(9,985)
Decrease in restricted cash	2,556,468	1,045,864
	2,623,924	1,030,341
Effect of foreign exchange rate changes on cash and cash equivalents	(526,463)	(3,095,039)
Decrease in cash and cash equivalents	(4,426,870)	(74,716,881)
Cash and cash equivalents, beginning of year	36,174,863	110,891,744
Cash and cash equivalents, end of year	\$ 31,747,993	\$ 36,174,863