



Optiva Inc. Reports Fourth Quarter and Fiscal 2018 Financial Results and Announces Change to Fiscal Year End

Toronto, Ontario, December 12, 2018 — Optiva Inc. (TSX: OPT) (the “Company”), an innovative software provider of mission-critical, cloud-native, monetization solutions to leading communication service providers (CSPs) globally, released its financial results today for the quarter and fiscal year ended September 30, 2018 and announced it will change its fiscal year end from September 30 to December 31 commencing in fiscal 2019.

Financial Highlights

(In thousands of US dollars, except per share information)

Optiva Inc.	For the three-month periods ended September 30,		For the fiscal years ended September 30,	
	2018	2017	2018	2017
Revenues	\$27,298	\$33,772	\$121,627	\$137,924
Net loss	(\$14,369)	\$(10,407)	(\$92,592)	(\$58,774)
Basic and diluted loss per share	(\$2.75)	(\$3.36)	(\$17.69)	\$(24.47)
Cash flow from operating activities	(\$14,156)	(\$10,830)	(\$61,011)	(\$28,969)

“The Company continued to aggressively execute on its restructuring plan and invest in building cloud-native products this past quarter,” said Danielle Royston, CEO of Optiva. “We have completed most of our restructuring efforts and expect to continue to invest in Customer Success and in sales, marketing and product development to become the leader in telco charging on the cloud.”

Fourth Quarter 2018 Results

- Revenues declined by \$6.5 million relative to the fourth quarter of 2017 due to a reduction in orders from customers and the relative timing of support and subscription renewals.
- The total of the Company’s costs of revenue and operating expenses declined by \$8.3 million or 20% relative to the fourth quarter of 2017.
- Fourth quarter 2018 and fiscal 2018 research and development expenses included \$2.8 million and \$14.0 million of investment in cloud innovation, respectively. We expect to invest up to another \$86.0 million in cloud innovation over the next two to three fiscal years.
- Net loss increased by \$4.0 million to \$14.4 million due mainly to increases in non-operating expenses which increased by \$4.5 million.
- The Company consumed \$14.2 million and \$61.0 million in cash from operating activities in the fourth quarter and fiscal year ended September 30, 2018, primarily due to payments associated with restructuring and increased research and development.

Business Highlights

- Two new key executive appointments were announced to strengthen the leadership team: Jason Rouault appointed CTO and Shay Assaraf appointed CMO.
- Announced that Optiva Charging Engine™ is now available on Google Cloud Platform and now available to handle more than 500,000 transactions per second.
- Several long-running projects completed and were delivered successfully to customers, including three in the Americas region, three in the EMEA region and two in the Asia Pacific region



Change in Fiscal Year End

The Company is changing 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 will transition to a December 31 year end in fiscal 2019 which will include five fiscal quarters. For further details regarding the length and ending dates of the financial periods, including the comparative periods, of the interim and annual financial statements to be filed for the Company's transition year and its new financial year, reference is made to the Notice of Change of Financial Year End filed by the Company on SEDAR pursuant to National Instrument 51-102 Continuous Disclosure Obligations.

Conference Call

Optiva Inc. will hold an analyst call tomorrow, December 13, 2018, to discuss its Q4 2018 results. CEO Danielle Royston and CFO Ken Taylor will host the call starting at 8:30 a.m. Eastern time. A question and answer session will follow management's discussion.

Date: Thursday, December 13, 2018

Time: 8:30 a.m. Eastern time

Toll-free (Canada/US): 1-866-519-2796

Local: 1 (647) 484-0476

Conference ID#: 175358#

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 leading the telco industry and its innovative customers around the world by offering next-generation software solutions to help them leverage today's digital technologies. Our portfolio of monetization products enables real-time billing, charging, policy management and user experience that are critical to our customers' growth and performance. When deployed in the cloud, Optiva™ solutions deliver the most impact for the best value. Our vision, market knowledge, analytical insights and unparalleled Customer Success Program ensure our customers are equipped to achieve their strategic business goals today and into the future. Established in 1999, Optiva Inc., can be found on the Toronto Stock Exchange (TSX: OPT). For more information, please go to www.optiva.com.

Caution Concerning Forward-Looking Statements

Certain statements in this document may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, such statements use such words as "may," "will," "expect," "continue," "believe," "plan," "intend," "would," "could," "should," "anticipate" and other similar terminology. These statements are forward-looking as they are based on our current expectations, as at December 12, 2018, 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 December 12, 2018 Management's Discussion and Analysis and 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.



OPTIVA INC.

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

September 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,174,863	\$ 110,891,744
Trade accounts and other receivables	14,954,291	26,329,505
Unbilled revenue	12,908,847	17,928,405
Prepaid expenses	1,833,105	2,205,887
Income taxes receivable	5,173,450	4,329,580
Other assets	253,517	–
Inventories	1,111,782	1,101,929
Total current assets	72,409,855	162,787,050
Restricted cash	3,507,759	4,553,623
Property and equipment	541,861	3,457,611
Deferred income taxes	2,093,716	2,328,129
Investment tax credits	361,810	374,387
Long-term unbilled revenue	1,531,062	–
Other assets	–	1,353,968
Intangible assets	18,044,530	25,505,620
Goodwill	32,271,078	32,271,078
Total assets	\$ 130,761,671	\$ 232,631,466
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 21,568,158	\$ 11,229,091
Accrued liabilities	12,832,812	16,853,190
Provisions	7,655,199	18,653,817
Income taxes payable	500,489	322,403
Deferred revenue	13,445,746	15,572,620
Total current liabilities	56,002,404	62,631,121
Deferred revenue	1,512,863	894,409
Other liabilities	1,272,488	807,390
Pension and other long-term employment benefit plans	16,900,821	17,886,630
Provisions	5,662,009	824,626
Preferred shares	57,862,418	59,670,913
Series A Warrant	21,754,223	29,622,772
Deferred income taxes	120,000	120,000
Total liabilities	161,087,226	172,457,861
Shareholders' equity (deficit):		
Share capital	248,680,325	248,680,325
Standby Warrant	997,500	997,500
Contributed surplus	13,386,978	11,684,537
Deficit	(285,318,990)	(192,727,334)
Accumulated other comprehensive loss	(8,071,368)	(8,461,423)
Total shareholders' equity (deficit)	(30,325,555)	60,173,605
Total liabilities and shareholders' equity (deficit)	\$ 130,761,671	\$ 232,631,466



OPTIVA INC.

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

Years ended September 30, 2018 and 2017

	2018	2017
Revenue:		
Support and subscription	\$ 84,747,291	\$ 88,339,593
Software licenses, services and other	36,879,413	49,584,141
	121,626,704	137,923,734
Cost of revenue	50,711,612	58,028,200
Gross profit	70,915,092	79,895,534
Operating expenses:		
Sales and marketing	11,331,769	19,221,936
General and administrative	31,076,334	36,027,413
Research and development	61,515,108	41,944,025
Restructuring costs	51,775,138	18,771,333
	155,698,349	115,964,707
Loss from operations	(84,783,257)	(36,069,173)
Foreign exchange loss	(317,823)	(3,073,512)
Other expense	-	(1,450,928)
Finance income	523,718	247,339
Finance costs	(2,572,010)	(13,139,496)
Loss before income taxes	(87,149,372)	(53,485,770)
Income tax expense (recovery):		
Current	5,391,880	6,166,388
Deferred	50,404	(878,867)
	5,442,284	5,287,521
Loss for the year	(92,591,656)	(58,773,291)
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 (2017 - nil)	390,055	2,984,327
Total comprehensive loss	\$ (92,201,601)	\$ (55,788,964)
Loss per common share:		
Basic	\$ (17.69)	\$ (24.47)
Diluted	(17.69)	(24.47)
Weighted average number of common shares:		
Basic	5,233,047	2,402,132
Diluted	5,233,047	2,402,132



OPTIVA INC.

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

Years ended September 30, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (92,591,656)	\$ (58,773,291)
Adjustments for:		
Depreciation of property and equipment	2,505,018	2,945,947
Amortization of intangible assets	7,487,034	9,053,704
Finance income	(523,718)	(247,339)
Finance costs	2,572,010	13,139,496
Income tax expense	5,442,284	5,287,521
Unrealized foreign exchange loss	3,073,740	171,743
Share-based compensation	2,776,008	1,584,208
Pensions	(595,754)	483,373
Provisions	(6,161,235)	(9,186,180)
Loss on disposal of property and equipment	421,610	-
Change in non-cash operating working capital	20,708,948	14,640,785
	(54,885,711)	(20,900,033)
Interest paid	(185,333)	(422,116)
Interest received	512,379	284,285
Income taxes paid	(6,452,848)	(7,931,044)
	(61,011,513)	(28,968,908)
Financing activities:		
Issue of preferred shares and warrant	-	79,861,542
Issue of shares under rights offering	-	76,916,763
Proceeds from exercise of stock options	-	204,733
Interest paid on loans and borrowings	-	(2,330,904)
Repayment of loans and borrowings	-	(52,750,000)
Dividends paid	(11,640,670)	-
	(11,640,670)	101,902,134
Investing activities:		
Purchase of property and equipment	(5,538)	(514,519)
Purchase of intangible assets	(9,985)	-
Decrease in restricted cash	1,045,864	28,670
	1,030,341	(485,849)
Effect of foreign exchange rate changes on cash and cash equivalents	(3,095,039)	1,363,857
Increase (decrease) in cash and cash equivalents	(74,716,881)	73,811,234
Cash and cash equivalents, beginning of year	110,891,744	37,080,510
Cash and cash equivalents, end of year	\$ 36,174,863	\$ 110,891,744