



Optiva Inc. Reports First Quarter Financial Results for the Three-Month Period Ended March 31, 2020

TORONTO, May 11, 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 first quarter financial results today for the three-month period ended March 31, 2020.

Q1 Fiscal 2020 Highlights <i>(\$ US Thousands, except per share information)</i> <i>(Unaudited)</i>	Three Months Ended	
	2020	March 31, 2019
Revenue	19,037	24,942
Net income	808	478
Earnings Per Share	\$ 0.15	\$ 0.09
Cash generated from (used in) operating activities	(240)	1,053
Total cash, including restricted cash	30,286	36,300

First Quarter 2020 Financial Results for the Period Ended March 31, 2020

- Revenues decreased by \$5.9 million relative to the corresponding quarter of 2019, primarily due to the discontinuation of software, support and subscription sales to customers who had previously notified Optiva of their exit.

- Optiva's cost of revenue and operating expenses increased by \$2.0 million relative to the same period in 2019 as a result of higher research and development costs per its stated strategy, which were slightly offset by lower cost of revenue.
- First quarter 2020 research and development expenses included \$8.2 million of investments in cloud innovation. Since the beginning of 2018, Optiva has invested a total of \$36.4 million in cloud innovation and will continue to spend upwards of another \$60 million over the course of the next two to three years, as per its stated cloud-driven growth strategy.
- Net income for the quarter increased to \$0.8 million compared to net income of \$0.5 million during the corresponding period in 2019. The increase in earnings was mainly attributable to a significant decrease in the valuation of the Series A warrants resulting in a non-cash finance income of approximately \$9.8 million.
- Optiva consumed \$0.2 million in cash from operating activities in the first quarter of 2020, versus generating \$1.1 million of cash in the corresponding period in 2019.
- 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 Company continues to work with its legal and financial advisors

to explore opportunities to raise additional financing to fund its strategic plan.

- Vodafone Idea, India's leading telecom service provider with a base of 304 million subscribers, went live with a new pilot deployment of cloud-native Optiva Charging Engine on VIL's Universal Cloud.
- Optiva was 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.
- The Company strengthens the leadership team by appointing Ganesh Balasubramanian as Chief Revenue Officer. Balasubramanian joins Optiva from Netcracker where he held various leadership roles across the globe.

Highlights Subsequent to Quarter End:

- Optiva and Truphone set a precedent in the telecom industry that transforms and modernizes charging by deploying a cloud-native telecom charging solution on the public cloud. As a result, Optiva and Truphone are nominees in TM Forum's Excellence Awards 2020, which recognize organizations making a significant contribution to the acceleration of digital transformation throughout the industry.
- The Company strengthens the leadership team by appointing Ashish K. Joshi as Chief Financial Officer. Joshi previously served in leadership finance roles at Dell, Colfax Inc. and GE Capital.

Annual and Special Meeting of Shareholders

Further to Optiva's previously announced decision to postpone its annual and special meeting of shareholders (the "Meeting"), the Company intends to rely on the temporary relief provided by the Ontario Securities Commission pursuant to Ontario Instrument 51-504 – Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials to postpone the public filing of its executive compensation disclosure until such time as it is filed and delivered to shareholders as part of Optiva's management information circular in connection with the Meeting.

Conference Call

In light of the resignation of its Chief Executive Officer announced earlier today, Optiva Inc. will not hold an analyst call to discuss its first quarter financial results for the three-month period ended March 31, 2020.

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 May 11, 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.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in U.S. dollars)

(Unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,365,293	\$ 31,747,993
Trade accounts and other receivables	7,099,611	7,808,293
Unbilled revenue	5,473,155	4,468,014
Prepaid expenses	1,224,472	1,983,391
Income taxes receivable	4,202,529	4,105,144
Other assets	469,867	243,199
Inventories	362,520	473,201
Total current assets	48,197,447	50,829,235
Restricted cash	920,597	951,291
Long-term unbilled revenue	4,031,808	4,676,597
Deferred income taxes	202,284	217,423
Investment tax credits	330,811	358,309
Intangible assets	9,728,290	12,215,598
Goodwill	32,271,078	32,271,078
Total assets	\$ 95,682,315	\$ 101,519,531
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Trade payables	\$ 12,490,246	\$ 7,350,942
Accrued liabilities	8,483,358	10,518,015
Provisions	3,192,259	3,630,550
Income taxes payable	3,149,645	3,644,752
Deferred revenue	11,546,103	6,363,724
Total current liabilities	38,861,611	31,507,983
Deferred revenue	639,368	702,143
Other liabilities	1,507,013	2,628,408
Pension and other long-term employment benefit plans	11,733,697	12,486,732
Provisions	24,401	36,611
Preferred shares	66,793,555	66,345,563
Series A Warrant	10,182,827	22,679,934
Deferred income taxes	753,073	753,036
Total liabilities	130,495,545	137,140,410
Shareholders' equity (deficit):		
Share capital	250,893,223	250,893,223
Standby Warrant	997,500	997,500
Contributed surplus	11,291,632	11,291,632
Deficit	(293,514,389)	(294,322,038)
Accumulated other comprehensive loss	(4,481,196)	(4,481,196)
Total shareholders' equity (deficit)	(34,813,230)	(35,620,879)
Total liabilities and shareholders' equity (deficit)	\$ 95,682,315	\$ 101,519,531

OPTIVA Inc.Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Expressed in U.S. dollars, except per share and share amounts)
(Unaudited)

	Three months ended, March 31	
	2020	2019
Revenue:		
Support and subscription	\$ 15,115,811	\$ 17,102,903
Software licenses, services and other	3,920,935	7,839,349
	19,036,746	24,942,252
Cost of revenue	5,354,176	8,905,063
Gross profit	13,682,570	16,037,189
Operating expenses:		
Sales and marketing	3,023,462	3,585,689
General and administrative	5,464,180	4,000,323
Research and development	11,924,124	6,304,877
Restructuring costs	116,284	1,085,628
	20,528,050	14,976,517
Income (loss) from operations	(6,845,480)	1,060,672
Foreign exchange gain (loss)	(1,883,340)	1,153,438
Finance income	85,736	59,058
Finance recovery (costs)	9,762,938	(1,218,079)
Income before income taxes	1,119,854	1,055,089
Income tax expense:		
Current	309,187	569,659
Deferred	3,018	6,923
	312,205	576,582
Total comprehensive income	\$ 807,649	\$ 478,507
Income per common share:		
Basic	\$ 0.15	\$ 0.09
Diluted	0.14	0.08
Weighted average number of common shares:		
Basic	5,315,757	5,242,672
Diluted	5,632,065	5,633,155

OPTIVA INC.Condensed Consolidated Interim Statements of Cash Flows
(Expressed in U.S. dollars)
(Unaudited)

	Three months ended, March 31	
	2020	2019
Cash provided by (used in):		
Operating activities:		
Income for the period	\$ 807,649	\$ 478,507
Adjustments for:		
Depreciation of property and equipment	-	15,889
Amortization of intangible assets	2,488,329	1,163,170
Finance income	(85,736)	(59,058)
Finance costs	(9,762,938)	1,218,079
Pensions	4,222	15,004
Income tax expense	312,205	576,582
Unrealized foreign exchange loss (gain)	(794,533)	(479,548)
Share-based compensation	(1,244,048)	191,174
Change in provisions	(450,501)	(485,867)
Loss on disposal of property and equipment	-	251,308
Change in non-cash operating working capital	9,419,643	(130,593)
	694,292	2,754,647
Interest paid	(22,417)	(19,853)
Interest received	54,779	51,496
Income taxes paid	(966,408)	(1,733,880)
	(239,754)	1,052,410
Financing activities:		
Dividends paid	(2,209,426)	-
	(2,209,426)	-
Investing activities:		
Increase in restricted cash	30,694	520,384
	30,694	520,384
Effect of foreign exchange rate changes on cash and cash equivalents	35,786	(137,878)
Decrease in cash and cash equivalents	(2,382,700)	1,434,916
Cash and cash equivalents, beginning of year	31,747,993	32,359,266
Cash and cash equivalents, end of year	\$ 29,365,293	\$ 33,794,182