OPTIVA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTER ENDED JUNE 30, 2022

DATED: August 9, 2022

SCOPE OF ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows of Optiva Inc. (the "Company" or "Optiva") as at and for the three and six month periods ended June 30, 2022.

The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2022 prepared in accordance with IAS 34 "Interim Financial Reporting", and the audited consolidated financial statements for the year ended December 31, 2021, which we prepared in accordance with International Financial Reporting Standards ("IFRS").

Information contained in this MD&A is based on information available to management as of August 9, 2022.

Unless otherwise indicated, all dollar amounts are expressed in U.S. Dollars. In this document, "we," "us," "our," "Company" and "Optiva" all refer to Optiva Inc. collectively with its subsidiaries.

FORWARD-LOOKING INFORMATION

All information other than statements of current and historical fact contained in this MD&A is forward-looking information (within the meaning of applicable securities laws). In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved", and similar words or the negative thereof. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Forward-looking information in this MD&A includes, but is not limited to, the Company's beliefs regarding business trends, our customers' preferences and our ability to address their requirements, the basis for our future growth and competition in our industry. By its nature, forward-looking information is inherently uncertain, is subject to risk and is based on numerous assumptions, including those set out under the "Risks and Uncertainties" section of this MD&A, and assumptions that: the Company will continue to develop products that meet its customer's needs; that the Company will be able to implement business improvements, including development of an in-house R&D team, and achieve cost savings; the Company will be able to retain key personnel; currency exchanges rates in the jurisdictions in which the Company operates will remain relatively consistent; and capital can be obtained at reasonable costs; as well as risks and assumptions regarding present and future business strategies, the environment in which the Company will operate in the future, expected revenues, and the Company's ability to achieve its goals. Although management of the Company believes that the expectations represented in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct.

The future outcomes that relate to forward-looking information may be influenced by many factors that could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information, including, but not limited to, risks associated with: the current COVID-19 pandemic; geopolitical uncertainties; the effectiveness of the Company's strategic plan; the impact of management and other changes on the Company's business relationships; the Company's solutions failing to perform as expected; cybersecurity risks, including the risk of system failures or data security breaches; the Company's investment in cloud as a growth strategy; market developments; intense competition; the ability to recruit and retain personnel; currency fluctuations; the time period of the Company's sales and product development cycles; customer credit and defaults; variances in quarterly revenue and operating results; customer concentration risks; intellectual property and infringement risks; product liability claims; transfer pricing; taxation; liquidity and financial resources; risks relating to the Debentures; dependence on sales channel partners and suppliers; and the other risk factors described under the heading "Risk Factors" in the Company's most recent Annual Information Form. The Company cautions that such list of factors is not exhaustive, and when relying on forward-looking information to make decisions with respect to the Company, readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking information.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this MD&A or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances, except as required under applicable securities laws.

OVERVIEW

Financial Highlights

- Total revenue decreased by 6% to $15.4 million for the three-month period ended June 30, 2022, compared to $16.3 million for the same period in 2021. The change by revenue type for the quarter ended June 30, 2022, is as follows: $1.8 million decrease in support and subscription revenue, $0.9 million increase in software and services revenue and no change in third-party software and hardware revenue. Total revenue decreased 3% to $31.5 million for the six months ended June 30, 2022, compared to $32.4 million for the six months ended June 30, 2021. The change by revenue type for the six months ended June 30, 2022, is as follows: $4.3 million decrease in support and subscription revenue, $3.4 million increase in software and services revenue and $0.1 million increase in third-party software and hardware revenue. The year-over-year revenue decrease was primarily due to the discontinuation of support and subscription sales to customers who had previously notified Optiva of their exit offset by higher software implementations.

- Net loss for the three months ended June 30, 2022 was $0.5 million, compared to a net income of $1.3M in the same period in 2021. Excluding the impact from change in value of warrants, the Company had a net loss of $0.7 million for the three months ended June 30, 2022, versus a net loss of $0.2 million during the corresponding period in 2021. Net income for the six months ended June 30, 2022 was $1.3 million, compared to a net income of $18.0 million for the six months ended June 30, 2021. The net income for the six months ended June 30, 2021 was higher mainly due to a significant decrease in value of warrants last year.

- Adjusted Earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")(1) for the three months ended June 30, 2022 amounted to $3.7 million as compared to $4.1 million during the same period in 2021. Adjusted EBITDA(1) for the six months ended June 30, 2022, amounted to $7.5 million as compared to $9.1 million for six months ended June 30, 2022.

Global Developments

- COVID-19 continues to significantly impact Canadians and economies around the world. At the onset of the pandemic, the Company adopted a mandatory work-from-home program which will continue to remain in place until such time the Company has clear guidance from government authorities in various jurisdictions, with respect to this pandemic. The Company has been able to remain fully operational during this period, and continues to seek new revenue opportunities, execute on its product development roadmap and generate consistent revenue from our existing customer base. The Company will continue to closely monitor developments in this regard, with the health and safety of the Company's employees and management as the primary concern. The Company has not experienced any significant impact to the COVID-19 pandemic.

- In February 2022 Russian forces entered Ukraine and an armed conflict commenced. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether the conflict will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may adversely affect global supply chains, consumer spending, customer advertising spending and our financial results. Management continues to evaluate these events closely to manage risk to the Company

[1] Adjusted EBITDA and EBITDA are non-IFRS measures. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.

OPTIVA OVERVIEW

Optiva is a leading and innovative provider of cloud-native monetization and business support systems (BSS) products on the private and public cloud to communication service providers ("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 for fixed, wireless, broadband and IPTV as well as the creation of new revenue streams from 5G, partnerships and OTT services. 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, diversification, and personalization of their offerings, all through improving customer experience and reduced costs.

The common shares of Optiva Inc. (TSX: OPT) are listed on the Toronto Stock Exchange (the "TSX"). The Debentures (NEO: OPT.DB.U) are listed on the NEO Exchange. For more information, visit www.optiva.com.

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

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

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 the largest carriers to smaller MVNOs in the private or public cloud. It enables a digital customer journey delivering innovative end-user services from real-time offerings to digitally guided self-management of customer interactions.

Optiva supports the telecommunication industry with the following market solutions:

- **Optiva Charging Engine™** – Optiva's highly scalable, convergent charging solution is a fully 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 is agnostic and runs natively on Google Cloud Platform and it is also available on an OpenShift infrastructure on a private cloud as a preferred choice. Other platforms such as VMWare Tanzu or Microsoft Azure are further deployment options. With cloud investments, Kubernetes Engine hosted containers, and flexible customization framework, Optiva Charging Engine enables fast adaptation to the market with cloud-native automatic release management and new use cases with the shortest time to market and one of the lowest total cost of ownership (TCO) in the world. Today, Optiva's scalable solution supports more than 200 million subscribers at a single customer. It enables operators to launch and monetize their 4G and 5G networks and any other line of business to deliver advanced monetization services, including Voice over LTE/VoNR, fixed line broadband, TV, machine to machine, IoT, cloud services, and OTT offerings.

The convergent Charging suite embeds two additional pre-integrated products to enable new use cases, superior customer experience, and optimal operational costs.

- **Optiva Policy Control** – Optiva's Policy Control solution provides an embedded 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/VoNR, and it is a key to Optiva's value proposition to 5G for charging and policy in a box.

- **Optiva Payment Solution –** Optiva's Payment Solution strengthens the Optiva Charging Engine to enable customer's ability to monetize services with the provision of different payment methods, including voucher and voucher-less payment and top-up solutions to address the prepaid market and hybrid market for real-time postpaid monetization. Optiva's solution allows service providers to offer end-users the most convenient payment and balance management solutions in their market.

- **Optiva BSS Platform™** – Optiva BSS Platform provides a fully managed, end-to-end, cloud-native 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 software-as-a-service ("SaaS") market. The multi-tenant platform allows customers the freedom to focus on their business, not on deploying and managing enterprise software. CSPs can design marketing plans to address all stages of the customer lifecycle from digital onboarding and service adoption to revenue growth and retention, and they can 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.

Investment in Cloud Innovation Initiatives

The Company believes the telecom industry will continue to shift its BSS applications to the cloud and demand flexible productized solutions from its vendors that leverage cloud-native architecture and automation tooling focused on ease of deployment, operations, and software lifecycle management. Management believes this transition is ongoing and continuous and will take a few years to fully materialize due to the complicated technological, regulatory, and security structures faced by the telecom industry. Accordingly, management of the Company is investing aggressively in upgrading Optiva's product offering to become fully cloud native.

The Company continues to invest in cloud innovation, including the Company's use of public cloud solutions, to be integrated into Optiva cloud-native products. The Company continues to build on the strength of its in-house research and development ("R&D") team and work with other strategic partners to enhance its R&D activities. The Company continues to evaluate the need and timing of additional funding and any evolution of our strategy.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information of Optiva for the periods indicated. Each investor should read the following information in conjunction with those financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the Company's unaudited condensed consolidated interim financial statements.

Q2 Fiscal 2022 Highlights	**Three Months Ended**		**Six Months Ended**	
($ US Millions, except per share information)		**June 30,**		**June 30,**
(Unaudited)	**2022**	**2021**	**2022**	**2021**
Revenue	15.4	16.3	31.5	32.4
Net Income (Loss)	(0.5)	1.3	1.3	18.0
Earnings (Loss) Per Share	$(0.08)	$ 0.22	$ 0.22	$ 3.16
Adjusted Earnings (Loss) Per Share(1)	$(0.11)	$(0.03)	$ 0.00	$ 0.66
Adjusted EBITDA(1)	3.7	4.1	7.5	9.1
Cash from (used in) operating activities	0.4	4.1	0.4	0.7
Total cash, including restricted cash	26.4	33.5	26.4	33.5

[1] Adjusted EBITDA, EBITDA and Adjusted EPS are non-IFRS measures. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.

Consolidated Statements of Comprehensive Income (loss) (all amounts in millions of US$, except per share amounts)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
(unaudited)	**2022**	**2021**	**2022**	**2021**
Revenue				
Support and subscription	9.7	11.5	20.0	24.3
Software, services and other	5.7	4.8	11.6	8.1
Total Revenue	**15.4**	**16.3**	**31.5**	**32.4**
Cost of revenue	4.5	3.6	8.5	7.3
Gross profit	**10.9**	**12.7**	**23.0**	**25.1**
Operating expenses				
Sales and marketing	2.0	1.9	4.8	3.7
General and administrative	3.1	4.5	6.2	9.0
Research and development	3.2	3.2	6.1	3.8
Total Operating Expenses	**8.3**	**9.7**	**17.1**	**16.5**
Income from operations	**2.7**	**3.0**	**5.9**	**8.7**
Foreign exchange gain (loss)	(0.5)	0.2	(0.5)	0.5
Finance income	0.1	0.1	0.2	0.1
Finance (costs) recovery	(2.2)	(0.9)	(3.4)	10.3
Income (loss) before income taxes	**0.0**	**2.4**	**2.1**	**19.6**
Income tax expense	0.5	1.1	0.7	1.6
Net Income for the period	**(0.5)**	**1.3**	**1.3**	**18.0**
Earnings (loss) per common share				
Basic	$ (0.08)	$ 0.22	$ 0.22	$ 3.16
Diluted	$ (0.08)	$ 0.22	$ 0.22	$ 3.16
Weighted average number of common shares (millions)				
Basic	6.2	6.1	6.2	5.7
Diluted	6.2	6.1	6.2	5.7

Statement of Financial Position Data *$US Millions (unaudited)*	**As at June 30, 2022**	**As at December 31, 2021**	$ Change	% Change
Cash, Cash Equivalents and Restricted Cash	26.4	30.4	(4.0)	(13%)
Trade Accounts, Other Receivables and Unbilled Revenue	24.6	18.3	6.3	35%
Goodwill and Intangible Assets	33.4	34.1	(0.7)	(2%)
Total Assets	92.4	92.7	(0.3)	(0%)
Trade Payable and Accrued Liabilities	13.6	15.0	(1.4)	(9%)
Deferred Revenue	6.3	4.1	2.1	51%
Provisions	4.2	4.2	-	0%
Other long-term liabilities	9.8	12.3	(2.5)	(20%)
Debentures	87.3	87.0	0.4	0%
Preferred Shares and Series A Warrant	0.3	1.7	(1.3)	(80%)
Total Liabilities	125.3	127.7	(2.4)	(2%)
Shareholders' Deficit	(32.9)	(35.1)	2.2	(6%)

CURRENT PERIOD OPERATING RESULTS

Revenue

The following tables set forth the Company's revenues by type and as a percentage of total revenue for the periods indicated:

$US Millions (unaudited)	**Three Months Ended June 30, 2022**	**Three Months Ended June 30, 2021**	**Six Months Ended June 30, 2022**	**Six Months Ended June 30, 2021**	**Change between Periods Quarter $**	**Change between Periods YTD $**
Support and Subscription	9.7	11.5	20.0	24.3	(1.8)	(4.3)
Software and Services	5.7	4.8	11.5	8.1	0.9	3.4
Third Party Software and Hardware	0.0	0.0	0.1	0.0	0.0	0.1
Total	**15.4**	**16.3**	**31.5**	**32.4**	**(0.9)**	**(0.9)**

Percentage of Total Revenue (unaudited)	**Three Months Ended June 30, 2022**	**Three Months Ended June 30, 2021**	**Six Months Ended June 30, 2022**	**Six Months Ended June 30, 2021**
Support and Subscription	63%	70%	63%	75%
Software and Services	37%	30%	37%	25%
Third Party Software and Hardware	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**

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

Support and Subscription Revenue

Support and subscription revenue consists of revenue from our customer support and maintenance contracts and term-based software licensing. The term of these agreements typically commences on successful completion of acceptance testing of the software deployment, with customers initially entering into these contracts for a period of one or more years and then renewing for similar periods thereafter.

Support and subscription revenue for the three-month period ended June 30, 2022, was $9.7 million, or 63% of total revenue, compared to $11.5 million, or 70% of total revenue, for the same period last year. For the six-months ended June 30, 2022, the Company's support and subscription decreased to $20.0 million, or 63% of total revenue, compared to $24.3 million or 75% of total revenue for the same period last year. The decrease in support and subscription revenue compared to last period is mainly due to the discontinuation of support to customers who had previously notified us of their exit.

Software and Services Revenue

Software and services revenue consists of fees earned from the on-premise licensing, except for term-based licenses, which are recorded as subscription and deployment of software products to our customers as well as the revenues resulting from consulting and training service contracts related to the software products.

Software and services revenue for the three-month period ended June 30, 2022, increased to $5.7 million, or 37% of total revenue, compared to $4.8 million, or 30% of total revenue for the same period last year. For the six-month period ended June 30, 2022, the Company's software and services revenue was $11.5 million, or 37% of total revenue, compared to $8.1 million, or 25% of total revenue for the same period last year. The increase in software and services revenue compared to last year is mainly due to higher software implementations in Americas and EMEA regions, compared to the prior period.

Third-Party Software and Hardware Revenue

Third-party software and hardware revenue consist of revenue from the sale of other vendors' software and hardware components as part of Optiva's solutions, including server platforms, database software and other ancillary components.

Third-party software and hardware revenue for the three-month period ended June 30, 2022 and June 30, 2021 was $nil. For the six-month period ended June 30, 2022, the Company's third party software and hardware revenue was $0.1 million, compared to $nil, for the same period last year. Management continues its initiative to minimize the sale of third-party software and hardware components, which have minimal contribution to overall profitability.

Revenue by Geography

Revenue is attributed to geographic locations based on the location of the customer. The following tables set forth revenues by main geographic area and as a percentage of total revenue for the periods indicated:

$US Millions (unaudited)	Three Months Ended June 30, 2022	2021	Six Months Ended June 30, 2022	2021	Change between Periods Quarter $	YTD $
Asia and Pacific Rim	2.8	3.4	5.2	7.5	(0.6)	(2.2)
North America, Latin America and Caribbean	5.0	6.1	9.6	10.8	(1.0)	(1.2)
Europe, Middle East and Africa	7.6	6.8	16.7	14.1	0.8	2.6
Total	**15.4**	**16.3**	**31.5**	**32.4**	**(0.9)**	**(0.9)**

Percentage of Total Revenue (unaudited)	Three Months Ended June 30, 2022	2021	Six Months Ended June 30, 2022	2021
Asia and Pacific Rim	18%	21%	17%	23%
North America, Latin America and Caribbean	33%	37%	30%	33%
Europe, Middle East and Africa	50%	42%	53%	44%
Total	**100%**	**100%**	**100%**	**100%**

For the three-month period ended June 30, 2022, revenue from the APAC region was $2.8 million, or 18% of total revenue, compared to $3.4 million, or 21% of total revenue, for the same comparable period. For the six-month period ended June 30, 2022, revenue from the APAC region was $9.6 million, or 17% of total revenue, compared to $10.8 million, or 23% of total revenue, for the same comparable period. This decrease is mainly a result of lower support and subscription revenue in the region from loss of certain customers.

For the three-month period ended June 30, 2022, revenue from the Americas region decreased to $5.0 million, or 33% of total revenue, compared to $6.1 million, or 37% of total revenue, for the same comparable period. The decrease in the quarter is mainly due to lower software implementations and lower support revenue in the region. For the six-month period ended June 30, 2022, revenue from the Americas region decreased to $9.6 million, or 30% of total revenue, compared to $10.8 million, or 33% of total revenue, for the same comparable period. The decrease in the period is mainly due to lower support and subscription revenue in the region.

For the three-month period ended June 30, 2022, revenue from the EMEA region increased to $7.6 million, or 50% of total revenue, compared to $6.9 million, or 43% of total revenue, for the same comparable period. For the six-month period ended June 30, 2022, revenue from the EMEA region increased to $16.7 million, or 53% of total revenue, compared to $14.1 million, or 44% of total revenue, for the same comparable period. The increase in revenue during the three and six months ended June 30, 2022, is mainly a result of higher revenue from software implementation in the region offset by lower support revenue due to the loss of certain customers.

Cost of Revenue and Gross Margin

Cost of revenue consists of cross-functional personnel costs providing professional services to implement and provide post-sales technical support for our solutions, and the costs of third party hardware and software components sold as part of Optiva's solutions. In addition, cost of revenue includes an allocation of certain direct and indirect costs attributable to these activities and expected losses on any contracts when it is probable that the total contract costs will exceed contract revenues. Personnel levels are determined based on expected revenue and support demand levels; therefore, gross margin as a percentage of revenue can vary significantly from quarter to quarter.

For the three months ended June 30, 2022, cost of revenue increased to $4.5 million from $3.6 million incurred for the same comparable period. The gross margin for the quarter decreased to 71% in the three months ended June 30, 2022, compared to 78% in the three months ended June 30, 2021. For the six months ended June 30, 2022, cost of revenue increased to $8.5 million from $7.3 million incurred for the same comparable period. The gross margin has decreased to 73% for the six months ended June 30, 2022 compared to 78% for the six months ended June 30, 2021. The increase in cost of revenue is primarily due to due to higher headcount cost related to higher software and services revenue. The gross margin this year is lower as higher customizations with lower margins were ordered by customers that required fulfillment compared to the previous period and lower percentage of revenue from support and subscription revenue that has a higher margin. We expect our gross margins may fluctuate as we prove our cloud-native model and product capabilities to new and existing customers when they onboard to the public or private cloud in future periods.

Operating Expenses

Total operating expenses in the three months ended June 30, 2022, decreased to $8.3 million as compared to $9.7 million in the same period last year. Excluding depreciation and amortization costs, total operating costs in the quarter ended June 30, 2022, decreased to $7.8 million, or 51% of total revenue, compared to $9.3 million, or 57% of total revenue, for the same period last year. The decrease in overall operating expenses (excluding depreciation and amortization costs) is mainly attributable to lower general and administrative costs, as further explained below.

Total operating expenses in the six months ended June 30, 2022, increased to $17.1 million as compared to $16.5 million in the six months ended June 30, 2021. Excluding depreciation and amortization costs, total operating costs in the six months ended June 30, 2022, increased to $16.2 million, or 51% of total revenue, compared to $15.7 million, or 49% of total revenue, for the six months ended June 30, 2021. The increase in overall operating expenses (excluding depreciation and amortization costs) is mainly attributable to higher sales and marketing costs and higher R&D cost, offset by lower general and administrative costs, as further explained below.

The following tables set forth total operating expenses by function and as a percentage of total revenue for the periods indicated:

$US Millions (unaudited)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Sales and Marketing	2.0	1.9	4.8	3.7
General and Administrative	3.1	4.5	6.2	9.0
Research and Development	3.2	3.2	6.1	3.8
Total Operating Expenses	**8.3**	**9.7**	**17.1**	**16.5**
Excluding Amortization and Depreciation	*7.8*	*9.3*	*16.2*	*15.7*

Percentage of Total Revenue (unaudited)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Sales and Marketing	13%	12%	15%	11%
General and Administrative	20%	28%	20%	28%
Research and Development	21%	20%	19%	12%
Total Operating Expenses	**54%**	**59%**	**54%**	**51%**
Excluding Amortization and Depreciation	*51%*	*57%*	*51%*	*49%*

Sales and Marketing Expenses

Sales and Marketing ("S&M") expenses consist primarily of salaries, variable compensation costs and other personnel costs, travel, advertising, marketing and conference costs, plus the allocation of certain overhead costs to support the Company's sales and marketing activities.

For the three-month period ended June 30, 2022, S&M expenditures marginally increased to $2.0 million, or 13% of total revenue, compared to $1.9 million, or 12% of total revenue, compared to the same comparable period. For the six months ended June 30, 2022, S&M expenditures increased to $4.8 million, or 15% of total revenue, compared to $3.7 million, or 11% of total revenue, for the comparable period. The increase in S&M expenditures for the six months ended June 30, 2022 is mainly due to higher headcount and related costs related to ramp-up of sales efforts, increase in sales commissions due to higher bookings, and higher marketing spend.

General and Administrative Expenses

General and administrative ("G&A") expenses include personnel costs, professional fees, depreciation and share-based compensation costs associated with the Company's corporate leadership, compliance and support activities such as finance, human resources, information technology, legal and tax.

For the three-month period ended June 30, 2022, G&A expenditures decreased to $3.1 million, or 20% of total revenue, from $4.5 million, or 28% of total revenue, compared to the same comparative period. The decrease is mainly due to lower compensation costs, lower professional fees, lower allowance for doubtful accounts and lower legal costs.

For the six months ended June 30, 2022, G&A expenditures decreased to $6.2 million, or 20% of total revenue, from $9.0 million, or 28% of total revenue, to the same comparative period. The decrease is mainly due to lower compensation costs, lower professional fees, lower legal and advisory costs related to activities of the special committee of the Board incurred last year and lower stock-based compensation.

Excluding share-based compensation, amortization and depreciation, G&A expenses were $2.2 million, or 14% of revenue, and $5.0 million, or 16% of revenue, for the three and six months ended June 30, 2022, respectively. Excluding share-based compensation, amortization and depreciation, G&A expenses were $3.6 million, or 22% of revenue, and $7.1 million, or 22% of revenue, for the three and six months ended June 30, 2021, respectively.

Research and Development Expenses

R&D expenses consist primarily of personnel costs associated with product management, improvement of code quality and the development and testing of new products and features.

For the three-month period ended June 30, 2022, R&D expenditures remained the same at $3.2 million, or 21% of total revenue, from $3.2 million, or 28% of total revenue, as compared to the same comparative period.

For the six months ended June 30, 2022, R&D expenditures increased to $6.1 million, or 19% of total revenue, from $3.8 million, or 12% of total revenue, as compared to the same comparative period. Under the Separation Agreement with ESW Capital, LLC ("ESW"), an amount of $2.1 million owing to DevFactory FZ-LLC ("Devfactory") was forgiven which was credited to R&D expenses in quarter ended March 31, 2021. Excluding the credit, R&D expenditures for the six months ended June 30, 2022 marginally increased to $6.1 million compared to $5.9 million last year. The increase is mainly due to ramp up of the Company's in-house R&D team as compared to the same period last year. The Company's spend on R&D activities, including those on account of cloud innovation, is discretionary in nature. Consequently, the R&D spend is generally expected to vary by quarter, and sometimes this variation can be significant.

The Company is in the process of building an in-house R&D team and is also working with other strategic partners to enhance its R&D activities.

Foreign Exchange Gain/Loss

We operate internationally and have foreign currency risks related to our revenue, operating expenses, monetary assets, monetary liabilities and cash denominated in currencies other than the U.S. Dollar, which is our functional currency. Consequently, movements in the foreign currencies in which we transact have and could significantly affect current and future net earnings. Currently, we do not use derivative instruments to hedge such currency risks. The graph below displays the change in rates of our significant currencies relative to the U.S. Dollar.

The Company has monetary assets and liabilities in a number of currencies, the most significant of which are denominated in Euro and the Canadian Dollar. For the three months ended June 30, 2022, the

Company had a foreign currency exchange loss of $0.5 million, compared to a foreign currency exchange gain of $0.2 million in the comparable period. For the six months ended June 30, 2022, the Company had a foreign currency exchange loss of $0.5 million, compared to a foreign currency exchange gain of $0.5 million in the comparable period. The U.S. Dollar strengthened against the Canadian dollar and the Euro during the three and six months ended June 30, 2022.

A change in foreign exchange rates as at June 30, 2022, of 10% would result in a gain or loss of approximately $1.5 million arising from the translation of the Company's foreign currency-denominated monetary assets and liabilities as at June 30, 2022. This foreign currency gain or loss arising from translation would be recorded in the consolidated statements of comprehensive income.

Income Taxes

The Company's operations are global, and the income tax provision is determined in each of the jurisdictions in which the Company conducts its business. The Company's current income tax expense for the three and six months ended June 30, 2022 mainly includes $0.1 million and $0.1 million (three and six months ended June 30, 2021 - $0.6 million and $0.8 million) of corporate tax expense incurred by foreign subsidiaries generating taxable profits and $0.4 million and $0.6 million (three and six months ended June 30, 2021 - $0.6 million and $0.9 million) of foreign withholding taxes. The Company's deferred tax recovery of less than $0.1 million and expense of less than $0.1 million for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 – recovery of $0.1 million and $0.2 million) consists primarily of changes in temporary differences recognized during the current period.

The income tax expense relating to foreign subsidiaries that are virtually inactive may vary in future quarters as tax audits for previous years are brought to their conclusion, and there is a risk that such assessments may exceed the provision that the Company is carrying, resulting in additional income tax charges. It is expected that the effective rate of the income tax expense will decline as the Company fully implements its new legal and operating organization structure, after the completion of pending tax assessments in foreign subsidiaries that are inactive and awaiting voluntary wind-up.

Net income (loss)

Net loss for the three months ended June 30, 2022 was $0.5 million, compared to a net income of $1.3M in the same period in 2021. Excluding the impact from change in value of warrants, the Company had a net loss of $0.7 million for the three months ended June 30, 2022, versus a net loss of $0.2 million during the corresponding period in 2021. Net income for the six months ended June 30, 2022 was $1.3 million, compared to a net income of $18.0 million for the six months ended June 30, 2021. The net income for the six months ended June 30, 2021 was higher mainly due to a significant decrease in value of warrants last year.

Adjusted EBITDA

Adjusted Earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") for three months ended June 30, 2022 amounted to $3.7 million as compared to $4.1 million during the same period in 2021. Adjusted EBITDA for the six months ended June 30, 2022, amounted to $7.5 million as compared to $9.1 million for six months ended June 30, 2022. Adjusted EBITDA and EBITDA are non-IFRS measures. For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see Schedule I.

SUMMARY OF EARNINGS RESULTS

All financial results are in thousands, unless otherwise stated, with the exception of per share amounts, and have been prepared in accordance with IFRS. The table below provides summarized information for our eight most recently completed quarters:

$US Millions, except share and per share amounts (Unaudited)	2Q 22	1Q 22	4Q 21	3Q 21	2Q 21	1Q 21	4Q 20	3Q 20
Revenue	15.4	16.1	16.2	16.7	16.3	16.1	18.1	18.8
Net Income (loss)	(0.5)	1.8	(3.3)	3.8	1.3	16.7	1.7	(29.2)
Earnings (loss) per Share	$(0.08)	$ 0.30	$(0.54)	$ 0.62	$ 0.22	$ 3.14	$ 0.31	$(5.50)
Diluted Earnings (loss) per Share	$(0.08)	$ 0.30	$(0.54)	$ 0.61	$ 0.22	$ 3.01	$ 0.29	$(5.50)
Weighted average shares outstanding – Basic (thousands)	6.2	6.2	6.2	6.2	6.1	5.3	5.3	5.3
Weighted average shares outstanding - Diluted (thousands)	6.2	6.2	6.2	6.2	6.1	5.5	5.7	5.3

Revenue this quarter is lower compared to the previous quarters due to lower support and subscription revenue. The net loss this quarter and in fourth quarter of 2021 was mainly due to the increase in value of warrants. Revenue in first quarter of 2021 has declined sequentially compared to fourth quarter of 2020 was mainly because of lower support and subscription revenue due to discontinuation of support to customers who had previously notified us of the exit and lower software and services revenue due to fewer implementations. The high net income in the first quarter of 2021 is mainly due to the decrease in value of the warrants by $13.6 million. The net loss in third quarter of 2020 was mainly due to the accretion of preferred shares to the face value and accrued dividends of $21.9 million due to redemption of the preferred shares and increase in fair value of warrant liability of $5.6 million. There is a significant variability in the net income or loss due to the change in fair value of the warrant liability.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing capital resources is to ensure sufficient liquidity to drive its organic growth, fund operations, complete its restructuring actions and implement its strategic plan, while managing financial risk. The Company currently funds its operations and capital expenditure requirements through cash flows generated by operating activities, proceeds from the issuance of equity instruments (including common shares, warrants and preferred shares), proceeds from the issuance of debentures and cash on hand. The Company believes its restructuring activities as it relates to workforce and facility optimization are complete and expects cash flow from operations to fund its future operations, including its investment in the Cloud strategy and the interest on loans and borrowings.

The Company operates in several jurisdictions, some of which impose currency remittance restrictions and income tax withholdings, which impacts the timing and amount of cash which can be repatriated from these countries.

Key Balance Sheet Amounts and Liquidity Ratios	**As at June 30,**	**As at December 31,**		
$US Millions, except ratios and metrics (unaudited)	**2022**	**2021**	$ Change	% Change
Cash, Cash Equivalents and Restricted Cash	26.4	30.4	(4.0)	(13%)
Trade Accounts Receivable	7.9	4.2	3.7	89%
Working capital	27.7	26.6	1.1	4%
Days sales outstanding in trade accounts receivable (days)	34.8	24.9	9.9	40%
Days sales outstanding in unbilled revenue (days)	72.6	52.3	20.3	39%

The Company uses working capital, days sales outstanding ("DSO") in trade accounts receivable and DSO in unbilled revenue as measures to enhance comparisons between periods. Management believes these DSO measures to be important indicators of the Company’s ability to convert trade receivables and unbilled revenue into cash. A lower DSO indicates a more efficient cash collection process and delivery and customer acceptance process. These terms do not have a standardized meaning under IFRS and are unlikely to be comparable to similarly titled measures reported by other issuers. The calculation of each of these items is more fully described below.

DSO - The Company has calculated DSO based on annualized revenue and the average of the beginning and ending accounts receivable balance for the three-month period being reported.

DSO in unbilled revenue - The Company has calculated DSO in unbilled revenue based on annualized revenue and the average of the beginning and ending unbilled revenue balance for the three-month period being reported.

Cash and restricted cash decreased by $4.0 million to $26.4 million at June 30, 2022, compared to December 31, 2021.

Working capital represents the Company’s current assets less its current liabilities. The Company’s working capital balance increased by $1.1 million to $27.7 million at June 30, 2022, from $26.6 million at December 31, 2021. This is mostly related to increase in accounts receivable and unbilled revenue, decrease and accrued liabilities offset by decrease in cash and prepaid expenses.

The table below outlines a summary of cash inflows (outflows) by activity.

Statement of Cash Flows Summary	**Three months ended**		**Six Months Ended**	
($ US Millions)		**June 30,**		**June 30,**
(Unaudited)	**2022**	**2021**	**2022**	**2021**
Cash inflows and (outflows) by activity:				
Operating activities	0.4	4.1	0.4	0.7
Investing activities	(0.4)	(0.1)	(0.5)	(0.2)
Financing activities	(0.0)	19.1	(4.4)	14.7
Effect of FX changes on cash and cash equivalents	0.4	(0.1)	0.6	0.0
Net cash inflows (outflows)	0.4	23.0	(4.0)	15.3
Cash and cash equivalents, beginning of period	25.2	10.0	29.6	17.7
Cash and cash equivalents, end of period	25.6	32.9	25.6	32.9
Cash (including Restricted Cash), end of period	26.4	33.5	26.4	33.5

Cash From (Used for) Operating Activities

Net cash generated by operating activities was $0.4 million in the three months ended June 30, 2022, compared to cash generated of $4.1 million in the same period last year. Cash generated by operating activities in the three months ended June 30, 2022, mainly relates to operating income offset by cash used in working capital. For the quarter ended June 30, 2021, net cash generated by operating activities was $4.1 million mainly related to operating income.

Net cash generated by operating activities was $0.4 million in the six months ended June 30, 2022, compared to cash generated of $0.7 million in the same period last year. Cash generated by operating activities in the six months ended June 30, 2022, mainly relates to operating income offset by cash used in working capital and payment of a promissory note to ESW under the settlement agreement. For the six months ended June 30, 2021, net cash generated by operating activities was $0.7 million mainly relates to operating income offset by cash used in working capital and cash taxes paid during the period.

Cash From (Used for) Investing Activities

In the three months ended June 30, 2022, there was $0.4 million of cash used by investing activities, compared to cash used of $0.1 million during the same period in fiscal 2020. In the six months ended June 30, 2022, there was $0.5 million of cash used by investing activities, compared to cash used of $0.2 million during the same period in fiscal 2021. The use of cash in three and six months ending June 30, 2022 and June 30, 2021 mainly relates to purchase of computer hardware.

Cash From (Used for) Financing Activities

In the three months ended June 30, 2022, net cash used by financing activities was $nil. In the three months ended June 30, 2021, net cash generated from financing activities was $19.1 million. Net cash generated relates to the cash generated from the private placement of common shares.

For the six months ending June 30, 2022, net cash used from financing activities was $4.4 million compared to cash generated of $14.7 million during the six months ended June 30, 2021. The use of cash during the three months ended March 31, 2022 was related to interest paid on loans and borrowings. Cash generated for the six months ending June 30, 2021 relates to the private placement of common shares slightly offset by interest paid on loans and borrowings.

MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of 100% customer success, fund R&D, leading to innovative and market-leading products, and implement its strategic plan that will help towards increasing shareholder value, while managing financial risk. The Company's capital is currently composed of Debentures and Series A Warrant (classified as liability), Common Shares and Standby Warrant (classified as liability in 2021 vs equity in 2020). The Company's primary uses of capital are financing its operations including restructuring, increases in working capital, capital expenditures, and acquisitions. The Company currently funds these requirements from cash flows from operations and cash raised through past share and debt issuances.

OTHER PROVISIONS

The balance at June 30, 2022 in other provision includes estimated costs to settle contractual disputes. Management's provision reflects changes in the status of the claims, expected outcomes and costs to settle, if any. Estimates are preliminary and subject to adjustment based on changes in facts and circumstances, such changes could be material.

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 significantly exceed the Company's estimate of the provision at June 30, 2022.

OUTSTANDING SHARE DATA

The number of common shares outstanding as at August 9, 2022, is 6,177,581 (December 31, 2021 – 6,177,581). In addition, at June 30, 2022, there were 357,087 (December 31, 2021 – 270,239) stock options outstanding with exercise prices ranging from CAD $32.45 to CAD $186.00 per share. The Series A Warrant and the Standby Warrant are outstanding and equivalent to 925,712 and 50,000 common shares respectively as at June 30, 2022 (as at December 31, 2021 – 925,712 and 50,000, respectively). The exercise prices for Series A Warrant and the Standby Warrant are $34.00 and $25.00 per share, respectively.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified and passed to its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Controls over Financial Reporting

Effective January 1, 2022, the Company has implemented a new ERP system. As a result, the Company has implemented changes to its internal controls over financial reporting. The key areas impacted include the processes that support the Company's general ledger, transaction processing and preparation of monthly internal financial statements.

PATENT PORTFOLIO

As part of Optiva's commitment to R&D to maintain its position as a key industry innovator in the real-time BSS software space, the Company currently has a portfolio with several pending patent applications and over 40 patents. To date, Optiva has not initiated any action with respect to assertions and/or claims of patent infringement.

RISKS AND UNCERTAINTIES

A complete description of the risks and uncertainties affecting the Company is included in the most recently filed Annual Information Form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

ADDITIONAL INFORMATION

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.

SCHEDULE I

NON-IFRS FINANCIAL MEASURES

"EBITDA" and "Adjusted EBITDA" are not financial measures calculated and presented in accordance with International Financial Reporting Standards (IFRS) and should not be considered in isolation or as a substitute to net income (loss), operating income or any other financial measures of performance calculated and presented in accordance with IFRS, or as an alternative to cash flow from operating activities as a measure of liquidity. The Company defines EBITDA as net income (loss) excluding amounts for depreciation and amortization, other income, finance costs, finance income, income tax expense (recovery), foreign exchange gain (loss) and share-based compensation. The Company defines "Adjusted EBITDA" as EBITDA (as defined above), excluding restructuring costs, provision amounts, and transaction costs associated with shareholder conflict. The Company believes that Adjusted EBITDA is a metric that investors may find useful in understanding the Company's financial position. The following table provides a reconciliation of Net Income to EBITDA and Adjusted EBITDA.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net Income (loss) for the period	$ (0.5)	$ 1.3	$ 1.4	$ 18.0
Add back / (subtract):				
Depreciation of property and equipment	0.1	0.0	0.2	0.0
Amortization of intangible assets	0.4	0.4	0.7	0.7
Finance income	(0.1)	(0.1)	(0.1)	(0.1)
Finance costs (recovery)	2.2	0.9	3.4	(10.3)
Income tax expense	0.5	1.1	0.7	1.6
Foreign exchange loss (gain)	0.5	(0.2)	0.5	(0.5)
Share-based compensation	0.6	0.7	0.7	1.4
EBITDA	3.7	4.1	7.5	10.8
Change in other provisions	–	–	–	(1.3)
Costs (recovery) related to shareholder conflict	–	–	–	(0.4)
Adjusted EBITDA	$ 3.7	$ 4.1	$ 7.5	$ 9.1

Adjusted EPS is reported diluted EPS excluding the impact of change in the fair value of warrants.