

OPEN TEXT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share data)

ASSETS	December 31, 2016 (unaudited)	June 30, 2016
Cash and cash equivalents	\$ 1,722,491	\$ 1,283,757
Short-term investments	3,238	11,839
Accounts receivable trade, net of allowance for doubtful accounts of \$7,903 as of December 31, 2016 and \$6,740 as of June 30, 2016	315,562	285,904
Income taxes recoverable	19,232	31,752
Prepaid expenses and other current assets	58,129	59,021
Total current assets	2,118,652	1,672,273
Property and equipment	179,044	183,660
Goodwill	2,597,685	2,325,586
Acquired intangible assets	772,534	646,240
Deferred tax assets	1,078,548	241,161
Other assets	66,905	53,697
Deferred charges	59,598	22,776
Long-term income taxes recoverable	9,225	8,751
Total assets	\$ 6,882,191	\$ 5,154,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 245,506	\$ 257,450
Current portion of long-term debt	8,000	8,000
Deferred revenues	364,872	373,549
Income taxes payable	24,770	32,030
Total current liabilities	643,148	671,029
Long-term liabilities:		
Accrued liabilities	30,309	29,848
Deferred credits	6,820	8,357
Pension liability	55,827	61,993
Long-term debt	2,389,826	2,137,987
Deferred revenues	47,119	37,461
Long-term income taxes payable	146,845	149,041
Deferred tax liabilities	72,121	79,231
Total long-term liabilities	2,748,867	2,503,918
Shareholders' equity:		
Share capital		
263,000,896 and 242,809,354 Common Shares issued and outstanding at December 31, 2016 and June 30, 2016, respectively; authorized Common Shares: unlimited	1,416,644	817,788
Additional paid-in capital	158,975	147,280
Accumulated other comprehensive income	39,884	46,310
Retained earnings	1,894,802	992,546
Treasury stock, at cost (917,372 shares at December 31, 2016 and 1,267,294 at June 30, 2016, respectively)	(20,709)	(25,268)
Total OpenText shareholders' equity	3,489,596	1,978,656
Non-controlling interests	580	541
Total shareholders' equity	3,490,176	1,979,197
Total liabilities and shareholders' equity	\$ 6,882,191	\$ 5,154,144

As a result of the two-for-one share split, effected January 24, 2017 by way of a share sub-division, all current and historical period per share data and number of Common Shares outstanding in these Condensed Consolidated Financial Statements are presented on a post share split basis.

OPEN TEXT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands of U.S. dollars, except share and per share data)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Revenues:				
License	\$ 97,764	\$ 81,856	\$ 158,420	\$ 133,187
Cloud services and subscriptions	175,061	149,099	344,748	296,889
Customer support	219,656	184,137	429,862	369,804
Professional service and other	50,228	50,255	101,343	100,002
Total revenues	542,709	465,347	1,034,373	899,882
Cost of revenues:				
License	2,391	2,029	6,236	4,710
Cloud services and subscriptions	73,150	58,918	143,442	117,834
Customer support	27,349	21,689	53,087	42,197
Professional service and other	40,295	38,375	81,638	76,439
Amortization of acquired technology-based intangible assets	24,848	18,731	47,983	38,614
Total cost of revenues	168,033	139,742	332,386	279,794
Gross profit	374,676	325,605	701,987	620,088
Operating expenses:				
Research and development	64,721	45,710	123,293	92,150
Sales and marketing	102,651	85,875	197,799	163,820
General and administrative	39,914	33,767	78,111	69,336
Depreciation	15,301	13,330	30,571	26,244
Amortization of acquired customer-based intangible assets	33,815	27,793	67,423	55,598
Special charges	11,117	9,088	23,571	26,425
Total operating expenses	267,519	215,563	520,768	433,573
Income from operations	107,157	110,042	181,219	186,515
Other income (expense), net	(3,558)	961	3,141	(3,952)
Interest and other related expense, net	(27,743)	(19,187)	(55,018)	(38,233)
Income before income taxes	75,856	91,816	129,342	144,330
Provision for (recovery of) income taxes	30,822	4,074	(828,603)	15,276
Net income for the period	\$ 45,034	\$ 87,742	\$ 957,945	\$ 129,054
Net (income) attributable to non-controlling interests	(12)	(56)	(39)	(82)
Net income attributable to OpenText	\$ 45,022	\$ 87,686	\$ 957,906	\$ 128,972
Earnings per share—basic attributable to OpenText	\$ 0.18	\$ 0.36	\$ 3.92	\$ 0.53
Earnings per share—diluted attributable to OpenText	\$ 0.18	\$ 0.36	\$ 3.89	\$ 0.53
Weighted average number of Common Shares outstanding—basic	245,653	242,492	244,282	243,398
Weighted average number of Common Shares outstanding—diluted	247,501	243,584	246,123	244,432
Dividends declared per Common Share	\$ 0.1150	\$ 0.1000	\$ 0.2300	\$ 0.2000

As a result of the two-for-one share split, effected January 24, 2017 by way of a share sub-division, all current and historical period per share data and number of Common Shares outstanding in these Condensed Consolidated Financial Statements are presented on a post share split basis.

OPEN TEXT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Net income for the period	\$ 45,034	\$ 87,742	\$ 957,945	\$ 129,054
Other comprehensive income—net of tax:				
Net foreign currency translation adjustments	(11,526)	(2,751)	(10,307)	(1,028)
Unrealized gain (loss) on cash flow hedges:				
Unrealized (loss) - net of tax (recovery) effect of (\$252) and (\$515) for the three months ended December 31, 2016 and 2015, respectively; (\$380) and (\$1,737) for the six months ended December, 31 2016 and 2015, respectively	(698)	(1,429)	(1,053)	(4,819)
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of (\$33) and \$294 for the three months ended December 31, 2016 and 2015, respectively; (\$38) and \$478 for the six months ended December 31, 2016 and 2015, respectively	(91)	814	(108)	1,326
Actuarial gain (loss) relating to defined benefit pension plans:				
Actuarial gain - net of tax expense (recovery) effect of \$1,077 and (\$92) for the three months ended December 31, 2016 and 2015, respectively; \$484 and \$210 for the six months ended December 31, 2016 and 2015, respectively	2,823	648	4,361	1,761
Amortization of actuarial loss into net income - net of tax recovery effect of \$57 and \$34 for the three months ended December 31, 2016 and 2015, respectively; \$119 and \$66 for the six months ended December 31, 2016 and 2015, respectively	134	90	281	173
Unrealized net gain on short-term investments - net of tax effect of nil for the three and six months ended December 31, 2016 and 2015, respectively	512	120	400	135
Total other comprehensive income (loss), net, for the period	(8,846)	(2,508)	(6,426)	(2,452)
Total comprehensive income	36,188	85,234	951,519	126,602
Comprehensive (income) attributable to non-controlling interests	(12)	(56)	(39)	(82)
Total comprehensive income attributable to OpenText	<u>\$ 36,176</u>	<u>\$ 85,178</u>	<u>\$ 951,480</u>	<u>\$ 126,520</u>

OPEN TEXT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Cash flows from operating activities:				
Net income for the period	\$ 45,034	\$ 87,742	\$ 957,945	\$ 129,054
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of intangible assets	73,964	59,854	145,977	120,456
Share-based compensation expense	7,572	6,581	15,712	13,114
Excess tax (benefits) on share-based compensation expense	(537)	(256)	(542)	(40)
Pension expense	871	1,158	2,061	2,325
Amortization of debt issuance costs	1,331	1,156	2,654	2,312
Amortization of deferred charges and credits	2,146	1,981	4,292	4,598
Loss on sale and write down of property and equipment	—	890	—	890
Deferred taxes	7,591	(3,685)	(868,233)	(7,869)
Share in net (income) of equity investees	(464)	—	(5,993)	—
Other non-cash charges	—	—	1,033	—
Changes in operating assets and liabilities:				
Accounts receivable	(15,713)	(41,226)	456	10,880
Prepaid expenses and other current assets	13,074	(5,221)	11,885	613
Income taxes and deferred charges and credits	(12,841)	(3,503)	(9,620)	294
Accounts payable and accrued liabilities	6,604	33,503	(23,995)	(14,819)
Deferred revenue	(21,633)	(16,280)	(47,742)	(48,673)
Other assets	20	1,242	(5,420)	3,523
Net cash provided by operating activities	<u>107,019</u>	<u>123,936</u>	<u>180,470</u>	<u>216,658</u>
Cash flows from investing activities:				
Additions of property and equipment	(11,609)	(12,702)	(32,274)	(29,899)
Proceeds from maturity of short-term investments	—	3,069	9,212	5,324
Purchase of HP Inc. CCM Business	(2,802)	—	(315,000)	—
Purchase of Recomind, Inc.	—	—	(170,107)	—
Purchase of HP Inc. CEM Business	—	—	(7,289)	—
Purchase of ANXe Business Corporation	143	—	143	—
Purchase of Daegis Inc., net of cash acquired	—	(22,146)	—	(22,146)
Purchase consideration for acquisitions prior to Fiscal 2016	—	(43)	—	(9,859)
Other investing activities	(440)	(2,754)	(563)	(3,680)
Net cash used in investing activities	<u>(14,708)</u>	<u>(34,576)</u>	<u>(515,878)</u>	<u>(60,260)</u>
Cash flows from financing activities:				
Excess tax benefits on share-based compensation expense	537	256	542	40
Proceeds from issuance of long-term debt	256,875	—	256,875	—
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	5,391	2,736	10,701	7,988
Proceeds from issuance of Common Shares under public Equity Offering	604,223	—	604,223	—
Repayment of long-term debt and revolver	(2,000)	(2,000)	(4,000)	(4,000)
Debt issuance costs	(2,825)	—	(4,155)	—
Equity issuance costs	(18,127)	—	(18,127)	—
Common Shares repurchased	—	(15,483)	—	(65,509)
Purchase of treasury stock	—	(10,627)	—	(10,627)
Payments of dividends to shareholders	(27,859)	(24,216)	(55,650)	(47,528)
Net cash provided by (used in) financing activities	<u>816,215</u>	<u>(49,334)</u>	<u>790,409</u>	<u>(119,636)</u>
Foreign exchange gain (loss) on cash held in foreign currencies	(20,979)	(4,848)	(16,267)	(10,798)
Increase in cash and cash equivalents during the period	887,547	35,178	438,734	25,964
Cash and cash equivalents at beginning of the period	834,944	690,785	1,283,757	699,999
Cash and cash equivalents at end of the period	<u>\$ 1,722,491</u>	<u>\$ 725,963</u>	<u>\$ 1,722,491</u>	<u>\$ 725,963</u>