

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

ASSETS	September 30, 2018	June 30, 2018
	(unaudited)	
Cash and cash equivalents	\$ 787,919	\$ 682,942
Accounts receivable trade, net of allowance for doubtful accounts of \$12,970 as of September 30, 2018 and \$9,741 as of June 30, 2018	416,346	487,956
Contract assets	8,767	—
Income taxes recoverable	31,450	55,623
Prepaid expenses and other current assets	80,624	101,059
Total current assets	1,325,106	1,327,580
Property and equipment	246,500	264,205
Long-term contract assets	12,041	—
Goodwill	3,578,641	3,580,129
Acquired intangible assets	1,203,284	1,296,637
Deferred tax assets	1,106,377	1,122,729
Other assets	116,536	111,267
Deferred charges	—	38,000
Long-term income taxes recoverable	30,563	24,482
Total assets	\$ 7,619,048	\$ 7,765,029
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 252,079	\$ 302,154
Current portion of long-term debt	10,000	10,000
Deferred revenues	582,139	644,211
Income taxes payable	31,055	38,234
Total current liabilities	875,273	994,599
Long-term liabilities:		
Accrued liabilities	51,168	52,827
Deferred credits	—	2,727
Pension liability	64,730	65,719
Long-term debt	2,609,127	2,610,523
Deferred revenues	43,585	69,197
Long-term income taxes payable	173,807	172,241
Deferred tax liabilities	74,328	79,938
Total long-term liabilities	3,016,745	3,053,172
Shareholders' equity:		
Share capital and additional paid-in capital		
268,331,579 and 267,651,084 Common Shares issued and outstanding at September 30, 2018 and June 30, 2018, respectively; authorized Common Shares: unlimited	1,730,933	1,707,073
Accumulated other comprehensive income	32,256	33,645
Retained earnings	1,993,099	1,994,235
Treasury stock, at cost (991,368 shares at September 30, 2018 and 690,336 shares at June 30, 2018, respectively)	(30,381)	(18,732)
Total OpenText shareholders' equity	3,725,907	3,716,221
Non-controlling interests	1,123	1,037
Total shareholders' equity	3,727,030	3,717,258
Total liabilities and shareholders' equity	\$ 7,619,048	\$ 7,765,029

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

	Three Months Ended September 30,	
	2018	2017
Revenues:		
License	\$ 76,887	\$ 78,231
Cloud services and subscriptions	208,083	193,853
Customer support	311,551	295,404
Professional service and other	70,636	73,199
Total revenues	667,157	640,687
Cost of revenues:		
License	3,872	2,960
Cloud services and subscriptions	87,703	84,134
Customer support	30,465	32,770
Professional service and other	56,796	59,428
Amortization of acquired technology-based intangible assets	47,477	43,960
Total cost of revenues	226,313	223,252
Gross profit	440,844	417,435
Operating expenses:		
Research and development	77,470	77,574
Sales and marketing	120,182	122,615
General and administrative	50,924	48,902
Depreciation	23,854	18,878
Amortization of acquired customer-based intangible assets	45,876	43,789
Special charges	23,311	18,031
Total operating expenses	341,617	329,789
Income from operations	99,227	87,646
Other income (expense), net	1,522	10,224
Interest and other related expense, net	(34,531)	(33,811)
Income before income taxes	66,218	64,059
Provision for (recovery of) income taxes	29,850	27,369
Net income for the period	\$ 36,368	\$ 36,690
Net (income) loss attributable to non-controlling interests	(44)	(94)
Net income attributable to OpenText	\$ 36,324	\$ 36,596
Earnings per share—basic attributable to OpenText	\$ 0.14	\$ 0.14
Earnings per share—diluted attributable to OpenText	\$ 0.13	\$ 0.14
Weighted average number of Common Shares outstanding—basic	268,028	264,802
Weighted average number of Common Shares outstanding—diluted	269,387	266,235
Dividends declared per Common Share	\$ 0.1518	\$ 0.1320

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

	Three Months Ended September 30,	
	2018	2017
Net income for the period	\$ 36,368	\$ 36,690
Other comprehensive income (loss) —net of tax:		
Net foreign currency translation adjustments	(3,520)	906
Unrealized gain (loss) on cash flow hedges:		
Unrealized gain (loss) - net of tax expense (recovery) effect of \$181 and \$463 for the three months ended September 30, 2018 and 2017, respectively	502	1,285
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of \$132 and (\$287) for the three months ended September 30, 2018 and 2017, respectively	366	(797)
Actuarial gain (loss) relating to defined benefit pension plans:		
Actuarial gain (loss) - net of tax expense (recovery) effect of \$306 and (\$83) for the three months ended September 30, 2018 and 2017, respectively	1,197	(115)
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$73 and \$42 for the three months ended September 30, 2018 and 2017, respectively	66	56
Release of unrealized gain on marketable securities - net of tax effect of nil	—	(617)
Total other comprehensive income (loss) net, for the period	(1,389)	718
Total comprehensive income	34,979	37,408
Comprehensive (income) loss attributable to non-controlling interests	(44)	(94)
Total comprehensive income attributable to OpenText	\$ 34,935	\$ 37,314

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

	Three Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income for the period	\$ 36,368	\$ 36,690
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	117,207	106,627
Share-based compensation expense	6,555	8,235
Pension expense	1,145	1,035
Amortization of debt issuance costs	1,078	1,298
Amortization of deferred charges and credits	—	1,117
Loss on sale and write down of property and equipment	7,789	163
Release of unrealized gain on marketable securities to income	—	(841)
Deferred taxes	7,769	5,947
Share in net (income) loss of equity investees	(2,372)	512
Changes in operating assets and liabilities:		
Accounts receivable	73,875	5,162
Contract assets	(5,346)	—
Prepaid expenses and other current assets	9,732	(2,808)
Income taxes and deferred charges and credits	12,561	9,148
Accounts payable and accrued liabilities	(40,001)	(64,476)
Deferred revenue	(57,403)	(38,480)
Other assets	2,444	(2,083)
Net cash provided by operating activities	<u>171,401</u>	<u>67,246</u>
Cash flows from investing activities:		
Additions of property and equipment	(24,495)	(30,449)
Purchase of Guidance Software, net of cash acquired	(2,279)	(220,765)
Purchase of Covisint Corporation, net of cash acquired	—	(71,279)
Other investing activities	(1,004)	(4,206)
Net cash used in investing activities	<u>(27,778)</u>	<u>(326,699)</u>
Cash flows from financing activities:		
Proceeds from Revolver	—	200,000
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	18,127	21,825
Repayment of long-term debt and revolver	(2,500)	(1,940)
Debt issuance costs	(322)	—
Purchase of treasury stock	(11,719)	—
Repurchase of non-controlling interest	(583)	—
Payments of dividends to shareholders	(40,466)	(35,017)
Net cash provided by (used in) financing activities	<u>(37,463)</u>	<u>184,868</u>
Foreign exchange gain (loss) on cash held in foreign currencies	428	7,762
Increase (decrease) in cash, cash equivalents and restricted cash during the period	106,588	(66,823)
Cash, cash equivalents and restricted cash at beginning of the period	683,991	446,210
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 790,579</u>	<u>\$ 379,387</u>

Reconciliation of cash, cash equivalents and restricted cash:	September 30, 2018	September 30, 2017
Cash and cash equivalents	787,919	376,390
Restricted cash included in Other assets	2,660	2,997
Total Cash, cash equivalents and restricted cash	<u>\$ 790,579</u>	<u>\$ 379,387</u>