

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

ASSETS	September 30, 2019 (unaudited)	June 30, 2019
Cash and cash equivalents	\$ 999,298	\$ 941,009
Accounts receivable trade, net of allowance for doubtful accounts of \$16,290 as of September 30, 2019 and \$17,011 as of June 30, 2019	410,981	463,785
Contract assets	20,204	20,956
Income taxes recoverable	21,054	38,340
Prepaid expenses and other current assets	91,753	97,238
Total current assets	1,543,290	1,561,328
Property and equipment	248,613	249,453
Operating lease right of use assets	203,329	—
Long-term contract assets	18,920	15,386
Goodwill	3,765,898	3,769,908
Acquired intangible assets	1,057,151	1,146,504
Deferred tax assets	995,262	1,004,450
Other assets	146,105	148,977
Long-term income taxes recoverable	40,939	37,969
Total assets	\$ 8,019,507	\$ 7,933,975
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 260,869	\$ 329,903
Current portion of long-term debt	10,000	10,000
Operating lease liability	60,687	—
Deferred revenues	584,193	641,656
Income taxes payable	36,104	33,158
Total current liabilities	951,853	1,014,717
Long-term liabilities:		
Accrued liabilities	15,384	49,441
Pension liability	77,470	75,239
Long-term debt	2,603,506	2,604,878
Long-term operating lease liability	177,596	—
Deferred revenues	41,588	46,974
Long-term income taxes payable	191,268	202,184
Deferred tax liabilities	52,728	55,872
Total long-term liabilities	3,159,540	3,034,588
Shareholders' equity:		
Share capital and additional paid-in capital		
270,189,544 and 269,834,442 Common Shares issued and outstanding at September 30, 2019 and June 30, 2019, respectively; authorized Common Shares: unlimited	1,791,689	1,774,214
Accumulated other comprehensive income	15,096	24,124
Retained earnings	2,141,278	2,113,883
Treasury stock, at cost (1,102,871 shares at September 30, 2019 and 802,871 shares at June 30, 2019, respectively)	(41,190)	(28,766)
Total OpenText shareholders' equity	3,906,873	3,883,455
Non-controlling interests	1,241	1,215
Total shareholders' equity	3,908,114	3,884,670
Total liabilities and shareholders' equity	\$ 8,019,507	\$ 7,933,975

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,	
	2019	2018
Revenues:		
License	\$ 77,898	\$ 76,887
Cloud services and subscriptions	237,265	208,083
Customer support	312,298	311,551
Professional service and other	69,427	70,636
Total revenues	696,888	667,157
Cost of revenues:		
License	2,323	3,872
Cloud services and subscriptions	102,162	87,703
Customer support	29,387	30,465
Professional service and other	54,338	56,796
Amortization of acquired technology-based intangible assets	40,298	47,477
Total cost of revenues	228,508	226,313
Gross profit	468,380	440,844
Operating expenses:		
Research and development	81,178	77,470
Sales and marketing	128,618	120,182
General and administrative	51,535	50,924
Depreciation	20,277	23,854
Amortization of acquired customer-based intangible assets	49,158	45,876
Special charges	5,101	23,311
Total operating expenses	335,867	341,617
Income from operations	132,513	99,227
Other income (expense), net	(2,785)	1,522
Interest and other related expense, net	(32,210)	(34,531)
Income before income taxes	97,518	66,218
Provision for (recovery of) income taxes	23,091	29,850
Net income for the period	\$ 74,427	\$ 36,368
Net (income) loss attributable to non-controlling interests	(26)	(44)
Net income attributable to OpenText	\$ 74,401	\$ 36,324
Earnings per share—basic attributable to OpenText	\$ 0.28	\$ 0.14
Earnings per share—diluted attributable to OpenText	\$ 0.27	\$ 0.13
Weighted average number of Common Shares outstanding—basic	270,013	268,028
Weighted average number of Common Shares outstanding—diluted	271,251	269,387

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

	Three Months Ended September 30,	
	2019	2018
Net income for the period	\$ 74,427	\$ 36,368
Other comprehensive income (loss)—net of tax:		
Net foreign currency translation adjustments	(5,611)	(3,520)
Unrealized gain (loss) on cash flow hedges:		
Unrealized gain (loss) - net of tax expense (recovery) effect of \$(206) and \$181 for the three months ended September 30, 2019 and 2018, respectively	(572)	502
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of \$3 and \$132 for the three months ended September 30, 2019 and 2018, respectively	8	366
Actuarial gain (loss) relating to defined benefit pension plans:		
Actuarial gain (loss) - net of tax expense (recovery) effect of \$(1,249) and \$306 for the three months ended September 30, 2019 and 2018, respectively	(3,084)	1,197
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$146 and \$73 for the three months ended September 30, 2019 and 2018, respectively	231	66
Total other comprehensive income (loss) net, for the period	(9,028)	(1,389)
Total comprehensive income	65,399	34,979
Comprehensive (income) loss attributable to non-controlling interests	(26)	(44)
Total comprehensive income attributable to OpenText	\$ 65,373	\$ 34,935

OPEN TEXT CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars and shares)
(unaudited)

Three Months Ended September 30, 2019

	Common Shares and Additional Paid in Capital		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2019	269,834	\$ 1,774,214	(803)	\$ (28,766)	\$ 2,113,883	\$ 24,124	\$ 1,215	\$ 3,884,670
Issuance of Common Shares								
Under employee stock option plans	184	4,576	—	—	—	—	—	4,576
Under employee stock purchase plans	172	6,008	—	—	—	—	—	6,008
Share-based compensation	—	6,891	—	—	—	—	—	6,891
Purchase of treasury stock	—	—	(300)	(12,424)	—	—	—	(12,424)
Dividends declared (\$0.1746 per Common Share)	—	—	—	—	(47,006)	—	—	(47,006)
Other comprehensive income - net	—	—	—	—	—	(9,028)	—	(9,028)
Net income for the quarter	—	—	—	—	74,401	—	26	74,427
Balance as of September 30, 2019	270,190	\$ 1,791,689	(1,103)	\$ (41,190)	\$ 2,141,278	\$ 15,096	\$ 1,241	\$ 3,908,114

Three Months Ended September 30, 2018

	Common Shares and Additional Paid in Capital		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2018	267,651	\$ 1,707,073	(691)	\$ (18,732)	\$ 1,994,235	\$ 33,645	\$ 1,037	\$ 3,717,258
Adoption of ASU 2016-16 - cumulative effect	—	—	—	—	(26,780)	—	—	(26,780)
Adoption of Topic 606 - cumulative effect	—	—	—	—	29,786	—	—	29,786
Issuance of Common Shares								
Under employee stock option plans	494	12,431	—	—	—	—	—	12,431
Under employee stock purchase plans	187	5,569	—	—	—	—	—	5,569
Share-based compensation	—	6,555	—	—	—	—	—	6,555
Purchase of treasury stock	—	—	(304)	(11,719)	—	—	—	(11,719)
Issuance of treasury stock	—	(70)	3	70	—	—	—	—
Dividends declared (\$0.1518 per Common Share)	—	—	—	—	(40,466)	—	—	(40,466)
Other comprehensive income - net	—	—	—	—	—	(1,389)	—	(1,389)
Non-controlling interest	—	(625)	—	—	—	—	42	(583)
Net income for the quarter	—	—	—	—	36,324	—	44	36,368
Balance as of September 30, 2018	268,332	\$ 1,730,933	(992)	\$ (30,381)	\$ 1,993,099	\$ 32,256	\$ 1,123	\$ 3,727,030

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

	Three Months Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Net income for the period	\$ 74,427	\$ 36,368
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	109,733	117,207
Share-based compensation expense	6,891	6,555
Pension expense	1,436	1,145
Amortization of debt issuance costs	1,127	1,078
Loss on sale and write down of property and equipment	—	7,789
Deferred taxes	6,244	7,769
Share in net (income) loss of equity investees	(682)	(2,372)
Changes in operating assets and liabilities:		
Accounts receivable	58,431	73,875
Contract assets	(7,201)	(5,346)
Prepaid expenses and other current assets	(1,612)	9,732
Income taxes and deferred charges and credits	7,053	12,561
Accounts payable and accrued liabilities	(62,979)	(40,001)
Deferred revenue	(61,169)	(57,403)
Other assets	5,684	2,444
Operating lease assets and liabilities, net	64	—
Net cash provided by operating activities	137,447	171,401
Cash flows from investing activities:		
Additions of property and equipment	(18,614)	(24,495)
Purchase of Guidance Software, Inc., net of cash acquired	—	(2,279)
Other investing activities	(2,036)	(1,004)
Net cash used in investing activities	(20,650)	(27,778)
Cash flows from financing activities:		
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	11,117	18,127
Repayment of long-term debt and revolver	(2,500)	(2,500)
Debt issuance costs	—	(322)
Purchase of Treasury Stock	(12,424)	(11,719)
Purchase of non-controlling interest	—	(583)
Payments of dividends to shareholders	(47,006)	(40,466)
Net cash provided by (used in) financing activities	(50,813)	(37,463)
Foreign exchange gain (loss) on cash held in foreign currencies	(7,711)	428
Increase (decrease) in cash, cash equivalents and restricted cash during the period	58,273	106,588
Cash, cash equivalents and restricted cash at beginning of the period	943,543	683,991
Cash, cash equivalents and restricted cash at end of the period	\$ 1,001,816	\$ 790,579
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	999,298	787,919
Restricted cash included in Other assets	2,518	2,660
Total Cash, cash equivalents and restricted cash	\$ 1,001,816	\$ 790,579