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Q1 Fiscal 2020 Financial & Business Results

NASDAQ: OTEX | TSX: OTEX

October 31, 2019

Safe Harbor Statement

Certain statements in this presentation, including statements about the focus of Open Text Corporation (“OpenText” or “the Company”) in our fiscal year ending June 30, 2020 (Fiscal 2020) on growth, anticipated benefits of our partnerships and next generation product lines, the strength of our operating framework and balance sheet flexibility, continued investments in product innovation, go-to-market and strategic acquisitions, M&A continuing to be our leading growth contributor, our capital allocation strategy, creating value through investments in broader Enterprise Information Management (EIM) capabilities, the Company's presence in the cloud and in growth markets, expected growth in our revenue lines, total growth from acquisitions, innovation and organic initiatives, the focus on recurring revenues, improving operational efficiency, expanding cash flow and strengthening the business, adjusted operating income and cash flow, its financial condition, the adjusted operating margin target range, impact from currency exchange rates, results of operations and earnings, announced acquisitions, ongoing tax matters, the integration of the acquired businesses, declaration of quarterly dividends, future tax rates, new platform and product offerings, scaling OpenText to new levels in Fiscal 2020 and beyond, and other matters, may contain words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and variations of these words or similar expressions are considered forward-looking statements or information under applicable securities laws. In addition, any information or statements that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances, such as certain assumptions about the economy, as well as market, financial and operational assumptions. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and assumptions that may cause the actual results, performance or achievements to differ materially. Such factors include, but are not limited to: (i) the future performance, financial and otherwise, of OpenText; (ii) the ability of OpenText to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) the Company's growth and profitability prospects; (v) the estimated size and growth prospects of the EIM market including expected growth in the Artificial Intelligence market; (vi) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (vii) the benefits of the Company's products and services to be realized by customers; (viii) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the EIM marketplace; (ix) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities (including in connection with future acquisitions); (x) the Company's financial condition and capital requirements; and (xi) statements about the impact of product releases. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (ii) the potential for the incurrence of or assumption of debt in connection with acquisitions and the impact on the ratings or outlooks of rating agencies on the Company's outstanding debt securities; (iii) the possibility that the Company may be unable to meet its future reporting requirements under the U.S. Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, or applicable Canadian securities regulation; (iv) the risks associated with bringing new products and services to market; (v) failure to comply with privacy laws and regulations that are extensive, open to various interpretations and complex to implement including General Data Protection Regulation (GDPR) and Country by Country Reporting (CBCR); (vi) fluctuations in currency exchange rates; (vii) delays in the purchasing decisions of the Company's customers; (viii) the competition the Company faces in its industry and/or marketplace; (ix) the final determination of litigation, tax audits (including tax examinations in the United States and elsewhere) and other legal proceedings; (x) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, U.S. or international tax regimes including tax reform legislation enacted through the Tax Cuts and Jobs Act in the United States; (xi) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (xii) the continuous commitment of the Company's customers; and (xiii) demand for the Company's products and services. For additional information with respect to risks and other factors which could occur, see the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the Securities and Exchange Commission (SEC) and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Q1 FY'20 and Last Twelve Months Financial Highlights

With Y/Y Comparisons

Q1 FY'20

Total Revenues	$696.9M	▲ 4.5% ▲ 5.9% in CC
ARR(1)	$549.6M, 78.9% of Total Revenue	▲ 5.8% ▲ 7.1% in CC
Cloud Revenues	$237.3M	▲ 14.0% ▲ 15.0% in CC
A-EBITDA(2)	$254.2M, 36.5% (margin)	▲ 3.2% ▲ 5.0% in CC
Non-GAAP Earnings Per Share(2)	$0.64	▲ 6.7% ▲ 8.3% in CC
Operating Cash Flows	$137.4M	▼ (19.8)%

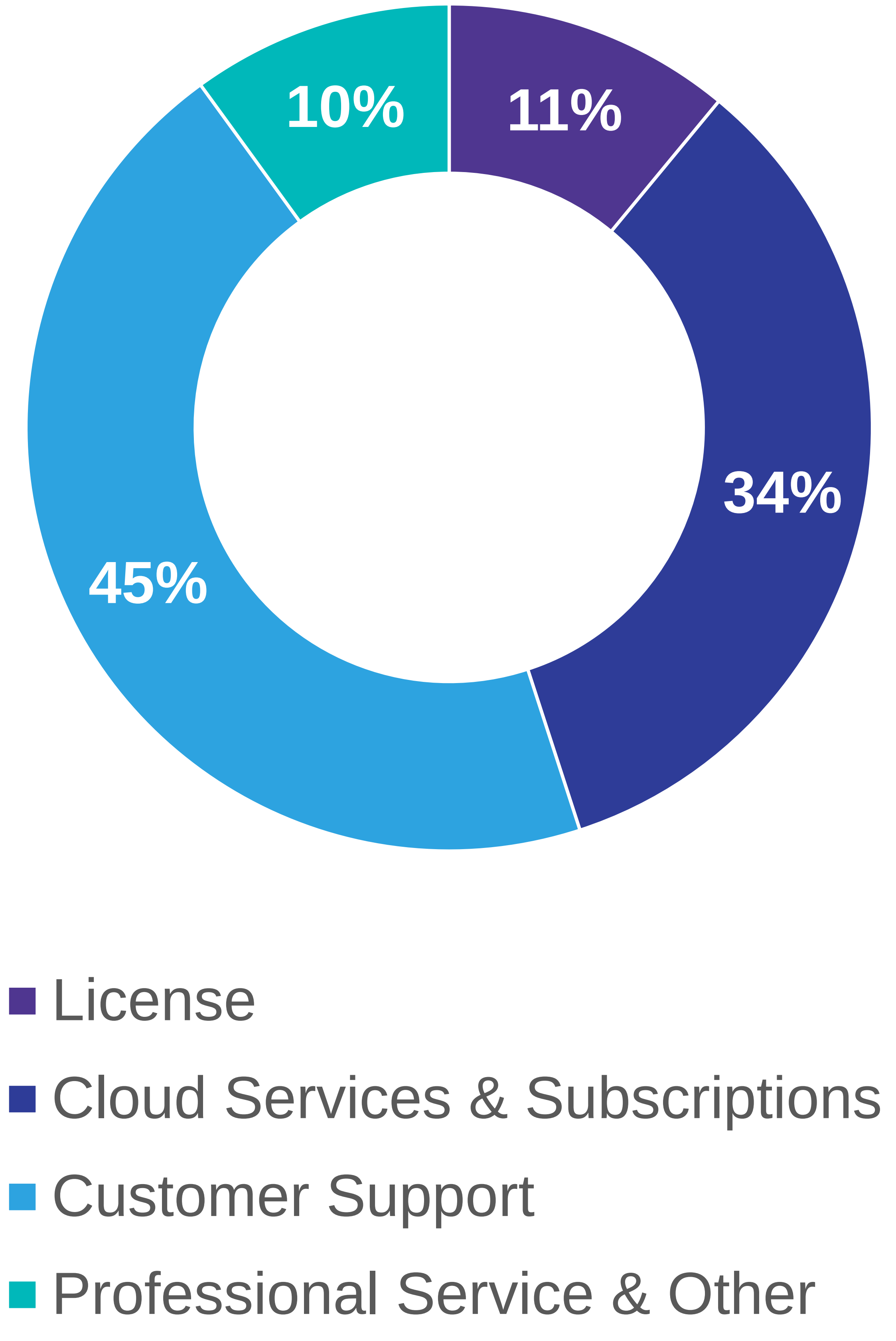
Trailing Twelve Months

Total Revenues	$2.90B	▲ 2.0% ▲ 4.2% in CC
ARR(1)	$2.19B, 75.4% of Total Revenue	▲ 4.5% ▲ 6.4% in CC
Cloud Revenues	$937.0M	▲ 11.1% ▲ 12.6% in CC
A-EBITDA(2), (3)	$1.11B, 38.2% (margin)	▲ 5.9% ▲ 7.6% in CC
Non-GAAP Earnings Per Share(2)	$2.80	▲ 6.9% ▲ 8.8% in CC
Operating Cash Flows(3)	$842.3M	▲ 3.7%

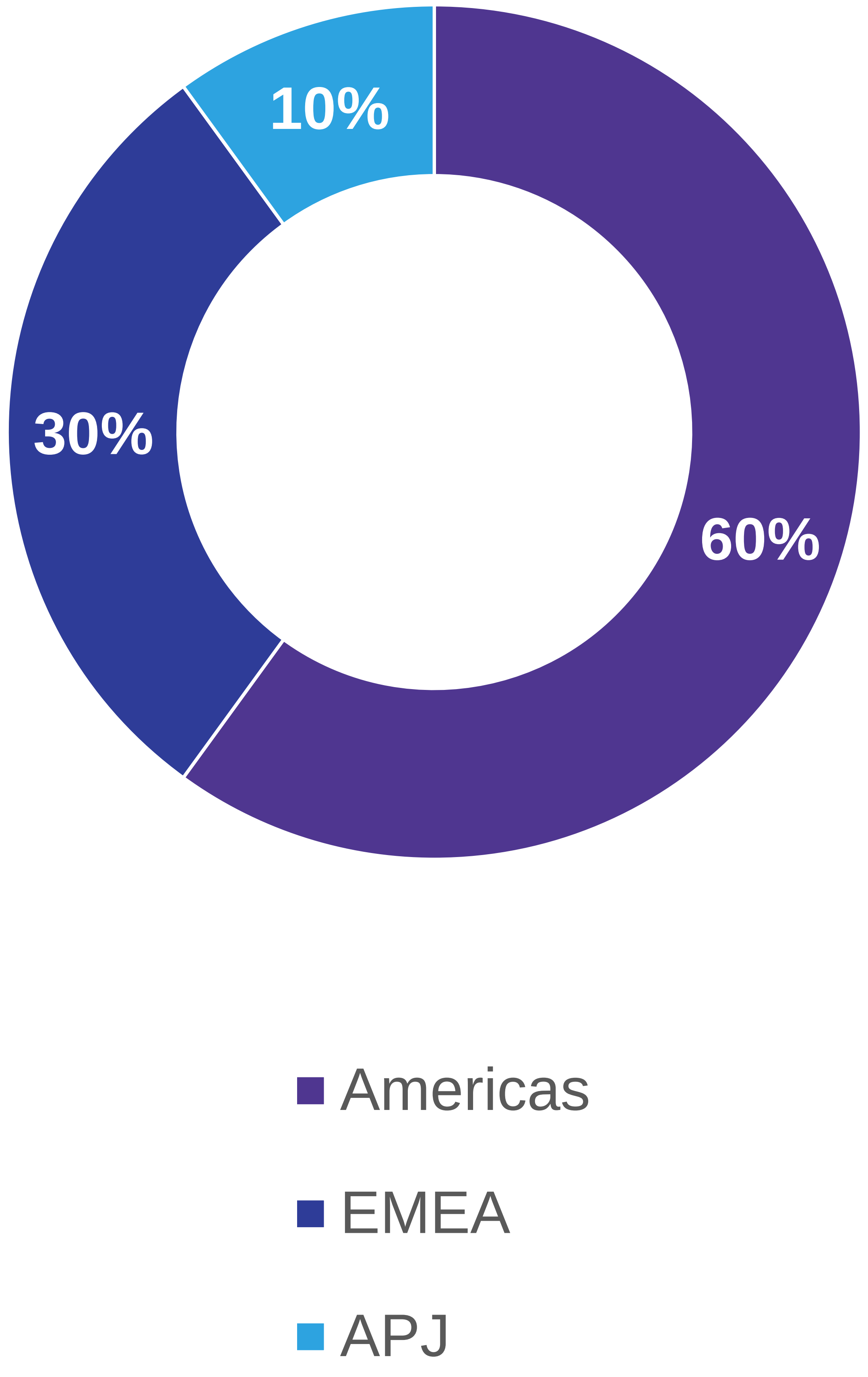
1. Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
2. Please see reconciliation of GAAP to Non-GAAP measures at the end of this presentation.
3. Refer to note 1 of our Fiscal 2019 10-K for details on the impact of recently adopted accounting standards on prior period results.

Q1 FY’20 Revenue Breakdown

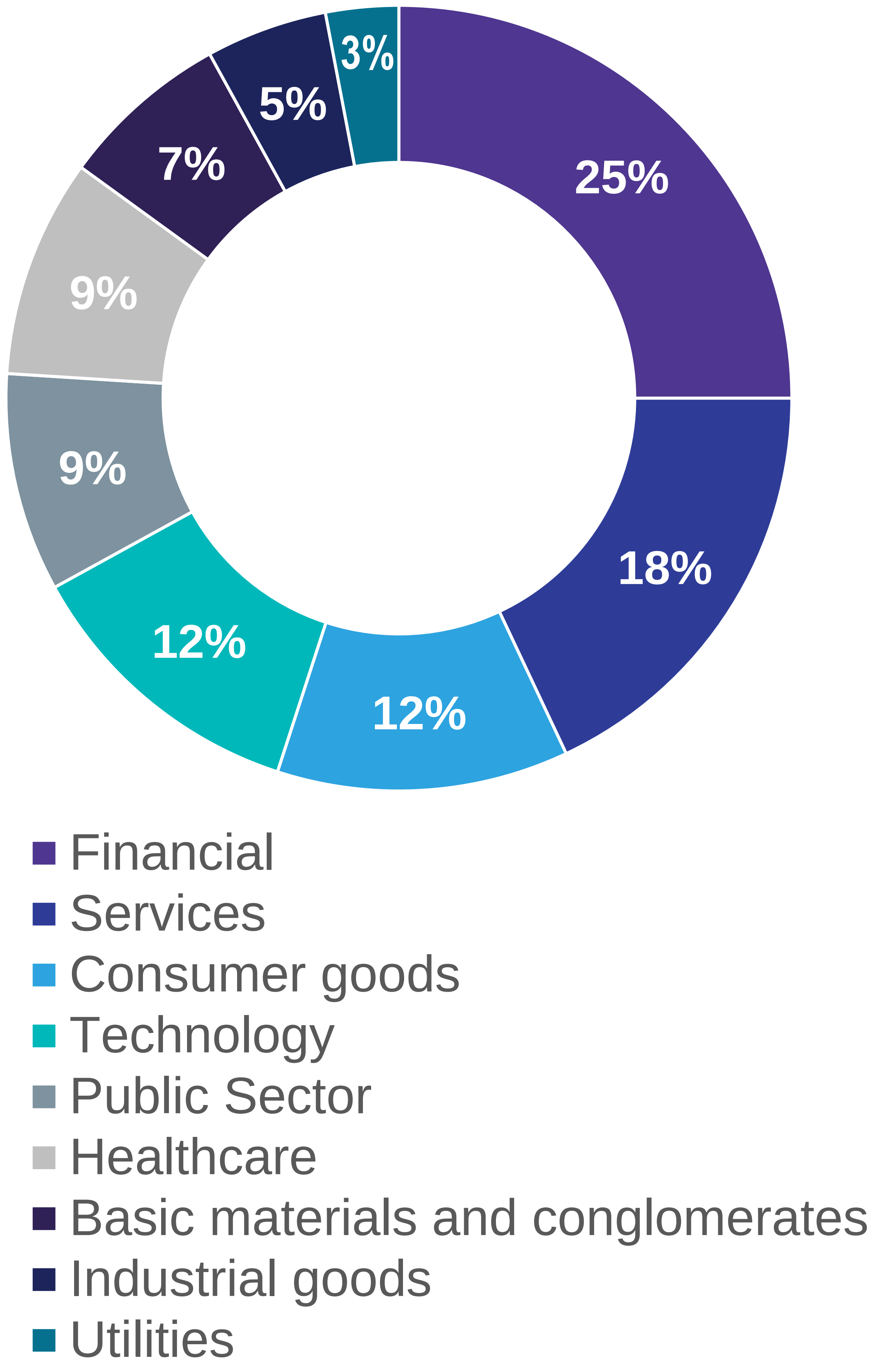
Total Revenue Mix



Total Revenue by Geography



ARR by Industry



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Q1 Key Customer Wins

SAMSUNG

- Samsung R&D Institute India-Bangalore (SRI-B) is the largest R&D Center outside of South Korea and a key innovation hub in the Samsung Group
- Purchased OpenText Exceed TurboX due to the solution’s fast and high-quality remote access for graphical applications

AAA The Auto Club Group

- The Auto Club Group (ACG) represents over 9.4 million members and is one of the largest AAA clubs
- After selecting OpenText Identity and Access Management in May 2018, ACG has recently expanded the partnership with OpenText to manage 12 million digital identities to support growth and expansion

- Deutsche Bank AG is a German multinational investment bank and financial services company
- Selected OpenText Magellan BI & Reporting to provide the ability to seamlessly transform complex data into compelling visualizations and graphs, charts, tables and diagrams

DJK

- Daiichi Jitsugyo Co Ltd., a Japan-based consulting firm offers customer solutions that combine manufacturing, marketing, and services
- Selected OpenText™ Extended ECM for their pharmaceutical business unit due to its compatibility with SAP and ability to efficiently manage the creation, review, and approval of pharmaceutical information

- The, International Committee of the Red Cross based in Geneva, Switzerland, helps people around the world affected by armed conflict and other violence
- Selected OpenText Media Management to capture, store, manage, distribute, retrieve and archive its multimedia assets with the ability to work on mobile devices in areas with poor network connectivity while also providing a high level of security for confidential assets

Strong Balance Sheet & Liquidity

Self-Funding M&A

TTM Q1 FY'20 (US$ M)

OCF	**$842**
Less: Principal	**$10**
Less: CapEx	**$58**
Less: Dividends	**$175**
TTM Cash Generated for M&A	**$599**

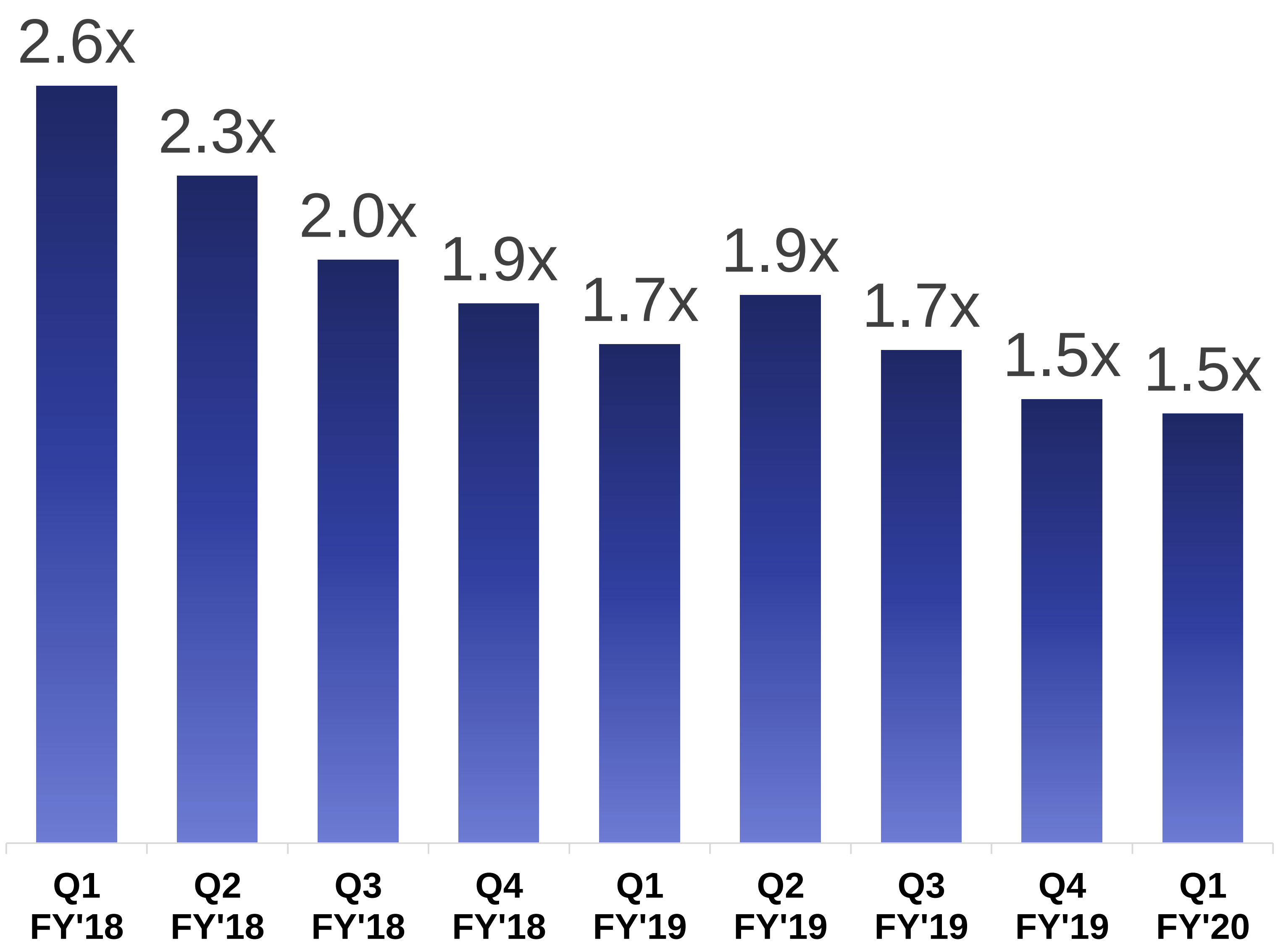
Strategic M&A

Ample capacity for strategic acquisitions

Current Liquidity (US$ M)

Cash as of Sept 30, 2019[1]	**$999**
Revolver – Undrawn Portion as of Oct. 31, 2019[2]	**$750**
Total Available & Committed Liquidity[3]	**$1,749**

Consolidated Net Leverage Ratio[4]



1. Excludes restricted cash.
2. Total revolver commitment is $450M at Sept. 30, 2019. Subsequently, on Oct. 31st the Company amended it's agreement and the revolver capacity is $750m.
3. Includes Cash as of Sept. 30, 2019 and the Undrawn Revolver as of Oct. 31, 2019.
4. Consolidated Net Leverage Ratio is calculated using bank covenant methodology.

Q2 FY'20 Quarterly Factors:(1)

Externalities

- Economy. Global recession concerns continue:
  - Trade and tariff wars (Asia)
  - Germany, US (ISM(2)) and export data)
  - A wide range of potential outcomes
- Geo-political. BREXIT, U.S.A., Gulf nations
- Currency. FX headwinds continue

OpenText-Specific

- Our business is annual and quarters will vary
- FY'20 FX ~$35 million up from previous estimate of ~$25 million
- Expect high single digit revenue growth from Q1 to Q2 (includes ~$10M of FX)
- Operating expenses expected to be up low to mid-single digits from Q1 to Q2
- Q2 A-EBITDA dollars to be flat y/y as we complete the integration of Catalyst and Liaison

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1. The Q2 Quarterly Factors are anticipated quarterly variances that do not reflect OpenText's annual business.
2. Institute of Supply Management survey of 300 purchasing managers in 20 industries in the manufacturing area.

FY’20 Target Model

	Fiscal 2019 Results	Fiscal 2019 Model	Fiscal 2020 Model*
Revenue Type:			
Annual Recurring Revenue (ARR)	75.1%	72% - 76%	74% - 76%
License	14.9%	13% - 17%	13% - 17%
Cloud Services and Subscriptions	31.6%	28% - 32%	31% - 35%
Customer Support	43.5%	42% - 46%	40% - 44%
Professional Services and Other	9.9%	8% - 12%	8% - 12%
Non-GAAP Gross Margin			
License	96.6%	96% - 98%	96% - 98%
Cloud Services and Subscriptions	57.8%	57% - 59%	57% - 59%
Customer Support	90.1%	89% - 91%	89% - 91%
Professional Services and Other	21.8%	18% - 20%	18% - 20%
Non-GAAP Gross Margin	**74.1%**	**73% - 75%**	**73% - 75%**
Non-GAAP Operating Expenses:			
Research & Development	11.0%	11% - 13%	11% - 13%
Sales & Marketing	17.8%	17% - 19%	17% - 19%
General & Admin	6.9%	6% - 8%	6% - 8%
Depreciation	3.4%	2% - 4%	2% - 4%
A-EBITDA Margin(1)	**38.4%**	**36% - 38%**	**38% - 39%**
Interest and Other Related Expense USD million	$136.6	$144 - $149	$140 - $145
Adjusted Tax Rate(2)	14%	14%	14%
Capital Expenditures	**$64**		**$88 - $98**

*** This model is not guidance**

1. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings on Form 10K.
2. Please refer to historical filings, including our Forms 10-K and 10-Q, regarding the company’s adjusted tax rate.

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Appendix A

Use of Non-GAAP Financial Measures

In addition to reporting financial results in accordance with U.S. GAAP, the Company provides certain financial measures that are not in accordance with U.S. GAAP (Non-GAAP).These Non-GAAP financial measures have certain limitations in that they do not have a standardized meaning and thus the Company's definition may be different from similar Non-GAAP financial measures used by other companies and/or analysts and may differ from period to period. Thus it may be more difficult to compare the Company's financial performance to that of other companies. However, the Company's management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of these Non-GAAP financial measures both in its reconciliation to the U.S. GAAP financial measures and its consolidated financial statements, all of which should be considered when evaluating the Company's results.

The Company uses these Non-GAAP financial measures to supplement the information provided in its consolidated financial statements, which are presented in accordance with U.S. GAAP. The presentation of Non-GAAP financial measures are not meant to be a substitute for financial measures presented in accordance with U.S. GAAP, but rather should be evaluated in conjunction with and as a supplement to such U.S. GAAP measures. OpenText strongly encourages investors to review its financial information in its entirety and not to rely on a single financial measure. The Company therefore believes that despite these limitations, it is appropriate to supplement the disclosure of the U.S. GAAP measures with certain Non-GAAP measures defined below.

Non-GAAP-based net income and Non-GAAP-based EPS, attributable to OpenText, are consistently calculated as GAAP-based net income or earnings per share, attributable to OpenText, on a diluted basis, excluding the effects of the amortization of acquired intangible assets, other income (expense), share-based compensation, and Special charges (recoveries), all net of tax and any tax benefits/expense items unrelated to current period income, as further described in the tables below. Non-GAAP-based gross profit is the arithmetical sum of GAAP-based gross profit and the amortization of acquired technology-based intangible assets and share-based compensation within cost of sales. Non-GAAP-based gross margin is calculated as Non-GAAP-based gross profit expressed as a percentage of total revenue. Non-GAAP-based income from operations is calculated as GAAP-based income from operations, excluding the amortization of acquired intangible assets, Special charges (recoveries), and share-based compensation expense.

Adjusted earnings (loss) before interest, taxes, depreciation and amortization (Adjusted EBITDA) is consistently calculated as GAAP-based net income, attributable to OpenText, excluding interest income (expense), provision for income taxes, depreciation and amortization of acquired intangible assets, other income (expense), share-based compensation and Special charges (recoveries).

The Company's management believes that the presentation of the above defined Non-GAAP financial measures provides useful information to investors because they portray the financial results of the Company before the impact of certain non-operational charges. The use of the term “non-operational charge” is defined for this purpose as an expense that does not impact the ongoing operating decisions taken by the Company's management. These items are excluded based upon the way the Company's management evaluates the performance of the Company's business for use in the Company's internal reports and are not excluded in the sense that they may be used under U.S. GAAP.

The Company does not acquire businesses on a predictable cycle, and therefore believes that the presentation of non-GAAP measures, which in certain cases adjust for the impact of amortization of intangible assets and the related tax effects that are primarily related to acquisitions, will provide readers of financial statements with a more consistent basis for comparison across accounting periods and be more useful in helping readers understand the Company’s operating results and underlying operational trends. Additionally, the Company has engaged in various restructuring activities over the past several years, primarily due to acquisitions, that have resulted in costs associated with reductions in headcount, consolidation of leased facilities and related costs, all which are recorded under the Company’s “Special Charges (recoveries)” caption on the Consolidated Statements of Income. Each restructuring activity is a discrete event based on a unique set of business objectives or circumstances, and each differs in terms of its operational implementation, business impact and scope, and the size of each restructuring plan can vary significantly from period to period. Therefore, the Company believes that the exclusion of these special charges (recoveries) will also better aid readers of financial statements in the understanding and comparability of the Company's operating results and underlying operational trends.

In summary, the Company believes the provision of supplemental Non-GAAP measures allow investors to evaluate the operational and financial performance of the Company's core business using the same evaluation measures that management uses, and is therefore a useful indication of OpenText's performance or expected performance of future operations and facilitates period-to-period comparison of operating performance (although prior performance is not necessarily indicative of future performance). As a result, the Company considers it appropriate and reasonable to provide, in addition to U.S. GAAP measures, supplementary Non-GAAP financial measures that exclude certain items from the presentation of its financial results.

See historical filings, including the Company’s Annual Reports on Form 10-K, for reconciliations of certain Non-GAAP measures to GAAP measures. The following charts provide (unaudited) reconciliations of U.S. GAAP-based financial measures to Non-U.S. GAAP-based financial measures for the following periods presented.

Summary of Quarterly Results with Constant Currency

(in millions except per share data)	Q1 FY20	Q1 FY19	$ Change	% Change	Q1 FY20 in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	$237.3	$208.1	$29.2	14.0 %	$239.3	15.0 %
Customer support	312.3	311.6	0.7	0.2 %	317.3	1.8 %
Total annual recurring revenues**	**$549.6**	**$519.7**	**$29.9**	**5.8 %**	**$556.6**	**7.1 %**
License	77.9	76.9	1.0	1.3 %	79.1	2.9 %
Professional service and other	69.4	70.6	(1.2)	(1.7) %	70.8	0.2 %
Total revenues	**$696.9**	**$667.2**	**$29.7**	**4.5 %**	**$706.6**	**5.9 %**
GAAP-based operating income	$132.5	$99.2	$33.3	33.5 %		
Non-GAAP-based operating income (1)	$234.0	$222.4	$11.5	5.2 %	$238.4	7.2 %
GAAP-based EPS, diluted	$0.27	$0.13	$0.14	107.7 %		
Non-GAAP-based EPS, diluted(1)(2)	$0.64	$0.60	$0.04	6.7 %	$0.65	8.3 %
GAAP-based net income, attributable to OpenText	$74.4	$36.3	$38.1	104.8 %		
Adjusted EBITDA(1)	$254.2	$246.3	$8.0	3.2 %		
Operating cash flows	$137.4	$171.4	($34.0)	(19.8) %		

(1) See reconciliation of GAAP-based measures to Non-GAAP-based measures at the end of this presentation
(2) Please also see note 14 to the Company's Fiscal 2018 Consolidated Financial Statements on Form 10-K. Reflective of the amount of net tax benefit arising from the internal reorganization assumed to be allocable to the current period based on the forecasted utilization period.
Note: Individual line items in table may be adjusted by non-material amounts to enable totals to align to published financial statements.
*CC: Constant currency for this purpose is defined as the current period reported revenues/expenses/earnings represented at the prior comparative period's foreign exchange rate.
** Annual recurring revenue is defined as the sum of Cloud services and subscriptions revenue and Customer support revenue.

Reconciliation of Selected Non-GAAP Measures | Q1 F20

(in '000s USD)		Three Months Ended September 30, 2019						
		GAAP	GAAP % of Total Revenue		Adjustments	FN		Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES									
Cloud services and subscriptions	$	102,162		$	(383)	(1)	$	101,779	
Customer support		29,387			(316)	(1)		29,071	
Professional service and other		54,338			(243)	(1)		54,095	
Amortization of acquired technology-based intangible assets		40,298			(40,298)	(2)		—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)		468,380	67.2%		(41,240)	(3)		509,620	73.1%
Operating expenses									
Research and development		81,178			(1,221)	(1)		79,957	
Sales and marketing		128,618			(2,116)	(1)		126,502	
General and administrative		51,535			(2,612)	(1)		48,923	
Amortization of acquired customer-based intangible assets		49,158			(49,158)	(2)		—	
Special charges (recoveries)		5,101			(5,101)	(4)		—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)		132,513			101,448	(5)		233,961	
Other income (expense), net		(2,785)			2,785	(6)		—	
Provision for (recovery of) income taxes		23,091			5,154	(7)		28,245	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText		74,401			99,079	(8)		173,480	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$	0.27		$	0.37	(8)	$	0.64	

Reconciliation of Selected Non-GAAP Measures | Q1 F20

FOOTNOTES

1 Adjustment relates to the exclusion of share based compensation expense from our Non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.

2 Adjustment relates to the exclusion of amortization expense from our Non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.

3 GAAP-based and Non-GAAP-based gross profit stated in dollars and gross margin stated as a percentage of total revenue.

4 Adjustment relates to the exclusion of Special charges (recoveries) from our Non-GAAP-based operating expenses as Special charges (recoveries) are generally incurred in the periods relevant to an acquisition and include certain charges or recoveries that are not indicative or related to continuing operations, and are therefore excluded from our internal analysis of operating results.

5 GAAP-based and Non-GAAP-based income from operations stated in dollars and operating margin stated as a percentage of total revenue.

6 Adjustment relates to the exclusion of Other income (expense) from our Non-GAAP-based operating expenses as Other income (expense) generally relates to the transactional impact of foreign exchange and is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results. Other income (expense) also includes our share of income (losses) from our holdings in non-marketable securities investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results.

7 Adjustment relates to differences between the GAAP-based tax provision rate of approximately 24% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based adjusted net income. Such excluded items include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

8 Reconciliation of GAAP-based net income to Non-GAAP-based net income:

	Three Months Ended September 30, 2019	Per share diluted
GAAP-based net income, attributable to OpenText	$ 74,401	$ 0.27
Add:		
Amortization	89,456	0.33
Share-based compensation	6,891	0.03
Special charges (recoveries)	5,101	0.02
Other (income) expense, net	2,785	0.01
GAAP-based provision for (recovery of) income taxes	23,091	0.09
Non-GAAP based provision for income taxes	(28,245)	(0.11)
Non-GAAP-based net income, attributable to OpenText	$ 173,480	$ 0.64

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Reconciliation of Selected Non-GAAP Measures | Q1 F19

(in '000s USD)	Three Months Ended September 30, 2018								
		GAAP	GAAP % of Total Revenue		Adjustments	FN		Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES									
Cloud services and subscriptions	$	87,703		$	(317)	(1)	$	87,386	
Customer support		30,465			(300)	(1)		30,165	
Professional service and other		56,796			(524)	(1)		56,272	
Amortization of acquired technology-based intangible assets		47,477			(47,477)	(2)		—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)		440,844	66.1%		48,618	(3)		489,462	73.4%
Operating expenses									
Research and development		77,470			(1,359)	(1)		76,111	
Sales and marketing		120,182			(1,801)	(1)		118,381	
General and administrative		50,924			(2,254)	(1)		48,670	
Amortization of acquired customer-based intangible assets		45,876			(45,876)	(2)		—	
Special charges (recoveries)		23,311			(23,311)	(4)		—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)		99,227			123,219	(5)		222,446	
Other income (expense), net		1,522			(1,522)	(6)		—	
Provision for (recovery of) income taxes		29,850			(3,542)	(7)		26,308	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText		36,324			125,239	(8)		161,563	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$	0.13		$	0.47	(8)	$	0.60	

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Reconciliation of Selected Non-GAAP Measures | Q1 F19

FOOTNOTES

1	Adjustment relates to the exclusion of share based compensation expense from our Non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
2	Adjustment relates to the exclusion of amortization expense from our Non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
3	GAAP-based and Non-GAAP-based gross profit stated in dollars and gross margin stated as a percentage of total revenue.
4	Adjustment relates to the exclusion of Special charges (recoveries) from our Non-GAAP-based operating expenses as Special charges (recoveries) are generally incurred in the periods relevant to an acquisition and include certain charges or recoveries that are not indicative or related to continuing operations, and are therefore excluded from our internal analysis of operating results.
5	GAAP-based and Non-GAAP-based income from operations stated in dollars and operating margin stated as a percentage of total revenue.
6	Adjustment relates to the exclusion of Other income (expense) from our Non-GAAP-based operating expenses as Other income (expense) generally relates to the transactional impact of foreign exchange and is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results. Other income (expense) also includes our share of income (losses) from our holdings in non-marketable securities investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results.
7	Adjustment relates to differences between the GAAP-based tax provision rate of approximately 45% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based adjusted net income. Such excluded items include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.
8	Reconciliation of GAAP-based net income to Non-GAAP-based net income:

	Three Months Ended September 30, 2018	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 36,324	$ 0.13
Add:		
Amortization	93,353	0.35
Share-based compensation	6,555	0.02
Special charges (recoveries)	23,311	0.09
Other (income) expense, net	(1,522)	(0.01)
GAAP-based provision for (recovery of) income taxes	29,850	0.11
Non-GAAP based provision for income taxes	(26,308)	(0.09)
Non-GAAP-based net income, attributable to OpenText	$ 161,563	$ 0.60

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Reconciliation of Adjusted EBITDA

(in '000s USD)	Q1 FY20	Q1 FY19
GAAP-based Net income attributable to OpenText	$ 74,401	$ 36,324
Add:		
Provision for (recovery of) income taxes	23,091	29,850
Interest and other related expense, net	32,210	34,531
Amortization of acquired technology-based intangible assets	40,298	47,477
Amortization of acquired customer-based intangible assets	49,158	45,876
Depreciation	20,277	23,854
Share-based compensation	6,891	6,555
Special charges (recoveries)	5,101	23,311
Other (income) expense, net	2,785	(1,522)
Adjusted EBITDA	$ 254,212	$ 246,256

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