

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

ASSETS	March 31, 2018	June 30, 2017
	(unaudited)	
Cash and cash equivalents	\$ 605,497	\$ 443,357
Accounts receivable trade, net of allowance for doubtful accounts of \$9,007 as of March 31, 2018 and \$6,319 as of June 30, 2017	515,012	445,812
Income taxes recoverable	42,880	32,683
Prepaid expenses and other current assets	105,657	81,625
Total current assets	1,269,046	1,003,477
Property and equipment	264,859	227,418
Goodwill	3,592,598	3,416,749
Acquired intangible assets	1,391,413	1,472,542
Deferred tax assets	1,142,385	1,215,712
Other assets	99,732	93,763
Deferred charges	39,148	42,344
Long-term income taxes recoverable	21,696	8,557
Total assets	\$ 7,820,877	\$ 7,480,562
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 295,165	\$ 342,120
Current portion of long-term debt	282,760	182,760
Deferred revenues	689,189	570,328
Income taxes payable	33,685	31,835
Total current liabilities	1,300,799	1,127,043
Long-term liabilities:		
Accrued liabilities	52,688	50,338
Deferred credits	3,366	5,283
Pension liability	62,996	58,627
Long-term debt	2,385,322	2,387,057
Deferred revenues	72,176	61,678
Long-term income taxes payable	171,174	162,493
Deferred tax liabilities	75,376	94,724
Total long-term liabilities	2,823,098	2,820,200
Shareholders' equity:		
Share capital and additional paid-in capital		
267,266,442 and 264,059,567 Common Shares issued and outstanding at March 31, 2018 and June 30, 2017, respectively; authorized Common Shares: unlimited	1,689,997	1,613,454
Accumulated other comprehensive income	51,810	48,800
Retained earnings	1,973,129	1,897,624
Treasury stock, at cost (694,169 shares at March 31, 2018 and 1,101,612 at June 30, 2017, respectively)	(18,823)	(27,520)
Total OpenText shareholders' equity	3,696,113	3,532,358
Non-controlling interests	867	961
Total shareholders' equity	3,696,980	3,533,319
Total liabilities and shareholders' equity	\$ 7,820,877	\$ 7,480,562

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Revenues:				
License	\$ 84,113	\$ 87,227	\$ 297,588	\$ 245,647
Cloud services and subscriptions	209,102	177,109	611,076	521,857
Customer support	312,279	263,436	915,753	693,298
Professional service and other	80,385	65,358	236,554	166,701
Total revenues	685,879	593,130	2,060,971	1,627,503
Cost of revenues:				
License	3,098	4,008	10,645	10,244
Cloud services and subscriptions	94,264	77,225	269,012	220,667
Customer support	33,820	34,442	99,805	87,529
Professional service and other	64,246	55,529	188,690	137,167
Amortization of acquired technology-based intangible assets	47,303	39,285	138,391	87,268
Total cost of revenues	242,731	210,489	706,543	542,875
Gross profit	443,148	382,641	1,354,428	1,084,628
Operating expenses:				
Research and development	83,522	77,086	241,455	200,379
Sales and marketing	129,987	117,498	381,951	315,297
General and administrative	54,817	44,828	152,717	122,939
Depreciation	23,093	16,557	64,042	47,128
Amortization of acquired customer-based intangible assets	46,762	40,825	136,819	108,248
Special charges	2,644	20,586	21,390	44,157
Total operating expenses	340,825	317,380	998,374	838,148
Income from operations	102,323	65,261	356,054	246,480
Other income (expense), net	11,140	1,424	26,911	4,565
Interest and other related expense, net	(34,534)	(31,734)	(101,914)	(86,752)
Income before income taxes	78,929	34,951	281,051	164,293
Provision for (recovery of) income taxes	20,129	13,239	100,644	(815,364)
Net income for the period	\$ 58,800	\$ 21,712	\$ 180,407	\$ 979,657
Net (income) loss attributable to non-controlling interests	(6)	(96)	94	(135)
Net income attributable to OpenText	\$ 58,794	\$ 21,616	\$ 180,501	\$ 979,522
Earnings per share—basic attributable to OpenText	\$ 0.22	\$ 0.08	\$ 0.68	\$ 3.91
Earnings per share—diluted attributable to OpenText	\$ 0.22	\$ 0.08	\$ 0.68	\$ 3.88
Weighted average number of Common Shares outstanding—basic	266,572	263,329	265,619	250,538
Weighted average number of Common Shares outstanding—diluted	267,764	265,440	266,954	252,469
Dividends declared per Common Share	\$ 0.1320	\$ 0.1150	\$ 0.3960	\$ 0.3450

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Net income for the period	\$ 58,800	\$ 21,712	\$ 180,407	\$ 979,657
Other comprehensive income (loss) —net of tax:				
Net foreign currency translation adjustments	3,823	2,725	3,283	(7,582)
Unrealized gain (loss) on cash flow hedges:				
Unrealized gain (loss) - net of tax expense (recovery) effect of (\$338) and \$125 for the three months ended March 31, 2018 and 2017, respectively; \$65 and (\$254) for the nine months ended March 31, 2018 and 2017, respectively	(935)	348	182	(705)
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of (\$112) and \$14 for the three months ended March 31, 2018 and 2017, respectively; (\$540) and (\$24) for the nine months ended March 31, 2018 and 2017, respectively	(311)	40	(1,499)	(68)
Actuarial gain (loss) relating to defined benefit pension plans:				
Actuarial gain (loss) - net of tax expense (recovery) effect of \$413 and (\$64) for the three months ended March 31, 2018 and 2017, respectively; \$177 and \$420 for the nine months ended March 31, 2018 and 2017, respectively	1,648	686	1,485	5,047
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$45 and \$59 for the three months ended March 31, 2018 and 2017, respectively; \$130 and \$178 for the nine months ended March 31, 2018 and 2017, respectively	64	139	176	420
Unrealized net gain (loss) on marketable securities - net of tax effect of nil for the three and nine months ended March 31, 2018 and 2017, respectively	—	(541)	—	(141)
Release of unrealized gain on marketable securities - net of tax effect of nil for the three and nine months ended March 31, 2018 and 2017, respectively	—	—	(617)	—
Total other comprehensive income (loss) net, for the period	4,289	3,397	3,010	(3,029)
Total comprehensive income	63,089	25,109	183,417	976,628
Comprehensive (income) loss attributable to non-controlling interests	(6)	(96)	94	(135)
Total comprehensive income attributable to OpenText	<u>\$ 63,083</u>	<u>\$ 25,013</u>	<u>\$ 183,511</u>	<u>\$ 976,493</u>

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Cash flows from operating activities:				
Net income for the period	\$ 58,800	\$ 21,712	\$ 180,407	\$ 979,657
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of intangible assets	117,158	96,667	339,252	242,644
Share-based compensation expense	5,080	6,661	20,473	22,373
Excess tax expense (benefits) on share-based compensation expense	—	(1,044)	—	(1,586)
Pension expense	965	892	2,834	2,953
Amortization of debt issuance costs	1,303	1,127	3,835	3,781
Amortization of deferred charges and credits	941	2,146	3,175	6,438
Loss on sale and write down of property and equipment	326	—	489	—
Release of unrealized gain on marketable securities to income	—	—	(841)	—
Deferred taxes	18,266	(22,011)	62,640	(890,244)
Share in net (income) loss of equity investees	307	(160)	503	(6,153)
Write off of unamortized debt issuance costs	—	833	—	833
Other non-cash charges	—	—	—	1,033
Changes in operating assets and liabilities:				
Accounts receivable	(6,240)	(37,551)	(55,698)	(37,095)
Prepaid expenses and other current assets	(5,152)	(18,119)	(10,535)	(6,234)
Income taxes and deferred charges and credits	(23,651)	11,190	(22,068)	1,570
Accounts payable and accrued liabilities	(19,779)	40,516	(92,278)	16,521
Deferred revenue	123,550	54,659	74,704	6,917
Other assets	(1,197)	(1,215)	(2,466)	(6,635)
Net cash provided by operating activities	<u>270,677</u>	<u>156,303</u>	<u>504,426</u>	<u>336,773</u>
Cash flows from investing activities:				
Additions of property and equipment	(27,101)	(17,797)	(83,038)	(50,071)
Proceeds from maturity of short-term investments	—	—	—	9,212
Purchase of Hightail Inc.	(20,466)	—	(20,466)	—
Purchase of Guidance Software, net of cash acquired	—	—	(229,275)	—
Purchase of Covisint Corporation, net of cash acquired	—	—	(71,279)	—
Purchase of ECD Business	—	(1,622,394)	—	(1,622,394)
Purchase of HP Inc. CCM Business	—	—	—	(315,000)
Purchase of Recommend, Inc.	—	—	—	(170,107)
Purchase consideration for acquisitions completed prior to Fiscal 2017	—	—	—	(7,146)
Other investing activities	(3,118)	(2,450)	(11,179)	(3,013)
Net cash used in investing activities	<u>(50,685)</u>	<u>(1,642,641)</u>	<u>(415,237)</u>	<u>(2,158,519)</u>
Cash flows from financing activities:				
Excess tax (expense) benefits on share-based compensation expense	—	1,044	—	1,586
Proceeds from issuance of long-term debt and revolver	—	225,000	200,000	481,875
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	36,442	15,967	66,064	26,668
Proceeds from issuance of Common shares under public Equity Offering	—	—	—	604,223
Repayment of long-term debt and revolver	(101,940)	(1,940)	(105,820)	(5,940)
Debt issuance costs	—	(2,045)	—	(6,200)
Equity issuance costs	—	(1,345)	—	(19,472)
Purchase of treasury stock	—	(4,245)	—	(4,245)
Payments of dividends to shareholders	(35,168)	(30,303)	(104,996)	(85,953)
Net cash provided by (used in) financing activities	<u>(100,666)</u>	<u>202,133</u>	<u>55,248</u>	<u>992,542</u>
Foreign exchange gain (loss) on cash held in foreign currencies	10,157	10,714	17,703	(5,553)
Increase (decrease) in cash and cash equivalents during the period	129,483	(1,273,491)	162,140	(834,757)
Cash and cash equivalents at beginning of the period	476,014	1,722,491	443,357	1,283,757
Cash and cash equivalents at end of the period	<u>\$ 605,497</u>	<u>\$ 449,000</u>	<u>\$ 605,497</u>	<u>\$ 449,000</u>