

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

ASSETS	March 31, 2019 (unaudited)	June 30, 2018
Cash and cash equivalents	\$ 765,224	\$ 682,942
Accounts receivable trade, net of allowance for doubtful accounts of \$16,946 as of March 31, 2019 and \$9,741 as of June 30, 2018	478,264	487,956
Contract assets	19,737	—
Income taxes recoverable	39,041	55,623
Prepaid expenses and other current assets	96,048	101,059
Total current assets	1,398,314	1,327,580
Property and equipment	241,974	264,205
Long-term contract assets	15,794	—
Goodwill	3,772,112	3,580,129
Acquired intangible assets	1,233,136	1,296,637
Deferred tax assets	1,035,481	1,122,729
Other assets	135,159	111,267
Deferred charges	—	38,000
Long-term income taxes recoverable	32,667	24,482
Total assets	\$ 7,864,637	\$ 7,765,029
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 295,749	\$ 302,154
Current portion of long-term debt	10,000	10,000
Deferred revenues	664,208	644,211
Income taxes payable	45,124	38,234
Total current liabilities	1,015,081	994,599
Long-term liabilities:		
Accrued liabilities	50,714	52,827
Deferred credits	—	2,727
Pension liability	71,563	65,719
Long-term debt	2,606,283	2,610,523
Deferred revenues	50,905	69,197
Long-term income taxes payable	178,775	172,241
Deferred tax liabilities	52,944	79,938
Total long-term liabilities	3,011,184	3,053,172
Shareholders' equity:		
Share capital and additional paid-in capital		
269,274,185 and 267,651,084 Common Shares issued and outstanding at March 31, 2019 and June 30, 2018, respectively; authorized Common Shares: unlimited	1,751,811	1,707,073
Accumulated other comprehensive income	25,418	33,645
Retained earnings	2,088,858	1,994,235
Treasury stock, at cost (806,704 shares at March 31, 2019 and 690,336 shares at June 30, 2018, respectively)	(28,898)	(18,732)
Total OpenText shareholders' equity	3,837,189	3,716,221
Non-controlling interests	1,183	1,037
Total shareholders' equity	3,838,372	3,717,258
Total liabilities and shareholders' equity	\$ 7,864,637	\$ 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 March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Revenues:				
License	\$ 98,721	\$ 84,113	\$ 308,364	\$ 297,588
Cloud services and subscriptions	238,607	209,102	665,923	611,076
Customer support	310,762	312,279	932,667	915,753
Professional service and other	71,056	80,385	214,580	236,554
Total revenues	719,146	685,879	2,121,534	2,060,971
Cost of revenues:				
License	2,692	3,098	10,219	10,645
Cloud services and subscriptions	103,873	94,195	280,274	268,814
Customer support	31,844	33,770	93,582	99,657
Professional service and other	56,626	64,179	169,452	188,493
Amortization of acquired technology-based intangible assets	44,596	47,303	140,439	138,391
Total cost of revenues	239,631	242,545	693,966	706,000
Gross profit	479,515	443,334	1,427,568	1,354,971
Operating expenses:				
Research and development	84,905	83,396	238,128	241,093
Sales and marketing	132,244	129,876	378,619	381,642
General and administrative	51,833	54,794	154,955	152,650
Depreciation	25,028	23,093	72,716	64,042
Amortization of acquired customer-based intangible assets	48,832	46,762	140,627	136,819
Special charges	796	2,644	33,487	21,390
Total operating expenses	343,638	340,565	1,018,532	997,636
Income from operations	135,877	102,769	409,036	357,335
Other income (expense), net	5,065	11,140	6,965	26,911
Interest and other related expense, net	(35,607)	(34,980)	(103,751)	(103,195)
Income before income taxes	105,335	78,929	312,250	281,051
Provision for (recovery of) income taxes	32,542	20,129	98,628	100,644
Net income for the period	\$ 72,793	\$ 58,800	\$ 213,622	\$ 180,407
Net (income) loss attributable to non-controlling interests	(31)	(6)	(104)	94
Net income attributable to OpenText	\$ 72,762	\$ 58,794	\$ 213,518	\$ 180,501
Earnings per share—basic attributable to OpenText	\$ 0.27	\$ 0.22	\$ 0.80	\$ 0.68
Earnings per share—diluted attributable to OpenText	\$ 0.27	\$ 0.22	\$ 0.79	\$ 0.68
Weighted average number of Common Shares outstanding—basic	268,991	266,572	268,511	265,619
Weighted average number of Common Shares outstanding—diluted	270,030	267,764	269,606	266,954

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,	
	2019	2018	2019	2018
Net income for the period	\$ 72,793	\$ 58,800	\$ 213,622	\$ 180,407
Other comprehensive income (loss)—net of tax:				
Net foreign currency translation adjustments	3,189	3,823	(3,749)	3,283
Unrealized gain (loss) on cash flow hedges:				
Unrealized gain (loss) - net of tax expense (recovery) effect of \$222 and (\$338) for the three months ended March 31, 2019 and 2018, respectively; (\$274) and \$65 for the nine months ended March 31, 2019 and 2018, respectively	615	(935)	(760)	182
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of \$124 and (\$112) for the three months ended March 31, 2019 and 2018, respectively; \$425 and (\$540) for the nine months ended March 31, 2019 and 2018, respectively	346	(311)	1,179	(1,499)
Actuarial gain (loss) relating to defined benefit pension plans:				
Actuarial gain (loss) - net of tax expense (recovery) effect of (\$1,177) and \$413 for the three months ended March 31, 2019 and 2018, respectively; (\$1,390) and \$177 for the nine months ended March 31, 2019 and 2018, respectively	(4,785)	1,648	(5,109)	1,485
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$78 and \$45 for the three months ended March 31, 2019 and 2018, respectively; \$223 and \$130 for the nine months ended March 31, 2019 and 2018, respectively	82	64	212	176
Release of unrealized gain on marketable securities - net of tax effect of nil	—	—	—	(617)
Total other comprehensive income (loss) net, for the period	(553)	4,289	(8,227)	3,010
Total comprehensive income	72,240	63,089	205,395	183,417
Comprehensive (income) loss attributable to non-controlling interests	(31)	(6)	(104)	94
Total comprehensive income attributable to OpenText	\$ 72,209	\$ 63,083	\$ 205,291	\$ 183,511

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

Nine Months Ended March 31, 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, 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
Issuance of Common Shares								
Under employee stock option plans	62	1,740	—	—	—	—	—	1,740
Under employee stock purchase plans	175	5,696	—	—	—	—	—	5,696
Share-based compensation	—	6,885	—	—	—	—	—	6,885
Purchase of treasury stock	—	—	(370)	(12,815)	—	—	—	(12,815)
Issuance of treasury stock	—	(13,955)	545	13,955	—	—	—	—
Dividends declared (\$0.1518 per Common Share)	—	—	—	—	(40,700)	—	—	(40,700)
Other comprehensive income - net	—	—	—	—	—	(6,285)	—	(6,285)
Net income for the quarter	—	—	—	—	104,432	—	29	104,461
Balance as of December 31, 2018	268,569	\$ 1,731,299	(817)	\$ (29,241)	\$ 2,056,831	\$ 25,971	\$ 1,152	\$ 3,786,012
Issuance of Common Shares								
Under employee stock option plans	544	11,661	—	—	—	—	—	11,661
Under employee stock purchase plans	161	4,447	—	—	—	—	—	4,447
Share-based compensation	—	6,712	—	—	—	—	—	6,712
Purchase of treasury stock	—	—	(52)	(1,965)	—	—	—	(1,965)
Issuance of treasury stock	—	(2,308)	62	2,308	—	—	—	—
Dividends declared (\$0.1518 per Common Share)	—	—	—	—	(40,735)	—	—	(40,735)
Other comprehensive income - net	—	—	—	—	—	(553)	—	(553)
Net income for the quarter	—	—	—	—	72,762	—	31	72,793
Balance as of March 31, 2019	269,274	\$ 1,751,811	(807)	\$ (28,898)	\$ 2,088,858	\$ 25,418	\$ 1,183	\$ 3,838,372

Nine Months Ended March 31, 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, 2017	264,060	\$ 1,613,454	(1,102)	\$ (27,520)	\$ 1,897,624	\$ 48,800	\$ 961	\$ 3,533,319
Issuance of Common Shares								
Under employee stock option plans	1,048	16,154	—	—	—	—	—	16,154
Under employee stock purchase plans	180	4,837	—	—	—	—	—	4,837
Share-based compensation	—	8,235	—	—	—	—	—	8,235
Issuance of treasury stock	—	(178)	9	178	—	—	—	—
Dividends declared (\$0.1320 per Common Share)	—	—	—	—	(35,017)	—	—	(35,017)
Other comprehensive income - net	—	—	—	—	—	718	—	718
Net income for the quarter	—	—	—	—	36,596	—	94	36,690
Balance as of September 30, 2017	265,288	\$ 1,642,502	(1,093)	\$ (27,342)	\$ 1,899,203	\$ 49,518	\$ 1,055	\$ 3,564,936
Issuance of Common Shares								
Under employee stock option plans	145	\$ 3,374	—	\$ —	\$ —	\$ —	\$ —	\$ 3,374
Under employee stock purchase plans	193	5,275	—	—	—	—	—	5,275
Share-based compensation	—	7,158	—	—	—	—	—	7,158
Issuance of treasury stock	—	(8,092)	379	8,092	—	—	—	—
Dividends declared (\$0.1320 per Common Share)	—	—	—	—	(34,811)	—	—	(34,811)
Other comprehensive income - net	—	—	—	—	—	(1,997)	—	(1,997)
Net income for the quarter	—	—	—	—	85,111	—	(194)	84,917
Balance as of December 31, 2017	265,626	\$ 1,650,217	(714)	\$ (19,250)	\$ 1,949,503	\$ 47,521	\$ 861	\$ 3,628,852
Issuance of Common Shares								
Under employee stock option plans	1,490	30,595	—	—	—	—	—	30,595
Under employee stock purchase plans	150	4,532	—	—	—	—	—	4,532
Share-based compensation	—	5,080	—	—	—	—	—	5,080
Issuance of treasury stock	—	(427)	20	427	—	—	—	—
Dividends declared (\$0.1320 per Common Share)	—	—	—	—	(35,168)	—	—	(35,168)
Other comprehensive income - net	—	—	—	—	—	4,289	—	4,289
Net income for the quarter	—	\$ —	—	\$ —	\$ 58,794	\$ —	\$ 6	\$ 58,800
Balance as of March 31, 2018	267,266	\$ 1,689,997	(694)	\$ (18,823)	\$ 1,973,129	\$ 51,810	\$ 867	\$ 3,696,980

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

	<u>Three Months Ended March 31,</u>		<u>Nine Months Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:				
Net income for the period	\$ 72,793	\$ 58,800	\$ 213,622	\$ 180,407
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of intangible assets	118,456	117,158	353,782	339,252
Share-based compensation expense	6,712	5,080	20,152	20,473
Pension expense	1,158	965	3,412	2,834
Amortization of debt issuance costs	1,077	1,303	3,234	3,835
Amortization of deferred charges and credits	—	941	—	3,175
Loss on sale and write down of property and equipment	10	326	9,438	489
Release of unrealized gain on marketable securities to income	—	—	—	(841)
Deferred taxes	2,398	18,266	11,307	62,640
Share in net (income) loss of equity investees	(2,789)	307	(10,652)	503
Changes in operating assets and liabilities:				
Accounts receivable	19,229	(6,240)	52,777	(55,698)
Contract assets	(15,472)	—	(28,872)	—
Prepaid expenses and other current assets	(13,027)	(5,152)	(495)	(10,535)
Income taxes and deferred charges and credits	3,682	(23,651)	21,006	(22,068)
Accounts payable and accrued liabilities	(896)	(19,779)	(30,644)	(92,278)
Deferred revenue	93,285	123,550	24,134	74,704
Other assets	(619)	(1,285)	4,300	(2,871)
Net cash provided by operating activities	<u>285,997</u>	<u>270,589</u>	<u>646,501</u>	<u>504,021</u>
Cash flows from investing activities:				
Additions of property and equipment	(16,968)	(27,101)	(50,432)	(83,038)
Purchase of Catalyst Repository Systems Inc.	(70,800)	—	(70,800)	—
Purchase of Liaison Technologies, Inc.	641	—	(310,644)	—
Purchase of Hightail Inc.	—	(20,466)	—	(20,466)
Purchase of Guidance Software, net of cash acquired	—	—	(2,279)	(229,275)
Purchase of Covisint Corporation, net of cash acquired	—	—	—	(71,279)
Other investing activities	(1,831)	(3,118)	(8,204)	(11,179)
Net cash used in investing activities	<u>(88,958)</u>	<u>(50,685)</u>	<u>(442,359)</u>	<u>(415,237)</u>
Cash flows from financing activities:				
Proceeds from issuance of long-term debt and revolver	—	—	—	200,000
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	17,811	36,442	42,097	66,064
Repayment of long-term debt and revolver	(2,500)	(101,940)	(7,500)	(105,820)
Debt issuance costs	—	—	(322)	—
Purchase of treasury stock	(1,965)	—	(26,499)	—
Repurchase of non-controlling interest	—	—	(583)	—
Payments of dividends to shareholders	(40,735)	(35,168)	(121,901)	(104,996)
Net cash provided by (used in) financing activities	<u>(27,389)</u>	<u>(100,666)</u>	<u>(114,708)</u>	<u>55,248</u>
Foreign exchange gain (loss) on cash held in foreign currencies	1,992	10,157	(3,909)	17,703
Increase (decrease) in cash, cash equivalents and restricted cash during the period	171,642	129,395	85,525	161,735
Cash, cash equivalents and restricted cash at beginning of the period	597,874	478,550	683,991	446,210
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 769,516</u>	<u>\$ 607,945</u>	<u>\$ 769,516</u>	<u>\$ 607,945</u>

Reconciliation of cash, cash equivalents and restricted cash:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cash and cash equivalents	765,224	605,497
Restricted cash included in Other assets	4,292	2,448
Total Cash, cash equivalents and restricted cash	<u>\$ 769,516</u>	<u>\$ 607,945</u>