

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

ASSETS	March 31, 2017	June 30, 2016
	(unaudited)	
Cash and cash equivalents	\$ 449,000	\$ 1,283,757
Short-term investments	2,698	11,839
Accounts receivable trade, net of allowance for doubtful accounts of \$6,270 as of March 31, 2017 and \$6,740 as of June 30, 2016	360,272	285,904
Income taxes recoverable	20,051	31,752
Prepaid expenses and other current assets	79,318	59,021
Total current assets	911,339	1,672,273
Property and equipment	195,124	183,660
Goodwill	3,407,526	2,325,586
Acquired intangible assets	1,558,424	646,240
Deferred tax assets	1,222,386	241,161
Other assets	72,041	53,697
Deferred charges	56,684	22,776
Long-term income taxes recoverable	9,700	8,751
Total assets	\$ 7,433,224	\$ 5,154,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 290,465	\$ 257,450
Current portion of long-term debt	232,760	8,000
Deferred revenues	573,258	373,549
Income taxes payable	34,555	32,030
Total current liabilities	1,131,038	671,029
Long-term liabilities:		
Accrued liabilities	40,501	29,848
Deferred credits	6,052	8,357
Pension liability	57,300	61,993
Long-term debt	2,388,805	2,137,987
Deferred revenues	59,000	37,461
Long-term income taxes payable	149,825	149,041
Deferred tax liabilities	97,104	79,231
Total long-term liabilities	2,798,587	2,503,918
Shareholders' equity:		
Share capital		
263,750,312 and 242,809,354 Common Shares issued and outstanding at March 31, 2017 and June 30, 2016, respectively; authorized Common Shares: unlimited	1,431,801	817,788
Additional paid-in capital	165,635	147,280
Accumulated other comprehensive income	43,281	46,310
Retained earnings	1,886,115	992,546
Treasury stock, at cost (997,157 shares at March 31, 2017 and 1,267,294 at June 30, 2016, respectively)	(23,909)	(25,268)
Total OpenText shareholders' equity	3,502,923	1,978,656
Non-controlling interests	676	541
Total shareholders' equity	3,503,599	1,979,197
Total liabilities and shareholders' equity	\$ 7,433,224	\$ 5,154,144

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,	
	2017	2016	2017	2016
Revenues:				
License	\$ 87,227	\$ 64,397	\$ 245,647	\$ 197,584
Cloud services and subscriptions	177,109	147,505	521,857	444,394
Customer support	263,436	183,636	693,298	553,440
Professional service and other	65,358	45,005	166,701	145,007
Total revenues	593,130	440,543	1,627,503	1,340,425
Cost of revenues:				
License	4,008	2,480	10,244	7,190
Cloud services and subscriptions	77,225	61,298	220,667	179,132
Customer support	34,442	22,427	87,529	64,624
Professional service and other	55,529	37,599	137,167	114,038
Amortization of acquired technology-based intangible assets	39,285	17,630	87,268	56,244
Total cost of revenues	210,489	141,434	542,875	421,228
Gross profit	382,641	299,109	1,084,628	919,197
Operating expenses:				
Research and development	77,086	48,160	200,379	140,310
Sales and marketing	117,498	84,600	315,297	248,420
General and administrative	44,828	37,731	122,939	107,067
Depreciation	16,557	13,754	47,128	39,998
Amortization of acquired customer-based intangible assets	40,825	27,966	108,248	83,564
Special charges	20,586	(1,671)	44,157	24,754
Total operating expenses	317,380	210,540	838,148	644,113
Income from operations	65,261	88,569	246,480	275,084
Other income (expense), net	1,424	2,120	4,565	(1,832)
Interest and other related expense, net	(31,734)	(16,228)	(86,752)	(54,461)
Income before income taxes	34,951	74,461	164,293	218,791
Provision for (recovery of) income taxes	13,239	5,353	(815,364)	20,629
Net income for the period	\$ 21,712	\$ 69,108	\$ 979,657	\$ 198,162
Net (income) loss attributable to non-controlling interests	(96)	7	(135)	(75)
Net income attributable to OpenText	\$ 21,616	\$ 69,115	\$ 979,522	\$ 198,087
Earnings per share—basic attributable to OpenText	\$ 0.08	\$ 0.29	\$ 3.91	\$ 0.82
Earnings per share—diluted attributable to OpenText	\$ 0.08	\$ 0.28	\$ 3.88	\$ 0.81
Weighted average number of Common Shares outstanding—basic	263,329	242,318	250,538	243,028
Weighted average number of Common Shares outstanding—diluted	265,440	243,412	252,469	244,088
Dividends declared per Common Share	\$ 0.1150	\$ 0.1000	\$ 0.3450	\$ 0.3000

As a result of the two-for-one share split, effected January 24, 2017 by way of a share sub-division, all current and historical period per share data and number of Common Shares outstanding in these Condensed Consolidated Financial Statements are presented on a post share split basis.

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,	
	2017	2016	2017	2016
Net income for the period	\$ 21,712	\$ 69,108	\$ 979,657	\$ 198,162
Other comprehensive income—net of tax:				
Net foreign currency translation adjustments	2,725	988	(7,582)	(40)
Unrealized gain (loss) on cash flow hedges:				
Unrealized gain (loss) - net of tax expense (recovery) effect of \$125 and \$763 for the three months ended March 31, 2017 and 2016, respectively; (\$254) and (\$974) for the nine months ended March 31, 2017 and 2016, respectively	348	2,115	(705)	(2,704)
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of \$14 and \$391 for the three months ended March 31, 2017 and 2016, respectively; (\$24) and \$869 for the nine months ended March 31, 2017 and 2016, respectively	40	1,086	(68)	2,412
Actuarial gain (loss) relating to defined benefit pension plans:				
Actuarial gain (loss) - net of tax expense (recovery) effect of (\$64) and (\$842) for the three months ended March 31, 2017 and 2016, respectively; \$420 and (\$632) for the nine months ended March 31, 2017 and 2016, respectively	686	(1,848)	5,047	(87)
Amortization of actuarial loss into net income - net of tax recovery effect of \$59 and \$33 for the three months ended March 31, 2017 and 2016, respectively; \$178 and \$99 for the nine months ended March 31, 2017 and 2016, respectively	139	88	420	261
Unrealized net gain (loss) on short-term investments - net of tax effect of nil for the three and nine months ended March 31, 2017 and 2016, respectively	(541)	(557)	(141)	(422)
Total other comprehensive income (loss), net, for the period	3,397	1,872	(3,029)	(580)
Total comprehensive income	25,109	70,980	976,628	197,582
Comprehensive (income) loss attributable to non-controlling interests	(96)	7	(135)	(75)
Total comprehensive income attributable to OpenText	<u>\$ 25,013</u>	<u>\$ 70,987</u>	<u>\$ 976,493</u>	<u>\$ 197,507</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,	
	2017	2016	2017	2016
Cash flows from operating activities:				
Net income for the period	\$ 21,712	\$ 69,108	\$ 979,657	\$ 198,162
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of intangible assets	96,667	59,350	242,644	179,806
Share-based compensation expense	6,661	5,966	22,373	19,080
Excess tax (benefits) on share-based compensation expense	(1,044)	(217)	(1,586)	(257)
Pension expense	892	1,134	2,953	3,459
Amortization of debt issuance costs	1,127	1,158	3,781	3,470
Amortization of deferred charges and credits	2,146	2,652	6,438	7,250
Write off of unamortized debt issuance costs	833	—	833	—
Loss on sale and write down of property and equipment	—	218	—	1,108
Deferred taxes	(22,011)	(7,823)	(890,244)	(15,692)
Share in net (income) of equity investees	(160)	—	(6,153)	—
Other non-cash charges	—	—	1,033	—
Changes in operating assets and liabilities:				
Accounts receivable	(37,551)	11,272	(37,095)	22,152
Prepaid expenses and other current assets	(18,119)	(3,202)	(6,234)	(2,589)
Income taxes and deferred charges and credits	11,190	2,996	1,570	3,290
Accounts payable and accrued liabilities	40,516	(12,615)	16,521	(27,434)
Deferred revenue	54,659	61,237	6,917	12,564
Other assets	(1,215)	(1,290)	(6,635)	2,233
Net cash provided by operating activities	<u>156,303</u>	<u>189,944</u>	<u>336,773</u>	<u>406,602</u>
Cash flows from investing activities:				
Additions of property and equipment	(17,797)	(18,998)	(50,071)	(48,897)
Proceeds from maturity of short-term investments	—	3,915	9,212	9,239
Purchase of ECD Business	(1,622,394)	—	(1,622,394)	—
Purchase of HP Inc. CCM Business	—	—	(315,000)	—
Purchase of Recommind, Inc.	—	—	(170,107)	—
Purchase of HP Inc. CEM Business	—	—	(7,289)	—
Purchase of ANXe Business Corporation	—	—	143	—
Purchase of Daegis Inc., net of cash acquired	—	—	—	(22,146)
Purchase consideration for acquisitions completed prior to Fiscal 2016	—	(3,785)	—	(13,644)
Other investing activities	(2,450)	(2,444)	(3,013)	(6,124)
Net cash used in investing activities	<u>(1,642,641)</u>	<u>(21,312)</u>	<u>(2,158,519)</u>	<u>(81,572)</u>
Cash flows from financing activities:				
Excess tax benefits on share-based compensation expense	1,044	217	1,586	257
Proceeds from issuance of long-term debt	—	—	256,875	—
Proceeds from Revolver	225,000	—	225,000	—
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	15,967	3,840	26,668	11,828
Proceeds from issuance of Common Shares under public Equity Offering	—	—	604,223	—
Repayment of long-term debt and revolver	(1,940)	(2,000)	(5,940)	(6,000)
Debt issuance costs	(2,045)	—	(6,200)	—
Equity issuance costs	(1,345)	—	(19,472)	—
Common Shares repurchased	—	—	—	(65,509)
Purchase of treasury stock	(4,245)	—	(4,245)	(10,627)
Payments of dividends to shareholders	(30,303)	(24,099)	(85,953)	(71,627)
Net cash provided by (used in) financing activities	<u>202,133</u>	<u>(22,042)</u>	<u>992,542</u>	<u>(141,678)</u>
Foreign exchange gain (loss) on cash held in foreign currencies	10,714	4,852	(5,553)	(5,946)
Increase (decrease) in cash and cash equivalents during the period	<u>(1,273,491)</u>	<u>151,442</u>	<u>(834,757)</u>	<u>177,406</u>
Cash and cash equivalents at beginning of the period	1,722,491	725,963	1,283,757	699,999
Cash and cash equivalents at end of the period	<u>\$ 449,000</u>	<u>\$ 877,405</u>	<u>\$ 449,000</u>	<u>\$ 877,405</u>