

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

ASSETS	June 30, 2018	June 30, 2017
Cash and cash equivalents	\$ 682,942	\$ 443,357
Accounts receivable trade, net of allowance for doubtful accounts of \$9,741 as of June 30, 2018 and \$6,319 as of June 30, 2017	487,956	445,812
Income taxes recoverable	55,623	32,683
Prepaid expenses and other current assets	101,059	81,625
Total current assets	1,327,580	1,003,477
Property and equipment	264,205	227,418
Goodwill	3,580,129	3,416,749
Acquired intangible assets	1,296,637	1,472,542
Deferred tax assets	1,122,729	1,215,712
Other assets	111,267	93,763
Deferred charges	38,000	42,344
Long-term income taxes recoverable	24,482	8,557
Total assets	\$ 7,765,029	\$ 7,480,562
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 302,154	\$ 342,120
Current portion of long-term debt	10,000	182,760
Deferred revenues	644,211	570,328
Income taxes payable	38,234	31,835
Total current liabilities	994,599	1,127,043
Long-term liabilities:		
Accrued liabilities	52,827	50,338
Deferred credits	2,727	5,283
Pension liability	65,719	58,627
Long-term debt	2,610,523	2,387,057
Deferred revenues	69,197	61,678
Long-term income taxes payable	172,241	162,493
Deferred tax liabilities	79,938	94,724
Total long-term liabilities	3,053,172	2,820,200
Shareholders' equity:		
Share capital and additional paid-in capital		
267,651,084 and 264,059,567 Common Shares issued and outstanding at June 30, 2018 and June 30, 2017, respectively; authorized Common Shares: unlimited	1,707,073	1,613,454
Accumulated other comprehensive income	33,645	48,800
Retained earnings	1,994,235	1,897,624
Treasury stock, at cost (690,336 shares at June 30, 2018 and 1,101,612 at June 30, 2017, respectively)	(18,732)	(27,520)
Total OpenText shareholders' equity	3,716,221	3,532,358
Non-controlling interests	1,037	961
Total shareholders' equity	3,717,258	3,533,319
Total liabilities and shareholders' equity	\$ 7,765,029	\$ 7,480,562

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

	Year Ended June 30,		
	2018	2017	2016
Revenues:			
License	\$ 437,512	\$ 369,144	\$ 283,710
Cloud services and subscriptions	828,968	705,495	601,018
Customer support	1,232,504	981,102	746,409
Professional service and other	316,257	235,316	193,091
Total revenues	<u>2,815,241</u>	<u>2,291,057</u>	<u>1,824,228</u>
Cost of revenues:			
License	13,693	13,632	10,296
Cloud services and subscriptions	364,091	300,255	244,021
Customer support	134,089	122,753	89,861
Professional service and other	253,670	195,195	155,584
Amortization of acquired technology-based intangible assets	185,868	130,556	74,238
Total cost of revenues	<u>951,411</u>	<u>762,391</u>	<u>574,000</u>
Gross profit	<u>1,863,830</u>	<u>1,528,666</u>	<u>1,250,228</u>
Operating expenses:			
Research and development	323,461	281,680	194,057
Sales and marketing	529,381	444,838	344,235
General and administrative	205,313	170,438	140,397
Depreciation	86,943	64,318	54,929
Amortization of acquired customer-based intangible assets	184,118	150,842	113,201
Special charges	29,211	63,618	34,846
Total operating expenses	<u>1,358,427</u>	<u>1,175,734</u>	<u>881,665</u>
Income from operations	<u>505,403</u>	<u>352,932</u>	<u>368,563</u>
Other income (expense), net	17,973	15,743	(1,423)
Interest and other related expense, net	<u>(137,250)</u>	<u>(119,124)</u>	<u>(76,363)</u>
Income before income taxes	386,126	249,551	290,777
Provision for (recovery of) income taxes	143,826	(776,364)	6,282
Net income for the period	<u>\$ 242,300</u>	<u>\$ 1,025,915</u>	<u>\$ 284,495</u>
Net (income) loss attributable to non-controlling interests	(76)	(256)	(18)
Net income attributable to OpenText	<u>\$ 242,224</u>	<u>\$ 1,025,659</u>	<u>\$ 284,477</u>
Earnings per share—basic attributable to OpenText	<u>\$ 0.91</u>	<u>\$ 4.04</u>	<u>\$ 1.17</u>
Earnings per share—diluted attributable to OpenText	<u>\$ 0.91</u>	<u>\$ 4.01</u>	<u>\$ 1.17</u>
Weighted average number of Common Shares outstanding—basic	<u>266,085</u>	<u>253,879</u>	<u>242,926</u>
Weighted average number of Common Shares outstanding—diluted	<u>267,492</u>	<u>255,805</u>	<u>244,076</u>
Dividends declared per Common Share	<u>\$ 0.5478</u>	<u>\$ 0.4770</u>	<u>\$ 0.4150</u>

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

	Three Months Ended June 30,	
	2018	2017
Revenues:		
License	\$ 139,924	\$ 123,497
Cloud services and subscriptions	217,892	183,638
Customer support	316,751	287,804
Professional service and other	79,703	68,615
Total revenues	754,270	663,554
Cost of revenues:		
License	3,048	3,388
Cloud services and subscriptions	95,079	79,588
Customer support	34,284	35,224
Professional service and other	64,980	58,028
Amortization of acquired technology-based intangible assets	47,477	43,288
Total cost of revenues	244,868	219,516
Gross profit	509,402	444,038
Operating expenses:		
Research and development	82,006	81,301
Sales and marketing	147,430	129,541
General and administrative	52,596	47,499
Depreciation	22,901	17,190
Amortization of acquired customer-based intangible assets	47,299	42,594
Special charges	7,821	19,461
Total operating expenses	360,053	337,586
Income from operations	149,349	106,452
Other income (expense), net	(8,938)	11,178
Interest and other related expense, net	(35,336)	(32,372)
Income before income taxes	105,075	85,258
Provision for (recovery of) income taxes	43,182	39,000
Net income for the period	\$ 61,893	\$ 46,258
Net (income) loss attributable to non-controlling interests	(170)	(121)
Net income attributable to OpenText	\$ 61,723	\$ 46,137
Earnings per share—basic attributable to OpenText	\$ 0.23	\$ 0.17
Earnings per share—diluted attributable to OpenText	\$ 0.23	\$ 0.17
Weighted average number of Common Shares outstanding—basic	267,489	263,938
Weighted average number of Common Shares outstanding—diluted	268,628	265,818
Dividends declared per Common Share	\$ 0.1518	\$ 0.1320

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

	Year Ended June 30,		
	2018	2017	2016
Net income for the period	\$ 242,300	\$ 1,025,915	\$ 284,495
Other comprehensive income (loss) —net of tax:			
Net foreign currency translation adjustments	(9,582)	(4,756)	(3,318)
Unrealized gain (loss) on cash flow hedges:			
Unrealized gain (loss) - net of tax expense (recovery) effect of (\$171), \$34 and (\$928) for the year ended June 30, 2018, 2017 and 2016, respectively	(476)	95	(2,574)
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of (\$489), \$67 and \$1,065 for the year ended June 30, 2018, 2017 and 2016, respectively	(1,357)	186	2,956
Actuarial gain (loss) relating to defined benefit pension plans:			
Actuarial gain (loss) - net of tax expense (recovery) effect of (\$1,846), \$840 and (\$1,612) for the year ended June 30, 2018, 2017 and 2016, respectively	(3,383)	6,216	(3,374)
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$183, \$241 and \$132 for the year ended June 30, 2018, 2017 and 2016, respectively	260	565	347
Unrealized net gain (loss) on marketable securities - net of tax effect of nil for the year ended June 30, 2018, 2017 and 2016, respectively	—	184	445
Release of unrealized gain on marketable securities - net of tax effect of nil for the year ended June 30, 2018, 2017 and 2016, respectively	(617)	—	—
Total other comprehensive income (loss) net, for the period	(15,155)	2,490	(5,518)
Total comprehensive income	227,145	1,028,405	278,977
Comprehensive (income) loss attributable to non-controlling interests	(76)	(256)	(18)
Total comprehensive income attributable to OpenText	\$ 227,069	\$ 1,028,149	\$ 278,959

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

	Year Ended June 30,		
	2018	2017	2016
Cash flows from operating activities:			
Net income for the period	\$ 242,300	\$ 1,025,915	\$ 284,495
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of intangible assets	456,929	345,715	242,368
Share-based compensation expense	27,594	30,507	25,978
Excess tax expense (benefits) on share-based compensation expense	—	(1,534)	(230)
Pension expense	3,738	3,893	4,577
Amortization of debt issuance costs	4,646	5,014	4,678
Amortization of deferred charges and credits	4,242	6,298	9,903
Loss on sale and write down of property and equipment	2,234	784	1,108
Release of unrealized gain on marketable securities to income	(841)	—	—
Deferred taxes	89,736	(871,195)	(54,461)
Share in net (income) loss of equity investees	(5,965)	(5,952)	—
Write off of unamortized debt issuance costs	155	833	—
Other non-cash charges	—	1,033	—
Changes in operating assets and liabilities:			
Accounts receivable	(22,566)	(126,784)	8,985
Prepaid expenses and other current assets	(7,274)	(7,766)	316
Income taxes and deferred charges and credits	(31,323)	(1,683)	6,294
Accounts payable and accrued liabilities	(91,650)	53,490	(5,671)
Deferred revenue	35,629	3,484	(4,781)
Other assets	2,301	(22,799)	2,163
Net cash provided by operating activities	<u>709,885</u>	<u>439,253</u>	<u>525,722</u>
Cash flows from investing activities:			
Additions of property and equipment	(105,318)	(79,592)	(70,009)
Proceeds from maturity of short-term investments	—	9,212	11,297
Purchase of Hightail Inc.	(20,535)	—	—
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)	—
Purchase of HP Inc. CCM Business	—	(315,000)	—
Purchase of Recommend, Inc.	—	(170,107)	—
Purchase consideration for prior period acquisitions	—	(7,146)	(293,071)
Other investing activities	(18,034)	(5,937)	(9,393)
Net cash used in investing activities	<u>(444,441)</u>	<u>(2,190,964)</u>	<u>(361,176)</u>
Cash flows from financing activities:			
Excess tax (expense) benefits on share-based compensation expense	—	1,534	230
Proceeds from issuance of long-term debt and revolver	1,200,000	481,875	600,000
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	75,935	35,593	20,097
Proceeds from issuance of Common shares under public Equity Offering	—	604,223	—
Repayment of long-term debt and revolver	(1,149,620)	(57,880)	(8,000)
Debt issuance costs	(4,375)	(7,240)	(6,765)
Equity issuance costs	—	(19,574)	—
Common Shares repurchased	—	—	(65,509)
Purchase of treasury stock	—	(8,198)	(10,627)
Purchase of non-controlling interest	—	(208)	—
Payments of dividends to shareholders	(145,613)	(120,581)	(99,262)
Net cash provided by (used in) financing activities	<u>(23,673)</u>	<u>909,544</u>	<u>430,164</u>
Foreign exchange gain (loss) on cash held in foreign currencies	(2,186)	1,767	(10,952)
Increase (decrease) in cash and cash equivalents during the period	239,585	(840,400)	583,758
Cash and cash equivalents at beginning of the period	443,357	1,283,757	699,999
Cash and cash equivalents at end of the period	<u>\$ 682,942</u>	<u>\$ 443,357</u>	<u>\$ 1,283,757</u>

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

	Three Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income for the period	\$ 61,893	\$ 46,258
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	117,677	103,071
Share-based compensation expense	7,121	8,134
Excess tax expense (benefits) on share-based compensation expense	—	52
Pension expense	904	940
Amortization of debt issuance costs	811	1,233
Amortization of deferred charges and credits	1,067	(140)
Loss on sale and write down of property and equipment	1,745	784
Deferred taxes	27,096	19,049
Share in net (income) loss of equity investees	(6,468)	201
Write off of unamortized debt issuance costs	155	—
Changes in operating assets and liabilities:		
Accounts receivable	33,132	(89,689)
Prepaid expenses and other current assets	3,261	(1,532)
Income taxes and deferred charges and credits	(9,255)	(3,253)
Accounts payable and accrued liabilities	628	36,969
Deferred revenue	(39,075)	(3,433)
Other assets	4,767	(16,164)
Net cash provided by operating activities	205,459	102,480
Cash flows from investing activities:		
Additions of property and equipment	(22,280)	(29,521)
Purchase of Hightail Inc.	(69)	—
Other investing activities	(6,855)	(2,924)
Net cash used in investing activities	(29,204)	(32,445)
Cash flows from financing activities:		
Excess tax (expense) benefits on share-based compensation expense	—	(52)
Proceeds from issuance of long-term debt and revolver	1,000,000	—
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	9,871	8,925
Repayment of long-term debt and revolver	(1,043,800)	(51,940)
Debt issuance costs	(4,375)	(1,040)
Equity issuance costs	—	(102)
Purchase of treasury stock	—	(3,953)
Repurchase of non-controlling interest	—	(208)
Payments of dividends to shareholders	(40,617)	(34,628)
Net cash provided by (used in) financing activities	(78,921)	(82,998)
Foreign exchange gain (loss) on cash held in foreign currencies	(19,889)	7,320
Increase (decrease) in cash and cash equivalents during the period	77,445	(5,643)
Cash and cash equivalents at beginning of the period	605,497	449,000
Cash and cash equivalents at end of the period	\$ 682,942	\$ 443,357