

The logo for Opentext, featuring the word "opentext" in a bold, white, sans-serif font with a trademark symbol (TM) to the upper right. The background is a dark blue with a complex network of glowing blue lines and dots, resembling a data visualization or a globe's grid.

opentextTM

Q3FY19 Financial & Business Results

NASDAQ: [OTEX](#) | TSX: [OTEX](#)

May 1, 2019

Safe Harbor Statement

Certain statements in this press release, including statements about the focus of Open Text Corporation (“OpenText” or “the Company”) in our fiscal year ending June 30, 2019 (Fiscal 2019) on growth in earnings and cash flows, creating value through investments in broader Enterprise Information Management (EIM) capabilities, distribution, 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, and distribution expansion, the focus on recurring revenues, improving efficiency, expanding cash flow and strengthening the business, adjusted operating income and cash flow, its financial condition, the adjusted operating margin target range, results of operations and earnings, announced acquisitions, ongoing tax matters, the integration of the acquired businesses, expected timing, charges and savings related to restructuring activities, declaration of quarterly dividends, future tax rates, new platform and product offerings, scaling OpenText to new levels in Fiscal 2019 and beyond, the anticipated size, benefits and timing related to our restructuring plan, 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 the new 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.

Q3 and Q3 YTD FY'19 Financial Highlights

With Y/Y Comparisons

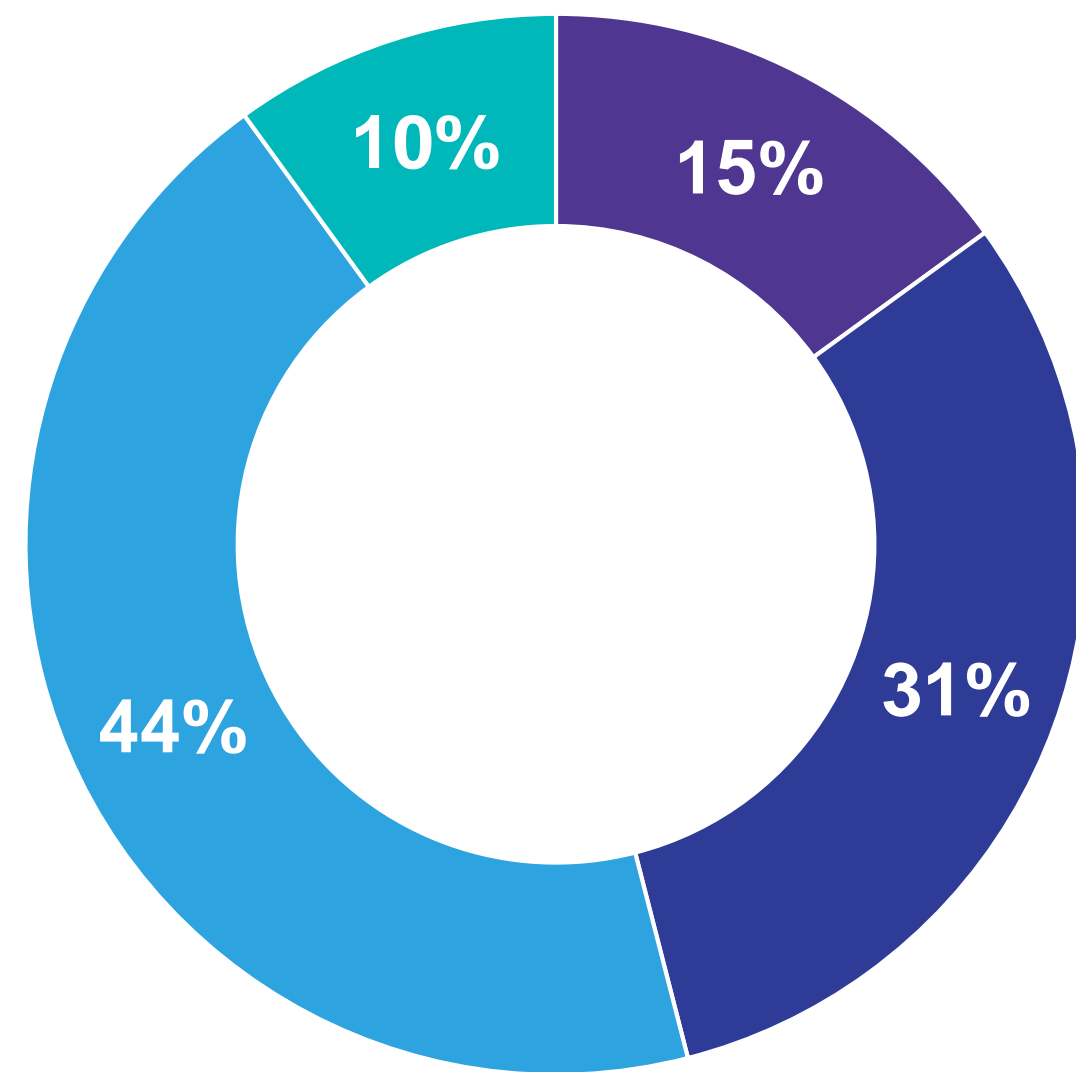
Q3 FY'19

Q3 YTD FY'19

Total Revenue	\$719.1M	↑ 4.9% ↑ 7.7% in CC	Total Revenue	\$2,121.5M	↑ 2.9% ↑ 4.5% in CC
Annual Recurring Revenue⁽¹⁾	\$549.4M, 76.4% of Total Revenue	↑ 5.4% ↑ 7.8% in CC	Annual Recurring Revenue	\$1,598.6M, 75.4% of Total Revenue	↑ 4.7% ↑ 6.0% in CC
Adjusted EBITDA⁽²⁾	\$261.8M, 36.4% (margin)	↑ 15.0% ↑ 17.1% in CC	Adjusted EBITDA^{(2), (3)}	\$816.4M, 38.5% (margin)	↑ 10.5% ↑ 11.0% in CC
Adjusted Gross Margin⁽²⁾	73.0%	↑ from 71.6%	Adjusted Gross Margin⁽²⁾	74.1%	↑ from 72.6%
Operating Cash Flows	\$286.0M	↑ from \$270.6M	Operating Cash Flows⁽³⁾	\$646.5M	↑ from \$504.0M

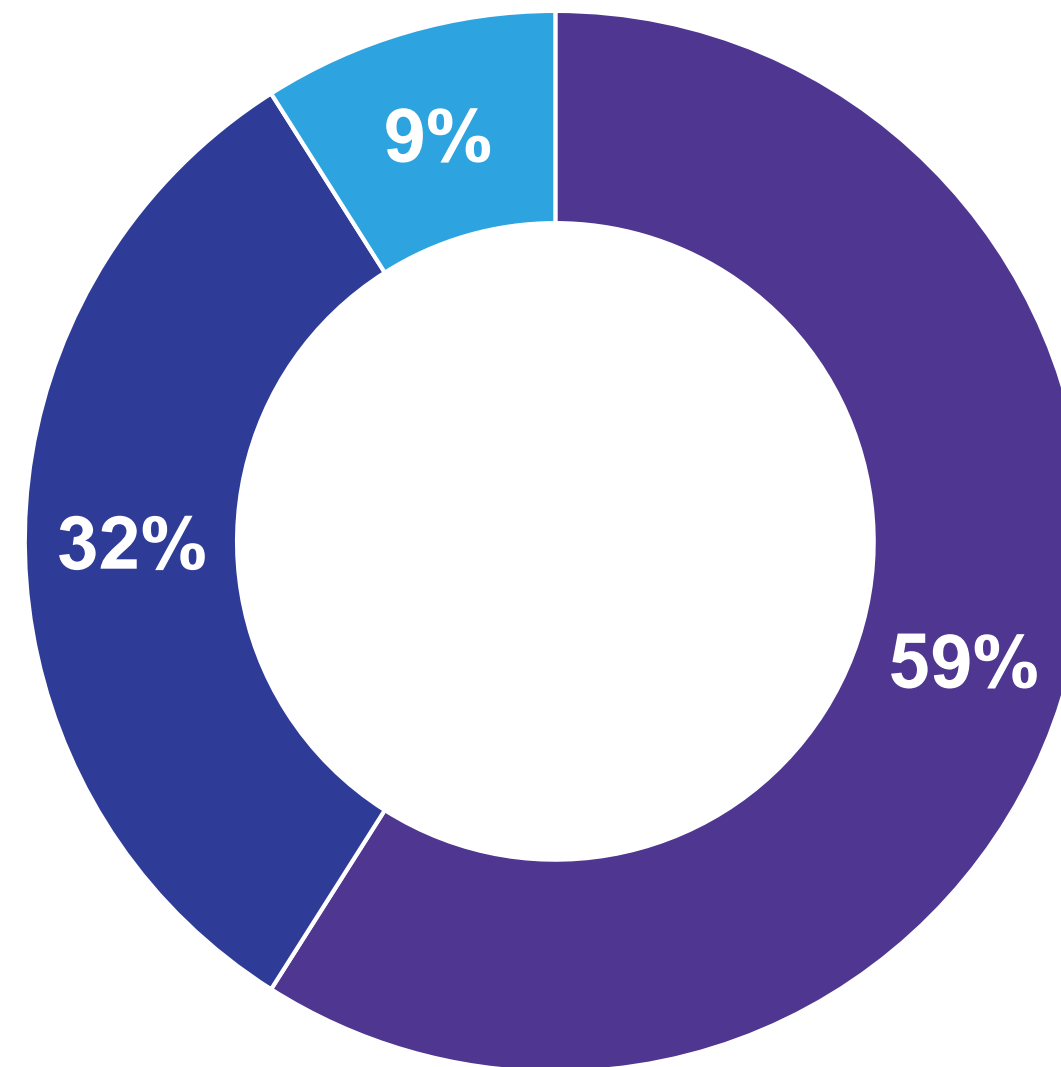
Q3 YTD FY'19 Revenue Breakdown

Total Revenue Mix



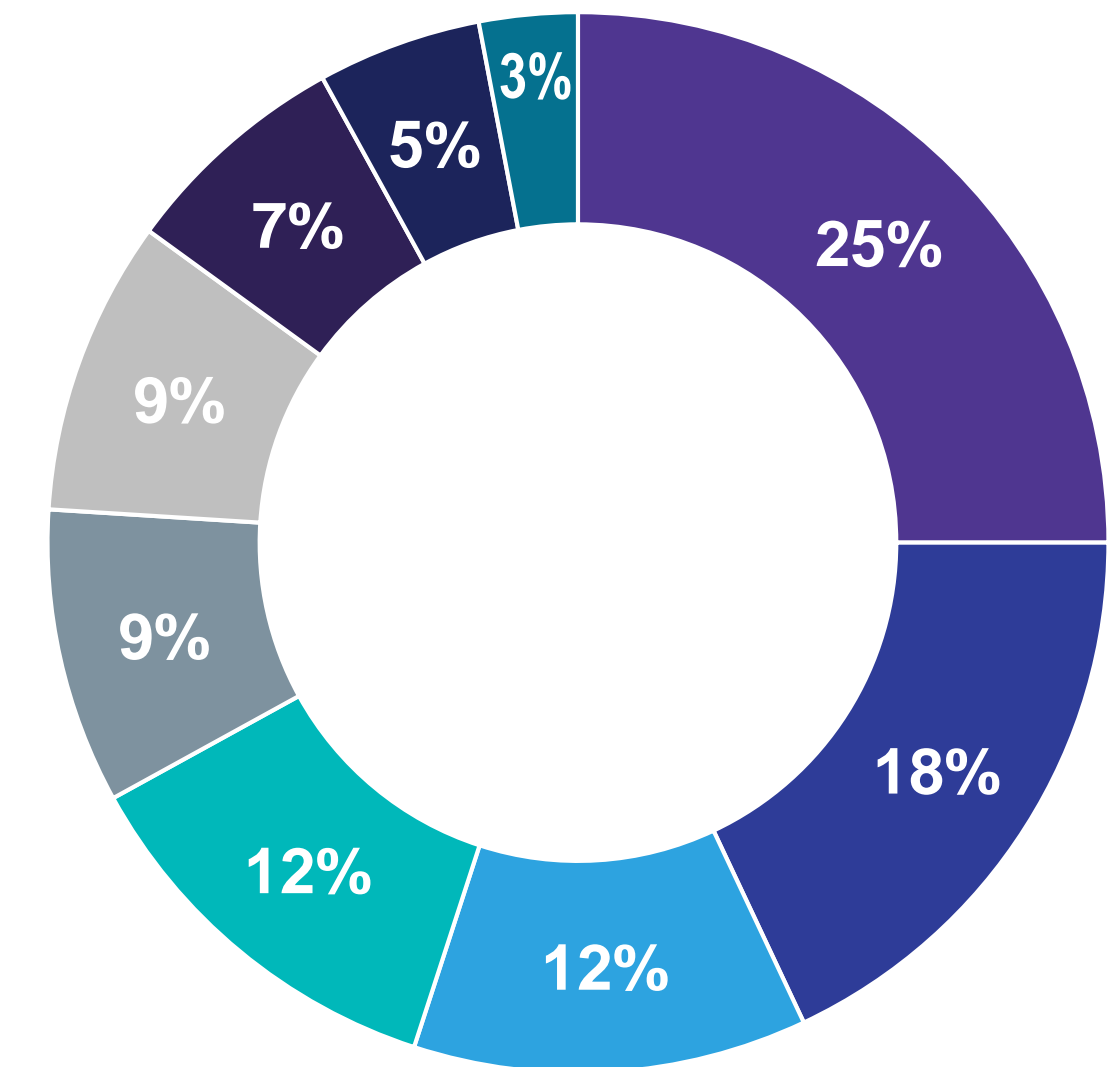
- License
- Cloud services & Subscriptions
- Customer Support
- Professional Service & Other

Total Revenue by Geography



- Americas
- EMEA
- APJ

ARR by Industry



- Financial
- Services
- Technology
- Consumer goods
- Public sector
- Healthcare
- Basic materials and conglomerates
- Industrial goods
- Utilities

Q3 Key Wins

TATA STEEL

Existing OpenText B2B Managed Services customer, Tata Steel Europe will engage OpenText Business Network's professional services teams to support onboarding their trading partners.

NORTON ROSE FULBRIGHT

Through their partnership with OpenText LegalTech, Norton Rose Fulbright attorneys are able to combine advanced analytics, data visualizations, and machine learning to prioritize legal review and find crucial evidence earlier in the process.

NTT DATA
Trusted Global Innovator

With globally proven best practices, NTT DATA Group provides its clients with world-class system integration solutions. NTT Data Group selected OpenText Documentum Webtouch and Documentum Platform to as a content management system for 9000 additional users.



The European Parliament is implementing an electronic records management system based on OpenText Documentum technologies for the preservation of records.



The new OpenText Modernized Government of Canada Enterprise License Agreement will allow the Government of Canada to meet its strategic goals and have a platform for digital government that provides the ability to improve services to Canadians.

FY2019 Acquisitions

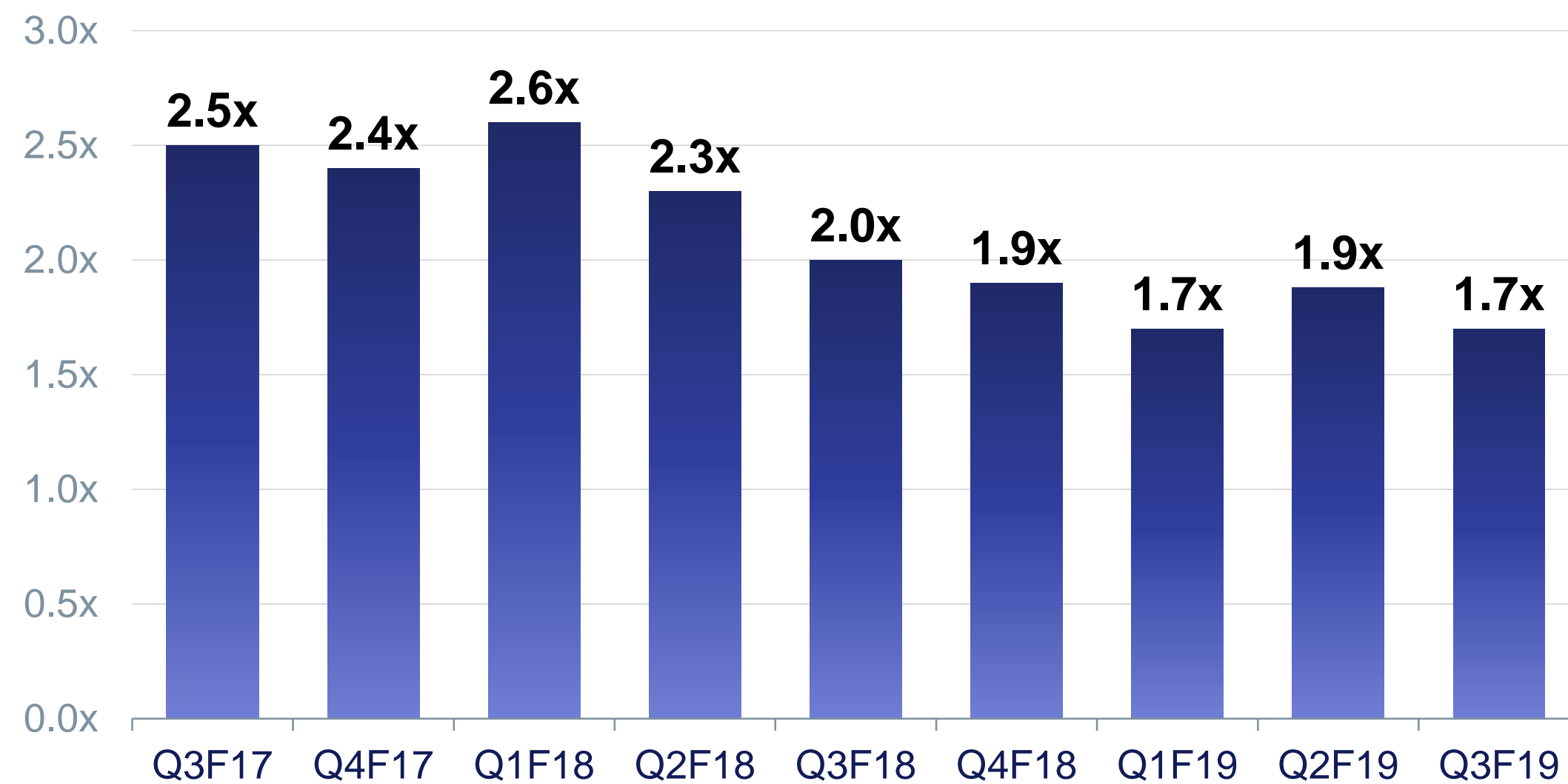


Date	<ul style="list-style-type: none">December 17, 2018
Purchase Price	<ul style="list-style-type: none">US\$311 million, all-cash, approx. \$100M in TTM revenue
Rationale	<ul style="list-style-type: none">Extends OpenText Business Network & Cloud leadershipProvides cloud-based integration and data management solutions
Revenue Contribution	<ul style="list-style-type: none">Expect first year revenues to be down 15%-20% (\$15-\$20M) due to PPA⁽¹⁾ and typical integration activitiesApprox. \$41M expected in second half of FY'19
Integration	<ul style="list-style-type: none">100 bps negative impact on Adj EBITDA in Q3 and Q4 FY'19To be on OpenText operating model within first 12 months

Date	<ul style="list-style-type: none">January 31, 2019
Purchase Price	<ul style="list-style-type: none">US\$71 million, all-cash, approx. \$45M in TTM revenue
Rationale	<ul style="list-style-type: none">Extends OpenText leadership in Discovery and Legal Technology spaceNew capabilities, enterprise customers & deeper coverage in eDiscovery
Revenue Contribution	<ul style="list-style-type: none">Expect first year revenues to be down 15%-20% (\$7-\$9M) due to PPA and typical integration activitiesApprox. \$14M expected in second half of FY'19
Integration	<ul style="list-style-type: none">To be on OpenText operating model within first 12 months

Strong Liquidity and Balance Sheet

Consolidated Net Leverage Ratio



As of March 31, 2019 (US\$M)

Cash	\$765M ⁽¹⁾
Revolver – Undrawn Portion	\$450M ⁽²⁾
Total Available & Committed Liquidity	\$1,215M
Long-term Debt ⁽³⁾	\$2,640M

- Net Debt⁽⁴⁾ as of Q3 FY'19 was \$1.88B
- During Q3FY'19 OpenText acquired Catalyst for \$71M from cash on hand
- Over the past 9 quarters, consolidated net leverage ratio decreased from 2.5:1 to 1.7:1

Fiscal 2019 Q4 Factors

- Global recession concerns continue;
 - Trade wars, tariffs, goods and wage inflation
 - Prolonged BREXIT uncertainty
 - GDPR and data regulation
- US Dollar strength against the Euro, Pound, Canadian Dollar and Yen.
 - Q4 negative revenue impact Y/Y of approximately US\$20m due to FX
- Our business is annual, and quarters will vary
 - Given strong execution in Q3, do not expect historical sequential revenue uplift in Q4 compared to Q3
- Professional Services revenues in Q4 to be constant sequentially. Q3 PS revenues were \$71M
- Q4 operating expenses to be up quarter over quarter by 4% to 6% given end of year expenses
- Q4 is a seasonally higher quarter for Adj EBITDA vs. Q3, and historically lower than Q2
 - Liaison expected to negatively impact Adj EBITDA by approximately 100 bps in Q4

FY'19 Target Model

	Fiscal 2018 Results	Fiscal 2018 Model	Fiscal 2019 Model*
Revenue Type:			
Annual Recurring Revenue (ARR)	73.2%	71% - 75%	72% - 76%
License	15.5%	15% - 19%	13% - 17%
Cloud Services and Subscriptions	29.4%	26% - 30%	28% - 32%
Customer Support	43.8%	41% - 47%	42% - 46%
Professional Services and Other	11.2%	8% - 12%	8% - 12%
Non-GAAP Gross Margin:			
License	96.8%	95% - 97%	96% - 98%
Cloud Services and Subscriptions ⁽¹⁾	56.2%	58% - 60%	57% - 59%
Customer Support	89.2%	88% - 90%	89% - 91%
Professional Services and Other ⁽¹⁾	20.5%	18% - 20%	18% - 20%
Non-GAAP Gross Margin	73.0%	73% - 75%	73% - 75%
Non-GAAP Operating Expenses:			
Research & Development	11.3%	11% - 13%	11% - 13%
Sales & Marketing	18.5%	18% - 20%	17% - 19%
General & Admin	7.0%	7% - 8%	6% - 8%
Depreciation	3.1%	2% - 4%	2% - 4%
Adjusted EBITDA Margin⁽²⁾	36.2%	35% - 38%	36% - 38%
Interest and Other Related Expense USD million ⁽¹⁾	\$139	\$130 - \$135	\$144 - \$149
Adjusted Tax Rate ⁽³⁾	14%	14%	14%

* This model is not guidance

Appendix

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 calculated as GAAP-based net income or earnings per share, attributable to OpenText, on a diluted basis, after giving effect to 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 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 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. Results for reporting periods commencing July 1, 2018 are presented under the new Topic 606 revenue standard, while prior period results continue to be reported under the previous standard. For more details relating to our adoption of Topic 606 please see Note 1 "Basis of Presentation" and Note 3 "Revenues" to our Condensed Consolidated Financial Statements on Form 10-Q.

Summary of Quarterly Results with Constant Currency

(in millions except per share data)	Q3 FY19	Q3 FY18	\$ Change	% Change	Q3 FY19 in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	\$238.6	\$209.1	\$29.5	14.1 %	\$242.7	16.1 %
Customer support	310.8	312.3	(1.5)	(0.5) %	319.4	2.3 %
Total annual recurring revenues**	\$549.4	\$521.4	\$28.0	5.4 %	\$562.1	7.8 %
License	98.7	84.1	14.6	17.4 %	102.8	22.2 %
Professional service and other	71.1	80.4	(9.3)	(11.6) %	73.6	(8.4) %
Total revenues	\$719.1	\$685.9	\$33.3	4.9 %	\$738.5	7.7 %
GAAP-based operating income	\$135.9	\$102.8	\$33.1	32.2 %		
Non-GAAP-based operating income ⁽¹⁾	\$236.8	\$204.6	\$32.3	15.8 %	\$241.2	17.9 %
GAAP-based EPS, diluted	\$0.27	\$0.22	\$0.05	22.7 %		
Non-GAAP-based EPS, diluted ⁽¹⁾⁽²⁾	\$0.64	\$0.54	\$0.10	18.5 %	\$0.65	20.4 %
GAAP-based net income, attributable to OpenText	\$72.8	\$58.8	\$14.0	23.8 %		
Adjusted EBITDA ⁽¹⁾	\$261.8	\$227.6	\$34.2	15.0 %		
Operating cash flows	\$286.0	\$270.6	\$15.4	5.7 %		

(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.

Summary of Year to Date Results with Constant Currency

(in millions except per share data)	FY19 YTD	FY18 YTD	\$ Change	% Change	FY19 YTD in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	\$665.9	\$611.1	\$54.8	9.0 %	\$672.2	10.0 %
Customer support	932.7	915.8	16.9	1.8 %	945.6	3.3 %
Total annual recurring revenues**	\$1,598.6	\$1,526.8	\$71.8	4.7 %	\$1,617.8	6.0 %
License	308.4	297.6	10.8	3.6 %	315.2	5.9 %
Professional service and other	214.6	236.6	(22.0)	(9.3) %	219.8	(7.1) %
Total revenues	\$2,121.5	\$2,061.0	\$60.6	2.9 %	\$2,152.8	4.5 %
GAAP-based operating income	\$409.0	\$357.3	\$51.7	14.5 %		
Non-GAAP-based operating income ⁽¹⁾	\$743.7	\$674.4	\$69.3	10.3 %	\$747.2	10.8 %
GAAP-based EPS, diluted	\$0.79	\$0.68	\$0.11	16.2 %		
Non-GAAP-based EPS, diluted ⁽¹⁾⁽²⁾	\$2.04	\$1.84	\$0.20	10.9 %	\$2.05	11.4 %
GAAP-based net income, attributable to OpenText ⁽²⁾	\$213.5	\$180.5	\$33.0	18.3 %		
Adjusted EBITDA ⁽¹⁾	\$816.4	\$738.5	\$77.8	10.5 %		
Operating cash flows	\$646.5	\$504.0	\$142.5	28.3 %		

(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 | Q3 F19

(in '000s USD)	Three Months Ended March 31, 2019					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	\$ 103,873		\$ (291)	(1)	\$ 103,582	
Customer support	31,844		(310)	(1)	31,534	
Professional service and other	56,626		(448)	(1)	56,178	
Amortization of acquired technology-based intangible assets	44,596		(44,596)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	479,515	66.7%	45,645	(3)	525,160	73.0%
Operating expenses						
Research and development	84,905		(1,315)	(1)	83,590	
Sales and marketing	132,244		(2,458)	(1)	129,786	
General and administrative	51,833		(1,890)	(1)	49,943	
Amortization of acquired customer-based intangible assets	48,832		(48,832)	(2)	—	
Special charges (recoveries)	796		(796)	(4)	—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)	135,877		100,936	(5)	236,813	
Other income (expense), net	5,065		(5,065)	(6)	—	
Provision for (recovery of) income taxes	32,542		(4,373)	(7)	28,169	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	72,762		100,244	(8)	173,006	
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 | Q3 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 31% 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 March 31, 2019	
	Per share diluted	
GAAP-based net income, attributable to OpenText	\$ 72,762	\$ 0.27
Add:		
Amortization	93,428	0.35
Share-based compensation	6,712	0.02
Special charges (recoveries)	796	—
Other (income) expense, net	(5,065)	(0.02)
GAAP-based provision for (recovery of) income taxes	32,542	0.12
Non-GAAP based provision for income taxes	(28,169)	(0.10)
Non-GAAP-based net income, attributable to OpenText	\$ 173,006	\$ 0.64

Reconciliation of Selected Non-GAAP Measures | Fiscal 2019 YTD

Nine Months Ended March 31, 2019

(in '000s USD)

	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	\$ 280,274		\$ (873)	(1)	\$ 279,401	
Customer support	93,582		(881)	(1)	92,701	
Professional service and other	169,452		(1,330)	(1)	168,122	
Amortization of acquired technology-based intangible assets	140,439		(140,439)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	1,427,568	67.3%	143,523	(3)	1,571,091	74.1%
Operating expenses						
Research and development	238,128		(3,668)	(1)	234,460	
Sales and marketing	378,619		(5,874)	(1)	372,745	
General and administrative	154,955		(7,526)	(1)	147,429	
Amortization of acquired customer-based intangible assets	140,627		(140,627)	(2)	—	
Special charges (recoveries)	33,487		(33,487)	(4)	—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)	409,036		334,705	(5)	743,741	
Other income (expense), net	6,965		(6,965)	(6)	—	
Provision for (recovery of) income taxes	98,628		(9,029)	(7)	89,599	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	213,518		336,769	(8)	550,287	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	\$ 0.79		\$ 1.25	(8)	\$ 2.04	

Reconciliation of Selected Non-GAAP Measures | Fiscal 2019 YTD

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 32% 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:

	Nine Months Ended March 31, 2019	
	Per share diluted	
GAAP-based net income, attributable to OpenText	\$ 213,518	\$ 0.79
Add:		
Amortization	281,066	1.04
Share-based compensation	20,152	0.07
Special charges (recoveries)	33,487	0.12
Other (income) expense, net	(6,965)	(0.03)
GAAP-based provision for (recovery of) income taxes	98,628	0.37
Non-GAAP based provision for income taxes	(89,599)	(0.32)
Non-GAAP-based net income, attributable to OpenText	\$ 550,287	\$ 2.04

Reconciliation of Selected Non-GAAP Measures | Q3 F18

Three Months Ended March 31, 2018

(in '000s USD)	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	\$ 94,195		\$ (135)	(1)	\$ 94,060	
Customer support	33,770		(277)	(1)	33,493	
Professional service and other	64,179		(122)	(1)	64,057	
Amortization of acquired technology-based intangible assets	47,303		(47,303)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	443,334	64.6%	47,837	(3)	491,171	71.6%
Operating expenses						
Research and development	83,396		(993)	(1)	82,403	
Sales and marketing	129,876		(1,496)	(1)	128,380	
General and administrative	54,794		(2,057)	(1)	52,737	
Amortization of acquired customer-based intangible assets	46,762		(46,762)	(2)	—	
Special charges (recoveries)	2,644		(2,644)	(4)	—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)	102,769		101,789	(5)	204,558	
Other income (expense), net	11,140		(11,140)	(6)	—	
Provision for (recovery of) income taxes	20,129		3,612	(7)	23,741	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	58,794		87,037	(8)	145,831	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	\$ 0.22		\$ 0.32	(8)	\$ 0.54	

Reconciliation of Selected Non-GAAP Measures | Q3 F18

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 26% 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. We also took into consideration changes in U.S. tax reform legislation that was enacted on December 22, 2017 through the Tax Cuts and Jobs Act.
- 8 Reconciliation of GAAP-based net income to Non-GAAP-based net income:

	Three Months Ended March 31, 2018	
	Per share diluted	
GAAP-based net income, attributable to OpenText	\$ 58,794	\$ 0.22
Add:		
Amortization	94,065	0.35
Share-based compensation	5,080	0.02
Special charges (recoveries)	2,644	0.01
Other (income) expense, net	(11,140)	(0.04)
GAAP-based provision for (recovery of) income taxes	20,129	0.07
Non-GAAP based provision for income taxes	(23,741)	(0.09)
Non-GAAP-based net income, attributable to OpenText	\$ 145,831	\$ 0.54

Reconciliation of Selected Non-GAAP Measures | Fiscal 2018 YTD

Nine Months Ended March 31, 2018						
(in '000s USD)	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	\$ 268,814		\$ (1,119)	(1)	\$ 267,695	
Customer support	99,657		(933)	(1)	98,724	
Professional service and other	188,493		(1,322)	(1)	187,171	
Amortization of acquired technology-based intangible assets	138,391		(138,391)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	1,354,971	65.7%	141,765	(3)	1,496,736	72.6%
Operating expenses						
Research and development	241,093		(4,206)	(1)	236,887	
Sales and marketing	381,642		(6,679)	(1)	374,963	
General and administrative	152,650		(6,214)	(1)	146,436	
Amortization of acquired customer-based intangible assets	136,819		(136,819)	(2)	—	
Special charges (recoveries)	21,390		(21,390)	(4)	—	
GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)	357,335		317,073	(5)	674,408	
Other income (expense), net	26,911		(26,911)	(6)	—	
Provision for (recovery of) income taxes	100,644		(20,674)	(7)	79,970	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	180,501		310,836	(8)	491,337	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	\$ 0.68		\$ 1.16	(8)	\$ 1.84	

Reconciliation of Selected Non-GAAP Measures | Fiscal 2018 YTD

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 36% 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. We also took into consideration changes in US tax reform legislation that was enacted on December 22, 2017 through the Tax Cuts and Jobs Act.
- 8 Reconciliation of GAAP-based net income to Non-GAAP-based net income:

	Nine Months Ended March 31, 2018	
	Per share diluted	
GAAP-based net income, attributable to OpenText	\$ 180,501	\$ 0.68
Add:		
Amortization	275,210	1.03
Share-based compensation	20,473	0.08
Special charges (recoveries)	21,390	0.08
Other (income) expense, net	(26,911)	(0.10)
GAAP-based provision for (recovery of) income taxes	100,644	0.37
Non-GAAP based provision for income taxes	(79,970)	(0.30)
Non-GAAP-based net income, attributable to OpenText	\$ 491,337	\$ 1.84

Reconciliation of Adjusted EBITDA

(in '000s USD)	FY19 YTD		Q3 FY19		FY18 YTD		Q3 FY18	
GAAP-based Net income attributable to OpenText	\$	213,518	\$	72,762	\$	180,501	\$	58,794
Add:								
Provision for (recovery of) income taxes		98,628		32,542		100,644		20,129
Interest and other related expense, net		103,751		35,607		103,195		34,980
Amortization of acquired technology-based intangible assets		140,439		44,596		138,391		47,303
Amortization of acquired customer-based intangible assets		140,627		48,832		136,819		46,762
Depreciation		72,716		25,028		64,042		23,093
Share-based compensation		20,152		6,712		20,473		5,080
Special charges (recoveries)		33,487		796		21,390		2,644
Other (income) expense, net		(6,965)		(5,065)		(26,911)		(11,140)
Adjusted EBITDA	\$	816,353	\$	261,810	\$	738,544	\$	227,645

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