

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

ASSETS	December 31, 2019	June 30, 2019
	(unaudited)	
Cash and cash equivalents	\$ 675,403	\$ 941,009
Accounts receivable trade, net of allowance for doubtful accounts of \$17,937 as of December 31, 2019 and \$17,011 as of June 30, 2019	526,020	463,785
Contract assets	22,794	20,956
Income taxes recoverable	24,615	38,340
Prepaid expenses and other current assets	104,962	97,238
Total current assets	1,353,794	1,561,328
Property and equipment	273,448	249,453
Operating lease right of use assets	253,387	—
Long-term contract assets	17,975	15,386
Goodwill	4,656,492	3,769,908
Acquired intangible assets	1,808,072	1,146,504
Deferred tax assets	930,856	1,004,450
Other assets	158,058	148,977
Long-term income taxes recoverable	46,151	37,969
Total assets	\$ 9,498,233	\$ 7,933,975
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 417,611	\$ 329,903
Current portion of long-term debt	913,631	10,000
Operating lease liability	66,579	—
Deferred revenues	718,861	641,656
Income taxes payable	51,298	33,158
Total current liabilities	2,167,980	1,014,717
Long-term liabilities:		
Accrued liabilities	14,977	49,441
Pension liability	73,678	75,239
Long-term debt	2,600,386	2,604,878
Long-term operating lease liability	218,681	—
Deferred revenues	77,335	46,974
Long-term income taxes payable	180,507	202,184
Deferred tax liabilities	165,457	55,872
Total long-term liabilities	3,331,021	3,034,588
Shareholders' equity:		
Share capital and additional paid-in capital		
270,608,627 and 269,834,442 Common Shares issued and outstanding at December 31, 2019 and June 30, 2019, respectively; authorized Common Shares: unlimited	1,803,663	1,774,214
Accumulated other comprehensive income	24,690	24,124
Retained earnings	2,201,653	2,113,883
Treasury stock, at cost (847,369 shares at December 31, 2019 and 802,871 shares at June 30, 2019, respectively)	(32,066)	(28,766)
Total OpenText shareholders' equity	3,997,940	3,883,455
Non-controlling interests	1,292	1,215
Total shareholders' equity	3,999,232	3,884,670
Total liabilities and shareholders' equity	\$ 9,498,233	\$ 7,933,975

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Revenues:				
License	\$ 138,095	\$ 132,756	\$ 215,993	\$ 209,643
Cloud services and subscriptions	248,340	219,233	485,605	427,316
Customer support	315,508	310,354	627,806	621,905
Professional service and other	69,614	72,888	139,041	143,524
Total revenues	771,557	735,231	1,468,445	1,402,388
Cost of revenues:				
License	3,050	3,655	5,373	7,527
Cloud services and subscriptions	103,644	88,698	205,806	176,401
Customer support	29,788	31,273	59,175	61,738
Professional service and other	53,604	56,030	107,942	112,826
Amortization of acquired technology-based intangible assets	42,299	48,366	82,597	95,843
Total cost of revenues	232,385	228,022	460,893	454,335
Gross profit	539,172	507,209	1,007,552	948,053
Operating expenses:				
Research and development	80,283	75,753	161,461	153,223
Sales and marketing	137,310	126,193	265,928	246,375
General and administrative	54,595	52,198	106,130	103,122
Depreciation	20,712	23,834	40,989	47,688
Amortization of acquired customer-based intangible assets	51,460	45,919	100,618	91,795
Special charges	10,072	9,380	15,173	32,691
Total operating expenses	354,432	333,277	690,299	674,894
Income from operations	184,740	173,932	317,253	273,159
Other income (expense), net	1,972	378	(813)	1,900
Interest and other related expense, net	(32,376)	(33,613)	(64,586)	(68,144)
Income before income taxes	154,336	140,697	251,854	206,915
Provision for (recovery of) income taxes	46,818	36,236	69,909	66,086
Net income for the period	\$ 107,518	\$ 104,461	\$ 181,945	\$ 140,829
Net (income) loss attributable to non-controlling interests	(51)	(29)	(77)	(73)
Net income attributable to OpenText	\$ 107,467	\$ 104,432	\$ 181,868	\$ 140,756
Earnings per share—basic attributable to OpenText	\$ 0.40	\$ 0.39	\$ 0.67	\$ 0.52
Earnings per share—diluted attributable to OpenText	\$ 0.40	\$ 0.39	\$ 0.67	\$ 0.52
Weighted average number of Common Shares outstanding—basic	270,450	268,524	270,232	268,276
Weighted average number of Common Shares outstanding—diluted	271,590	269,400	271,328	269,396

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Net income for the period	\$ 107,518	\$ 104,461	\$ 181,945	\$ 140,829
Other comprehensive income (loss)—net of tax:				
Net foreign currency translation adjustments	4,875	(3,418)	(736)	(6,938)
Unrealized gain (loss) on cash flow hedges:				
Unrealized gain (loss) - net of tax expense (recovery) effect of \$301 and (\$677) for the three months ended December 31, 2019 and 2018, respectively; \$95 and (\$496) for the six months ended December 31, 2019 and 2018, respectively	833	(1,877)	261	(1,375)
(Gain) loss reclassified into net income - net of tax (expense) recovery effect of (\$26) and \$169 for the three months ended December 31, 2019 and 2018, respectively; (\$23) and \$301 for the six months ended December 31, 2019 and 2018, respectively	(72)	467	(64)	833
Actuarial gain (loss) relating to defined benefit pension plans:				
Actuarial gain (loss) - net of tax expense (recovery) effect of \$1,308 and (\$519) for the three months ended December 31, 2019 and 2018, respectively; \$59 and (\$213) for the six months ended December 31, 2019 and 2018, respectively	3,698	(1,521)	614	(324)
Amortization of actuarial (gain) loss into net income - net of tax (expense) recovery effect of \$97 and \$72 for the three months ended December 31, 2019 and 2018, respectively; \$243 and \$145 for the six months ended December 31, 2019 and 2018, respectively	260	64	491	130
Total other comprehensive income (loss) net, for the period	9,594	(6,285)	566	(7,674)
Total comprehensive income	117,112	98,176	182,511	133,155
Comprehensive (income) loss attributable to non-controlling interests	(51)	(29)	(77)	(73)
Total comprehensive income attributable to OpenText	<u>\$ 117,061</u>	<u>\$ 98,147</u>	<u>\$ 182,434</u>	<u>\$ 133,082</u>

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

Three Months Ended December 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 September 30, 2019	270,190	\$ 1,791,689	(1,103)	\$ (41,190)	\$ 2,141,278	\$ 15,096	\$ 1,241	\$ 3,908,114
Issuance of Common Shares								
Under employee stock option plans	231	6,783	—	—	—	—	—	6,783
Under employee stock purchase plans	188	6,532	—	—	—	—	—	6,532
Share-based compensation	—	7,783	—	—	—	—	—	7,783
Issuance of treasury stock	—	(9,124)	256	9,124	—	—	—	—
Dividends declared (\$0.1746 per Common Share)	—	—	—	—	(47,092)	—	—	(47,092)
Other comprehensive income (loss) - net	—	—	—	—	—	9,594	—	9,594
Net income for the quarter	—	—	—	—	107,467	—	51	107,518
Balance as of December 31, 2019	270,609	\$ 1,803,663	(847)	\$ (32,066)	\$ 2,201,653	\$ 24,690	\$ 1,292	\$ 3,999,232

Three Months Ended December 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 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 (\$0.1518 per Common Share)	—	—	—	—	(40,700)	—	—	(40,700)
Other comprehensive income (loss) - 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

Six Months Ended December 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, 2019	269,834	\$ 1,774,214	(803)	\$ (28,766)	\$ 2,113,883	\$ 24,124	\$ 1,215	\$ 3,884,670
Issuance of Common Shares								
Under employee stock option plans	415	11,359	—	—	—	—	—	11,359
Under employee stock purchase plans	360	12,540	—	—	—	—	—	12,540
Share-based compensation	—	14,674	—	—	—	—	—	14,674
Purchase of treasury stock	—	—	(300)	(12,424)	—	—	—	(12,424)
Issuance of treasury stock	—	(9,124)	256	9,124	—	—	—	—
Dividends declared (\$0.3492 per Common Share)	—	—	—	—	(94,098)	—	—	(94,098)
Other comprehensive income (loss) - net	—	—	—	—	—	566	—	566
Net income for the quarter	—	—	—	—	181,868	—	77	181,945
Balance as of December 31, 2019	270,609	\$ 1,803,663	(847)	\$ (32,066)	\$ 2,201,653	\$ 24,690	\$ 1,292	\$ 3,999,232

Six Months Ended December 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, 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	556	14,171	—	—	—	—	—	14,171
Under employee stock purchase plans	362	11,265	—	—	—	—	—	11,265
Share-based compensation	—	13,440	—	—	—	—	—	13,440
Purchase of treasury stock	—	—	(674)	(24,534)	—	—	—	(24,534)
Issuance of treasury stock	—	(14,025)	548	14,025	—	—	—	—
Dividends declared (\$0.3036 per Common Share)	—	—	—	—	(81,166)	—	—	(81,166)
Other comprehensive income - net	—	—	—	—	—	(7,674)	—	(7,674)
Non-controlling interest	—	(625)	—	—	—	—	42	(583)
Net income for the year	—	—	—	—	140,756	—	73	140,829
Balance as of December 31, 2018	268,569	\$ 1,731,299	(817)	\$ (29,241)	\$ 2,056,831	\$ 25,971	\$ 1,152	\$ 3,786,012

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Cash flows from operating activities:				
Net income for the period	\$ 107,518	\$ 104,461	\$ 181,945	\$ 140,829
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of intangible assets	114,471	118,119	224,204	235,326
Share-based compensation expense	7,783	6,885	14,674	13,440
Pension expense	1,459	1,109	2,895	2,254
Amortization of debt issuance costs	1,149	1,079	2,276	2,157
Loss on sale and write down of property and equipment	—	1,639	—	9,428
Deferred taxes	27,924	1,140	34,168	8,909
Share in net (income) loss of equity investees	(1,266)	(5,491)	(1,948)	(7,863)
Changes in operating assets and liabilities:				
Accounts receivable	(55,833)	(40,327)	2,598	33,548
Contract assets	(10,458)	(8,054)	(17,659)	(13,400)
Prepaid expenses and other current assets	1,111	2,800	(501)	12,532
Income taxes and deferred charges and credits	(7,944)	4,763	(891)	17,324
Accounts payable and accrued liabilities	29,744	10,253	(33,235)	(29,748)
Deferred revenue	(2,924)	(11,748)	(64,093)	(69,151)
Other assets	(3,327)	2,475	2,357	4,919
Operating lease assets and liabilities, net	(2,169)	—	(2,105)	—
Net cash provided by operating activities	<u>207,238</u>	<u>189,103</u>	<u>344,685</u>	<u>360,504</u>
Cash flows from investing activities:				
Additions of property and equipment	(19,598)	(8,969)	(38,212)	(33,464)
Purchase of Carbonite, Inc., net of cash and restricted cash acquired	(1,216,639)	—	(1,216,639)	—
Purchase of Dynamic Solutions Group Inc.	(4,149)	—	(4,149)	—
Purchase of Liaison Technologies, Inc.	—	(311,285)	—	(311,285)
Purchase of Guidance Software, Inc., net of cash acquired	—	—	—	(2,279)
Other investing activities	(3,505)	(5,369)	(5,541)	(6,373)
Net cash used in investing activities	<u>(1,243,891)</u>	<u>(325,623)</u>	<u>(1,264,541)</u>	<u>(353,401)</u>
Cash flows from financing activities:				
Proceeds from long-term debt and Revolver	750,000	—	750,000	—
Proceeds from issuance of Common Shares from exercise of stock options and ESPP	12,000	6,159	23,117	24,286
Repayment of long-term debt and revolver	(2,500)	(2,500)	(5,000)	(5,000)
Debt issuance costs	(979)	—	(979)	(322)
Purchase of Treasury Stock	—	(12,815)	(12,424)	(24,534)
Purchase of non-controlling interest	—	—	—	(583)
Payments of dividends to shareholders	(47,092)	(40,700)	(94,098)	(81,166)
Net cash provided by (used in) financing activities	<u>711,429</u>	<u>(49,856)</u>	<u>660,616</u>	<u>(87,319)</u>
Foreign exchange gain (loss) on cash held in foreign currencies	3,640	(6,329)	(4,071)	(5,901)
Increase (decrease) in cash, cash equivalents and restricted cash during the period	(321,584)	(192,705)	(263,311)	(86,117)
Cash, cash equivalents and restricted cash at beginning of the period	1,001,816	790,579	943,543	683,991
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 680,232</u>	<u>\$ 597,874</u>	<u>\$ 680,232</u>	<u>\$ 597,874</u>

Reconciliation of cash, cash equivalents and restricted cash:	December 31, 2019	December 31, 2018
Cash and cash equivalents	675,403	595,069
Restricted cash included in Other assets	4,829	2,805
Total Cash, cash equivalents and restricted cash	<u>\$ 680,232</u>	<u>\$ 597,874</u>