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Strategy Presentation

NASDAQ: OTEX | TSX: OTEX

October 31, 2018

Safe Harbor Statement

Certain statements in this presentation, including statements about the focus of Open Text Corporation (“OpenText” or “the Company”) in our fiscal year ending June 30, 2018 (Fiscal 2018) 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, 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.

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NASDAQ, TSX: OTEX
A TSX-60 Company

The EIM market leader for enterprise software and cloud solutions enabling enterprises to create connected and intelligent organizations

The Information Company

- Market Leader in EIM [1]
- **120,000** Customers
- **100 Million** End Users

Fiscal 2018 Results:

- Revenues of $2.8 Billion
- Annual Recurring Revenue of $2 Billion
- Adj EBITDA Margin 36%
- OCF $708 Million[2]
- ROIC 17.5%

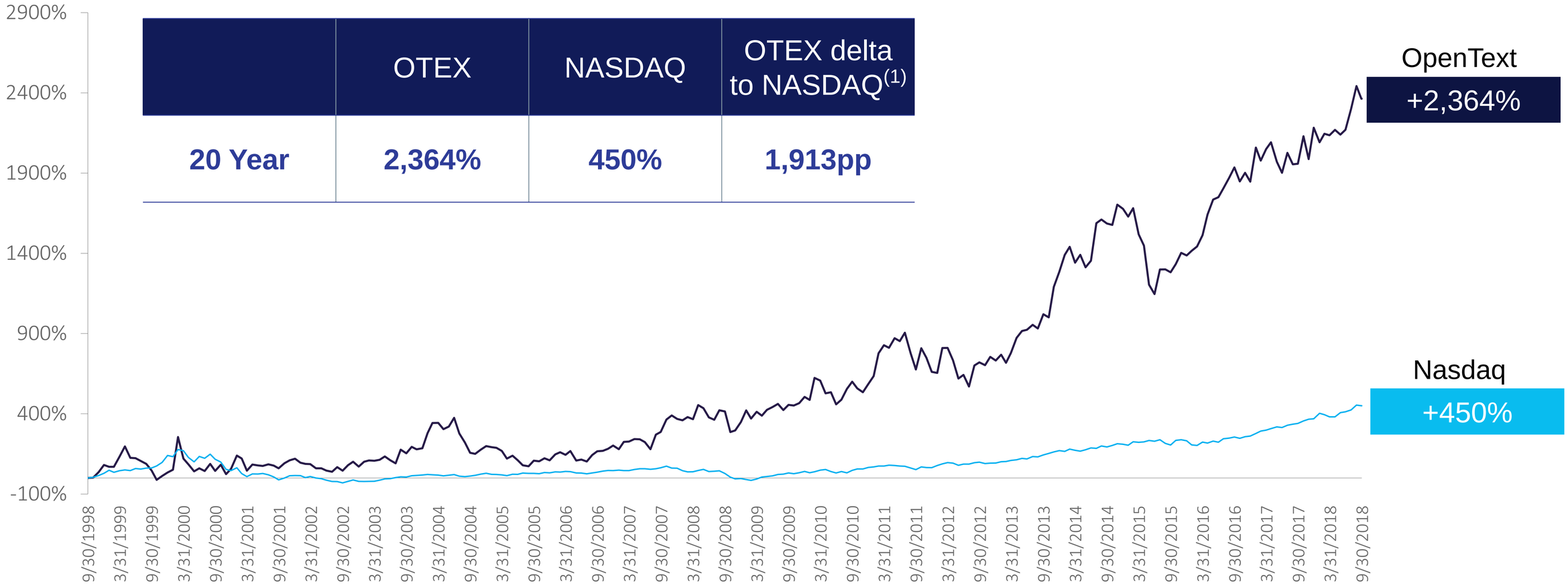
1. All statements and figures are Company supplied estimates
2. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q

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20-Year Total Shareholder Return

OTEX v. NASDAQ

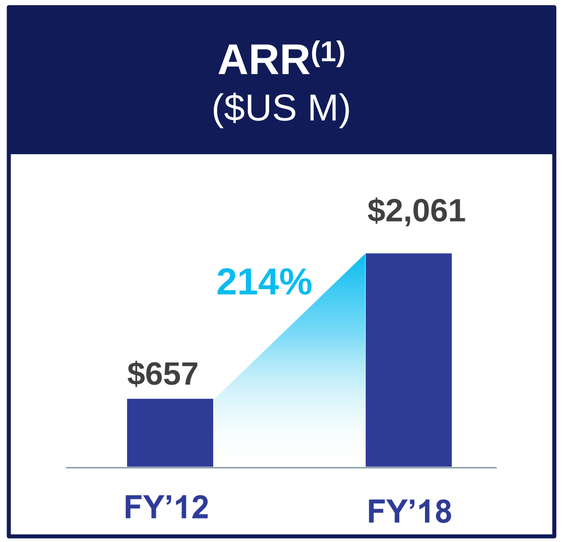
	OTEX	NASDAQ	OTEX delta to NASDAQ(1)
20 Year	**2,364%**	**450%**	**1,913pp**

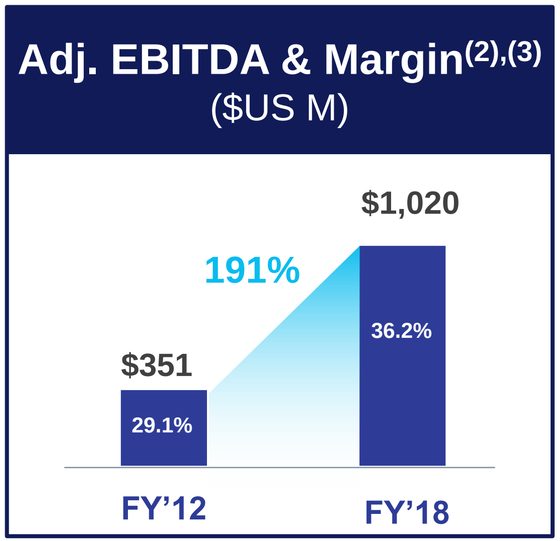


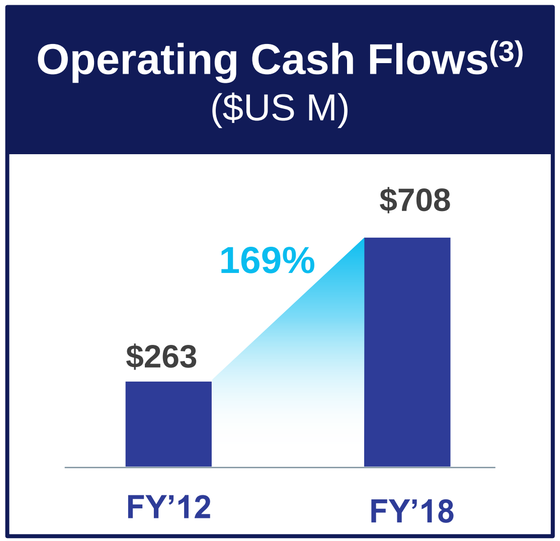
1. Source: NASDAQ (September 30, 2018)

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Key Metrics







ARR
214% Growth

Adj. EBITDA(2)
191% Growth

OCF
169% Growth

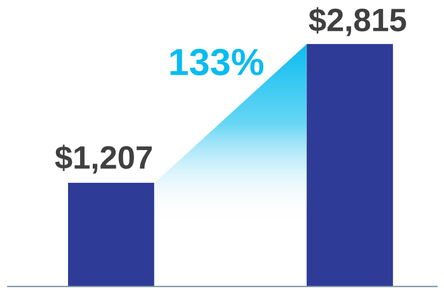
1. ARR – Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
2. Please see reconciliation of GAAP to Non-GAAP measures at the end of this presentation and in our historical filings on Forms 10-Q and 10-K.
3. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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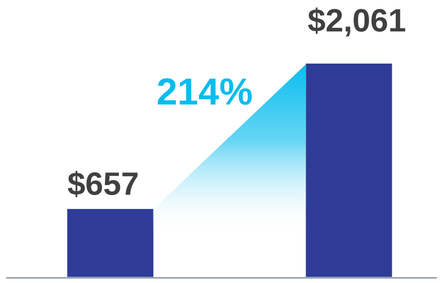
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Six years of significant, sustainable, profitable growth

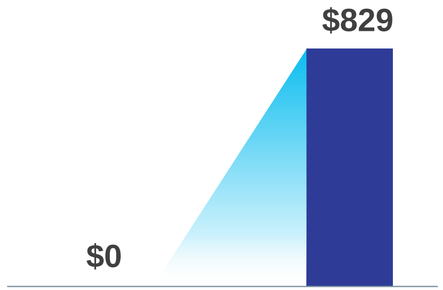
Total Revenue
($US M)



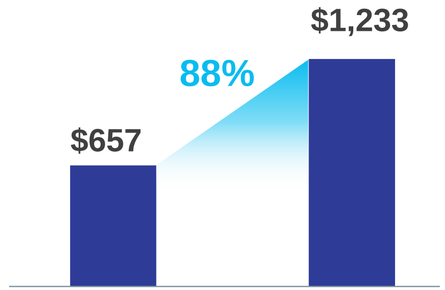
ARR(1)
($US M)



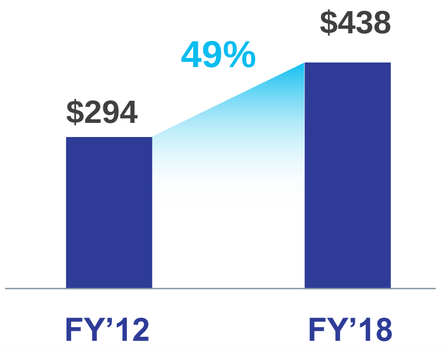
Cloud
($US M)



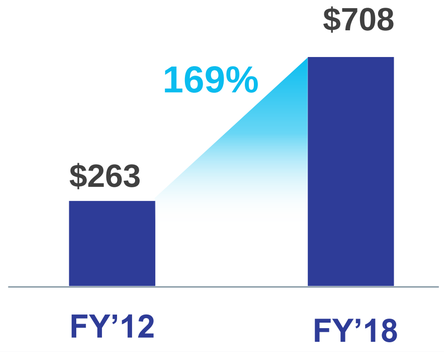
Customer Support
($US M)



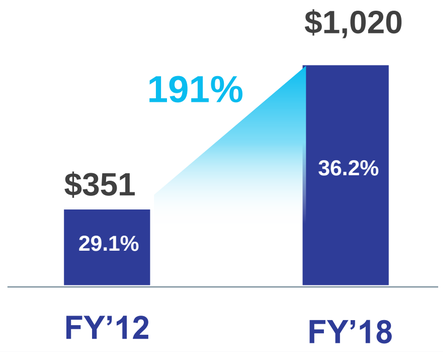
License
($US M)



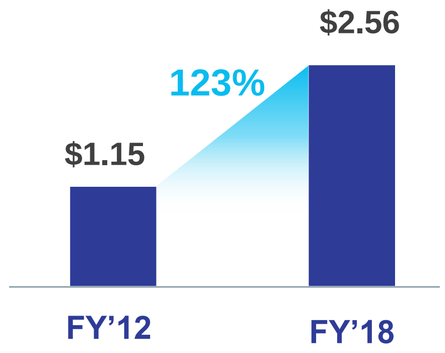
Operating Cash Flows(2),(3)
($US M)



Adj. EBITDA & Margin(2),(3)
($US M)



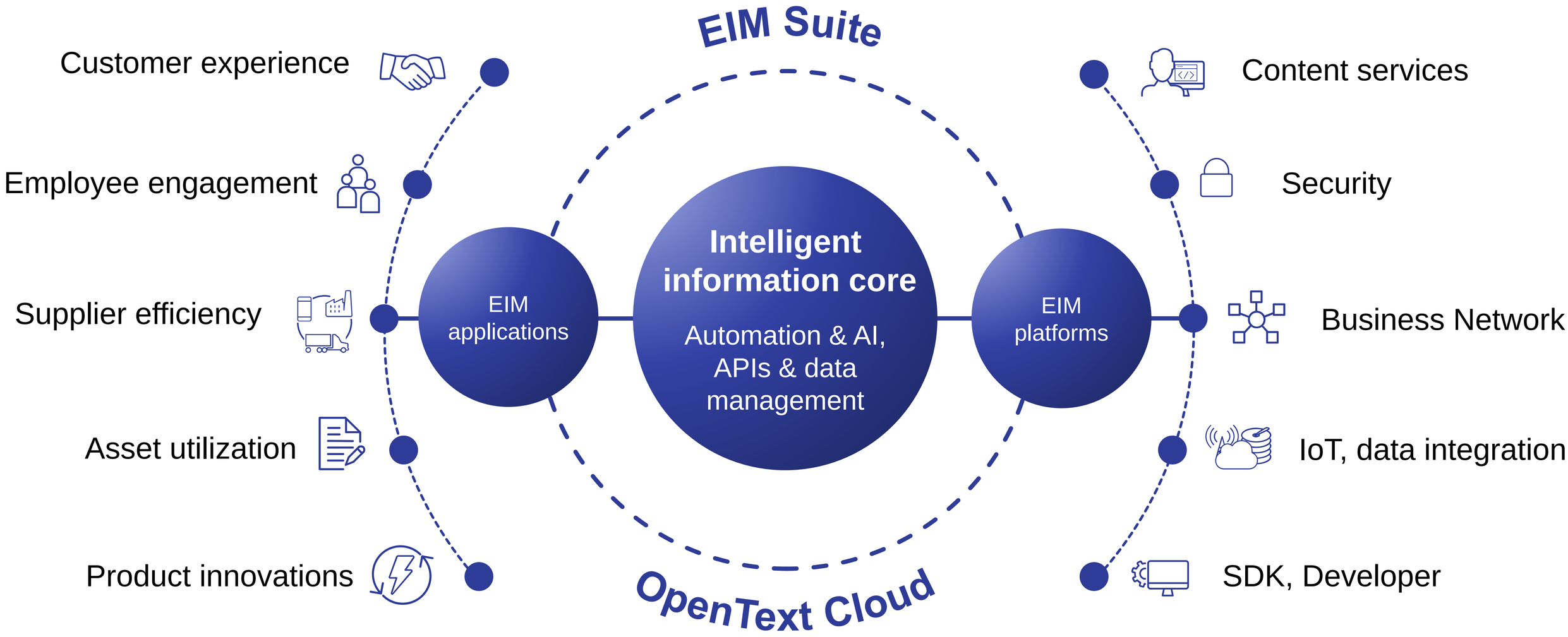
Adj. EPS(2)
($US/sh)



1. ARR – Annual recurring revenue is defined as the sum of cloud services and subscriptions revenue and customer support revenue.
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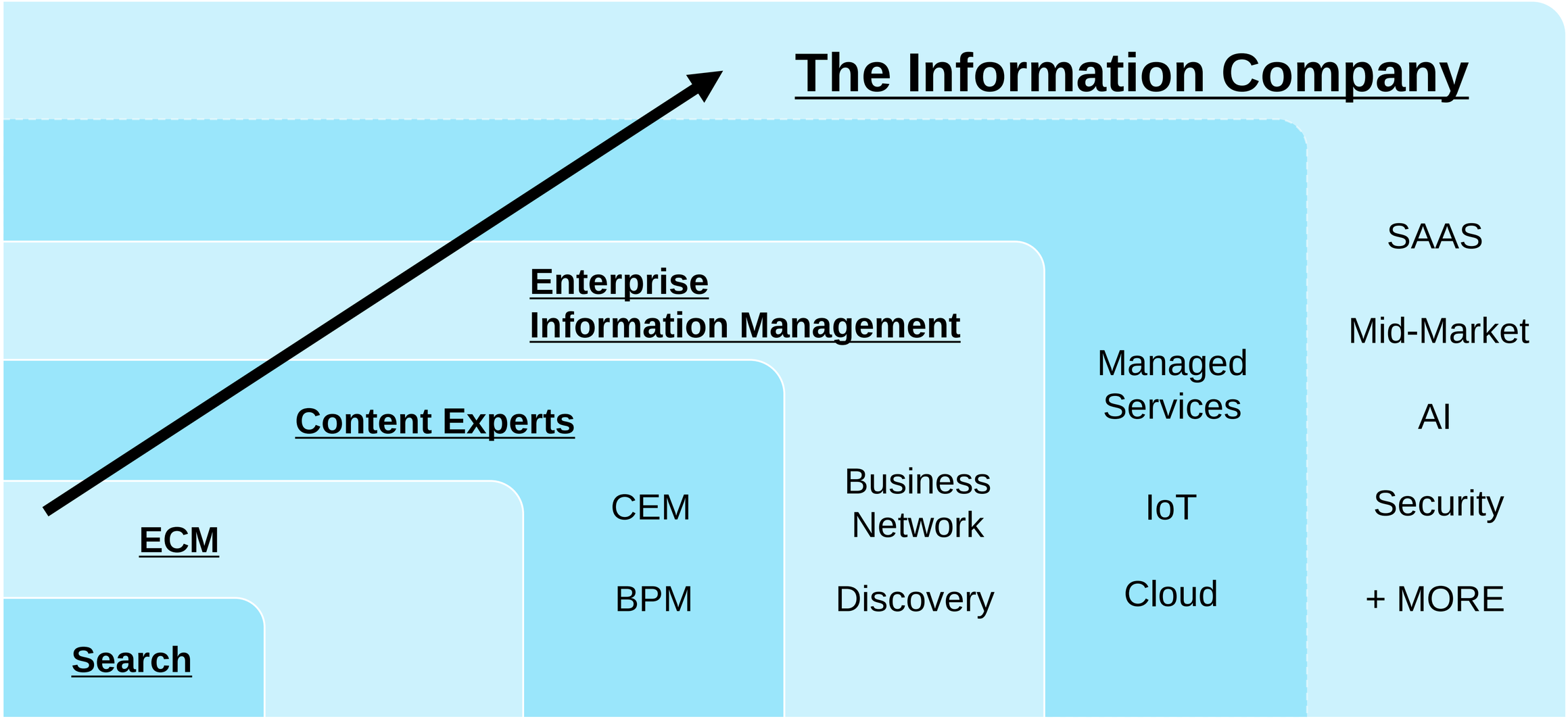
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Our Vision: The Intelligent and Connected Enterprise



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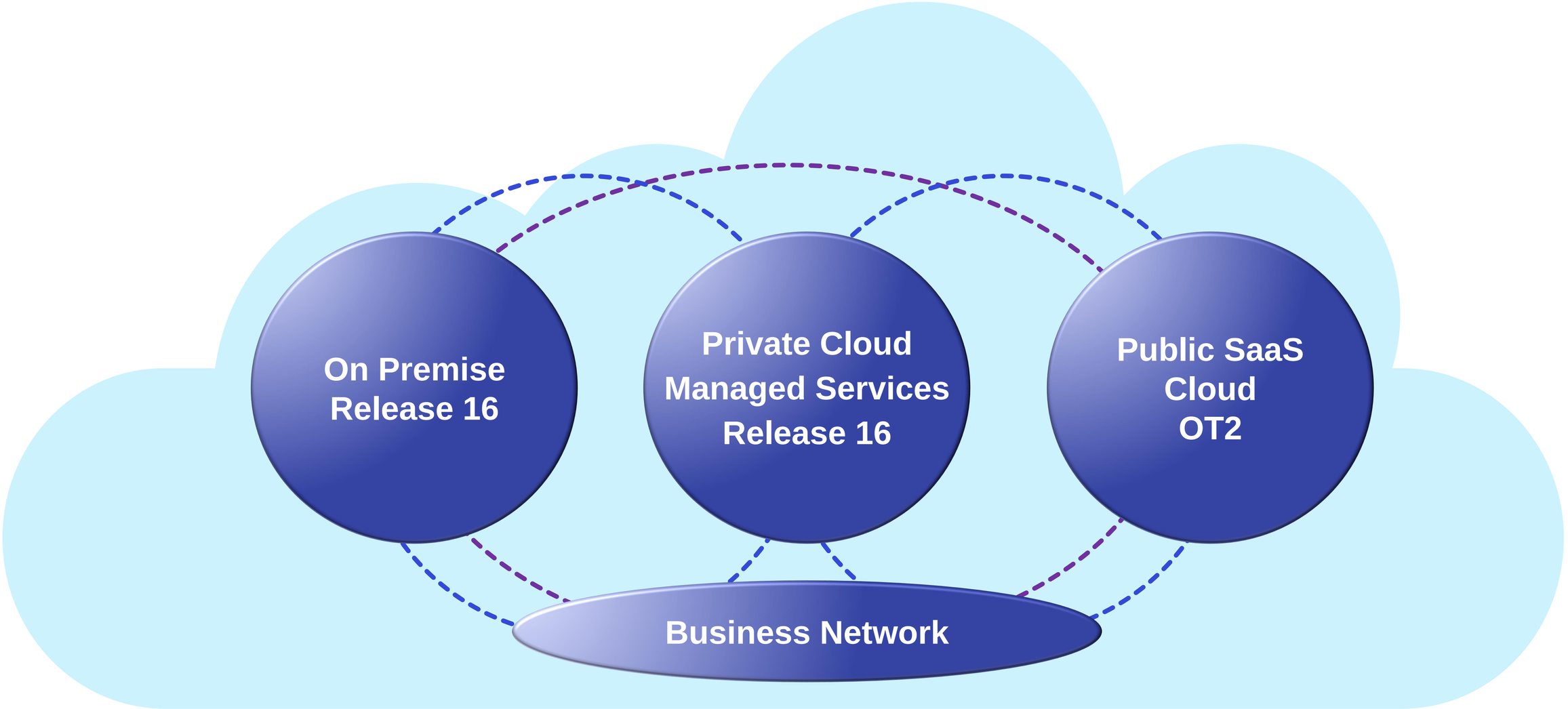
$100 Billion Strategic Opportunity



1. Source: Industry Analyst reports for EIM technologies, AI and IoT.

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Completing the Need: OpenText Enterprise Cloud



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Global Operations and Distribution

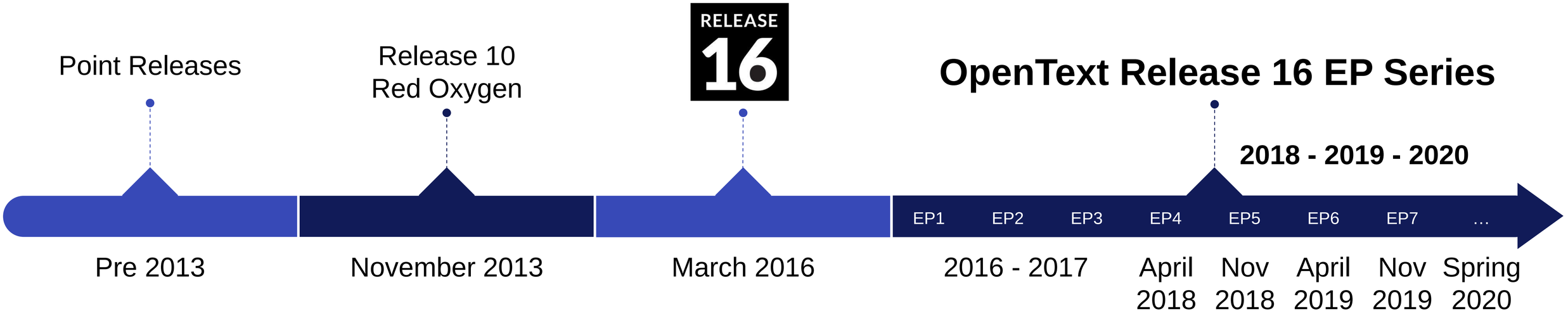


	Total	Americas(2)		EMEA	APJ
# of Employees(1):	Total Employees **12,300**	United States **3,400**	Canada **1,700**	Europe, Middle East, Africa **2,400**	APJ **4,600**
FY18 Revenue:	Total Revenue **$2.82B**	United States **$1.43B**	Canada **$150M**	**$920M**	**$280M**

1. Numbers are approximate as of Q1 FY'19
2. Excludes Central and South America

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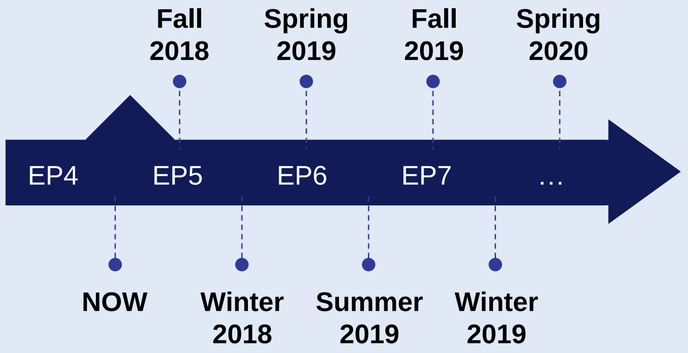
Blueprint for the Future: Release 16 + OT2



- ***Native SaaS***
- ***Micro-services***
- ***Quarterly updates***
- ***Runs in the OpenText Enterprise Cloud***

- ***Next generation SaaS applications***
- ***Pre integrated to Release 16***
- ***One data model***
- ***One tech stack***

OT2 opentext™



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Total Growth



- **EIM Market leader and expanded portfolio to include Security, AI and IoT**
- **Focus on select verticals: FinServ, Life Sciences, Manufacturing, Auto, Healthcare, Government**

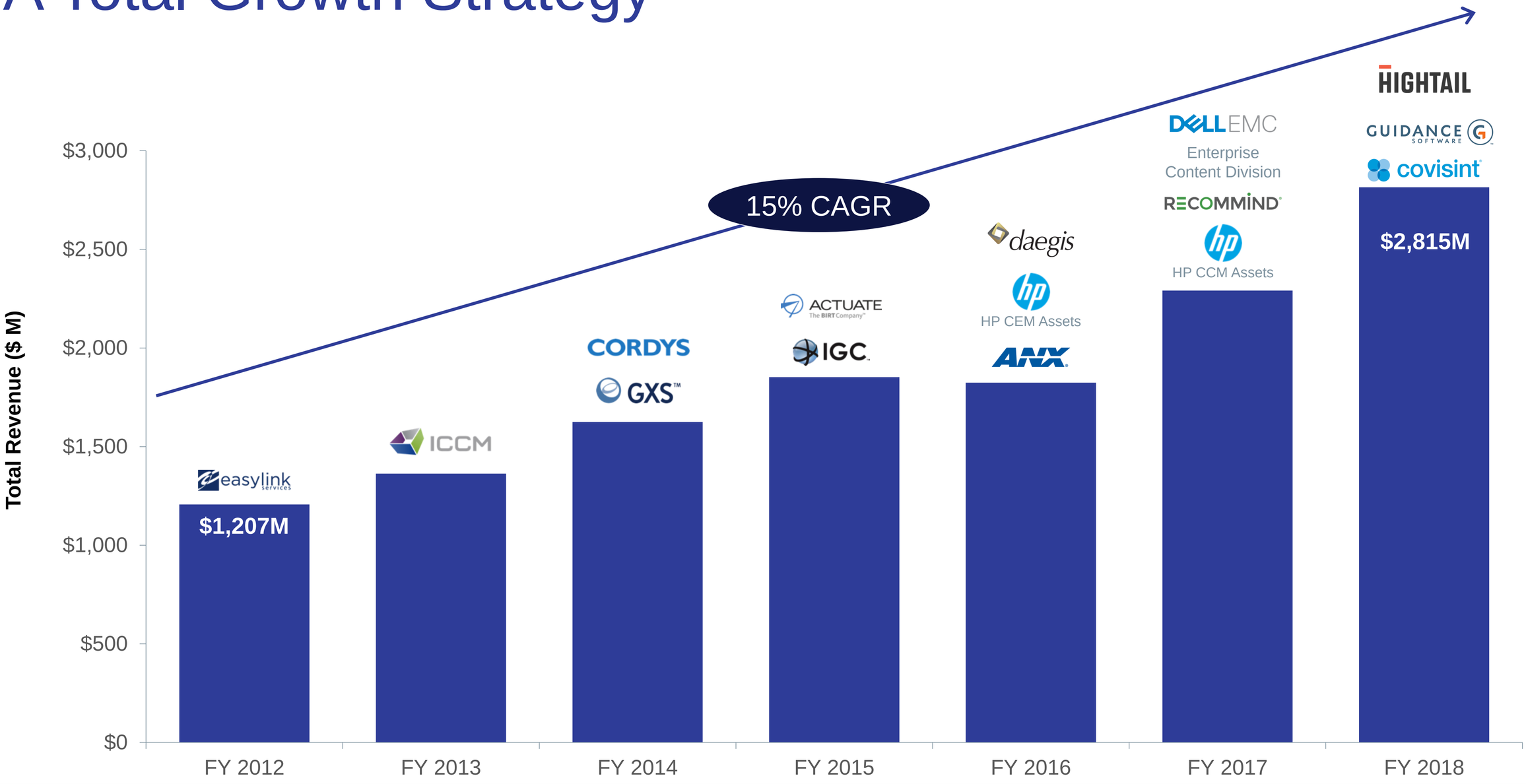
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Total Growth: Customer and Partner Success

Ecosystem	SAP, SAP SuccessFactors, SAP Hybris, Microsoft, ORACLE, salesforce
Strategic Alliances	accenture, Capgemini, Cognizant, WIPRO, Deloitte., Atos, CGI, EY, TATA CONSULTANCY SERVICES
Channel Partners	aiimi, Alitek, DELL EMC, iam consulting, delaware, DXC.technology, KONICA MINOLTA

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A Total Growth Strategy



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History of Successful Acquisitions[1]

- $4.8 billion of capital deployed since 2012 for acquisitions
- 15 completed acquisitions over 6 years
- Average revenue multiple of 2.1x revenue
- Share price appreciation[2] of 192%
- $708M OCF in FY'18[3]
- 17.5% ROIC in FY'18



(1) Timeline based on calendar year.
(2) Dividend adjusted share price appreciation from Jan 3, 2012 to June 29, 2018.
(3) Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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Return on Invested Capital (ROIC)

ROIC (OT Calculation) = **Adj. Operating Income (after-tax)** / **(Debt + Equity – Cash – Deferred Tax)**

- We measure our ROIC annually. It is defined as our non-GAAP net operating profit after tax, divided by our average invested capital
- Non-GAAP net operating profit after tax is our non-GAAP based income from operations (as previously defined), net of our non-GAAP tax rate
- Invested capital is defined as our total debt, plus total equity, less the sum of total cash and total net deferred tax assets (liabilities), as they each appear on our Consolidated Balance Sheets

	F17	F18
ROIC		**17.5%**
(in US$M)		
Non-GAAP based income from operations[1],[2]		$933
Adjusted Tax Rate (%)		14%
Non-GAAP based operating income after non-GAAP tax		$802
Total Debt (incl. Current Portion of LT Debt)	$2,570	$2,622
+Total Shareholders' Equity	$3,533	$3,716
- Cash & Cash Equivalents	$443	$683
- Net Deferred Tax Assets (Liabilities)	$1,121	$1,043
= Invested Capital	$4,539	$4,611
Average Invested Capital (Avg. Current Yr. & Prior Yr.)		$4,575

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1. Please see reconciliation of GAAP to Non-GAAP measures at the end of this presentation and in our historical filings on Forms 10-Q and 10-K.
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Organic Revenue Growth

- We grew organically in FY’18
  - 5.5% as reported in USD
  - 2.5% in CC
- We report our organic revenue growth on an annual basis
- Organic revenue growth is calculated by removing the revenue contribution from newly acquired companies for the first year post acquisition

in US$ ‘000s (unless indicated otherwise)	**FY’18**	**FY’18 in CC(1)**
Total revenues	$2,815,241	$2,742,672
Less:		
Revenues from acquisitions(2)	(398,905)	(395,254)
Organic revenues	$2,416,336	$2,347,418
Growth in organic revenues over FY’17 Total revenues	5.5%	2.5%

1. Constant currency is defined as the current period reported revenues represented at the prior comparative period’s foreign exchange rate.
2. Revenue from acquisitions refers to the revenues that were recognized in Fiscal 2018 that were contributed from acquired businesses for a period of one year from the date of the acquisition.

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Drivers for Organic Growth

Competitive Replacement

Market Leadership: Stronger Roadmap, Breadth of Capability, Suite vs. Point, Expertise

Paths to Value: Specialized Migration & Archiving Tools, Expert PS Team, Customer Incentives, Customer References

Market Relevance: On premise, Managed Services, Cloud

Partner Expansion

- Ecosystem
- System Integrators
- OEM resellers
- Implementers
- Cloud
- Developer Communities

Install Base

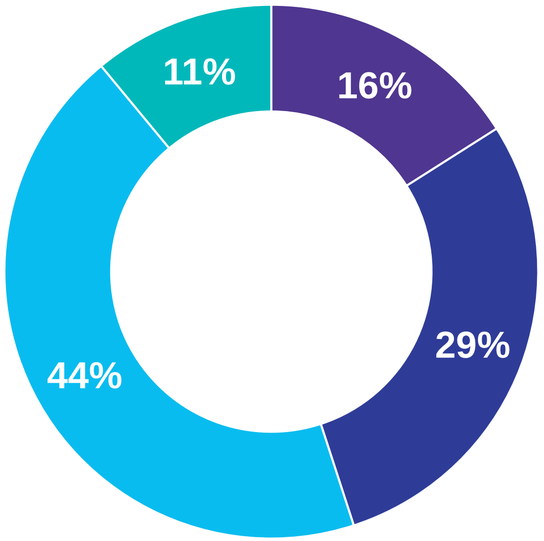
- Point solutions to suite: Developing digital transformation plans
- Sell more suites
- Migrate to the Cloud
- Simplified consumption

Global 10K Customers

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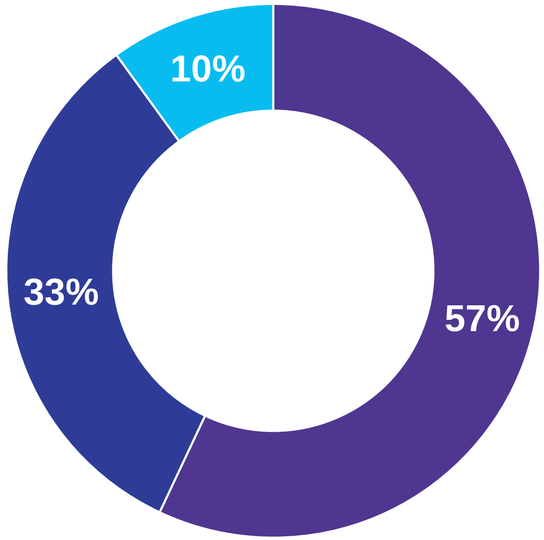
FY’18 Revenue Breakdown

Total Revenue Mix



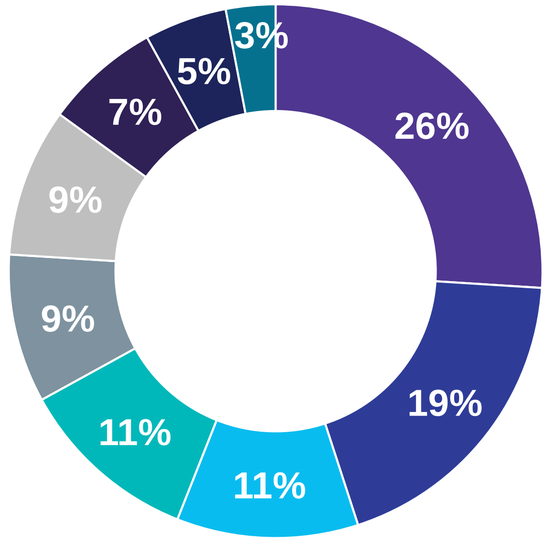
- License
- Cloud services & Subscriptions
- Customer Support
- Professional Service & Other

Total Revenue by Geography



- Americas
- EMEA
- APJ

ARR by Industry



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

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Cross-selling to the Global 10K

	OpenText Content Suite	HP	Documentum	Covisint	Guidance
Nestlé	✓	✓	✓		
GM	✓	✓	✓	✓	✓
AT&T	✓	✓	✓	✓	✓
DAIMLER	✓	✓		✓	
Canon	✓	✓	✓		
nationalgrid	✓	✓	✓		

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Strategic Acquisitions Strategy

What We Target:
Unlocking Value

- Evaluate businesses within the context of “The Information Company” strategy
- Fill functional white spaces, vertical capacities and key geographic expansion opportunities
- We value recurring revenues, paths to higher margin and strong cash flows
- Strong leadership teams, disciplined engineering and leading distribution models
- Dedicated in-house Corporate Development team: from sourcing through integration

OpenText Business System: A Proven Methodology

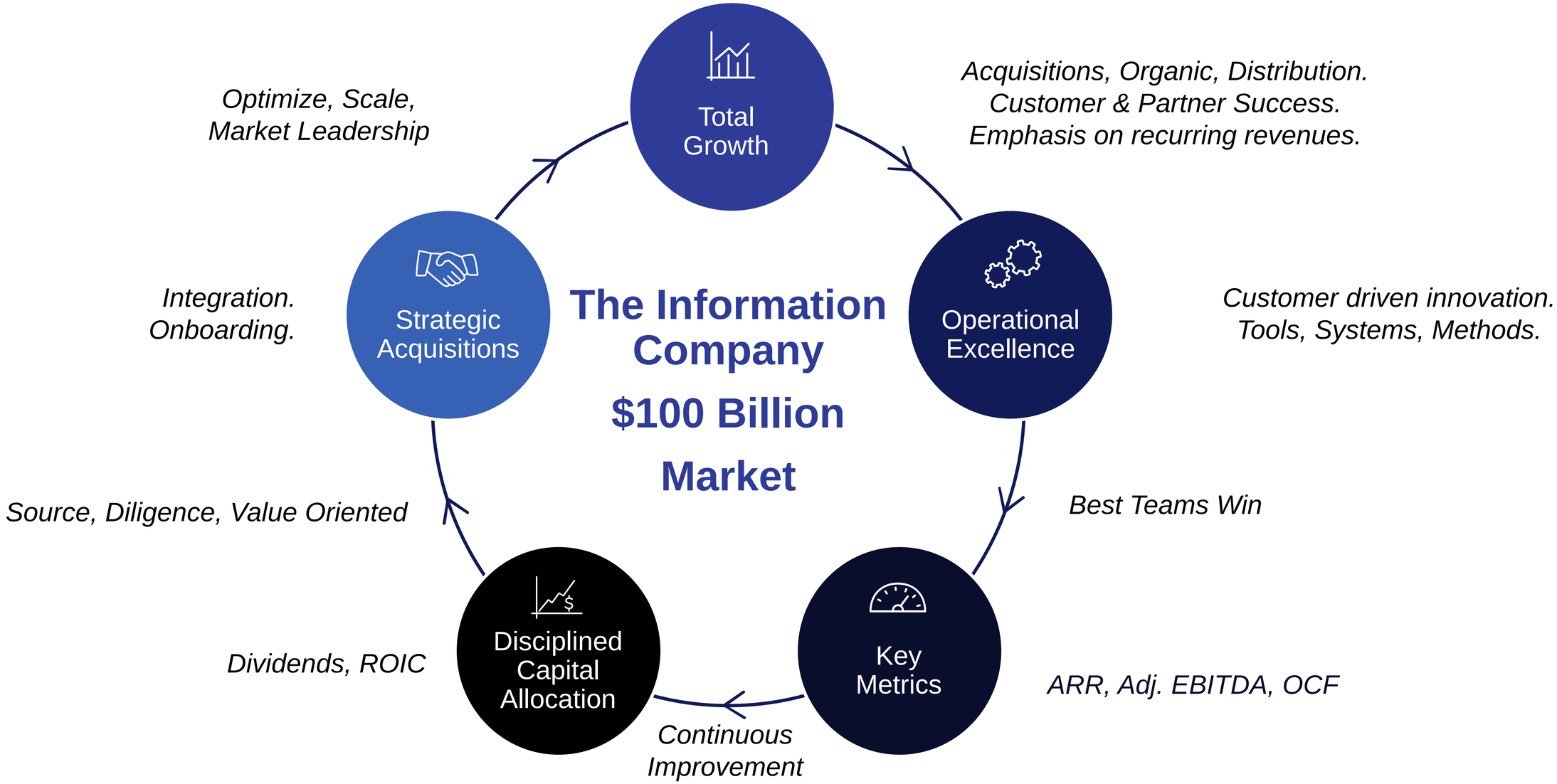
- Ideal businesses are special situations that would benefit from the OpenText Business System and OpenText’s scale
- Our internal M&A models have simple and clear cash-based returns, ROIC is the key metric
- Cost synergies and free cash flows(1) drive more value over revenue synergies
- “On boarding” to the OpenText target model provides consistent value creation
- Immediate day-one integration of acquired businesses
- Scalable centers of excellence in India, the Philippines and Canada

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1. Not a reported metric but used internally as part of OTBS.

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The OpenText Business System



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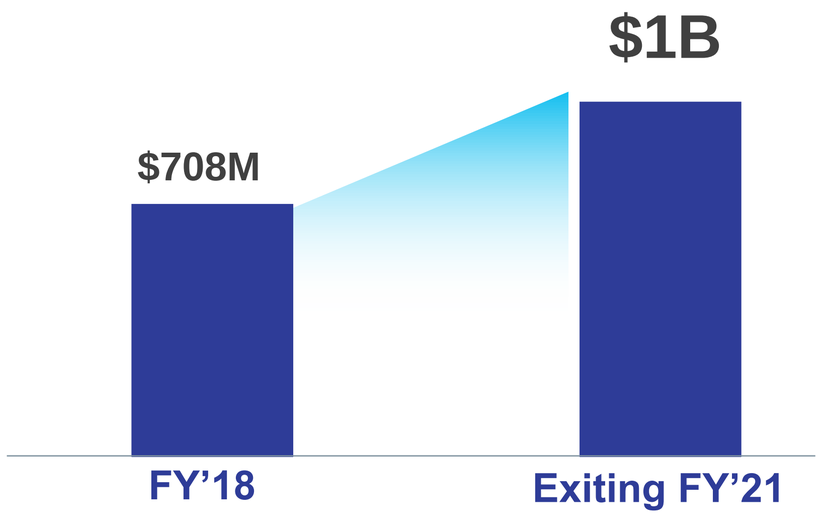
2021 Adjusted EBITDA Targets

FY'19 Model	FY'21 Target	Bridge from FY'19 to FY'21
36% - 38%	38% - 40%	• Improve Cloud margin by optimization, offshore, and platform consolidation • ARR: One renewals organization, AI and automation • Optimize OpenText Business System • Utilize Centers of Excellence (Canada and offshore, i.e. India, Philippines) • Leverage AI and automation in all departments • More efficient spend in Sales & Marketing

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Long Term Model[1]

OCF[2]



Operating Cash Flows
$1 Billion

OpenText Business System Gets Us There

Total Growth:

- Acquisitions
- Organic Growth
- Partner Distribution

Efficiency:

- People and Programs
- Digital Automation
- AI

1. Aspirational model, results could vary based on timing and onboarding of acquisitions. This model is not guidance.
2. Certain prior period comparative amounts have been adjusted to conform to current period presentation in accordance with recently adopted accounting standards. For more details, see Note 1 to the Company's Form 10-Q.

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Experienced Management Team



Mark J. Barrenechea
Vice Chair, CEO & CTO



Madhu Ranganathan
EVP, CFO



Muhi Majzoub
EVP, Engineering & Cloud Services



Gordon Davies
EVP, CLO & Corporate Development



Simon "Ted" Harrison
EVP, Worldwide Sales



James McGourlay
EVP, Worldwide Support



Prentiss Donohue
SVP, Professional Services



Paul Duggan
SVP, Worldwide Operations



David Jamieson
SVP, CIO



Patricia E. Nagle
SVP, Chief Marketing Officer



Brian Sweeney
SVP, Chief Human Resource Officer

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Leadership in Key Verticals

Utilities/Energy

Public Sector

Manufacturing

Automotive

Consumer Goods

Technology

Finance/Insurance

Healthcare

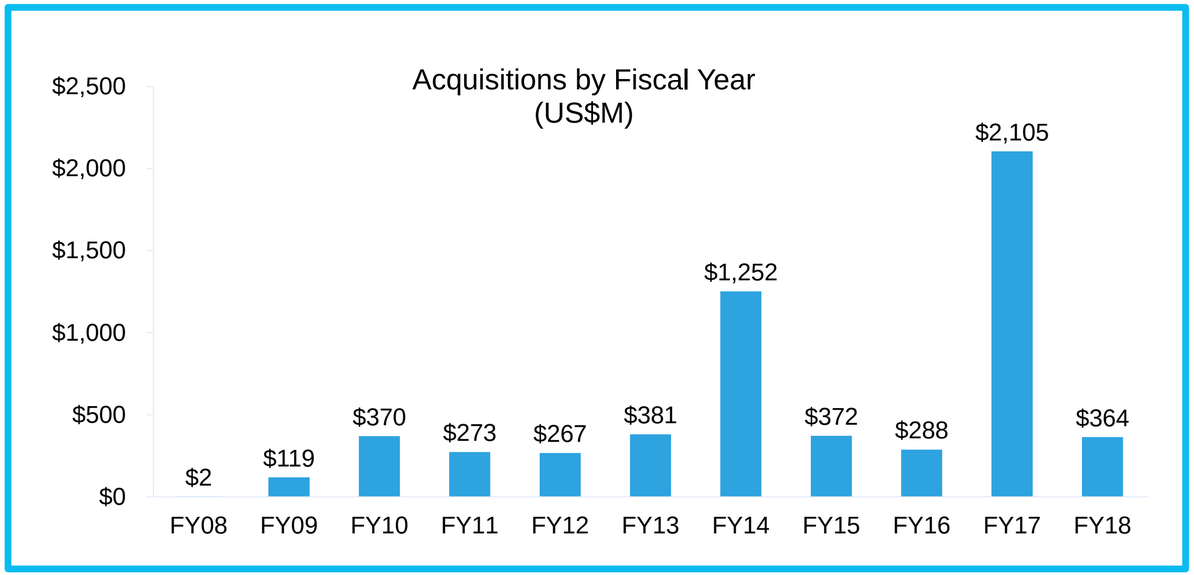
Transportation

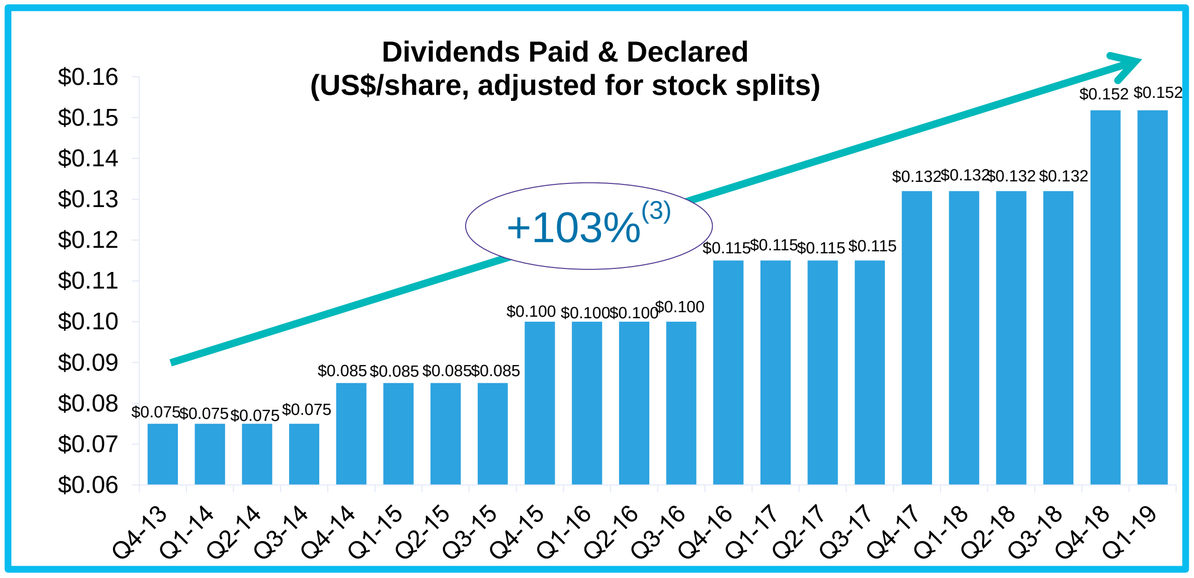
Services

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Disciplined Capital Allocation

- Solid balance sheet of $788M in cash(1), and strong access to capital
- Consolidated net leverage ratio of 1.7:1(2)
- CAPEX spending of $105M for FY’18
- FY’18 ROIC was 17.5%
- Dividend per share(3) has increased by ~103% since 2013
- Target payout of approximately 20% of TTM operating cash flow





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1. Excludes restricted cash
2. As of September 30, 2018
3. % Increase on a per share basis.

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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:

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Summary of Quarterly Results with Constant Currency

(in millions except per share data)	Q1 FY19	Q1 FY18	$ Change	% Change	Q1 FY19 in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	$208.1	$193.9	$14.2	7.3 %	$208.2	7.4 %
Customer support	311.6	295.4	16.1	5.5 %	311.4	5.4 %
Total annual recurring revenues**	**$519.6**	**$489.3**	**$30.4**	**6.2 %**	**$519.6**	**6.2 %**
License	76.9	78.2	(1.3)	(1.7) %	77.6	(0.8) %
Professional service and other	70.6	73.2	(2.6)	(3.5) %	71.6	(2.2) %
Total revenues	**$667.2**	**$640.7**	**$26.5**	**4.1 %**	**$668.8**	**4.4 %**
GAAP-based operating income	$99.2	$87.6	$11.6	13.2 %		
Non-GAAP-based operating income (1)	$222.4	$201.7	$20.8	10.3 %	$220.6	9.4 %
GAAP-based EPS, diluted	$0.13	$0.14	($0.01)	(7.1) %		
Non-GAAP-based EPS, diluted(1)(2)	$0.60	$0.54	$0.06	11.1 %	$0.59	9.3 %
GAAP-based net income, attributable to OpenText	$36.3	$36.6	($0.3)	(0.7) %		
Adjusted EBITDA(1)	$246.3	$220.4	$25.8	11.7 %		
Operating cash flows	$171.4	$67.2	$104.2	154.9 %		

(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.

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Reconciliation of Selected Non-GAAP Measures | Q1 F19

(in '000s USD)	Three Months Ended September 30, 2018					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 87,703		$ (317)	(1)	$ 87,386	
Customer support	30,465		(300)	(1)	30,165	
Professional service and other	56,796		(524)	(1)	56,272	
Amortization of acquired technology-based intangible assets	47,477		(47,477)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	440,844	66.1%	48,618	(3)	489,462	73.4%
Operating expenses						
Research and development	77,470		(1,359)	(1)	76,111	
Sales and marketing	120,182		(1,801)	(1)	118,381	
General and administrative	50,924		(2,254)	(1)	48,670	
Amortization of acquired customer-based intangible assets	45,876		(45,876)	(2)	—	
Special charges (recoveries)	23,311		(23,311)	(4)	—	
GAAP-based income from operations/ Non-GAAP-based income from operations	99,227		123,219	(5)	222,446	
Other income (expense), net	1,522		(1,522)	(6)	—	
Provision for (recovery of) income taxes	29,850		(3,542)	(7)	26,308	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	36,324		125,239	(8)	161,563	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.13		$ 0.47	(8)	$ 0.60	

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Reconciliation of Selected Non-GAAP Measures | Q1 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.
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 45% 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 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 September 30, 2018	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 36,324	$ 0.13
Add:		
Amortization	93,353	0.35
Share-based compensation	6,555	0.02
Special charges (recoveries)	23,311	0.09
Other (income) expense, net	(1,522)	(0.01)
GAAP-based provision for (recovery of) income taxes	29,850	0.11
Non-GAAP based provision for income taxes	(26,308)	(0.09)
Non-GAAP-based net income, attributable to OpenText	$ 161,563	$ 0.60

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Reconciliation of Selected Non-GAAP Measures | Q1 F18

(in '000s USD)	Three Months Ended September 30, 2017					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 84,134		$ (522)	(1)	$ 83,612	
Customer support	32,770		(329)	(1)	32,441	
Professional service and other	59,428		(597)	(1)	58,831	
Amortization of acquired technology-based intangible assets	43,960		(43,960)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	417,435	65.2%	45,408	(3)	462,843	72.2%
Operating expenses						
Research and development	77,574		(1,626)	(1)	75,948	
Sales and marketing	122,615		(3,088)	(1)	119,527	
General and administrative	48,902		(2,073)	(1)	46,829	
Amortization of acquired customer-based intangible assets	43,789		(43,789)	(2)	—	
Special charges (recoveries)	18,031		(18,031)	(4)	—	
GAAP-based income from operations /Non-GAAP-based income from operations	87,646		114,015	(5)	201,661	
Other income (expense), net	10,224		(10,224)	(6)	—	
Provision for (recovery of) income taxes	27,369		(2,191)	(7)	25,178	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	36,596		105,982	(8)	142,578	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.14		$ 0.40	(8)	$ 0.54	

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Reconciliation of Selected Non-GAAP Measures | Q1 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.
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 43% and a Non-GAAP-based tax rate of approximately 15%; 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 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 15%, 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 September 30, 2017	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 36,596	$ 0.14
Add:		
Amortization	87,749	0.33
Share-based compensation	8,235	0.03
Special charges (recoveries)	18,031	0.07
Other (income) expense, net	(10,224)	(0.04)
GAAP-based provision for (recovery of) income taxes	27,369	0.10
Non-GAAP based provision for income taxes	(25,178)	(0.09)
Non-GAAP-based net income, attributable to OpenText	$ 142,578	$ 0.54

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Reconciliation of Adjusted EBITDA

(in '000s USD)	Q1 FY19	Q1 FY18
GAAP-based Net income attributable to OpenText	$ 36,324	$ 36,596
Add:		
Provision for (recovery of) income taxes	29,850	27,369
Interest and other related expense, net	34,531	33,811
Amortization of acquired technology-based intangible assets	47,477	43,960
Amortization of acquired customer-based intangible assets	45,876	43,789
Depreciation	23,854	18,878
Share-based compensation	6,555	8,235
Special charges (recoveries)	23,311	18,031
Other (income) expense, net	(1,522)	(10,224)
Adjusted EBITDA	$ 246,256	$ 220,445

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