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Q3 Fiscal 2020 Financial & Business Results

NASDAQ: OTEX | TSX: OTEX

April 30, 2020

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, 2020 (Fiscal 2020) on growth, the financial and operational impact of COVID-19 and associated preemptive measures and restructuring plans, anticipated benefits of our partnerships and next generation product lines, the strength of our operating framework and balance sheet flexibility, continued investments in product innovation, go-to-market and strategic acquisitions, M&A continuing to be our leading growth contributor, our capital allocation strategy, creating value through investments in broader Information Management (IM) capabilities, 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, the focus on recurring revenues, improving operational 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, declaration of quarterly dividends, future tax rates, new platform and product offerings, scaling OpenText to new levels in Fiscal 2020 and beyond, 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 IM market including expected growth in the Artificial Intelligence market; (vi) the Company's competitive position in the IM 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 IM 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 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.

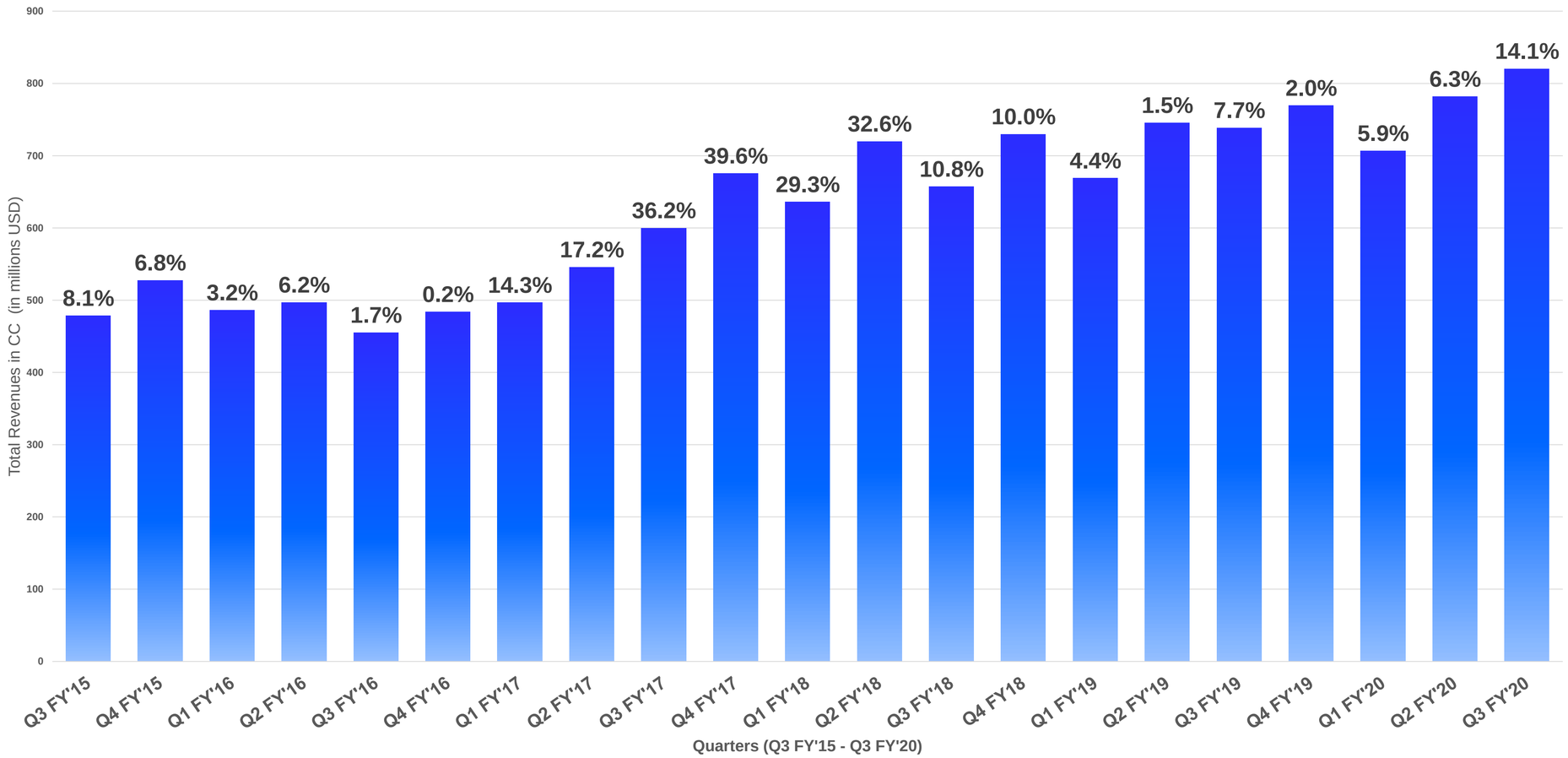
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Twenty-one Consecutive Quarters of Total Growth

21

Consecutive Quarters of Y/Y Growth(1)

Total Revenue Growth in CC(1) (Y/Y)

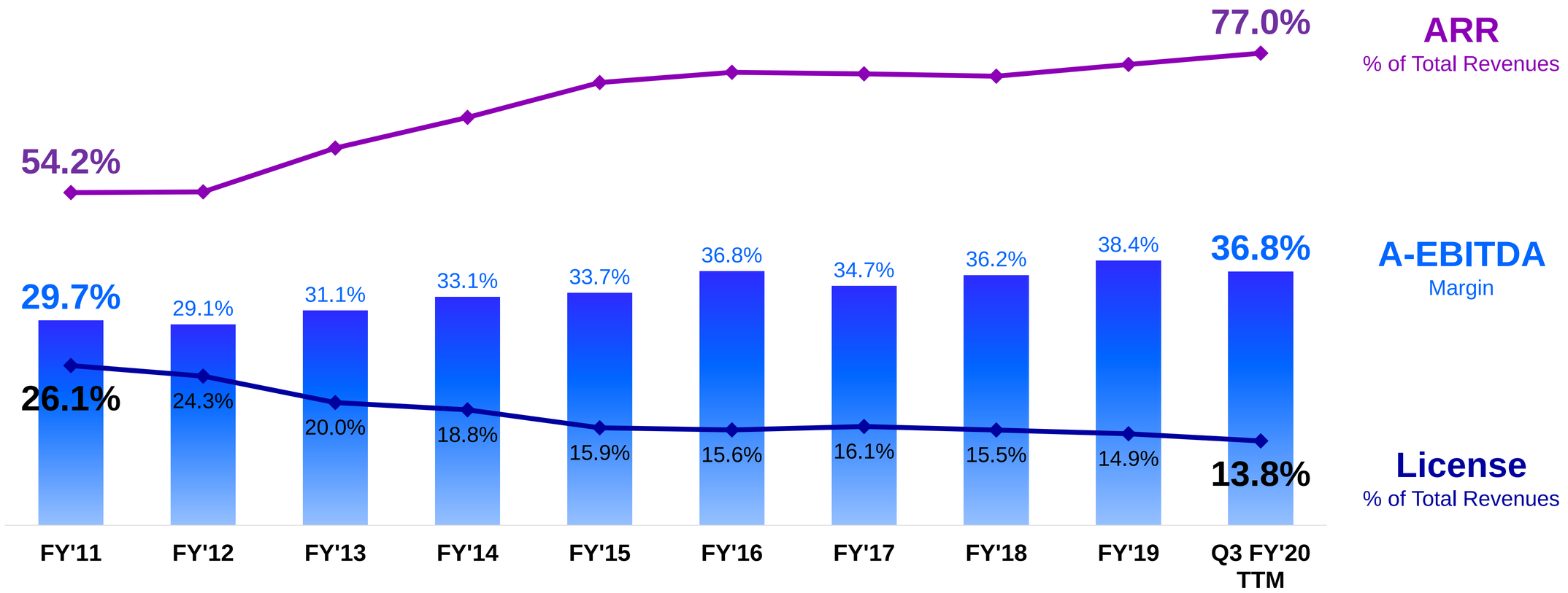


1. Represents Total Revenue growth in constant currency (Y/Y).

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Growing ARR While Expanding Margin

OpenText ARR, License, and A-EBITDA[(1),(2)] Margin



1. Please see Appendix A "Use of Non-GAAP Financial Measures" in this presentation for reconciliation of GAAP to Non-GAAP measures.
2. Refer to note 1 of our Fiscal 2019 10-K for details on the impact of recently adopted accounting standards on prior period results.

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Q3 FY'20 Financial Highlights

With Y/Y Comparisons

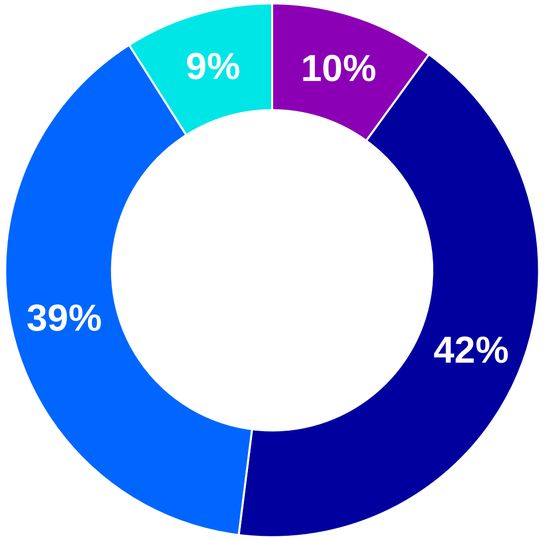
	Q3 FY'20		Trailing Twelve Months (TTM) Ending Q3 FY'20	
Total Revenues	$814.7M	▲ 13.3% ▲ 14.1% in CC	$3.03B	▲ 5.4% ▲ 7.0% in CC
ARR[1]	$662.3M 81.3% of Total Revenue	▲ 20.6% ▲ 21.3% in CC	$2.33B, 77.0% of Total Revenue	▲ 9.4% ▲ 10.9% in CC
Cloud Revenues	$339.5M	▲ 42.3% ▲ 42.8% in CC	$1.07B	▲ 20.7% ▲ 21.8% in CC
A-EBITDA[2]	$259.5M, 31.8% (margin)	▼ (0.9)% ▲ 0.5% in CC	$1.11B, 36.8% (margin)	▲ 1.5% ▲ 3.6% in CC
Non-GAAP Earnings Per Share[2]	$0.61	▼ (4.7)% ▼ (3.1)% in CC	$2.81	▲ 1.8% ▲ 4.7% in CC
Operating Cash Flows	$329.6M	▲ 15.2%	$904.1M[3]	▲ 6.3%

1. 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.
3. Refer to note 1 of our Fiscal 2019 10-K for details on the impact of recently adopted accounting standards on prior period results.

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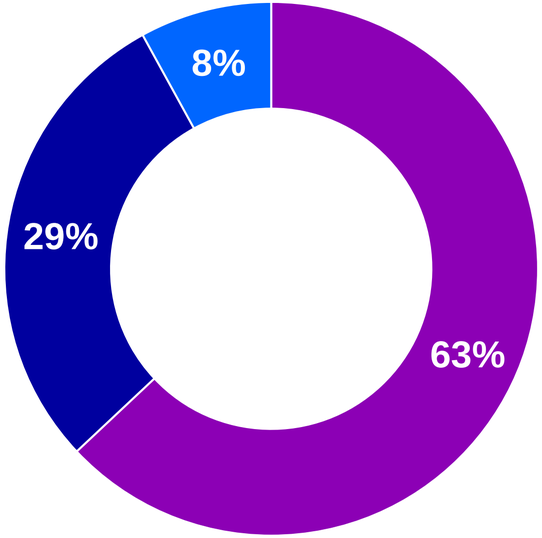
Q3 FY’20 Revenue Breakdown

Total Revenue Mix



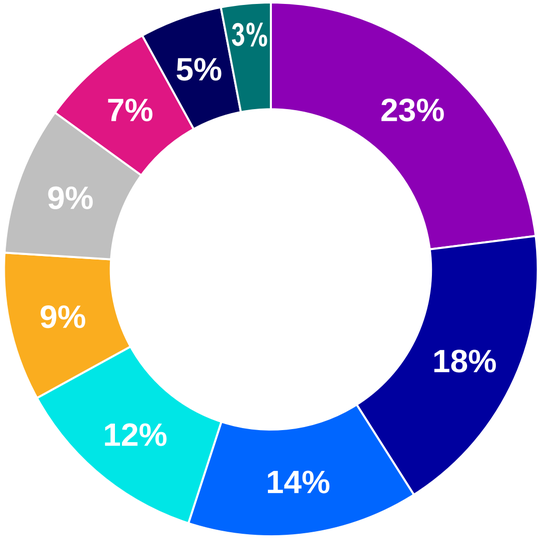
- License
- Cloud Services & Subscriptions
- Customer Support
- Professional Service & Other

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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Q3 FY’20 Key Customer Wins

- Nestlé S.A. is the largest multinational food and beverage company in the world
- In addition to the existing B2B Managed Services deployment, OpenText is building enhanced implementation for Nestle’s North America region
- Enables Nestle to scale its B2B services

- United Health Services Hospitals is New York State’s leading health care provider
- Purchased a High Availability design for their RightFax Connect deployment
- Enable enterprise-wide document delivery and transform their paper-based processes to electronic communications

- Continental AG is a German multinational automotive parts manufacturing company
- Purchased a subscription that includes 32.5 TB storage for OpenText Core Archive for SAP Solutions
- Will enable the company to streamline internal processes and build a new and agile environment

- Astra Daihatsu Motor, a joint venture company between Daihatsu, Astra International and Toyota Tsusho, is the largest car manufacturer in Indonesia, based in Jakarta
- Selected OpenText™ AppWorks to support an open IT system that is responsive to business needs and easier to maintain/manage with unparallel ease and cost effectiveness

- Diamond Pharmacy Services is one of the largest independently owned correctional pharmaceutical companies in the Unites States
- Expanded their use of OpenText RightFax across all divisions, a critical communication channel for their customers – almost 4,000,000 pages of fax are processed annually

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Q3 FY’20 Key Customer Wins

- As the largest domestic automotive manufacturer, GM continues to be a long-standing customer of OpenText Business Network to help support their complex and robust supply chain

- Praxair Distribution, a Linde company, is the world’s largest industrial gases manufacturer and distributor
- The company expanded their OpenText Business Network deployment and are working with OpenText to provide closer B2B integrations to their largest customers and automate the order to invoice process

- A long-standing customer, Saipem is a leading company in engineering, drilling and construction of major projects in energy and infrastructure, in over 70 countries and has 32 thousand employees
- Expanding its OpenText Documentum for Capital Projects use and adopting OpenText Extended ECM for SAP Solutions to support several upcoming large and complex engineering projects

- Debeka is the largest private health insurer and the largest mutual insurance association in Germany
- Selected OpenText™ Intelligent Capture to streamline the processing of up to 90 million customer documents per year

- Cree Lighting is a market-leading innovator of indoor, outdoor, and consumer bulb LED lighting
- Selected OpenText B2B Managed Services to enable them to digitally transform their integration environment to help meet the strategic objectives and revenue goals for the business

- Pathos is an independent, full service clinical laboratory specializing in diagnostic testing
- Selected OpenText EMR-Link to help the company expand their services from a regional to a national services provider

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Carbonite Update and Revenue Impact

- Expect revenue for the 2H of FY’20 to be above the prior range given of $195m to $200m, after purchase price accounting (PPA) and disruption of up to 10% for typical integration activities
- OpenText will recognize $171.0M of deferred revenue over the life of the contracts after PPA adjustments totaling $74.7M[1]

Estimated PPA Amortization (Millions)								
FY’20E			FY’21E				FY’22E+	Total
Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E		
$3.1	$22.9	$16.4	$11.3	$6.3	$3.5	$2.8	$8.4	$74.7

1. Unaudited and subject to measurement period adjustments.

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Q4 FY’20 Quarterly Factors:[1]

Externalities

- Lack of visibility and stability
- Highly fluid macro environment
- COVID-19 health and financial crisis
- Disruption in supply chains
- Disruption in many industries
- FX headwinds continue

Company Specific

- Our business is annual, and quarters will vary
- Broad range of potential outcomes, may cause actual results to vary meaningfully from current expectations[2]

Expect in Q4:

- FX headwind of ~$14m ($25.6m headwind Q3 FY’20 YTD)
- Total Revenues to be flat to slightly down, sequentially q/q
- A-EBITDA dollars to be flat to slightly up, sequentially q/q

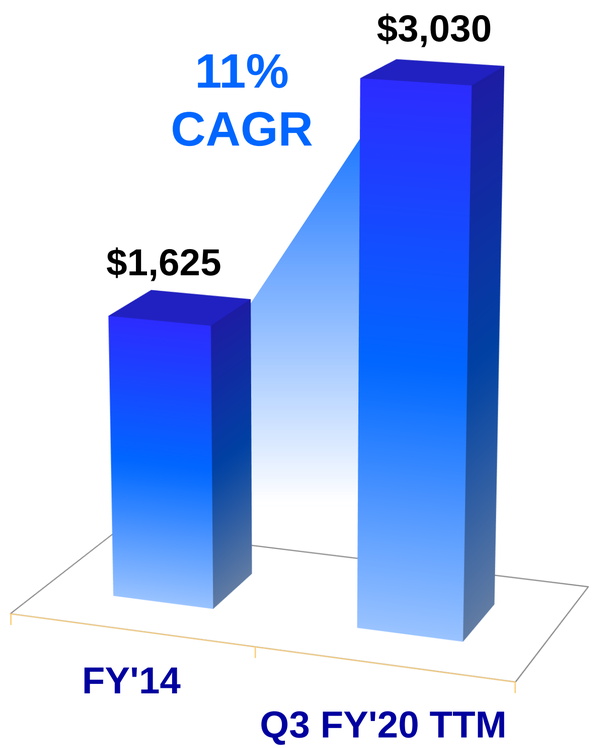
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1. The Q4 Quarterly Factors are anticipated quarterly variances that do not reflect OpenText’s annual business.
2. See Safe Harbour statement at beginning of this presentation and 10Q for the quarter ended March 31, 2020.

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Total Growth Strategy: FY’20

Total Revenue Growth
(US$ M)



FY’20 Business Profile(1)

Expect % change y/y:

License	Expect to decline
Cloud	Low 20%’s growth
Customer Support	Low single-digit growth
Professional Services	Expect to decline
M&A	Additive M&A revenues
Total Growth	Mid to high single-digits

1. As of April 30, 2020.

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FY’20 Target Model

	Fiscal 2019 Results	Revised Fiscal 2020 Model[3]
Revenue Type:		
Annual Recurring Revenue (ARR)	75.1%	**76% - 78%**
License	14.9%	13% - 17%
Cloud Services and Subscriptions	31.7%	34% - 38%
Customer Support	43.5%	38% - 42%
Professional Services and Other	9.9%	7% - 11%
Non-GAAP Gross Margin		
License	96.6%	96% - 98%
Cloud Services and Subscriptions	57.8%	58% - 60%
Customer Support	90.1%	89% - 91%
Professional Services and Other	21.8%	18% - 20%
Non-GAAP Gross Margin[1]	**74.1%**	**73% - 75%**
Non-GAAP Operating Expenses:		
Research & Development	11.0%	11% - 13%
Sales & Marketing	17.8%	18% - 20%
General & Admin	6.9%	6% - 8%
Depreciation	3.4%	2% - 4%
A-EBITDA Margin[1]	**38.4%**	**35% - 36%**
Interest and Other Related Expense USD million	$136.6	$147 - $152
Adjusted Tax Rate[2]	14%	14%
Capital Expenditures	**$64**	**$72 - $77**

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1. Please see reconciliation of GAAP to Non-GAAP measures in our historical filings on Form 10K.
2. Please refer to historical filings, including our Forms 10-K and 10-Q, regarding the company’s adjusted tax rate.
3. The ranges highlighted in green have been updated. This model is not guidance.

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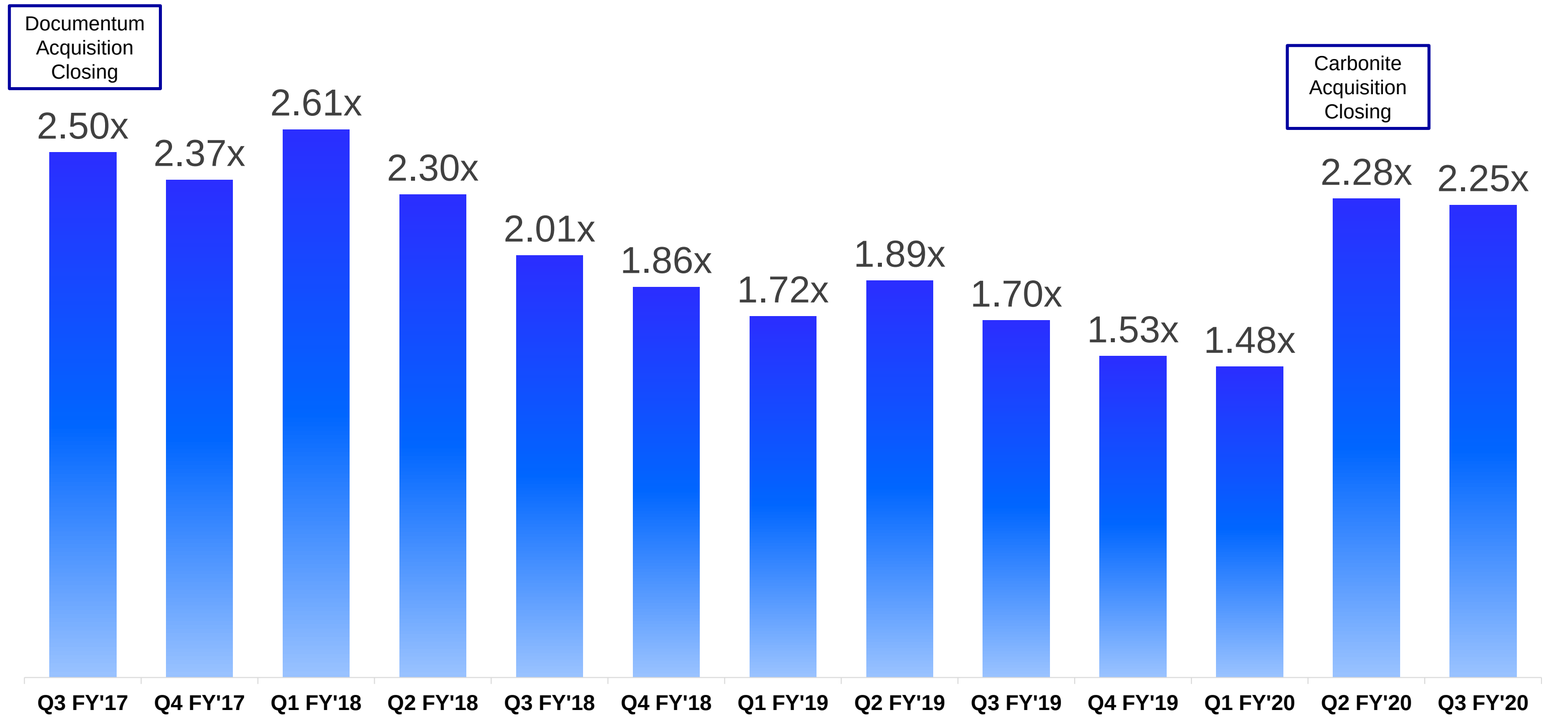
Strong Cash Flow and Balance Sheet

Cash Generated for M&A

TTM Q3 FY'20 (US$ M)

OCF	$904
Less: Principal	$10
Less: CapEx	$68
Less: Dividends	$188
TTM Cash Generated for M&A	$638

Trended Consolidated Net Leverage Ratio[1]



1. Consolidated Net Leverage Ratio is calculated using bank covenant methodology.

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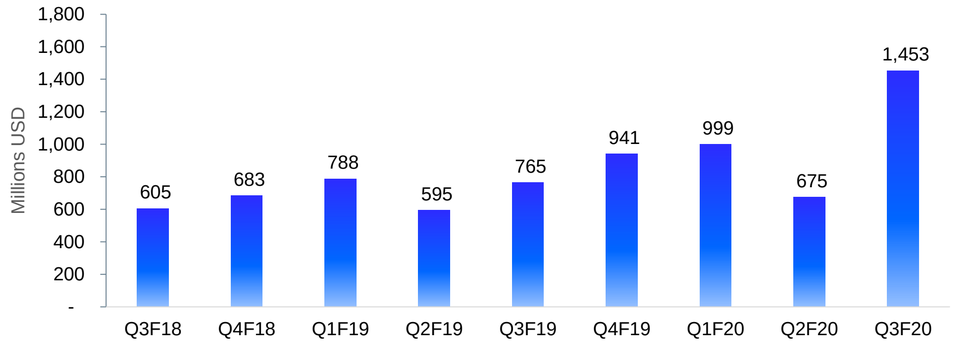
Strong Liquidity and Cash Position

Current Liquidity (US$ M)

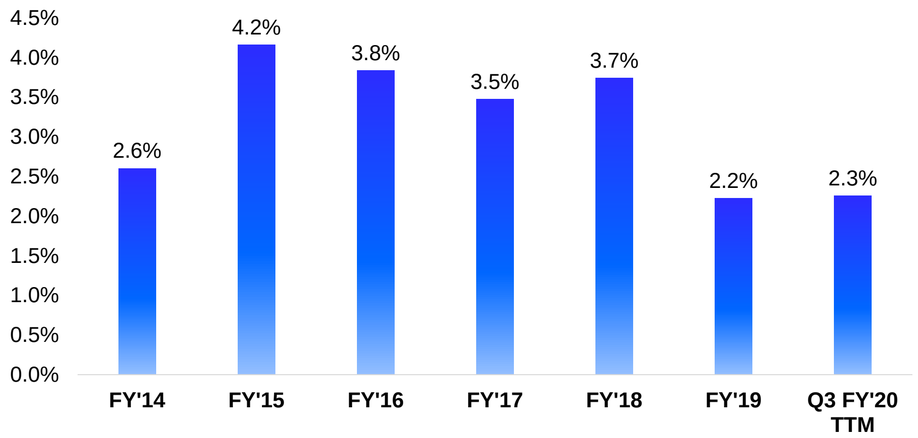
Total Available & Committed Liquidity(1)	**$1,603**

Total cash & short-term investments at $1.453B (Mar 21/20)

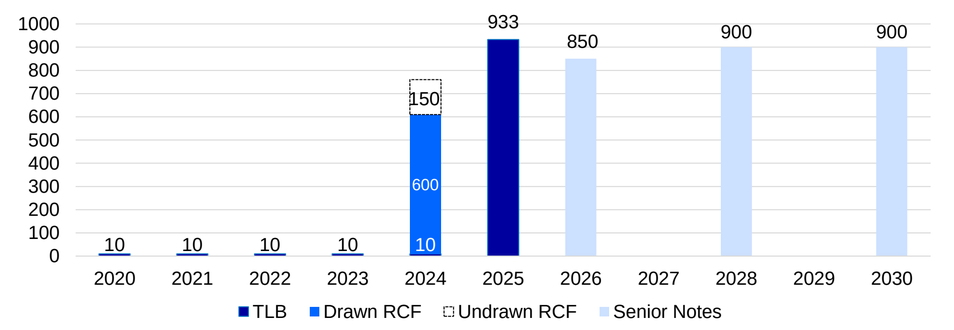
Cash Balance Trend



Capital Expenditures as % of Total Revenue (FY14 to Q3 FY'20 TTM)



Debt Maturity Profile



1. Excludes restricted cash. Includes Cash and the Undrawn Revolver of $150m as of March 31, 2020.

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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 consistently calculated as GAAP-based net income or earnings per share, attributable to OpenText, on a diluted basis, excluding the effects of 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 consistently 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, primarily due to acquisitions, 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)	Q3 FY20	Q3 FY19	$ Change	% Change	Q3 FY20 in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	$339.5	$238.6	$100.9	42.3 %	$340.6	42.8 %
Customer support	322.9	310.8	12.1	3.9 %	325.7	4.8 %
Total annual recurring revenues**	**$662.3**	**$549.4**	**$113.0**	**20.6 %**	**$666.3**	**21.3 %**
License	81.1	98.7	(17.7)	(17.9) %	81.9	(17.0) %
Professional service and other	71.3	71.1	0.2	0.3 %	72.1	1.5 %
Total revenues	**$814.7**	**$719.1**	**$95.5**	**13.3 %**	**$820.4**	**14.1 %**
GAAP-based operating income	$95.1	$135.9	($40.8)	(30.0) %	N/A	N/A
Non-GAAP-based operating income (1)	$234.7	$236.8	($2.1)	(0.9) %	$238.5	0.7 %
GAAP-based EPS, diluted	$0.10	$0.27	($0.17)	(63.0) %	N/A	N/A
Non-GAAP-based EPS, diluted(1)(2)	$0.61	$0.64	($0.03)	(4.7) %	$0.62	(3.1) %
GAAP-based net income, attributable to OpenText	$26.0	$72.8	($46.8)	(64.3) %	N/A	N/A
Adjusted EBITDA(1)	$259.5	$261.8	($2.3)	(0.9) %	$263.1	0.5 %
Operating cash flows	$329.6	$286.0	$43.6	15.2 %	N/A	N/A

(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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Summary of Year to Date Results with Constant Currency

(in millions except per share data)	FY20 YTD	FY19 YTD	$ Change	% Change	FY20 YTD in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	$825.1	$665.9	$159.1	23.9 %	$830.1	24.7 %
Customer support	950.7	932.7	18.0	1.9 %	963.5	3.3 %
Total annual recurring revenues**	**$1,775.7**	**$1,598.6**	**$177.1**	**11.1 %**	**$1,793.7**	**12.2 %**
License	297.0	308.4	(11.3)	(3.7) %	301.3	(2.3) %
Professional service and other	210.3	214.6	($4.2)	(2.0) %	213.7	(0.4) %
Total revenues	**$2,283.1**	**$2,121.5**	**$161.6**	**7.6 %**	**$2,308.7**	**8.8 %**
GAAP-based operating income	$412.3	$409.0	$3.3	0.8 %	N/A	N/A
Non-GAAP-based operating income (1)	$765.0	$743.7	$21.3	2.9 %	$779.9	4.9 %
GAAP-based EPS, diluted	$0.77	$0.79	($0.02)	(2.5) %	N/A	N/A
Non-GAAP-based EPS, diluted(1)(2)	$2.09	$2.04	$0.05	2.5 %	$2.14	4.9 %
GAAP-based net income, attributable to OpenText	$207.8	$213.5	($5.7)	(2.7) %	N/A	N/A
Adjusted EBITDA(1)	$830.7	$816.4	$14.3	1.8 %	$845.1	3.5 %
Operating cash flows	$674.3	$646.5	$27.8	4.3 %	N/A	N/A

(1) See reconciliation of GAAP-based measures to Non-GAAP-based measures at the end of this presentation
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** 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 | Q3 F20

(in '000s USD)	Three Months Ended March 31, 2020					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 127,565		$ (398)	(1)	$ 127,167	
Customer support	32,151		(284)	(1)	31,867	
Professional service and other	56,526		(328)	(1)	56,198	
Amortization of acquired technology-based intangible assets	63,401		(63,401)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	532,492	65.4%	64,411	(3)	596,903	73.3%
Operating expenses						
Research and development	108,184		(1,243)	(1)	106,941	
Sales and marketing	166,234		(2,261)	(1)	163,973	
General and administrative	68,828		(2,342)	(1)	66,486	
Amortization of acquired customer-based intangible assets	59,943		(59,943)	(2)	—	
Special charges (recoveries)	9,406		(9,406)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	95,077		139,606	(5)	234,683	
Other income (expense), net	(18,923)		18,923	(6)	—	
Provision for (recovery of) income taxes	8,891		18,188	(7)	27,079	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	25,965		140,341	(8)	166,306	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.10		$ 0.51	(8)	$ 0.61	

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Reconciliation of Selected Non-GAAP Measures | Q3 F20

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 25% 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, 2020	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 25,965	$ 0.10
Add:		
Amortization	123,344	0.45
Share-based compensation	6,856	0.03
Special charges (recoveries)	9,406	0.03
Other (income) expense, net	18,923	0.07
GAAP-based provision for (recovery of) income taxes	8,891	0.03
Non-GAAP based provision for income taxes	(27,079)	(0.10)
Non-GAAP-based net income, attributable to OpenText	$ 166,306	$ 0.61

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Reconciliation of Selected Non-GAAP Measures | F20 YTD

(in '000s USD)	Nine Months Ended March 31, 2020					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non- GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 333,371		$ (1,152)	(1)	$ 332,219	
Customer support	91,326		(897)	(1)	90,429	
Professional service and other	164,468		(917)	(1)	163,551	
Amortization of acquired technology-based intangible assets	145,998		(145,998)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	1,540,044	67.5%	148,964	(3)	1,689,008	74.0%
Operating expenses						
Research and development	269,645		(3,719)	(1)	265,926	
Sales and marketing	432,162		(6,760)	(1)	425,402	
General and administrative	174,958		(8,085)	(1)	166,873	
Amortization of acquired customer-based intangible assets	160,561		(160,561)	(2)	—	
Special charges (recoveries)	24,579		(24,579)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	412,330		352,668	(5)	764,998	
Other income (expense), net	(19,736)		19,736	(6)	—	
Provision for (recovery of) income taxes	78,800		13,481	(7)	92,281	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	207,833		358,923	(8)	566,756	
GAAP-based earnings per share / Non GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.77		$ 1.32	(8)	$ 2.09	

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Reconciliation of Selected Non-GAAP Measures | F20 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.
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 27% 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, 2020	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 207,833	$ 0.77
Add:		
Amortization	306,559	1.13
Share-based compensation	21,530	0.08
Special charges (recoveries)	24,579	0.09
Other (income) expense, net	19,736	0.07
GAAP-based provision for (recovery of) income taxes	78,800	0.29
Non-GAAP based provision for income taxes	(92,281)	(0.34)
Non-GAAP-based net income, attributable to OpenText	$ 566,756	$ 2.09

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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 / Non-GAAP-based income from operations	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	

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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.
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

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Reconciliation of Selected Non-GAAP Measures | F19 YTD

(in '000s USD)	Nine 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	$ 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 / Non-GAAP-based income from operations	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	

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Reconciliation of Selected Non-GAAP Measures | F19 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.
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

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Reconciliation of Adjusted EBITDA

(in '000s USD)	FY20 YTD	Q3 FY20	FY19 YTD	Q3 FY19
GAAP-based Net income attributable to OpenText	$ 207,833	$ 25,965	$ 213,518	$ 72,762
Add:				
Provision for (recovery of) income taxes	78,800	8,891	98,628	32,542
Interest and other related expense, net	105,849	41,263	103,751	35,607
Amortization of acquired technology-based intangible assets	145,998	63,401	140,439	44,596
Amortization of acquired customer-based intangible assets	160,561	59,943	140,627	48,832
Depreciation	65,809	24,820	72,716	25,028
Share-based compensation	21,530	6,856	20,152	6,712
Special charges (recoveries)	24,579	9,406	33,487	796
Other (income) expense, net	19,736	18,923	(6,965)	(5,065)
Adjusted EBITDA	$ 830,695	$ 259,468	$ 816,353	$ 261,810
Total revenue	$ 2,283,124	$ 814,679	$ 2,121,534	$ 719,146
Adjusted EBITDA margin (% of total revenue)	36.4%	31.8%	38.5%	36.4%

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Reconciliation of Adjusted EBITDA | F11-F19

(in '000s USD)	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
GAAP-based Net income attributable to OpenText	$ 123,203	$ 125,174	$ 148,520	$ 218,125	$ 234,327	$ 284,477	$ 1,025,659	$ 242,224	$ 285,501
Add:									
Provision for (recovery of) income taxes	12,931	12,171	29,690	58,461	31,638	6,282	(776,364)	143,826	154,937
Interest and other related expense, net	8,452	15,564	16,982	27,934	54,620	76,363	120,892	138,540	136,592
Amortization of acquired technology-based intangible assets	68,048	84,572	93,610	69,917	81,002	74,238	130,556	185,868	183,385
Amortization of acquired customer-based intangible assets	38,966	53,326	68,745	81,023	108,239	113,201	150,842	184,118	189,827
Depreciation	22,116	21,587	24,496	35,237	50,906	54,929	64,318	86,943	97,716
Share-based compensation	11,308	18,097	15,575	19,906	22,047	25,978	30,507	27,594	26,770
Special charges (recoveries)	15,576	24,523	24,034	31,314	12,823	34,846	63,618	29,211	35,719
Other (income) expense, net	6,019	(3,549)	2,473	(3,941)	28,047	1,423	(15,743)	(17,973)	(10,156)
Adjusted EBITDA	$ 306,619	$ 351,465	$ 424,125	$ 537,976	$ 623,649	$ 671,737	$ 794,285	$ 1,020,351	$ 1,100,291
Total Revenue	$ 1,033,303	$ 1,207,473	$ 1,363,336	$ 1,624,699	$ 1,851,917	$ 1,824,228	$ 2,291,057	$ 2,815,241	$ 2,868,755
Adjusted EBITDA Margin (% of total revenue)	29.7%	29.1%	31.1%	33.1%	33.7%	36.8%	34.7%	36.2%	38.4%

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