

OPENTEXT

October 28, 2004

Open Text Announces First Quarter 2005 Financial Results

Waterloo, ON - 2004-10-28 - Open Text Corporation (Nasdaq: OTEX; TSX: OTC), the world's largest provider of enterprise content management (ECM) software, today announced financial results for its first fiscal quarter ended September 30, 2004. (1)

Financial Highlights

Total revenue for the first quarter was \$85.6 million, up 94% from the same period last year and license revenue of \$23.9 million grew by 41% over the prior year.

Open Text reported total adjusted net income for the first quarter of \$3.9 million, or adjusted earnings per share (EPS) of \$0.07. This compares to adjusted net income of \$4.9 million, or \$0.12 adjusted EPS in the first quarter a year ago, marking the 23rd consecutive profitable quarter for the Company. (2)

Open Text reported total net income for the first quarter in accordance with U.S. generally accepted accounting principles (GAAP) of (\$1.0) million, or (\$0.02 EPS), compared to net income of \$3.4 million, or \$0.08 EPS in the first quarter a year ago.

We are pleased with the IXOS results this quarter. IXOS was profitable in the quarter with revenue of approximately \$33 million and is now operating on the Open Text model," said Tom Jenkins, CEO of Open Text. We see the ECM market continuing to grow, especially as it relates to compliance solutions and we believe that growing profitably is the best route for our future success.

Total cash flow from operations in the quarter was \$5.1 million. The total cash on hand at quarter end was \$111.5 million or \$2.07 per share (diluted). The cash balance reflects the use of cash for acquisitions made during the quarter (Artesia and Vista) as well as Open Text share repurchases.

At quarter end, total deferred revenue was \$64.3 million, up \$28.9 million or 82% over a year ago.

Revenue results were broadly based, with 41% derived from North America, 52% from Europe and 7% from the Middle East and Asia. (1)

As of March 1, 2004, Open Text began including the results of IXOS in its financial statements on a consolidated basis, and these results include a full quarter revenue and expense. Open Text owns approximately 89% of IXOS Software AG.

We are seeing traction from customers who want a full ECM suite that includes content management, collaboration and e-mail archiving, said John Shackleton, President of Open Text. Based on our current visibility into our pipeline, we reaffirm our guidance for the fiscal 2005 year.

Guidance

See accompanying Note (2)

The Company is establishing initial guidance for its second quarter, ending December 31st, 2004. For the second quarter Open Text expects revenue of \$100 to \$106 million with adjusted EPS of \$0.18 to \$0.26.

The Company is maintaining its previously announced guidance for fiscal year 2005, which commenced July 1, 2004. For fiscal year 2005, Open Text expects revenue of \$420 to \$450 million with adjusted EPS of \$1.10 to \$1.30.

Open Text's actual results for future periods may vary from the guidance presented and such variations may be material. Please see note (2) below for a discussion regarding net income per share in accordance with GAAP.

Recent Highlights

1. U.S. Office of Naval Research Implements Open Text's Livelink Software Suite

The U.S. Office of Naval Research has adopted the Open Text's Livelink software to improve collaboration and to better manage documents and data for the organization's research projects.

For more information use the following link: <http://www.opentext.com/news/pr.html?id=1515>

2. Open Text s Records Management Software Receives National Archives Approval from the UK Government

Open Text announced today that its records management software has been approved by the UK Government s National Archives electronic records management systems (ERMS) program.

For more information use the following link: <http://www.opentext.com/news/pr.html?id=1516>

3. Open Text Extends SAP® Solution Integration, Introduces New Version of IXOS Suite for SAP Solutions

The Company introduced a major extension of its suite of ECM products that integrate with the complete range of SAP® solutions, including financial, human resources and other business applications.

For more information use the following link: <http://www.opentext.com/news/pr.html?id=1522>

Upcoming Investor Events

Open Text announced plans to participate in the following financial conferences. Note that event dates and times are subject to change after the release of this announcement. To confirm a date or learn about Web cast availability, visit the Company's Web site closer to event date at: www.opentext.com/investor/investor_events/

November 9, 2004
Scotia Capital Technology Conference
Toronto, ON

November 16, 2004
Open Text Analyst Day
Phoenix, AZ

December 2, 2004
CSFB Technology Conference
Phoenix, AZ

December 9, 2004
Open Text Annual General Meeting
Toronto, ON

February 8-10, 2005
Merrill Lynch Computer Services & Software Conference 2005
Santa Monica, CA

February 16, 2005
MS Howells ECM Conference
Phoenix, AZ

Teleconference Call

Open Text will host a conference call on October 28th, 2004, at 5:00 p.m. EST to discuss its preliminary financial results.

Date: Thursday, October 28th, 2004
Time: 5:00 p.m. EST/2:00 p.m. PT
Length: 60 minutes
Phone: 416-640-1907

Please dial-in approximately 10 minutes before the teleconference is scheduled to begin. A replay of the call will be available beginning October 5th, at 7:00 p.m. EST through 11:59 p.m. on November 11th, 2004 and can be accessed by dialing 416-640-1917 and using pass code # 21097862.

For more information or to listen to the call via Web cast, please use the following link:
<http://www.opentext.com/events/event.html?id=5322581>

Additional materials, including accompanying financial and operating statistics relating to these financial results may be obtained from the investor site within the Open Text corporate Web site at:

http://www.opentext.com/investor/quarterly_reports/index.html

Notes

(1) All dollar amounts in this press release are in US Dollars unless otherwise indicated.

(2) The Company uses the financial measure adjusted EPS and adjusted net income to supplement its consolidated financial statements, which are presented in accordance with US GAAP. The presentation of adjusted EPS and adjusted net income is not meant to be a substitute for net income per share presented in accordance with GAAP, but rather should be evaluated in conjunction with such GAAP measure. Adjusted EPS and adjusted net income are calculated as net income (or per share, as applicable), excluding the following estimated amounts (a) the amortization of acquired intangible assets net of tax (\$4.0 million), (b) other income, gain (loss) on investments (nil), [©] income tax on equity gain (nil) (d) restructuring charges including charges that will be incurred as a result of the acquisition of IXOS (nil). All of the aforementioned amounts are provided net of tax and extraordinary gains or losses. The term adjusted EPS and adjusted net income does not have a standardized meaning prescribed by GAAP, and therefore the Company's definition is unlikely to be comparable to similar measures presented by other companies. The Company's management believes that the presentation of adjusted EPS and adjusted net income provides useful information to investors because it excludes non-operational charges and is a better indication of Open Text's profitability or expected profitability from recurring operations. The items excluded from the computation of adjusted EPS and adjusted net income, which are otherwise included in the determination of net income per share prepared in accordance with GAAP, are items that Open Text does not consider to be meaningful in evaluating the Company's past financial performance or future prospects and may hinder a comparison of its period-to-period profitability.

The guidance presented is based on (a) financial information prepared by Open Text consistent with the manner in which it reports its revenue, adjusted EPS and net income per share in accordance with GAAP and (b) the assumptions referred to in this note (2). This guidance assumes minimal fluctuations of currency exchange rates. The following assumptions of Company management are an integral part of the guidance presented. These assumptions represent the current expectations of Open Text but must be considered preliminary as they will be reviewed and revised, perhaps materially, based upon Open Text's assessment of the operations of IXOS. Open Text's actual results for future periods may vary from the guidance presented and such variations may be material.

(a) The guidance assumes a fully diluted share count for the fiscal year ending June 30, 2005 of 57.6 million shares.

(b) Guidance for adjusted EPS and net income per share is calculated on a fully-diluted basis, giving effect to the exercise of the common share purchase warrants issued.

[©] Income taxes are assumed at a rate of 25% on a GAAP net income basis.

(d) Assumptions have been made concerning revenue growth and income tax rates that will be in effect and which may change depending upon both the timing and jurisdiction of future revenues.

The Company has provided a reconciliation in note (2) above of its guidance for adjusted EPS to net income per share, which is the most comparable financial measure calculated and presented in accordance with GAAP. With respect to amortization of acquired intangible assets, the Company has retained the services of an independent valuator to assist in the valuation of intangible assets acquired through the business combination with IXOS. The Company estimates that the additional amortization will be approximately \$2.5 million per quarter (net of tax) for the next 5 to 7 years and is based on previous experience with similar transactions. The specific amount of this amortization expense for future periods will be determined once this valuation work is completed.

About Open Text

Open Text is the market leader in providing Enterprise Content Management (ECM) solutions that bring together people, processes and information in global organizations. Throughout its history, Open Text has matched its tradition of innovation with a track record of financial strength and growth. Today, the company supports more than 17 million seats across 13,000 deployments in 67 countries and 12 languages worldwide. For more information on Open Text, go to: www.opentext.com

Release Disclaimer

Forward-looking statements in this press release regarding the Company's total revenue, EPS on an adjusted basis and EPS on an GAAP basis, for the fiscal quarter ended September 30, 2004 and guidance for the Company's fiscal year ending June 30, 2005 are not promises or guarantees and are subject to risks and uncertainties that could cause our actual results to differ materially from those anticipated. The Company cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Forward-looking statements relate to, among other things, the future performance of Open Text, the benefits of any acquisition, the strength of the Company's pipeline, the Company's growth and profitability prospects, the potential for growth in the ECM market and its estimated size, the Company's position in the market and future opportunities therein, the benefits of the Company's products to be realized by customers, the demand for and the extent of deployment of the Company's products. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. The risks and uncertainties that may affect forward-looking statements include, among others, risks involved in the completion and integration of acquisitions, the possibility of fluctuations in currency exchange rates, the possibility of technical, logistical or planning issues in connection with deployments, the continuous commitment of the Company's customers, demand for the Company's products and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Form 10-K for the

year ended June 30, 2004. Forward-looking statements are based on management's beliefs and opinions at the time the statements are made, and the Company does not undertake any obligations to update forward-looking statements should circumstances or management's beliefs or opinions change.

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