Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q, including this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act), and is subject to the safe harbors created by those sections. All statements other than statements of historical facts are statements that could be deemed forward-looking statements.

When used in this report, the words "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and other similar language, as they relate to Open Text Corporation ("OpenText" or the "Company"), are intended to identify forward-looking statements under applicable securities laws. Specific forward-looking statements in this report include, but are not limited to: (i) statements about our focus in the fiscal year beginning July 1, 2019 and ending June 30, 2020 (Fiscal 2020) on growth in earnings and cash flows; (ii) creating value through investments in broader Information Management (IM) capabilities; (iii) our future business plans and business planning process; (iv) statements relating to business trends; (v) statements relating to distribution; (vi) the Company's presence in the cloud and in growth markets; (vii) product and solution developments, enhancements and releases and the timing thereof; (viii) the Company's financial conditions, results of operations and earnings; (ix) the basis for any future growth and for our financial performance; (x) declaration of quarterly dividends; (xi) future tax rates; (xii) the changing regulatory environment; (xiii) annual recurring revenues; (xiv) research and development and related expenditures; (xv) our building, development and consolidation of our network infrastructure; (xvi) competition and changes in the competitive landscape; (xvii) our management and protection of intellectual property and other proprietary rights; (xviii) existing and foreign sales and exchange rate fluctuations; (xix) cyclical or seasonal aspects of our business; (xx) capital expenditures; (xxi) potential legal and/or regulatory proceedings; (xxii) statements about acquisitions and their expected impact; and (xxiii) other matters.

In addition, any statements or information 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. The forward-looking statements contained in this report are based on certain assumptions including the following: (i) countries continuing to implement and enforce existing and additional customs and security regulations relating to the provision of electronic information for imports and exports; (ii) our continued operation of a secure and reliable business network; (iii) the stability of general economic and market conditions, currency exchange rates, and interest rates; (iv) equity and debt markets continuing to provide us with access to capital; (v) our continued ability to identify, source and finance attractive and executable business combination opportunities; and (vi) our continued compliance with third party intellectual property rights. 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.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. 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 our outstanding debt securities; (iii) the possibility that the Company may be unable to meet its future reporting requirements under the Exchange Act, and the rules promulgated thereunder, or applicable Canadian securities regulation; (iv) the risks associated with bringing new products and services to market; (v) fluctuations in currency exchange rates (including as a result of the impact of Brexit and any policy changes resulting from trade and tariff disputes); (vi) delays in the purchasing decisions of the Company's customers; (vii) the competition the Company faces in its industry and/or marketplace; (viii) the final determination of litigation, tax audits (including tax examinations in the United States, Canada or elsewhere) and other legal proceedings; (ix) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, U.S. or international tax regimes; (x) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (xi) the continuous commitment of the Company's customers; (xii) demand for the Company's products and services; (xiii) increase in exposure to international business risks (including as a result of the impact of Brexit and any policy changes resulting from the transition from the North American Free Trade Agreement to the United States-Mexico-Canada Agreement) as we continue to increase our international operations; (xiv) inability to raise capital at all or on not unfavorable terms in the future; (xv) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities (including in connection with future acquisitions); and (xvi) potential changes in ratings or outlooks of rating agencies on our outstanding debt securities. Other factors that may affect forward-looking statements include, but are not limited to: (i) the future performance, financial and otherwise, of the Company; (ii) the ability of the Company to bring new products and services to market and to increase sales; (iii) the strength of the Company's product *development pipeline; (iv) failure to secure and protect patents, trademarks and other proprietary rights; (v) infringement of third-party proprietary rights triggering indemnification obligations and resulting in significant expenses or restrictions on our ability to provide our products or services; (vi) 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; (vii) the Company's growth and other profitability prospects; (viii) the estimated size and growth prospects of the IM market; (ix) the Company's competitive position in the IM market and its ability to take advantage of future opportunities in this market; (x) the benefits of the Company's products and services to be realized by customers; (xi) 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; (xii) the Company's financial condition and capital requirements; (xiii) system or network failures or information security breaches in connection with the Company's offerings and information technology systems generally; (xiv) failure to attract and retain key personnel to develop and effectively manage the Company's business; (xv) potential risks and uncertainties relating to the ultimate geographic spread of COVID-19, the severity of the disease and the duration of the COVID-19 outbreak, including potential material adverse effect on our business, operations and financial performance; (xvi) actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact on our business; (xvii) the potential negative impacts of COVID-19 on the global economy and financial markets; and (xviii) the potential risk and uncertainties relating to the implementation of our COVID-19 restructuring plan, including the possibility that the actual cash or non-cash cost of restructuring might exceed the estimated amounts.*

For additional information with respect to risks and other factors which could occur, see Part II, Item 1A "Risk Factors" herein and the Company's Annual Report on Form 10-K, including Part I, Item 1A "Risk Factors" therein; Quarterly Reports on Form 10-Q, including Item 1A herein and other documents we file from time to time 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.

The following MD&A is intended to help readers understand our results of operations and financial condition, and is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes to our Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q.

All dollar and percentage comparisons made herein refer to the three and nine months ended March 31, 2020 compared with the three and nine months ended March 31, 2019, unless otherwise noted.

Where we say "we", "us", "our", "OpenText" or "the Company", we mean Open Text Corporation or Open Text Corporation and its subsidiaries, as applicable.

EXECUTIVE OVERVIEW

OpenText is an information management company, historically focused primarily on enabling the intelligent and connect enterprise. With our recent acquisition of Carbonite Inc. (Carbonite), we believe we have entered into the next phase of our Total Growth strategy where we have an opportunity to take advantage of Carbonite's world-class channel organization and partners, to bring our information management (IM) solutions to all size customers, including small and medium businesses (SMB) and consumers. The comprehensive OpenText IM platform and suite of software products and services provide secure and scalable solutions for global companies, SMBs, governments and consumers around the world. With our software, organizations manage a valuable asset - information: information that is made more valuable by connecting it to digital business processes, information that is enriched with analytics, information that is protected and secure throughout its entire lifecycle, information that captivates customers, and information that connects and fuels some of the world's largest digital supply chains in manufacturing, retail, and financial services. Our IM solutions are designed to enable organizations and professional consumers to secure their information so that they can collaborate with confidence, validate endpoints with all machines and the Internet of Things (IoT), stay ahead of the regulatory technology curve, identify threats that cross their networks, leverage discovery with information forensics, and gain insight and action through analytics, artificial intelligence (AI) and automation.

We offer software through traditional on-premises solutions, cloud solutions or a combination of both. We believe our customers will operate in hybrid on-premises and cloud environments, and we are ready to support the delivery method the customer prefers. In providing choice and flexibility, we strive to maximize the lifetime value of the relationship with our customers.

Our initial public offering was on the NASDAQ in 1996 and we were subsequently listed on the Toronto Stock Exchange (TSX) in 1998. We are a multinational company and as of March 31, 2020, employed approximately 15,000 people worldwide.

Our ticker symbol on both the NASDAQ and the TSX is "OTEX".

Quarterly Summary:

During the third quarter of Fiscal 2020 we saw the following activity:

- Total revenue was $814.7 million, up 13.3% compared to the same period in the prior fiscal year; up 14.1% after factoring in the impact of $5.7 million of foreign exchange rate changes.
- Total annual recurring revenue, which we define as the sum of cloud services and subscriptions revenue and customer support revenue, was $662.3 million, up 20.6% compared to the same period in the prior fiscal year; up 21.3% after factoring in the impact of $4.0 million of foreign exchange rate changes.
- Cloud services and subscriptions revenue was $339.5 million, up 42.3% compared to the same period in the prior fiscal year; up 42.8% after factoring in the impact of $1.2 million of foreign exchange rate changes.
- License revenue was $81.1 million, down 17.9% compared to the same period in the prior fiscal year; down 17.0% after factoring in the impact of $0.9 million of foreign exchange rate changes.
- GAAP-based EPS, diluted, was $0.10 compared to $0.27 in the same period in the prior fiscal year.
- Non-GAAP-based EPS, diluted, was $0.61 compared to $0.64 in the same period in the prior fiscal year.
- GAAP-based gross margin was 65.4% compared to 66.7% in the same period in the prior fiscal year.
- Non-GAAP-based gross margin was 73.3% compared to 73.0% in the same period in the prior fiscal year.
- GAAP-based net income attributable to OpenText was $26.0 million compared to $72.8 million in the same period in the prior fiscal year.
- Non-GAAP-based net income attributable to OpenText was $166.3 million compared to $173.0 million in the same period in the prior fiscal year.
- Adjusted EBITDA was $259.5 million compared to $261.8 million in the same period in the prior fiscal year.
- Operating cash flow was $674.3 million for the nine months ended March 31, 2020, up 4.3% from the same period in the prior fiscal year.
- Cash and cash equivalents was $1,452.6 million as of March 31, 2020, compared to $941.0 million as of June 30, 2019. As of March 31, 2020, our cash and cash equivalents and the current portion of our long-term debt include a $600 million draw down on the Revolver in order to increase our cash position and preserve financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 outbreak.
- Issued $900 million in aggregate principal amount of 3.875% Senior Notes due 2028 and $900 million in aggregate principal amount of 4.125% Senior Notes due 2030.

See "Use of Non-GAAP Financial Measures" below for definitions and reconciliations of GAAP-based measures to Non-GAAP-based measures.

See "Acquisitions" below for the impact of acquisitions on the period-to-period comparability of results.

Acquisitions

Our competitive position in the marketplace requires us to maintain an evolving array of technologies, products, services and capabilities. In light of the continually evolving marketplace in which we operate, on an ongoing basis we regularly evaluate acquisition opportunities within our market and at any time may be in various stages of discussions with respect to such opportunities.

Acquisition of XMedius

On March 9, 2020, we acquired all of the equity interest in XMedius for approximately $73.3 million in an all cash transaction. XMedius is a provider of secure information exchange and unified communication solutions. We believe the acquisition will complement our Customer Experience Management (CEM) and Business Network (BN) platforms. The results of operations of this acquisition have been consolidated with those of OpenText beginning March 9, 2020.

Acquisition of Carbonite

On December 24, 2019, we acquired all of the equity interest in Carbonite, a leading provider of cloud-based subscription backup, disaster recovery and endpoint security to SMB, consumers, and a wide variety of partners. Total consideration for Carbonite was approximately $1.4 billion, paid in cash (inclusive of cash acquired) and inclusive of approximately $0.1 billion relating to the cash settlement of pre-acquisition stock compensation that was previously accrued but since paid as of March 31, 2020. We believe the acquisition will increase our position in the data protection and endpoint security space, further strengthen our cloud capabilities and open a new route to connect with customers through Carbonite's marquee SMB and consumer channels and products. The results of operations of Carbonite have been consolidated with those of OpenText beginning December 24, 2019.

Acquisition of Dynamic Solutions Group Inc. (The Fax Guys)

On December 2, 2019, we acquired certain assets and certain liabilities of The Fax Guys, for approximately $5.1 million, of which $1.0 million is currently held back and unpaid in accordance with the terms of the purchase agreement. The results of operations of The Fax Guys have been consolidated with those of OpenText beginning December 2, 2019.

We believe our acquisitions support our long-term strategic direction, strengthen our competitive position, expand our customer base, provide greater scale to accelerate innovation, grow our earnings and provide superior shareholder value. We expect to continue to strategically acquire companies, products, services and technologies to augment our existing business. Our acquisitions, particularly significant ones, can affect the period-to-period comparability of our results. See note 19 "Acquisitions" to our Condensed Consolidated Financial Statements for more details.

Outlook for remainder of Fiscal 2020

As an organization, our management believes in delivering “Total Growth”, meaning we strive towards delivering value through organic initiatives, innovations and acquisitions, as well as financial performance. This growth is further enhanced through our direct and indirect sales distribution channels. With an emphasis on improving productivity, increasing recurring revenues and expanding our margins, we believe our “Total Growth” strategy will ultimately drive overall cash flow generation, thus helping to fuel our disciplined capital allocation approach and further drive our ability to deepen our account coverage and identify and execute strategic acquisitions. With strategic acquisitions, we are better positioned to expand our product portfolio and improve our ability to innovate and grow organically, which then further helps us to meet our long-term growth targets. We believe this “Total Growth” strategy is a durable model that will create shareholder value over both the near and long-term.

We are committed to continuous innovation. Our investments in research and development (R&D) drive product innovation, increasing the value of our offerings to our installed customer base, which includes Global 10,000 companies, SMBs and consumers. More valuable products, coupled with our established global partner program, lead to greater distribution and cross-selling opportunities which further help us to achieve organic growth. On a fiscal year to date basis, we have invested approximately $270 million or approximately 12% of revenue in R&D, in line with our target to spend approximately 11% to 13% of revenues for R&D this fiscal year.

The cloud has become a business imperative. What used to be discussed as a potential option for managing budgets, is now a strategic direction that drives competitive positioning, product innovation, business agility, and cost management. We are committed to continue our investment in the OpenText Cloud, which is a purpose-built cloud environment for solutions spanning Information Management, Compliance, and B2B Integration. Supported by a global, scalable, and secure infrastructure, the OpenText Cloud includes a foundational platform of technology services, and packaged business applications for industry and business processes. The OpenText Cloud enables organizations to protect and manage information in public, private or hybrid deployments.

We remain a value oriented and disciplined strategic acquirer, having efficiently deployed approximately $7.4 billion on acquisitions over the last 10 years. Mergers and acquisitions are one of our leading growth drivers. We believe in creating value by focusing on acquiring strategic businesses, integrating them into our business model and using our acquired assets to innovate. We have developed a philosophy, which we refer to as “The OpenText Business System”, that is designed to create value by leveraging a clear set of operational mandates for integrating newly acquired companies and assets. We see our ability to successfully integrate acquired companies and assets into our business as a strength and pursuing strategic acquisitions is an important aspect to our Total Growth strategy.

On March 3, 2020, COVID-19 was characterized as a pandemic by the World Health Organization. The spread of COVID-19 has significantly impacted the global economy and is expected to adversely impact our operational and financial performance. The extent of the adverse impact of the pandemic on the global economy and markets will depend, in part, on the length and severity of the measures taken to limit the spread of the virus and, in part, on the size and effectiveness of the compensating measures taken by governments. We are closely monitoring the potential effects and impact on our operations, businesses and financial performance, including liquidity and capital usage, though the extent is difficult to fully predict at this time due to the rapid evolution of this uncertain situation.

We are conducting business with substantial modifications to employee travel, employee work locations and virtualization or cancellations of all sales and marketing events, along with substantially modified interactions with customers and suppliers, among other modifications. In March 2020, we also drew down $600 million from the Revolver as a preemptive measure in order to increase our cash position and preserve financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 outbreak. We will continue to actively monitor the impact of the COVID-19 pandemic on all aspects of our business and geographies, including customer purchasing decisions, and may take further actions that alter our business operations as may be required by governments, or that we determine are in the best interest of our employees, customers, partners, suppliers, and shareholders. It is uncertain and difficult to predict what the potential effects any such alterations or modifications may have on our business including the effects on our customers and prospects, or our financial results and our ability to successfully execute our business strategies and initiatives. As a precaution, we have temporarily significantly reduced all hiring and reduced discretionary spending, while taking note of some savings to be achieved through travel restrictions and the cancellation of certain events.

In addition, in order to further mitigate the operational impacts of COVID-19, our Compensation Committee and Board have approved the following measures effective for the period May 15, 2020 through June 30, 2021, subject to review and modification as the situation warrants:

- 15% base salary reduction and forbearance of any annual variable cash compensation effective May 15, 2020 for Fiscal 2020 and for all of Fiscal 2021, totaling an approximate 60% reduction in targeted cash compensation, for our CEO & CTO;
- 15% base salary reduction and 15% reduction in target annual variable cash compensation for our other Named Executive Officers and members of the executive leadership team (ELT);
- 10% base salary reduction and 10% reduction in target annual variable cash compensation, as applicable, for Vice-President- director-, and manager-level employees;
- 5% base salary reduction for all other employees subject to exception for certain of our employees, such as our employees in Asia who are earning less than the equivalent of $20,000 per year;
- 15% reduction in cash retainer compensation fees payable to the Board of Directors; and
- Suspend employer paid contributions to retirement benefits in the United States and Canada for the remainder of Fiscal 2020 and Fiscal 2021.

These cost reduction measures are in addition to other previously disclosed facilities and workforce related actions as part of our COVID-19 restructuring plan. Please see Note 24 "Subsequent Events" for more information.

The ongoing and ultimate impact of the COVID-19 outbreak on our operations and financial performance depends on many factors that are not within our control. For more information, please see note 24 "Subsequent Events" to our Condensed Consolidated Financial Statements and Part II, Item 1A "Risk Factors" included elsewhere within this Quarterly Report on Form 10-Q.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements. These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time. Actual results may differ materially from those estimates. The policies listed below are areas that may contain key components of our results of operations and are based on complex rules requiring us to make judgments and estimates and consequently, we consider these to be our critical accounting policies. Some of these accounting policies involve complex situations and require a higher degree of judgment, either in the application and interpretation of existing accounting literature or in the development of estimates that affect our financial statements. The critical accounting policies which we believe are the most important to aid in fully understanding and evaluating our reported financial results include the following:

(i) Revenue recognition,
(ii) Goodwill,
(iii) Acquired intangibles, and
(iv) Income taxes.

For a full discussion of all our accounting policies, please see note 2 "Accounting Policies and Recent Accounting Pronouncements" to our Consolidated Financial Statements included in our Annual Report on Form 10-K for our fiscal year ended June 30, 2019 and note 6 "Leases" to our Condensed Consolidated Financial Statements elsewhere in this Quarterly Report on Form 10-Q.

We will continue to monitor the potential impact of COVID-19 on our financial statements and related disclosures, including the need for additional estimates going forward, which could include costs related to items such as special charges, restructurings, asset impairments and other non-recurring costs. For more information, please see note 24 "Subsequent Events" to our Condensed Consolidated Financial Statements. As of March 31, 2020, we have not recorded any estimated amounts with respect to COVID-19 in our Condensed Consolidated Financial Statements. Please also see "Risk Factors" included within Part II, Item 1A of this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

The following tables provide a detailed analysis of our results of operations and financial condition. For each of the periods indicated below, we present our revenues by product type, revenues by major geography, cost of revenues by product type, total gross margin, total operating margin, gross margin by product type, and their corresponding percentage of total revenue.

In addition, we provide Non-GAAP measures for the periods discussed in order to provide additional information to investors that we believe will be useful as this presentation is in line with how our management assesses our Company's performance. See "Use of Non-GAAP Financial Measures" below for a reconciliation of GAAP-based measures to Non-GAAP-based measures.

Summary of Results of Operations

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Total Revenues by Product Type:						
License	$ 81,055	$ (17,666)	$ 98,721	$ 297,048	$ (11,316)	$ 308,364
Cloud services and subscriptions	339,463	100,856	238,607	825,068	159,145	665,923
Customer support	322,865	12,103	310,762	950,671	18,004	932,667
Professional service and other	71,296	240	71,056	210,337	(4,243)	214,580
Total revenues	814,679	95,533	719,146	2,283,124	161,590	2,121,534
Total Cost of Revenues	282,187	42,556	239,631	743,080	49,114	693,966
Total GAAP-based Gross Profit	532,492	52,977	479,515	1,540,044	112,476	1,427,568
Total GAAP-based Gross Margin %	65.4%		66.7%	67.5%		67.3%
Total GAAP-based Operating Expenses	437,415	93,777	343,638	1,127,714	109,182	1,018,532
Total GAAP-based Income from Operations	$ 95,077	$ (40,800)	$ 135,877	$ 412,330	$ 3,294	$ 409,036

(In thousands)	Three Months Ended March 31, 2020	Change increase (decrease)	2019	Nine Months Ended March 31, 2020	Change increase (decrease)	2019
% Revenues by Product Type:						
License	9.9%		13.7%	13.0%		14.5%
Cloud services and subscriptions	41.7%		33.2%	36.1%		31.4%
Customer support	39.6%		43.2%	41.7%		44.0%
Professional service and other	8.8%		9.9%	9.2%		10.1%
Total Cost of Revenues by Product Type:						
License	$ 2,544	$ (148)	$ 2,692	$ 7,917	$ (2,302)	$ 10,219
Cloud services and subscriptions	127,565	23,692	103,873	333,371	53,097	280,274
Customer support	32,151	307	31,844	91,326	(2,256)	93,582
Professional service and other	56,526	(100)	56,626	164,468	(4,984)	169,452
Amortization of acquired technology-based intangible assets	63,401	18,805	44,596	145,998	5,559	140,439
Total cost of revenues	$ 282,187	$ 42,556	$ 239,631	$ 743,080	$ 49,114	$ 693,966
% GAAP-based Gross Margin by Product Type:						
License	96.9%		97.3%	97.3%		96.7%
Cloud services and subscriptions	62.4%		56.5%	59.6%		57.9%
Customer support	90.0%		89.8%	90.4%		90.0%
Professional service and other	20.7%		20.3%	21.8%		21.0%
Total Revenues by Geography: (1)						
Americas (2)	$ 509,778	$ 72,905	$ 436,873	$ 1,380,179	$ 133,270	$ 1,246,909
EMEA (3)	240,529	24,242	216,287	702,964	28,265	674,699
Asia Pacific (4)	64,372	(1,614)	65,986	199,981	55	199,926
Total revenues	$ 814,679	$ 95,533	$ 719,146	$ 2,283,124	$ 161,590	$ 2,121,534
% Revenues by Geography:						
Americas (2)	62.6%		60.7%	60.5%		58.8%
EMEA (3)	29.5%		30.1%	30.8%		31.8%
Asia Pacific (4)	7.9%		9.2%	8.7%		9.4%
Other Metrics:						
GAAP-based gross margin	65.4%		66.7%	67.5%		67.3%
GAAP-based EPS, diluted	$ 0.10		$ 0.27	$ 0.77		$ 0.79
Net income, attributable to OpenText	$ 25,965		$ 72,762	$ 207,833		$ 213,518
Non-GAAP-based gross margin (5)	73.3%		73.0%	74.0%		74.1%
Non-GAAP-based EPS, diluted (5)	$ 0.61		$ 0.64	$ 2.09		$ 2.04
Adjusted EBITDA (5)	$ 259,468		$ 261,810	$ 830,695		$ 816,353

(1) Total revenues by geography are determined based on the location of our end customer.

(2) Americas consists of countries in North, Central and South America.

(3) EMEA primarily consists of countries in Europe, the Middle East and Africa.

(4) Asia Pacific primarily consists of the countries Japan, Australia, China, Korea, Philippines, Singapore and New Zealand.

(5) See "Use of Non-GAAP Financial Measures" (discussed later in this MD&A) for definitions and reconciliations of GAAP-based measures to Non-GAAP-based measures.

Revenues, Cost of Revenues and Gross Margin by Product Type

1) License:

Our license revenue can be broadly categorized as perpetual licenses, term licenses and subscription licenses, all of which are deployed on the customer's premises (on-premise). Our license revenues are impacted by the strength of general economic and industry conditions, the competitive strength of our software products, and our acquisitions. Cost of license revenues consists primarily of royalties payable to third parties.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
License Revenues:						
Americas	$ 38,360	$ (18,555)	$ 56,915	$ 143,857	$ (18,455)	$ 162,312
EMEA	32,216	2,179	30,037	117,009	9,763	107,246
Asia Pacific	10,479	(1,290)	11,769	36,182	(2,624)	38,806
Total License Revenues	81,055	(17,666)	98,721	297,048	(11,316)	308,364
Cost of License Revenues	2,544	(148)	2,692	7,917	(2,302)	10,219
GAAP-based License Gross Profit	$ 78,511	$ (17,518)	$ 96,029	$ 289,131	$ (9,014)	$ 298,145
GAAP-based License Gross Margin %	96.9%		97.3%	97.3%		96.7%
% License Revenues by Geography:						
Americas	47.3%		57.7%	48.4%		52.6%
EMEA	39.8%		30.4%	39.4%		34.8%
Asia Pacific	12.9%		11.9%	12.2%		12.6%

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

License revenues decreased by $17.7 million or 17.9% during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year; down 17.0% after factoring in the impact of $0.9 million of foreign exchange rate changes. Geographically, the overall change was attributable to a decrease in Americas of $18.6 million and a decrease in Asia Pacific of $1.3 million, partially offset by an increase in EMEA of $2.2 million.

During the third quarter of Fiscal 2020, we closed 23 license deals greater than $0.5 million, of which 8 deals were greater than $1.0 million, contributing approximately $25.0 million of license revenues. This was compared to 29 deals greater than $0.5 million closed during the third quarter of Fiscal 2019, of which 12 deals were greater than $1.0 million, contributing $43.3 million of license revenues.

Cost of license revenues decreased by $0.1 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year, primarily as a result of lower third party technology costs. Overall, the gross margin percentage on license revenues remained stable at approximately 97%.

Nine Months Ended March 31, 2020 Compared to Nine Months Ended March 31, 2019

License revenues decreased by $11.3 million or 3.7% during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year; down 2.3% after factoring in the impact of $4.3 million of foreign exchange rate changes. Geographically, the overall change was attributable to a decrease in Americas of $18.5 million and a decrease in Asia Pacific of $2.6 million, partially offset by an increase in EMEA of $9.8 million.

During the first nine months of Fiscal 2020, we closed 85 license deals greater than $0.5 million, of which 32 deals were greater than $1.0 million, contributing approximately $98.6 million of license revenues. This was compared to 100 deals greater than $0.5 million that closed during the first nine months of Fiscal 2019, of which 36 deals were greater than $1.0 million, contributing $115.8 million of license revenues.

Cost of license revenues decreased by $2.3 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year, primarily as a result of lower third party technology costs. Overall, the gross margin percentage on license revenues remained stable at approximately 97%.

2) *Cloud Services and Subscriptions:*

Cloud services and subscriptions revenues are from hosting arrangements where in connection with the licensing of software, the end user does not take possession of the software, as well as from end-to-end fully outsourced business-to-business (B2B) integration solutions to our customers (collectively referred to as cloud arrangements). The software application resides on our hardware or that of a third party, and the customer accesses and uses the software on an as-needed basis via an identified line. Our cloud arrangements can be broadly categorized as "platform as a service" (PaaS), "software as a service" (SaaS), cloud subscriptions and managed services.

Cost of Cloud services and subscriptions revenues is comprised primarily of third party network usage fees, maintenance of in-house data hardware centers, technical support personnel-related costs, and some third party royalty costs.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Cloud Services and Subscriptions:						
Americas	$ 253,315	$ 86,783	$ 166,532	$ 590,390	$ 140,025	$ 450,365
EMEA	65,130	14,331	50,799	169,627	16,147	153,480
Asia Pacific	21,018	(258)	21,276	65,051	2,973	62,078
Total Cloud Services and Subscriptions Revenues	339,463	100,856	238,607	825,068	159,145	665,923
Cost of Cloud Services and Subscriptions Revenues	127,565	23,692	103,873	333,371	53,097	280,274
GAAP-based Cloud Services and Subscriptions Gross Profit	$ 211,898	$ 77,164	$ 134,734	$ 491,697	$ 106,048	$ 385,649
GAAP-based Cloud Services and Subscriptions Gross Margin %	62.4%		56.5%	59.6%		57.9%
% Cloud Services and Subscriptions Revenues by Geography:						
Americas	74.6%		69.8%	71.6%		67.6%
EMEA	19.2%		21.3%	20.6%		23.0%
Asia Pacific	6.2%		8.9%	7.8%		9.4%

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Cloud services and subscriptions revenues increased by $100.9 million or 42.3% during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was primarily driven by the impact of recent acquisitions. After factoring in the impact of $1.2 million of foreign exchange rate changes, cloud services and subscriptions revenues were up 42.8%. Geographically, the overall change was attributable to an increase in Americas of $86.8 million, an increase in EMEA of $14.3 million and a decrease in Asia Pacific of $0.3 million.

The number of Cloud services deals greater than $1.0 million that closed during the third quarter of Fiscal 2020 was 5 deals, compared to 8 deals greater than $1.0 million that closed during the third quarter of Fiscal 2019.

Cost of Cloud services and subscriptions revenues increased by $23.7 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to an increase in labour-related costs of $19.8 million, primarily due to increased headcount from recent acquisitions, an increase in third party network usage fees of $2.9 million and an increase in other miscellaneous costs of $1.0 million.

Overall, the gross margin percentage on Cloud services and subscriptions revenues increased to approximately 62% from approximately 56%.

Nine Months Ended March 31, 2020 Compared to Nine Months Ended March 31, 2019

Cloud services and subscriptions revenues increased by $159.1 million or 23.9% during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year; up 24.7% after factoring in the impact of $5.1 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in Americas of $140.0 million, an increase in Asia Pacific of $3.0 million and an increase in EMEA of $16.1 million.

The number of Cloud services deals greater than $1.0 million that closed during the first nine months of Fiscal 2020 was 28 deals, compared to 33 deals during the first nine months of Fiscal 2019.

Cost of Cloud services and subscriptions revenues increased by $53.1 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to an increase in labour-related costs of $42.7 million, primarily due to increased headcount from recent acquisitions, an increase in third party network usage fees of $9.2 million and an increase in other miscellaneous costs of $1.2 million.

Overall, the gross margin percentage on Cloud services and subscriptions revenues increased to approximately 60% from approximately 58%.

3) Customer Support:

Customer support revenues consist of revenues from our customer support and maintenance agreements. These agreements allow our customers to receive technical support, enhancements and upgrades to new versions of our software products when available. Customer support revenues are generated from support and maintenance relating to current year sales of software products and from the renewal of existing maintenance agreements for software licenses sold in prior periods. Therefore, changes in Customer support revenues do not always correlate directly to the changes in license revenues from period to period. The terms of support and maintenance agreements are typically twelve months, and are renewable, generally on an annual basis, at the option of the customer. Our management reviews our Customer support renewal rates on a quarterly basis and we use these rates as a method of monitoring our customer service performance. For the quarter ended March 31, 2020, our Customer support renewal rate was approximately 94%, compared with the Customer support renewal rate of 91% during the quarter ended March 31, 2019.

Cost of Customer support revenues is comprised primarily of technical support personnel and related costs, as well as third party royalty costs.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Customer Support Revenues:						
Americas	$ 184,621	$ 4,962	$ 179,659	$ 545,627	$ 9,577	$ 536,050
EMEA	112,456	7,045	105,411	327,531	7,259	320,272
Asia Pacific	25,788	96	25,692	77,513	1,168	76,345
Total Customer Support Revenues	322,865	12,103	310,762	950,671	18,004	932,667
Cost of Customer Support Revenues	32,151	307	31,844	91,326	(2,256)	93,582
GAAP-based Customer Support Gross Profit	$ 290,714	$ 11,796	$ 278,918	$ 859,345	$ 20,260	$ 839,085
GAAP-based Customer Support Gross Margin %	90.0%		89.8%	90.4%		90.0%
% Customer Support Revenues by Geography:						
Americas	57.2%		57.8%	57.4%		57.5%
EMEA	34.8%		33.9%	34.5%		34.3%
Asia Pacific	8.0%		8.3%	8.1%		8.2%

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Customer support revenues increased by $12.1 million or 3.9% during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year; up 4.8% after factoring in the impact of $2.8 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in EMEA of $7.0 million, an increase in Americas of $5.0 million, and an increase in Asia Pacific of $0.1 million.

Cost of Customer support revenues increased by $0.3 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was primarily due to an increase in third party costs of $0.4 million and a decrease in other miscellaneous costs of $0.1 million. Overall, the gross margin percentage on Customer support revenues remained stable at approximately 90%.

Nine Months Ended March 31, 2020 Compared to Nine Months Ended March 31, 2019

Customer support revenues increased by $18.0 million or 1.9% during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year; up 3.3% after factoring in the impact of $12.9 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in Americas of $9.6 million, an increase in EMEA of $7.3 million, and an increase in Asia Pacific of $1.2 million.

Cost of Customer support revenues decreased by $2.3 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year, due to a decrease in labour-related costs of approximately $2.2 million and a decrease in other miscellaneous costs of $0.1 million. Overall, the gross margin percentage on Customer support revenues remained stable at approximately 90%.

4) Professional Service and Other:

Professional service and other revenues consist of revenues from consulting contracts and contracts to provide implementation, training and integration services (professional services). Other revenues consist of hardware revenues, which are grouped within the "Professional service and other" category because they are relatively immaterial to our service revenues. Professional services are typically performed after the purchase of new software licenses. Professional service and other revenues can vary from period to period based on the type of engagements as well as those implementations that are assumed by our partner network.

Cost of professional service and other revenues consists primarily of the costs of providing integration, configuration and training with respect to our various software products. The most significant components of these costs are personnel-related expenses, travel costs and third party subcontracting.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Professional Service and Other Revenues:						
Americas	$ 33,482	$ (285)	$ 33,767	$ 100,305	$ 2,123	$ 98,182
EMEA	30,727	687	30,040	88,797	(4,904)	93,701
Asia Pacific	7,087	(162)	7,249	21,235	(1,462)	22,697
Total Professional Service and Other Revenues	71,296	240	71,056	210,337	(4,243)	214,580
Cost of Professional Service and Other Revenues	56,526	(100)	56,626	164,468	(4,984)	169,452
GAAP-based Professional Service and Other Gross Profit	$ 14,770	$ 340	$ 14,430	$ 45,869	$ 741	$ 45,128
GAAP-based Professional Service and Other Gross Margin %	20.7%		20.3%	21.8%		21.0%
% Professional Service and Other Revenues by Geography:						
Americas	47.0%		47.5%	47.7%		45.8%
EMEA	43.1%		42.3%	42.2%		43.7%
Asia Pacific	9.9%		10.2%	10.1%		10.5%

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Professional service and other revenues increased by $0.2 million or 0.3% during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year; up 1.5% after factoring in the impact of $0.8 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in EMEA of $0.7 million, partially offset by a decrease in Americas of $0.3 million and a decrease in Asia Pacific of $0.2 million.

Cost of Professional service and other revenues decreased by $0.1 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to a decrease in labour-related costs of approximately $0.4 million, partially offset by an increase in other miscellaneous costs of $0.3 million.

Overall, the gross margin percentage on Professional service and other revenues increased to approximately 21% from approximately 20%. We continue to be selective about the professional service engagements we accept to strategically optimize margins.

Nine Months Ended March 31, 2020 Compared to Nine Months Ended March 31, 2019

Professional service and other revenues decreased by $4.2 million or 2.0% during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year; down 0.4% after factoring in the impact of $3.4 million of foreign exchange rate changes. Geographically, the overall change was attributable to a decrease in EMEA of $4.9 million and a decrease in Asia Pacific of $1.5 million, partially offset by an increase in Americas of $2.1 million.

Cost of Professional service and other revenues decreased by $5.0 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to a decrease in labour-related costs of approximately $5.7 million resulting primarily from a reduction in the use of external labour resources, partially offset by an increase in other miscellaneous costs of $0.7 million.

Overall, the gross margin percentage on Professional service and other revenues increased to approximately 22% from approximately 21%.

Amortization of Acquired Technology-based Intangible Assets

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Amortization of acquired technology-based intangible assets	$ 63,401	$ 18,805	$ 44,596	$ 145,998	$ 5,559	$ 140,439

Amortization of acquired technology-based intangible assets increased during the three months ended March 31, 2020 by $18.8 million as compared to the same period in the prior fiscal year due to an increase of $23.5 million relating to amortization of newly acquired technology-based intangible assets from recent acquisitions, partially offset by a reduction of $4.7 million relating to intangible assets from certain previous acquisitions becoming fully amortized.

Amortization of acquired technology-based intangible assets increased during the nine months ended March 31, 2020 by $5.6 million as compared to the same period in the prior fiscal year due to an increase of $37.8 million relating to amortization of newly acquired technology-based intangible assets from recent acquisitions, partially offset by a reduction of $32.2 million relating to intangible assets from certain previous acquisitions becoming fully amortized.

Operating Expenses

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Research and development	$ 108,184	$ 23,279	$ 84,905	$ 269,645	$ 31,517	$ 238,128
Sales and marketing	166,234	33,990	132,244	432,162	53,543	378,619
General and administrative	68,828	16,995	51,833	174,958	20,003	154,955
Depreciation	24,820	(208)	25,028	65,809	(6,907)	72,716
Amortization of acquired customer-based intangible assets	59,943	11,111	48,832	160,561	19,934	140,627
Special charges (recoveries)	9,406	8,610	796	24,579	(8,908)	33,487
Total operating expenses	$ 437,415	$ 93,777	$ 343,638	$ 1,127,714	$ 109,182	$ 1,018,532
<u>% of Total Revenues:</u>						
Research and development	13.3%		11.8%	11.8%		11.2%
Sales and marketing	20.4%		18.4%	18.9%		17.8%
General and administrative	8.4%		7.2%	7.7%		7.3%
Depreciation	3.0%		3.5%	2.9%		3.4%
Amortization of acquired customer-based intangible assets	7.4%		6.8%	7.0%		6.6%
Special charges (recoveries)	1.2%		0.1%	1.1%		1.6%

Research and development expenses consist primarily of payroll and payroll-related benefits expenses, contracted research and development expenses, and facility costs. Research and development assists with organic growth and improves product stability and functionality, and accordingly, we dedicate extensive efforts to update and upgrade our product offerings. The primary driver is typically budgeted software upgrades and software development.

(In thousands)	Change between Three Months Ended March 31, 2020 and 2019 increase (decrease)	Change between Nine Months Ended March 31, 2020 and 2019 increase (decrease)
Payroll and payroll-related benefits	$ 15,284	$ 23,406
Contract labour and consulting	1,534	2,074
Share-based compensation	(72)	(231)
Travel and communication	426	391
Facilities	6,133	5,578
Other miscellaneous	(26)	299
Total change in research and development expenses	$ 23,279	$ 31,517

Research and development expenses increased by $23.3 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year, primarily as a result of recent acquisitions. Payroll and payroll-related benefits increased by $15.3 million, facility related expenses increased by $6.1 million and contract labour and consulting expense increased by $1.5 million. Overall, our research and development expenses, as a percentage of total revenues, increased to approximately 13% from approximately 12% in the same period in the prior fiscal year.

Research and development expenses increased by $31.5 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year, partially as a result of recent acquisitions. Payroll and payroll-related benefits increased $23.4 million, facility related expenses increased by $5.6 million and contract labour and consulting expense increased by $2.1 million. Overall, our research and development expenses, as a percentage of total revenues, increased to approximately 12% from approximately 11% in the same period in the prior fiscal year.

Our research and development labour resources increased by 553 employees, from 3,643 employees at March 31, 2019 to 4,196 employees at March 31, 2020.

Sales and marketing expenses consist primarily of personnel expenses and costs associated with advertising, marketing events and trade shows.

(In thousands)	Change between Three Months Ended March 31, 2020 and 2019 increase (decrease)	Change between Nine Months Ended March 31, 2020 and 2019 increase (decrease)
Payroll and payroll-related benefits	$ 16,009	$ 28,074
Commissions	(278)	7,022
Contract labour and consulting	776	(23)
Share-based compensation	(197)	287
Travel and communication	991	2,478
Marketing expenses	8,325	10,947
Facilities	6,164	7,712
Bad debt expense	(66)	(4,652)
Other miscellaneous	2,266	1,698
Total change in sales and marketing expenses	$ 33,990	$ 53,543

Sales and marketing expenses increased by $34.0 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year, primarily as a result of recent acquisitions. Payroll and payroll-related benefits increased by $16.0 million, marketing expenses increased by $8.3 million and facilities related expenses increased by $6.2 million. Overall, our sales and marketing expenses, as a percentage of total revenues, increased to approximately 20% from approximately 18% in the same period in the prior fiscal year.

Sales and marketing expenses increased by $53.5 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year, partially as result of recent acquisitions. Payroll and payroll-related benefits increased by $28.1 million, marketing expenses increased by $10.9 million, and facility related expenses increased by $7.7 million. Additionally, commission expense increased by $7.0 million. These were partially offset by a decrease in bad debt expense of $4.7 million. Overall, our sales and marketing expenses, as a percentage of total revenues, increased to approximately 19% from approximately 18% in the same period in the prior fiscal year.

Our sales and marketing labour resources increased by 508 employees, from 2,057 employees at March 31, 2019 to 2,565 employees at March 31, 2020.

General and administrative expenses consist primarily of payroll and payroll related benefits expenses, related overhead, audit fees, other professional fees, contract labour and consulting expenses and public company costs.

(In thousands)	Change between Three Months Ended March 31, 2020 and 2019 increase (decrease)	Change between Nine Months Ended March 31, 2020 and 2019 increase (decrease)
Payroll and payroll-related benefits	$ 7,373	$ 12,796
Contract labour and consulting	1,014	(23)
Share-based compensation	452	1,525
Travel and communication	370	431
Facilities	393	(1,354)
Other miscellaneous	7,393	6,628
Total change in general and administrative expenses	$ 16,995	$ 20,003

General and administrative expenses increased by $17.0 million during the three months ended March 31, 2020 as compared to the prior fiscal year. Payroll and payroll-related benefits increased by $7.4 million, primarily as a result of increased headcount from recent acquisitions. Additionally, other miscellaneous expenses increased by $7.4 million, primarily due to higher professional fees such as legal, audit and tax related expenses from our recent acquisitions. The remainder of the change was attributable to other activities associated with normal growth in our business operations. Overall, general and administrative expenses, as a percentage of total revenues, increased to approximately 8% from approximately 7% in the same period in the prior fiscal year.

General and administrative expenses increased by $20.0 million during the nine months ended March 31, 2020 as compared to the prior fiscal year. This was primarily due to an increase in payroll and payroll-related benefits of $12.8 million. Additionally, other miscellaneous expenses, which includes professional fees such as legal, audit and tax related expenses, increased by $6.6 million, primarily as a result of recent acquisitions. These were partially offset by a decrease in facility related expenses of $1.4 million. The remainder of the change was attributable to other activities associated with normal growth in our business operations. Overall, general and administrative expenses, as a percentage of total revenues, increased to approximately 8% from approximately 7% in the same period in the prior fiscal year.

Our general and administrative labour resources increased by 408 employees, from 1,589 employees at March 31, 2019 to 1,997 employees at March 31, 2020.

Depreciation expenses:

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	2020	Change increase (decrease)	2019	2020	Change increase (decrease)	2019
Depreciation	$ 24,820	$ (208)	$ 25,028	$ 65,809	$ (6,907)	$ 72,716

Depreciation expenses decreased during the three and nine months ended March 31, 2020 by $0.2 million and $6.9 million, respectively, as compared to the same periods in the prior fiscal year. Depreciation expenses, as a percentage of total revenue, remained at approximately 3% for each such period.

Amortization of acquired customer-based intangible assets:

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	2020	Change increase (decrease)	2019	2020	Change increase (decrease)	2019
Amortization of acquired customer-based intangible assets	$ 59,943	$ 11,111	$ 48,832	$ 160,561	$ 19,934	$ 140,627

Amortization of acquired customer-based intangible assets increased during the three months ended March 31, 2020 by $11.1 million as compared to the same period in the prior fiscal year due to an increase of $26.4 million relating to amortization of newly acquired customer-based intangible assets from recent acquisitions, partially offset by a reduction of $15.3 million relating to intangible assets from certain previous acquisitions becoming fully amortized.

Amortization of acquired customer-based intangible assets increased during the nine months ended March 31, 2020 by $19.9 million as compared to the same period in the prior fiscal year due to an increase of $35.8 million relating to amortization of newly acquired customer-based intangible assets from recent acquisitions, partially offset by a reduction of $15.9 million relating to intangible assets from certain previous acquisitions becoming fully amortized.

Special charges (recoveries):

Special charges typically relate to amounts that we expect to pay in connection with restructuring plans, acquisition-related costs and other similar charges and recoveries. Generally, we implement such plans in the context of integrating acquired entities with existing OpenText operations. Actions related to such restructuring plans are typically completed within a period of one year. In certain limited situations, if the planned activity does not need to be implemented, or an expense lower than anticipated is paid out, we record a recovery of the originally recorded expense to Special charges.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Special charges (recoveries)	$ 9,406	$ 8,610	$ 796	$ 24,579	$ (8,908)	$ 33,487

Special charges increased by $8.6 million during the three months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to (i) an increase of $5.3 million in restructuring activities, (ii) an increase of $1.5 million relating to the impact of certain pre-acquisition sales and use tax liabilities becoming statute barred during Fiscal 2019, (iii) an increase of $1.0 million in acquisition related costs, and (iv) an increase of $0.8 million relating to other miscellaneous charges.

Special charges decreased by $8.9 million during the nine months ended March 31, 2020 as compared to the same period in the prior fiscal year. This was due to (i) a decrease in restructuring activities of $20.4 million and (ii) a decrease of $1.1 million relating to one-time system implementation costs, partially offset by (i) an increase in acquisition related costs of $7.8 million, (ii) an increase of $1.5 million relating to the impact of certain pre-acquisition sales and use tax liabilities becoming statute barred during Fiscal 2019, and (iii) an increase in other miscellaneous charges of $3.3 million.

For more details on Special charges (recoveries), see note 18 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements.

Other Income (Expense), Net

Other income (expense), net relates to certain non-operational charges primarily consisting of debt extinguishment costs, income or losses in our share of investments accounted for under the equity method and of transactional foreign exchange gains (losses). The income (expense) from foreign exchange is dependent upon the change in foreign currency exchange rates vis-à-vis the functional currency of the legal entity.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Foreign exchange gains (losses)	$ (5,766)	$ (7,799)	$ 2,033	$ (9,073)	$ (4,949)	$ (4,124)
OpenText share in net income (loss) of equity investees (note 9)	4,527	1,738	2,789	6,475	(4,177)	10,652
Loss debt extinguishment [1]	(17,854)	(17,854)	—	(17,854)	(17,854)	—
Other miscellaneous income (expense)	170	(73)	243	716	279	437
Total other income (expense), net	$ (18,923)	$ (23,988)	$ 5,065	$ (19,736)	$ (26,701)	$ 6,965

[1] On March 5, 2020 we redeemed Senior Notes 2023 in full, which resulted in a loss on extinguishment of debt of approximately $17.9 million. Of this, approximately $6.7 million relates to unamortized debt issuance costs and the remaining $11.2 million relates to the early termination call premium. See note 11 "Long-Term Debt" to our Condensed Consolidated Financial Statements.

Interest and Other Related Expense, Net

Interest and other related expense, net is primarily comprised of interest paid and accrued on our debt facilities, offset by interest income earned on our cash and cash equivalents.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Interest expense related to total outstanding debt [1]	$ 41,668	$ 7,043	$ 34,625	$ 109,612	$ 6,765	$ 102,847
Interest income	(2,743)	(1,756)	(987)	(10,166)	(5,820)	(4,346)
Other miscellaneous expense	2,338	369	1,969	6,403	1,153	5,250
Total interest and other related expense, net	$ 41,263	$ 5,656	$ 35,607	$ 105,849	$ 2,098	$ 103,751

[1] For more details see note 11 "Long-Term Debt" to our Condensed Consolidated Financial Statements.

Provision for (Recovery of) Income Taxes

We operate in several tax jurisdictions and are exposed to various foreign tax rates. We also note that we are subject to tax rate discrepancies between our domestic tax rate and foreign tax rates that are significant and these discrepancies are primarily related to earnings in the United States.

Please also see Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2019.

	Three Months Ended March 31,			Nine Months Ended March 31,		
(In thousands)	**2020**	**Change increase (decrease)**	**2019**	**2020**	**Change increase (decrease)**	**2019**
Provision for (recovery of) income taxes	$ 8,891	$ (23,651)	$ 32,542	$ 78,800	$ (19,828)	$ 98,628

The effective tax rate decreased to a provision of 25.5% for the three months ended March 31, 2020, compared to a provision of 30.9% for the three months ended March 31, 2019. The decrease in tax expense of $23.7 million was primarily due to (i) a decrease of $20.0 million relating to the decrease in net income including the impact of foreign rates, (ii) a decrease of $9.0 million from tax rate differential in tax years applicable to United States loss carryforwards that became eligible for carryback under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act enacted in the third quarter of Fiscal 2020, and (iii) a decrease of $7.9 million related to tax costs of internal reorganizations that did not recur in Fiscal 2020. These were partially offset by (i) an increase of $4.8 million related to the US Base Erosion Anti-avoidance Tax (US BEAT), (ii) an increase in tax filings in excess of estimates of $3.0 million, (iii) a decrease in tax credits for research and development of $2.9 million resulting from filings in excess of estimates in Fiscal 2019 that did not recur in Fiscal 2020 and (iv) an increase in accruals for repatriations from foreign subsidiaries of $1.7 million. The remainder of the difference was due to normal course movements and non-material items.

The effective tax rate decreased to a provision of 27.5% for the nine months ended March 31, 2020, compared to a provision of 31.6% for the nine months ended March 31, 2019. Tax expense decreased by $19.8 million primarily due to (i) a decrease of $21.5 million in reserves for unrecognized tax benefits resulting from clarifications provided by tax regulations and taxation years becoming statute barred, (ii) a decrease of $15.8 million relating to the tax impact of internal reorganizations of subsidiaries that did not recur in Fiscal 2020, (iii) a decrease of $9.0 million from tax rate differential in tax years applicable to United States loss carryforwards that became eligible for carryback under the CARES Act enacted in the third quarter of Fiscal 2020, (iv) the decrease in net income taxed at foreign rates of $8.3 million, and (v) an increase in tax credits for research and development of $2.9 million. These were partially offset by (i) an increase of $16.6 million relating to a one-time reversal of accruals for repatriations from subsidiaries in the United States in Fiscal 2019 that did not recur in Fiscal 2020, (ii) an increase in tax filings in excess of estimates of $10.4 million, and (iii) the impact of US BEAT of $9.9 million. The remainder of the difference was due to normal course movements and non-material items.

For information with regards to certain potential tax contingencies, see note 14 "Guarantees and Contingencies" to our Condensed Consolidated Financial Statements.

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 Condensed 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 Condensed 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, is 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 Condensed 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.

The following charts provide unaudited reconciliations of U.S. GAAP-based financial measures to Non-GAAP-based financial measures for the following periods presented.

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the three months ended March 31, 2020
(in thousands except for per share data)

	Three Months Ended March 31, 2020					
	GAAP-based Measures	GAAP-based Measures % of Total Revenue	Adjustments	Note	Non-GAAP-based Measures	Non-GAAP-based Measures % 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	

(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. See note 18 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(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 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

Reconciliation of Adjusted EBITDA

	Three Months Ended March 31, 2020
GAAP-based net income, attributable to OpenText	$ 25,965
Add:	
Provision for (recovery of) income taxes	8,891
Interest and other related expense, net	41,263
Amortization of acquired technology-based intangible assets	63,401
Amortization of acquired customer-based intangible assets	59,943
Depreciation	24,820
Share-based compensation	6,856
Special charges (recoveries)	9,406
Other (income) expense, net	18,923
Adjusted EBITDA	$ 259,468

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the three months ended March 31, 2019
(in thousands except for per share data)

	Three Months Ended March 31, 2019					
	GAAP-based Measures	GAAP-based Measures % of Total Revenue	Adjustments	Note	Non-GAAP-based Measures	Non-GAAP-based Measures % 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	

(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. See note 18 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(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 investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results.

(7) Adjustment relates to differences between the GAAP-based tax provision rate of approximately 31% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based adjusted net income. Such excluded items include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

(8) Reconciliation of GAAP-based net income to Non-GAAP-based net income:

	Three Months Ended March 31, 2019	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 72,762	$ 0.27
Add:		
Amortization	93,428	0.35
Share-based compensation	6,712	0.02
Special charges (recoveries)	796	—
Other (income) expense, net	(5,065)	(0.02)
GAAP-based provision for (recovery of) income taxes	32,542	0.12
Non-GAAP-based provision for income taxes	(28,169)	(0.10)
Non-GAAP-based net income, attributable to OpenText	$ 173,006	$ 0.64

Reconciliation of Adjusted EBITDA

	Three Months Ended March 31, 2019
GAAP-based net income, attributable to OpenText	$ 72,762
Add:	
Provision for (recovery of) income taxes	32,542
Interest and other related expense, net	35,607
Amortization of acquired technology-based intangible assets	44,596
Amortization of acquired customer-based intangible assets	48,832
Depreciation	25,028
Share-based compensation	6,712
Special charges (recoveries)	796
Other (income) expense, net	(5,065)
Adjusted EBITDA	$ 261,810

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the nine months ended March 31, 2020
(in thousands except for per share data)

	Nine Months Ended March 31, 2020					
	GAAP-based Measures	GAAP-based Measures % of Total Revenue	Adjustments	Note	Non-GAAP-based Measures	Non-GAAP-based Measures % 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	

(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. See note 18 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(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 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

Reconciliation of Adjusted EBITDA

	Nine Months Ended March 31, 2020
GAAP-based net income, attributable to OpenText	$ 207,833
Add:	
Provision for (recovery of) income taxes	78,800
Interest and other related expense, net	105,849
Amortization of acquired technology-based intangible assets	145,998
Amortization of acquired customer-based intangible assets	160,561
Depreciation	65,809
Share-based compensation	21,530
Special charges (recoveries)	24,579
Other (income) expense, net	19,736
Adjusted EBITDA	$ 830,695

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the nine months ended March 31, 2019
(in thousands except for per share data)

	Nine Months Ended March 31, 2019					
	GAAP-based Measures	**GAAP-based Measures % of Total Revenue**	**Adjustments**	**Note**	**Non-GAAP-based Measures**	**Non-GAAP-based Measures % 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	

(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. See note 18 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(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 investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results.

(7) Adjustment relates to differences between the GAAP-based tax provision rate of approximately 32% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based adjusted net income. Such excluded items include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

(8) Reconciliation of GAAP-based net income to Non-GAAP-based net income:

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

Reconciliation of Adjusted EBITDA

	Nine Months Ended March 31, 2019
GAAP-based net income, attributable to OpenText	$ 213,518
Add:	
Provision for (recovery of) income taxes	98,628
Interest and other related expense, net	103,751
Amortization of acquired technology-based intangible assets	140,439
Amortization of acquired customer-based intangible assets	140,627
Depreciation	72,716
Share-based compensation	20,152
Special charges (recoveries)	33,487
Other (income) expense, net	(6,965)
Adjusted EBITDA	$ 816,353

LIQUIDITY AND CAPITAL RESOURCES

The following tables set forth changes in cash flows from operating, investing and financing activities for the periods indicated:

(In thousands)	As of March 31, 2020	Change increase (decrease)	As of June 30, 2019
Cash and cash equivalents	$ 1,452,570	$ 511,561	$ 941,009
Restricted cash included in other assets	5,026	2,492	2,534
Total cash, cash equivalents and restricted cash	$ 1,457,596	$ 514,053	$ 943,543

	Nine Months Ended March 31,		
(In thousands)	2020	Change	2019
Cash provided by operating activities	$ 674,286	$ 27,785	$ 646,501
Cash used in investing activities	$ (1,448,930)	$ (1,006,571)	$ (442,359)
Cash (used in) provided by financing activities	$ 1,308,757	$ 1,423,465	$ (114,708)

Cash and cash equivalents

Cash and cash equivalents primarily consist of balances with banks as well as deposits with original maturities of 90 days or less.

We continue to anticipate that our cash and cash equivalents, as well as available credit facilities, will be sufficient to fund our anticipated cash requirements for working capital, contractual commitments, capital expenditures, dividends and operating needs for the next twelve months. Any further material or acquisition-related activities may require additional sources of financing and would be subject to the financial covenants established under our credit facilities. For more details, see "Long-term Debt and Credit Facilities" below. Proceeds from our $600 million draw down on the Revolver (defined below), (for which notice to the lenders was provided on March 5, 2020) have resulted in total cash and cash equivalents of approximately $1.5 billion as of March 31, 2020.

As of March 31, 2020, we recognized a provision of $21.7 million (June 30, 2019—$17.4 million) in respect of both additional foreign taxes or deferred income tax liabilities for temporary differences related to the undistributed earnings of certain non-United States subsidiaries, and planned periodic repatriations from certain United States and German subsidiaries, that will be subject to withholding taxes upon distribution.

Cash flows provided by operating activities

Cash flows from operating activities increased by $27.8 million due to an increase in net income before the impact of non-cash items of $53.5 million, partially offset by a decrease in changes from working capital of $25.7 million. The change in operating cash flow from changes in working capital was primarily due to the net impact of the following decreases: (i) $55.6 million relating to changes in income taxes payable, net of receivables, (ii) $11.6 million relating to a decrease in accounts payable and accrued liabilities, (iii) $6.8 million relating to an increase in prepaid expenses and other current assets, and (iv) $4.5 million relating to changes in net operating lease assets and liabilities. These decreases were partially offset by the following increases: (i) $33.4 million relating to a lower accounts receivable balance, (ii) $14.1 million relating to deferred revenues, (iii) $3.1 million relating to changes in other assets and (iv) $2.2 million relating to higher contract assets.

During the third quarter of Fiscal 2020 our days sales outstanding (DSO) was 51 days, compared to a DSO of 60 days during the third quarter of Fiscal 2019. The per day impact of our DSO in the third quarter of Fiscal 2020 and Fiscal 2019 on our cash flows was $9.1 million and $8.0 million, respectively. In arriving at DSO, we exclude contract assets as these assets do not provide an unconditional right to the related consideration from the customer.

Cash flows used in investing activities

Our cash flows used in investing activities is primarily on account of acquisitions and additions of property and equipment.

Cash flows used in investing activities increased by approximately $1.0 billion, primarily due to an increase in consideration paid for acquisitions during the first nine months of Fiscal 2020 as compared to the same period in Fiscal 2019. During Fiscal 2020 we acquired Carbonite for approximately $1.4 billion, net of cash acquired, and XMedius for approximately $73.3 million.

Cash flows provided by financing activities

Our cash flows from financing activities generally consist of long-term debt financing and amounts received from stock options exercised by our employees. These inflows are typically offset by scheduled and non-scheduled repayments of our long-term debt financing and, when applicable, the payment of dividends and/or the repurchases of our Common Shares.

Cash flows provided by financing activities increased by approximately $1.4 billion. This was primarily due to proceeds from the issuance of Senior Notes 2028 and Seniors Notes 2030 (both defined below) of approximately $1.8 billion. A portion of these proceeds were used to redeem $800 million of our Senior Notes 2023 (defined below) and repay $750 million that was drawn on the Revolver in the second quarter of Fiscal 2020. Additionally, in February 2020, all Notes due 2022, inherited through our acquisition of Carbonite, were surrendered and converted at a rate of $1,068.7341 in cash for each $1,000 principal amount, and in March 2020, we drew $600 million from the Revolver as a preemptive measure in light of current uncertainty in the global markets.

Cash Dividends

During the three and nine months ended March 31, 2020, we declared and paid cash dividends of $0.1746 and $0.5238 per Common Share, respectively, in the aggregated amount of $47.3 million and $141.4 million, respectively. Future declarations of dividends and the establishment of future record and payment dates are subject to the final determination and discretion of the Board. See Item 5 "Dividend Policy" in our Annual Report on Form 10-K for Fiscal 2019 for more information.

Long-term Debt and Credit Facilities

Senior Unsecured Fixed Rate Notes

Senior Notes 2030

On February 18, 2020 Open Text Holdings, Inc. (OTHI), a wholly-owned indirect subsidiary of the Company, issued $900 million in aggregate principal amount of 4.125% Senior Notes due 2030 guaranteed by us (Senior Notes 2030) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (Securities Act), and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2030 bear interest at a rate of 4.125% per annum, payable semi-annually in arrears on February 15 and August 15, commencing on August 15, 2020. Senior Notes 2030 will mature on February 15, 2030, unless earlier redeemed, in accordance with their terms, or repurchased.

We may redeem all or a portion of the Senior Notes 2030 at any time prior to February 15, 2025 at a redemption price equal to 100% of the principal amount of the Senior Notes 2030 plus an applicable premium, plus accrued and unpaid interest, if any, to the redemption date. We may also redeem up to 40% of the aggregate principal amount of the Senior Notes 2030, on one or more occasions, prior to February 15, 2025, using the net proceeds from certain qualified equity offerings at a redemption price of 104.125% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. We may, on one or more occasions, redeem the Senior Notes 2030, in whole or in part, at any time on and after February 15, 2025 at the applicable redemption prices set forth in the indenture governing the Senior Notes 2030, dated as of February 18, 2020, among OTHI, the Company, the subsidiary guarantors party thereto, The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian trustee (the 2030 Indenture), plus accrued and unpaid interest, if any, to the redemption date.

If we experience one of the kinds of change of control triggering events specified in the 2030 Indenture, we will be required to make an offer to repurchase the Senior Notes 2030 at a price equal to 101% of the principal amount of the Senior Notes 2030, plus accrued and unpaid interest, if any, to the date of purchase.

The 2030 Indenture contains covenants that limit the Company, OTHI and certain of the Company's subsidiaries’ ability to, among other things: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur or guarantee additional indebtedness of the Company, OTHI or certain of the Company's subsidiaries without such subsidiary becoming a subsidiary guarantor of Senior Notes 2030; and (iii) consolidate, amalgamate or merge with, or convey, transfer, lease or otherwise dispose of its property and assets substantially as an entirety to, another person. These covenants are subject to a number of important limitations and exceptions as set forth in the 2030 Indenture. The 2030 Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding Senior Notes 2030 to be due and payable immediately.

Senior Notes 2030 are guaranteed on a senior unsecured basis by the Company and the Company's existing and future wholly-owned subsidiaries (other than OTHI) that borrow or guarantee the obligations under our existing senior credit facilities. Senior Notes 2030 and the guarantees rank equally in right of payment with all of the Company, OTHI and the guarantors' existing and future senior unsubordinated debt and will rank senior in right of payment to all of the Company, OTHI and the guarantors' future subordinated debt. Senior Notes 2030 and the guarantees will be effectively subordinated to all of the Company, OTHI and the guarantors' existing and future secured debt, including the obligations under the senior credit facilities, to the extent of the value of the assets securing such secured debt.

The foregoing description of the 2030 Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the 2030 Indenture, which is filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on February 18, 2020.

Senior Notes 2028

On February 18, 2020 we issued $900 million in aggregate principal amount of 3.875% Senior Notes due 2028 (Senior Notes 2028) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2028 bear interest at a rate of 3.875% per annum, payable semi-annually in arrears on February 15 and August 15, commencing on August 15, 2020. Senior Notes 2028 will mature on February 15, 2028, unless earlier redeemed, in accordance with their terms, or repurchased.

We may redeem all or a portion of the Senior Notes 2028 at any time prior to February 15, 2023 at a redemption price equal to 100% of the principal amount of the Senior Notes 2028 plus an applicable premium, plus accrued and unpaid interest, if any, to the redemption date. We may also redeem up to 40% of the aggregate principal amount of the Senior Notes 2028, on one or more occasions, prior to February 15, 2023, using the net proceeds from certain qualified equity offerings at a redemption price of 103.875% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. We may, on one or more occasions, redeem the Senior Notes 2028, in whole or in part, at any time on and after February 15, 2023 at the applicable redemption prices set forth in the indenture governing the Senior Notes 2028, dated as of February 18, 2020, among the Company, the subsidiary guarantors party thereto, The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian trustee (the 2028 Indenture), plus accrued and unpaid interest, if any, to the redemption date.

If we experience one of the kinds of change of control triggering events specified in the 2028 Indenture, we will be required to make an offer to repurchase the Senior Notes 2028 at a price equal to 101% of the principal amount of the Senior Notes 2028, plus accrued and unpaid interest, if any, to the date of purchase.

The 2028 Indenture contains covenants that limit our and certain of our subsidiaries' ability to, among other things: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur or guarantee additional indebtedness of the Company or the guarantors without such subsidiary becoming a subsidiary guarantor of Senior Notes 2028; and (iii) consolidate, amalgamate or merge with, or convey, transfer, lease or otherwise dispose of its property and assets substantially as an entirety to, another person. These covenants are subject to a number of important limitations and exceptions as set forth in the 2028 Indenture. The 2028 Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding Senior Notes 2028 to be due and payable immediately.

Senior Notes 2028 are guaranteed on a senior unsecured basis by our existing and future wholly-owned subsidiaries that borrow or guarantee the obligations under our existing senior credit facilities. Senior Notes 2028 and the guarantees rank equally in right of payment with all of our and our guarantors' existing and future senior unsubordinated debt and will rank senior in right of payment to all of the our and our guarantors' future subordinated debt. Senior Notes 2028 and the guarantees will be effectively subordinated to all of our and our guarantors' existing and future secured debt, including the obligations under the senior credit facilities, to the extent of the value of the assets securing such secured debt.

The foregoing description of the 2028 Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the 2028 Indenture, which is filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on February 18, 2020.

Senior Notes 2026

On May 31, 2016 we issued $600 million in aggregate principal amount of 5.875% Senior Notes due 2026 (Senior Notes 2026) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2026 bear interest at a rate of 5.875% per annum, payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2016. Senior Notes 2026 will mature on June 1, 2026, unless earlier redeemed, in accordance with their terms, or repurchased.

On December 20, 2016, we issued an additional $250 million in aggregate principal amount by reopening our Senior Notes 2026 at an issue price of 102.75%. The additional notes have identical terms, are fungible with and are a part of a single series with the previously issued $600 million aggregate principal amount of Senior Notes 2026. The outstanding aggregate principal amount of Senior Notes 2026, after taking into consideration the additional issuance, is $850 million.

We may redeem all or a portion of the Senior Notes 2026 at any time prior to June 1, 2021 at a redemption price equal to 100% of the principal amount of Senior Notes 2026 plus an applicable premium, plus accrued and unpaid interest, if any, to the redemption date. We may also, on one or more occasions, redeem Senior Notes 2026, in whole or in part, at any time on and after June 1, 2021 at the applicable redemption prices set forth in the indenture governing the Senior Notes 2026, dated as of May 31, 2016, among the Company, the subsidiary guarantors party thereto, The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian trustee (the 2026 Indenture), plus accrued and unpaid interest, if any, to the redemption date.

If we experience one of the kinds of changes of control triggering events specified in the 2026 Indenture, we will be required to make an offer to repurchase Senior Notes 2026 at a price equal to 101% of the principal amount of Senior Notes 2026, plus accrued and unpaid interest, if any, to the date of purchase.

The 2026 Indenture contains covenants that limit our and certain of our subsidiaries' ability to, among other things: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur or guarantee additional indebtedness of the Company or the guarantors without such subsidiary becoming a subsidiary guarantor of the notes; and (iii) consolidate, amalgamate or merge with, or convey, transfer, lease or otherwise dispose of its property and assets substantially as an entirety to, another person. These covenants are subject to a number of important limitations and exceptions as set forth in the 2026 Indenture. The 2026 Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding notes to be due and payable immediately.

Senior Notes 2026 are guaranteed on a senior unsecured basis by our existing and future wholly-owned subsidiaries that borrow or guarantee the obligations under our existing senior credit facilities. Senior Notes 2026 and the guarantees rank equally in right of payment with all of our and our guarantors' existing and future senior unsubordinated debt and will rank senior in right of payment to all of the our and our guarantors' future subordinated debt. Senior Notes 2026 and the guarantees will be effectively subordinated to all of our and our guarantors' existing and future secured debt, including the obligations under the senior credit facilities, to the extent of the value of the assets securing such secured debt.

The foregoing description of the 2026 Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the 2026 Indenture, which is filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on May 31, 2016.

Senior Notes 2023

On January 15, 2015, we issued $800 million in aggregate principal amount of our 5.625% Senior Notes due 2023 (Senior Notes 2023) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2023 bore interest at a rate of 5.625% per annum, payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Senior Notes 2023 were to mature on January 15, 2023, unless earlier redeemed in accordance with their terms, or repurchased.

On March 5, 2020, we redeemed Senior Notes 2023 in full at a price equal to 101.406% of the principal amount plus accrued and unpaid interest up to but excluding the redemption date. A portion of the net proceeds from the offerings of Senior Notes 2028 and Senior Notes 2030 was used to redeem Senior Notes 2023. Upon redemption, Senior Notes 2023 were cancelled and any obligation thereunder was extinguished. The resulting loss of $17.9 million has been recorded as a component of other income (expense), net in our Condensed Consolidated Statements of Income. See note 21 "Other income (Expense), net" to our Condensed Consolidated Financial Statements.

Notes due 2022

Following our acquisition of Carbonite, our consolidated debt reflected $143.8 million of principal debt convertible notes (Notes due 2022). Notes due 2022 were originally issued by Carbonite, on April 4, 2017, in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Notes due 2022 were issued under an Indenture (the 2022 Notes Indenture) between Carbonite and U.S. Bank National Association, as trustee (the 2022 Notes Trustee). The Notes due 2022 accrued interest at 2.5% per year, which was payable semiannually in arrears on April 1 and October 1 of each year. The Notes due 2022 will mature on April 1, 2022, unless earlier repurchased, redeemed or converted. Carbonite, now a subsidiary of OpenText, was the sole obligor on the Notes due 2022.

In connection with our acquisition of Carbonite, and as required by the 2022 Notes Indenture, Carbonite and the 2022 Notes Trustee entered into a first supplemental indenture, dated as of December 24, 2019 (the 2022 Notes Supplemental Indenture). The 2022 Notes Supplemental Indenture provides that, at and after the effective time of our acquisition of Carbonite, the right to convert each $1,000 principal amount of the Notes due 2022 was changed into the right to convert such principal amount of the Notes due 2022 solely into cash in an amount equal to the Conversion Rate (as defined in the 2022

Notes Indenture) in effect on the Conversion Date (as defined in the 2022 Notes Indenture) multiplied by $23.00, which was the price per share we paid in connection with our acquisition of Carbonite.

As a result of our acquisition of Carbonite, the Conversion Rate for the Notes due 2022 was temporarily increased by 7.7633 per $1,000 principal amount of Notes due 2022 to yield a Conversion Rate of 46.4667 per $1,000 principal amount of Notes due 2022. The increased Conversion Rate was in effect until the close of business (5:00 P.M. New York City time) on February 27, 2020. As of February 27, 2020, all Notes due 2022 had been surrendered and converted at a rate of $1,068.7341 in cash for each $1,000 principal amount. As of March 31, 2020, all Notes due 2022 have been fully settled in cash and there are no remaining Notes due 2022 outstanding.

Term Loan B

On May 30, 2018, we entered into a credit facility, which provides for a $1 billion term loan facility with certain lenders named therein, Barclays Bank PLC (Barclays), as sole administrative agent and collateral agent, and as lead arranger and joint bookrunner (Term Loan B) and borrowed the full amount on May 30, 2018 to, among other things, repay in full the loans under our prior $800 million term loan credit facility originally entered into on January 16, 2014. Repayments made under Term Loan B are equal to 0.25% of the principal amount in equal quarterly installments for the life of Term Loan B, with the remainder due at maturity.

Borrowings under Term Loan B are secured by a first charge over substantially all of our assets on a pari passu basis with the Revolver. Term Loan B has a seven year term, maturing in May 2025.

Borrowings under Term Loan B bear interest at a rate per annum equal to an applicable margin plus, at the borrower's option, either (1) the eurodollar rate for the interest period relevant to such borrowing or (2) an ABR rate. The applicable margin for borrowings under Term Loan B is 1.75%, with respect to LIBOR advances and 0.75%, with respect to ABR advances. The interest on the current outstanding balance for Term Loan B is equal to 1.75% plus LIBOR (subject to a 0.00% floor). As of March 31, 2020, the outstanding balance on the Term Loan B bears an interest rate of approximately 3.35%.

Term Loan B has incremental facility capacity of (i) $250 million plus (ii) additional amounts, subject to meeting a "consolidated senior secured net leverage" ratio not exceeding 2.75:1.00, in each case subject to certain conditions. Consolidated senior secured net leverage ratio is defined for this purpose as the proportion of our total debt reduced by unrestricted cash, including guarantees and letters of credit, that is secured by our or any of our subsidiaries' assets, over our trailing twelve months net income before interest, taxes, depreciation, amortization, restructuring, share-based compensation and other miscellaneous charges.

Under Term Loan B, we must maintain a "consolidated net leverage" ratio of no more than 4:1 at the end of each financial quarter. Consolidated net leverage ratio is defined for this purpose as the proportion of our total debt reduced by unrestricted cash, including guarantees and letters of credit, over our trailing twelve months net income before interest, taxes, depreciation, amortization, restructuring, share-based compensation and other miscellaneous charges. As of March 31, 2020, our consolidated net leverage ratio was 2.3:1.

Revolver

On October 31, 2019, we amended our committed revolving credit facility (the Revolver) to increase the total commitments under the Revolver from $450 million to $750 million as well as to extend the maturity from May 5, 2022 to October 31, 2024. Borrowings under the Revolver are secured by a first charge over substantially all of our assets, on a pari passu basis with Term Loan B. The Revolver has no fixed repayment date prior to the end of the term. Borrowings under the Revolver bear interest per annum at a floating rate of LIBOR plus a fixed margin dependent on our consolidated net leverage ratio ranging from 1.25% to 1.75%. As of March 31, 2020, the outstanding balance on the Revolver bears an interest rate of approximately 2.50%.

During the second quarter of Fiscal 2020, we drew down $750 million from the Revolver to partially fund the acquisition of Carbonite. In February 2020, we repaid $750 million drawn under the Revolver with a portion of the proceeds from the Senior Notes 2030 and Senior Notes 2028. In March 2020, we drew down $600 million from the Revolver as a preemptive measure in order to increase our cash position and preserve financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 outbreak. The proceeds from the $600 million draw down are presented within cash and cash equivalents and within the current portion of long-term debt in our Condensed Consolidated Balance Sheet as of March 31, 2020.

Under the Revolver, we must maintain a "consolidated net leverage" ratio of no more than 4:1 at the end of each financial quarter. Consolidated net leverage ratio is defined for this purpose as the proportion of our total debt reduced by unrestricted cash, including guarantees and letters of credit, over our trailing twelve months net income before interest, taxes, depreciation, amortization, restructuring, share-based compensation and other miscellaneous charges. As of March 31, 2020, our consolidated net leverage ratio was 2.3:1.

As of March 31, 2020, we have $600 million outstanding balance on the Revolver (June 30, 2019—nil) and $150 million remains available to be drawn under the Revolver.

As of March 31, 2019, we had no outstanding balance on the Revolver. There was no activity during three and nine months ended March 31, 2019.

For further details relating to our debt, please see note 11 "Long-Term Debt" to our Condensed Consolidated Financial Statements.

Shelf Registration Statement

On November 29, 2019, we filed a universal shelf registration statement on Form S-3 with the SEC, which became effective automatically (the Shelf Registration Statement). The Shelf Registration Statement allows for primary and secondary offerings from time to time of equity, debt and other securities, including Common Shares, Preference Shares, debt securities, depositary shares, warrants, purchase contracts, units and subscription receipts. A base shelf short-form prospectus qualifying the distribution of such securities was concurrently filed with Canadian securities regulators on November 29, 2019. The type of securities and the specific terms thereof will be determined at the time of any offering and will be described in the applicable prospectus supplement to be filed separately with the SEC and Canadian securities regulators.

Pensions

As of March 31, 2020, our total unfunded pension plan obligations were $69.9 million, of which $2.5 million is payable within the next twelve months. We expect to be able to make the long-term and short-term payments related to these obligations in the normal course of operations.

Our anticipated payments under our most significant plans, Open Text Document Technologies GmbH (CDT), GXS GmbH (GXS GER), GXS Philippines, Inc. (GXS PHP), for the fiscal years indicated below are as follows:

	Fiscal years ending June 30,		
	CDT	**GXS GER**	**GXS PHP**
2020 (three months ended June 30)	$ 161	$ 240	$ 10
2021	719	959	264
2022	789	990	341
2023	885	990	244
2024	987	995	304
2025 to 2029	5,695	5,034	3,068
Total	$ 9,236	$ 9,208	$ 4,231

For a detailed discussion on pensions, see note 12 "Pension Plans and Other Post Retirement Benefits" to our Condensed Consolidated Financial Statements.

Commitments and Contractual Obligations

As of March 31, 2020, we have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

	Payments due between				
	Total	**April 1, 2020— June 30, 2020**	**July 1, 2020— June 30, 2022**	**July 1, 2022— June 30, 2024**	**July 1, 2024 and beyond**
Long-term debt obligations (1)	$ 4,772,778	$ 35,776	$ 329,750	$ 328,478	$ 4,078,774
Purchase obligations for contracts not accounted for as lease obligations (2)	52,938	14,975	32,963	5,000	—
	$ 4,825,716	$ 50,751	$ 362,713	$ 333,478	$ 4,078,774

(1) Includes interest up to maturity and principal payments. Excludes $600 million currently drawn on the Revolver, which we expect to repay within one year. Please see note 11 "Long-Term Debt" to our Condensed Consolidated Financial Statements for more details.

(2) For contractual obligations relating to leases and purchase obligations accounted for under Topic 842, please see note 6 "Leases" to our Condensed Consolidated Financial Statements.

Guarantees and Indemnifications

We have entered into customer agreements which may include provisions to indemnify our customers against third party claims that our software products or services infringe certain third party intellectual property rights and for liabilities related to a breach of our confidentiality obligations. We have not made any material payments in relation to such indemnification provisions and have not accrued any liabilities related to these indemnification provisions in our Condensed Consolidated Financial Statements.

Occasionally, we enter into financial guarantees with third parties in the ordinary course of our business, including, among others, guarantees relating to taxes and letters of credit on behalf of parties with whom we conduct business. Such agreements have not had a material effect on our results of operations, financial position or cash flows.

Litigation

We are currently involved in various claims and legal proceedings.

Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 "Loss Contingencies" (Topic 450-20). Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances.

If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss in accordance with Topic 450-20. As of the date of this Quarterly Report on Form 10-Q, the aggregate of such accrued liabilities was not material to our consolidated financial position or results of operations and we do not believe as of the date of this filing that it is reasonably possible that a loss exceeding the amounts already recognized will be incurred that would be material to our consolidated financial position or results of operations. As more fully described below, we are unable at this time to estimate a possible loss or range of losses in respect of certain disclosed matters.

Contingencies

IRS Matter

As we have previously disclosed, the United States Internal Revenue Service (IRS) is examining certain of our tax returns for our fiscal year ended June 30, 2010 (Fiscal 2010) through our fiscal year ended June 30, 2012 (Fiscal 2012), and in connection with those examinations is reviewing our internal reorganization in Fiscal 2010 to consolidate certain intellectual property ownership in Luxembourg and Canada and our integration of certain acquisitions into the resulting structure. We also previously disclosed that the examinations may lead to proposed adjustments to our taxes that may be material, individually or in the aggregate, and that we have not recorded any material accruals for any such potential adjustments in our Condensed Consolidated Financial Statements.

We previously disclosed that, as part of these examinations, on July 17, 2015 we received from the IRS an initial Notice of Proposed Adjustment (NOPA) in draft form, that, as revised by the IRS on July 11, 2018 proposes a one-time approximately $335 million increase to our U.S. federal taxes arising from the reorganization in Fiscal 2010 (the 2010 NOPA), plus penalties equal to 20% of the additional proposed taxes for Fiscal 2010, and interest at the applicable statutory rate published by the IRS.

On July 11, 2018, we also received, consistent with previously disclosed expectations, a draft NOPA proposing a one time approximately $80 million increase to our U.S. federal taxes for Fiscal 2012 (the 2012 NOPA) arising from the integration of Global 360 Holding Corp. into the structure that resulted from the internal reorganization in Fiscal 2010, plus penalties equal to 40% of the additional proposed taxes for Fiscal 2012, and interest.

On January 7, 2019, we received from the IRS official notification of proposed adjustments to our taxable income for Fiscal 2010 and Fiscal 2012, together with the 2010 NOPA and 2012 NOPA in final form. In each case, such documentation was as expected and on substantially the same terms as provided for in the previously disclosed respective draft NOPAs, with the exception of an additional proposed penalty as part of the 2012 NOPA.

A NOPA is an IRS position and does not impose an obligation to pay tax. We continue to strongly disagree with the IRS' positions within the NOPAs and we are vigorously contesting the proposed adjustments to our taxable income, along with any proposed penalties and interest.

As of our receipt of the final 2010 NOPA and 2012 NOPA, our estimated potential aggregate liability, as proposed by the IRS, including additional state income taxes plus penalties and interest that may be due, was approximately $770 million, comprised of approximately $455 million in U.S. federal and state taxes, approximately $130 million of penalties, and approximately $185 million of interest. Interest will continue to accrue at the applicable statutory rates until the matter is resolved and may be substantial.

As previously disclosed and noted above, we strongly disagree with the IRS' positions and we are vigorously contesting the proposed adjustments to our taxable income, along with the proposed penalties and interest. We are examining various alternatives available to taxpayers to contest the proposed adjustments, including through IRS Appeals and U.S. Federal court. Any such alternatives could involve a lengthy process and result in the incurrence of significant expenses. As of the date of this Quarterly Report on Form 10-Q, we have not recorded any material accruals in respect of these examinations in our Condensed Consolidated Financial Statements. An adverse outcome of these tax examinations could have a material adverse effect on our financial position and results of operations.

For additional information regarding the history of this IRS matter, please see Note 13 "Guarantees and Contingencies" in our Annual Report on Form 10-K for Fiscal 2018.

CRA Matter

As part of its ongoing audit of our Canadian tax returns, the Canada Revenue Agency (CRA) has disputed our transfer pricing methodology used for certain intercompany transactions with our international subsidiaries and has issued notices of reassessment for Fiscal 2012, Fiscal 2013 and Fiscal 2014. Assuming the utilization of available tax attributes (further described below), we estimate our potential aggregate liability, as of March 31, 2020, in connection with the CRA's reassessments for Fiscal 2012, Fiscal 2013 and Fiscal 2014 to be limited to penalties and interest that may be due of approximately $25 million.

The notices of reassessment for Fiscal 2012, Fiscal 2013 and Fiscal 2014 would, as drafted, increase our taxable income by approximately $90 million to $100 million for each of those years, as well as impose a 10% penalty on the proposed adjustment to income.

We strongly disagree with the CRA's positions and believe the reassessments of Fiscal 2012, Fiscal 2013 and Fiscal 2014 (including any penalties) are without merit. We have filed notices of objection for Fiscal 2012, Fiscal 2013 and Fiscal 2014, and we are currently seeking competent authority consideration under applicable international treaties in respect of these reassessments.

Even if we are unsuccessful in challenging the CRA's reassessments to increase our taxable income for Fiscal 2012, Fiscal 2013 and Fiscal 2014, or potential reassessments that may be proposed for subsequent years currently under audit, we have elective deductions available for those years (including carry-backs from later years) that would offset such increased amounts so that no additional cash tax would be payable, exclusive of any assessed penalties and interest, as described above.

We will continue to vigorously contest the proposed adjustments to our taxable income and any penalty and interest assessments. As of the date of this Quarterly Report on Form 10-Q, we have not recorded any accruals in respect of these reassessments in our Condensed Consolidated Financial Statements. Audits by the CRA of our tax returns for fiscal years prior to Fiscal 2012 have been completed with no reassessment of our income tax liability in respect of our international transactions, including the transfer pricing methodology applied to them. The CRA is currently auditing Fiscal 2015, Fiscal 2016 and Fiscal 2017 and have proposed to reassess Fiscal 2015 in a manner consistent with Fiscal 2012, Fiscal 2013 and Fiscal 2014. We are engaged in ongoing discussions with the CRA and continue to vigorously contest the CRA's audit positions.

GXS India Matter

Our Indian subsidiary, GXS India Technology Centre Private Limited (GXS India), is subject to potential assessments by Indian tax authorities in the city of Bangalore. GXS India has received assessment orders from the Indian tax authorities alleging that the transfer price applied to intercompany transactions was not appropriate. Based on advice from our tax advisors, we believe that the facts that the Indian tax authorities are using to support their assessment are incorrect. We have filed appeals and anticipate an eventual settlement with the Indian tax authorities. We have accrued $1.2 million to cover our anticipated financial exposure in this matter.

Carbonite Class Action Complaint

On August 1, 2019, prior to our acquisition of Carbonite, a purported stockholder of Carbonite filed a putative class action complaint against Carbonite, its former Chief Executive Officer, Mohamad S. Ali, and its former Chief Financial Officer, Anthony Folger, in the United States District Court for the District of Massachusetts captioned Ruben A. Luna, Individually and on Behalf of All Others Similarly Situated v. Carbonite, Inc., Mohamad S. Ali, and Anthony Folger (No. 1:19-cv-11662-LTS). The complaint alleges violations of the federal securities laws under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The complaint generally alleges that the defendants made materially false and misleading statements in connection with Carbonite's Server Backup VM Edition, and seeks, among other things, the designation of the action as a class action, an award of unspecified compensatory damages, costs and expenses, including counsel fees and expert fees, and other relief as the court deems appropriate. On August 23, 2019, a nearly identical complaint was filed in the same court captioned William Feng, Individually and on Behalf of All Others Similarly Situated v. Carbonite, Inc., Mohamad S. Ali, and Anthony Folger (No. 1:19- cv-11808-LTS) (together with the Luna Complaint, the "Securities Actions"). On November 21, 2019, the court consolidated the Securities Actions, appointed a lead plaintiff, and designated a lead counsel. On January 15, 2020, the lead plaintiff filed a consolidated amended complaint generally making the same allegations and seeking the same relief as the complaint filed on August 1, 2019. The defendants moved to dismiss the Securities Actions on March 10, 2020. The lead counsel's opposition is currently due May 4, 2020. In light of, among other things, the early stage of the litigation, we are unable to predict the outcome of this action and are unable to reasonably estimate the amount or range of loss, if any, that could result from this proceeding.

Carbonite vs Realtime Data

On February 27, 2017, prior to our acquisition of Carbonite, a non-practicing entity named Realtime Data LLC ("Realtime Data") filed a lawsuit against Carbonite in the U.S. District Court for the Eastern District of Texas "Realtime Data LLC v. Carbonite, Inc. et al (No 6:17-cv-00121-RWS-JDL)", alleging that certain of Carbonite's cloud storage services infringe upon certain patents held by Realtime Data. Realtime Data's complaint against Carbonite sought damages in an unspecified amount and injunctive relief. On December 19, 2017, the U.S. District Court for the Eastern District of Texas transferred the case to the U.S District Court for the District of Massachusetts (No. 1:17-cv-12499). Realtime Data has also filed numerous other patent suits on the asserted patents against other companies around the country. In one of those suits, filed in the U.S. District Court for the District of Delaware, the Delaware Court on July 29, 2019 dismissed the lawsuit after declaring invalid three of the four patents asserted by Realtime Data against Carbonite. By way of Order dated August 19, 2019, the U.S. District Court for the District of Massachusetts stayed the action against Carbonite pending appeal of the dismissal in the Delaware lawsuit. As to the fourth patent, the U.S. Patent & Trademark Office Patent Trial and Appeal Board on September 24, 2019 invalidated certain claims of that patent. No trial date has been set in the action against Carbonite. The Company is defending Carbonite vigorously. We have not accrued a loss contingency related to this matter because litigation related to a non-practicing entity is inherently unpredictable. Although a loss is reasonably possible, an unfavorable outcome is not considered by management to be probable at this time and we remain unable to reasonably estimate a possible loss or range of loss associated with this litigation.

Please also see Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2019.

Off-Balance Sheet Arrangements

We do not enter into off-balance sheet financing as a matter of practice, except for guarantees relating to taxes and letters of credit on behalf of parties with whom we conduct business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to market risks associated with fluctuations in interest rates on our term loans, revolving loans and foreign currency exchange rates.

Interest rate risk

Our exposure to interest rate fluctuations relate primarily to our Term Loan B and the Revolver.

As of March 31, 2020, we had an outstanding balance of $980.0 million on Term Loan B. Term Loan B bears a floating interest rate of 1.75% plus LIBOR. As of March 31, 2020, an adverse change of one percent on the interest rate would have the effect of increasing our annual interest payment on Term Loan B by approximately $9.8 million, assuming that the loan balance as of March 31, 2020 is outstanding for the entire period (June 30, 2019—$9.9 million).

As of March 31, 2020, we had an outstanding balance of $600.0 million on the Revolver. Borrowings under the Revolver bear interest per annum at a floating rate of LIBOR plus a fixed rate that is dependent on our consolidated net leverage ratio ranging from 1.25% to 1.75%. As of March 31, 2020, an adverse change of one percent on the interest rate would have the effect of increasing our annual interest payment on the Revolver by approximately $6.0 million, assuming that the full balance as of March 31, 2020 is outstanding for the entire period (June 30, 2019—nil).

Foreign currency risk

Foreign currency transaction risk

We transact business in various foreign currencies. Our foreign currency exposures typically arise from intercompany fees, intercompany loans and other intercompany transactions that are expected to be cash settled in the near term. We expect that we will continue to realize gains or losses with respect to our foreign currency exposures. Our ultimate realized gain or loss with respect to foreign currency exposures will generally depend on the size and type of cross-currency transactions that we enter into, the currency exchange rates associated with these exposures and changes in those rates. Additionally, we have hedged certain of our Canadian dollar foreign currency exposures relating to our payroll expenses in Canada.

Based on the foreign exchange forward contracts outstanding as of March 31, 2020, a one cent change in the Canadian dollar to U.S. dollar exchange rate would have caused a change of approximately $0.6 million in the mark to market on our existing foreign exchange forward contracts (June 30, 2019—$0.6 million).

Foreign currency translation risk

Our reporting currency is the U.S. dollar. Fluctuations in foreign currencies impact the amount of total assets and liabilities that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. In particular, the amount of cash and cash equivalents that we report in U.S. dollars for a significant portion of the cash held by these subsidiaries is subject to translation variance caused by changes in foreign currency exchange rates as of the end of each respective reporting period (the offset to which is recorded to accumulated other comprehensive income on our Condensed Consolidated Balance Sheets).

The following table shows our cash and cash equivalents denominated in certain major foreign currencies as of March 31, 2020 (equivalent in U.S. dollar):

(In thousands)	U.S. Dollar Equivalent at March 31, 2020	U.S. Dollar Equivalent at June 30, 2019
Euro	$ 217,645	$ 120,417
British Pound	17,708	33,703
Canadian Dollar	16,663	12,635
Swiss Franc	34,559	56,776
Other foreign currencies	101,577	105,273
Total cash and cash equivalents denominated in foreign currencies	388,152	328,804
U.S. dollar	1,064,418	612,205
Total cash and cash equivalents	$ 1,452,570	$ 941,009

If overall foreign currency exchange rates in comparison to the U.S. dollar uniformly weakened by 10%, the amount of cash and cash equivalents we would report in equivalent U.S. dollars would decrease by approximately $38.8 million (June 30, 2019—$32.9 million), assuming we have not entered into any derivatives discussed above under "Foreign Currency Transaction Risk".

Item 4. Controls and Procedures

(A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2020, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that information required to be disclosed by us in the reports we file under the Exchange Act (according to Rule 13(a)-15(e)) is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(B) Changes in Internal Control over Financial Reporting (ICFR)

Based on the evaluation completed by our management, in which our Chief Executive Officer and Chief Financial Officer participated, our management has concluded that there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.