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FOR IMMEDIATE RELEASE

OPEN TEXT CORPORATION REPORTS THIRD-QUARTER 1997 RESULTS

*Robust Intranet Software Sales Contribute to Record Total Revenues, Gross Profit;
Major Contract with Motorola, Inc. Announced*

WATERLOO, Ontario, Canada -- May 6, 1997 -- Open Text Corporation (NASDAQ: OTEXF), a leading provider of intranet application software, tools and services, today announced its financial results for the third quarter of fiscal 1997.¹

For the fourth straight quarter, Open Text reported the highest quarterly total revenues in the company's history. Total revenues for the quarter ended March 31, 1997 were US\$6.1 million, up 17 percent sequentially from the \$5.2 million reported for the second quarter, and up 82 percent from the \$3.4 million reported for the prior-year period. Gross profit for the quarter was also a record high at \$4.4 million, a 26-percent increase from the \$3.5 million reported for the quarter ended December 31, 1996, and a 79-percent increase from the \$2.4 million reported a year ago.

The net loss for the third quarter was \$3.5 million, or \$0.20 per share, compared with a net loss of \$3.8 million, or \$0.23 per share, for the second quarter, and a net loss of \$2.1 million, or \$0.14 per share, for the year-earlier quarter. At March 31, 1996, Open Text's cash, cash equivalents and short-term investments totaled \$36.9 million.

¹ Reported under U.S. Generally Accepted Accounting Principles (GAAP).

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Business Strategy Execution

“We are pleased with the continued momentum in sales of Livelink Intranet to large enterprises, which resulted in a substantial increase in our industry-leading position to a total of 130,000 seats sold by quarter’s end,” said Tom Jenkins, Open Text’s president and chief executive officer. “In the past quarter alone, we have doubled the number of Livelink users, as our initial customer deployments have begun to extend our products to enterprise-wide usage. Three quarters ago, when we announced a restructuring of operations to focus our resources on the core intranet software business, we identified a ramp-up in higher-margin license revenues as key to achieving break-even. We believe that sustained license revenue growth and continued strong financial controls can drive Open Text toward operating profitability.”

Jenkins added that in February 1997, International Data Corp. (IDC) cited Livelink Intranet as the number-one product leading the market for Web-enabled, integrated document management systems. According to IDC findings, Livelink Intranet had a 68-percent market share, with 60,000 total seats sold at year-end 1996.

Strong License Revenue Growth

For the fourth consecutive quarter since the company introduced the Livelink Intranet suite, sequential revenue growth was driven by increasing intranet software sales.

License revenues for the quarter ended March 31, 1997 were \$3.8 million, or 62 percent of total revenues, compared with \$3.1 million, or 59 percent of total revenues, for the second quarter, and with \$2.1 million, or 53 percent of total revenues, for the first quarter of fiscal 1997.

Excluding sales of the retail Internet software product line that was terminated at fiscal year-end, 1996, intranet software license revenues for the third quarter grew 170 percent from the year-earlier quarter.

Service revenues for the quarter ended March 31, 1997 were \$2.3 million, or 38 percent of total revenues, compared with \$2.2 million, or 41 percent of total revenues, for the second quarter, and with \$1.9 million, or 47 percent of total revenues, for the first quarter of fiscal 1997.

Gross margin on license revenues for the third quarter was 93 percent of total license revenues, compared with 95 percent for the second quarter, and with 91 percent for the first

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quarter of fiscal 1997. Gross margin on service revenues for the third quarter was 33 percent of total service revenues, compared with 21 percent for the second quarter, and with 19 percent for the first quarter.

During the third quarter, Open Text announced several major new accounts, including Booz, Allen and Hamilton; Canon; Hewlett-Packard; Netsys; Vitro Corporation, a subsidiary of Tracor, Inc.; and Motorola, Inc., which was announced today.

“The Motorola win, representing 13 percent of total revenues for the third quarter, is particularly significant as the first step in Motorola’s commitment to deploy Livelink Intranet among its workforce worldwide,” Jenkins commented. “The agreement gives Motorola specified rights to purchase the Livelink products on a global scale.”

In addition, the company recently signed an agreement to integrate its Livelink Intranet product technology with Adobe Systems’ Acrobat and Capture technology, in order to automate the movement of documents through complex, global business processes. Recently, Open Text also adopted Microsoft products, servers and architecture as a primary platform to enable organizations of any size to leverage the proven power of Microsoft technology in conjunction with Livelink Intranet products. The Adobe and Microsoft initiatives are designed to add increased reliability and functionality to Livelink, while furthering its market penetration.

Nine-Month Results

For the nine months ended March 31, 1997, total revenues were \$15.4 million, an increase of 118 percent from the \$6.3 million reported for the prior-year period. Gross profit for the nine months was \$10.2 million, up 122 percent from the \$4.6 million reported for the same period of fiscal 1996. For the first nine months of 1997, net loss was \$10.9 million, or \$0.65 per share, compared with the \$28.1 million, or \$2.64 per share, reported for the prior-year period. Net loss for the first nine months of fiscal 1996 included a one-time charge of \$22.5 million for the write-off of purchased research and development related to certain acquisitions.

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Balance Sheet

During the third quarter, Open Text strengthened its balance sheet through the sale of its entire investment in Yahoo! Corporation for \$6.3 million, thereby increasing Open Text's cash, cash equivalents and short-term investments to \$36.9 million at March 31, 1997. The gain from the sale of \$5.8 million was recorded in other income and was largely offset by reserves taken for prior investments.

"At March 31, accounts receivable were at their lowest levels in a year, relative to quarterly revenues," said William N. Stirlen, Open Text's chief financial officer. "This represents continued progress toward our goal of bringing receivables in line with industry turnover norms."

The Company

Open Text Corporation (www.opentext.com) -- recently recognized by International Data Corp. as the market leading supplier of Web-enabled document management systems -- creates and markets intranet application software, tools and services that enable organizations to leverage the global reach and openness of Internet technologies within a powerful, collaborative environment for communicating, managing and working together. Open Text's solutions are used by Global 2000 companies to find and manage information and documents, empower teams and drive critical business processes. Open Text: "Putting the Web to work."

This news release may contain forward-looking statements relating to the future performance of Open Text Corporation. Forward-looking statements, specifically those concerning future performance, such as the deployment of Livelink Intranet by Motorola, Inc. and other customers, the achievement of operating profitability and the improvement of accounts receivable turnover ratios, are subject to certain risks and uncertainties, and actual results may differ materially. These risks and uncertainties include the risk of possible customer disappointment or dissatisfaction with Livelink Intranet and any resulting failure to expand its Livelink user base as anticipated by the company; the company's limited operating history and losses; increases in expenses; unproved market acceptance of the company's products and services; technical uncertainties related to releases of new or modified products and adapting products to specific customer requirements; risks involving management of growth and integration of acquired businesses and recently hired key personnel; competition and the introduction of new entrants and/or new products in the company's markets; product development risks and risks of technological change; the risk of unanticipated expenses or asset revaluations; and other risks and uncertainties described in the company's filings with the Securities and Exchange Commission (SEC), including the company's Annual Report on Form 10-K for the year ended June 30, 1996 and subsequent Forms 10-Q.

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-- Financials Attached --

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OPEN TEXT CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)
(In U.S. Dollars)

	Three months ended March 31,		Nine months ended March 31,	
	1997	1996	1997	1996
	(in thousands, except per share data)			
Revenues:				
License	\$ 3,775	\$ 2,280	\$ 8,987	\$ 4,060
Service	2,336	1,077	6,382	2,200
Total revenues	6,111	3,357	15,369	6,260
Cost of revenues:				
License	253	255	600	430
Service	1,577	659	4,796	1,230
Total cost of revenues	1,830	914	5,396	1,660
Gross profit	4,281	2,443	9,973	4,600
Operating expenses:				
Research and development	1,792	1,348	4,842	2,486
Sales and marketing	4,894	2,217	12,116	4,770
General and administrative	1,195	590	3,451	2,066
Depreciation and amortization, including acquired research and development	364	529	1,205	23,606
Restructuring reserve	-	-	650	-
Total operating expenses	8,245	4,684	22,264	32,928
Loss from operations	(3,964)	(2,241)	(12,291)	(28,328)
Other income	461	541	1,425	675
Loss for the period	\$ (3,503)	\$ (1,700)	\$ (10,866)	\$ (27,653)
Loss per share	\$ (0.20)	\$ (0.11)	\$ (0.65)	\$ (2.60)
Weighted average number of Common Shares outstanding	17,173	15,035	16,731	10,650

OPEN TEXT CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In U.S. Dollars)

	<u>March 31,</u> <u>1997</u>	<u>June 30,</u> <u>1996</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,919	\$ 51,139
Accounts receivable - trade net of allowance for doubtful accounts of \$461 as of March 31, 1997, \$742 as of December 31, 1996 and \$433 as of June 30, 1996	7,306	5,416
Other current assets	<u>2,277</u>	<u>2,203</u>
Total current assets	46,502	58,758
Furniture and equipment	4,909	3,536
Other investments, at the lower of cost or market	1,545	2,227
Other assets	<u>882</u>	<u>1,637</u>
	<u>\$ 53,838</u>	<u>\$ 66,158</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade, and other liabilities	\$ 6,308	\$ 6,014
Deferred revenues	1,345	886
Provision for restructuring	492	2,339
Current portion of obligations under capital leases	<u>420</u>	<u>627</u>
Total current liabilities	8,565	9,866
Obligations under capital leases	592	742
Shareholders' equity:		
Share capital		
17,232,464 and 17,011,552, 16,235,852 and 15,813,099 Common Shares issued and outstanding at March 31, 1997, December 31, 1996, June 30, 1996 and March 31, 1996 respectively	100,704	93,563
Other shareholders' equity	<u>(56,023)</u>	<u>(38,013)</u>
Total shareholders' equity	44,681	55,550
	<u>\$ 53,838</u>	<u>\$ 66,158</u>