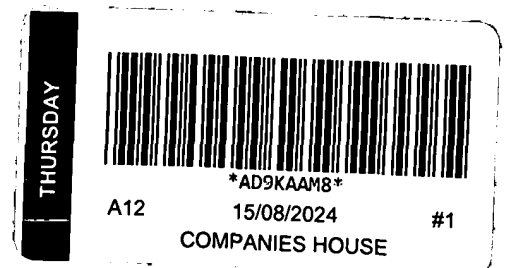


Registered number: 05134647

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Annual report and financial statements

for the period ended 30 June 2023



Micro Focus International Limited
(formerly known as Micro Focus International plc)

Annual report and financial statements

for the period ended 30 June 2023

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Micro Focus International Limited
(formerly known as Micro Focus International plc)

Directors and company information

Directors

Madhu Ranganathan
Christian Waida
Mark Kenneth Wilkinson

Secretary

Michael Fernando Acedo

Company registered office

The Lawn
22-30 Old Bath Road
Newbury
Berkshire
RG14 1QN

Legal advisor

Travers Smith LLP
10 Snow Hill
London
EC1A ZAL

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Micro Focus International Limited (formerly known as Micro Focus International plc)

Strategic report for the period ended 30 June 2023

The directors present their strategic report of Micro Focus International Limited (formerly known as Micro Focus International plc) ("the Company") for the eight month period ended 30 June 2023.

Business review and principal activities

On 25 August 2022, the board of Micro Focus International Limited (hereinafter referred as "Micro Focus") and Open Text Corporation ("OpenText" or "the ultimate parent undertaking") entered into an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, OpenText UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The transaction was completed after obtaining requisite approvals on 31 January 2023. Consequent to this transaction, the ultimate parent of the Micro Focus Group was changed to OpenText.

Consequent to the above OpenText acquisition of Micro Focus, Micro Focus International plc was re-registered from a public company to a private company limited by shares and its name changed to Micro Focus International Limited on 03 February 2023.

OpenText's financial year ends on 30 June. To align the Company's financial year end with OpenText, the Company has notified the change of accounting period to 30 June and the same has been confirmed on 19 November 2023. The new regular accounting period of the Company will be the fiscal year from 01 July 2023 to 30 June 2024. The accounting period immediately preceding the change of the accounting period to a financial year will thus be shorter than 12 months. This transitional accounting period will be running from 01 November 2022 to 30 June 2023.

The Company acts as an intermediate holding company within the OpenText group ("the Group") and prior to acquisition it acted as the ultimate holding company of the Micro Focus Group.

The Company received dividend of \$3.4m during the period (2022: \$Nil) and paid no dividend during the period (2022: \$91.3m).

During the period, provision for impairment against investment in subsidiaries accounted in the books was \$91.0m (2022: \$497.1m) Reversal of impairment on intercompany receivables accounted in the books during the period was \$2,091.9m (2022: Provision \$2,091.9m) due to change in impairment assessment methodology and new capital injection in Micro Focus Midco Holdings Limited . Further details are provided in Note 11.

Further details on the strategy of the Group can be found in OpenText Annual Report and Accounts for the year ended 30 June 2023.

Results

The profit for the eight month period ended 30 June 2023 is \$1,911.1m (2022: Loss \$2,671.5m). As at 30 June 2023 there was total shareholders' funds of \$7,277.5m (2022: \$2,041.0m).

Micro Focus International Limited (formerly known as Micro Focus International plc)

Strategic report for the period ended 30 June 2023 (continued)

Results (continued)

As the Company is in a net current liability position at the end of the period, a parental letter of support has been obtained from Open Text Corporation confirming its commitment and ability to provide adequate financial support, directly or indirectly, either in the form of a contribution, of a loan, or by providing another form of support to the Company for a period of at least twelve months from the date of approval of these financial statements.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately.

The principal risks and uncertainties of OpenText which include those of the Company, have been identified in the following categories - Products, Sales/Go-to-Market models, Competition, Employees and culture, IT systems and information, Business Strategy and change management, Legal and regulatory compliance, Intellectual property, Treasury, Tax, Macro-economic environment, Cyber Security and Internal controls over financial reporting. The Group has policies in place and a business model to help mitigate those risks. These principal risks and the risk management framework are described in the OpenText Annual Report for the year ended 30 June 2023.

Future Outlook

The Company will continue to act as an intermediate holding company within the Group.

Financial risk management

The Company's activities expose it to a number of financial risks including credit risk, foreign exchange risk and liquidity risk.

Foreign exchange risk:

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, UK Sterling and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's local currency. There were no hedging transactions in place on 30 June 2023.

Credit risk:

Financial instruments which potentially expose the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade debtors. Cash equivalents are deposited with high-credit quality financial institutions and risk is further mitigated by limits in amounts that can be deposited with individual financial institutions.

Micro Focus International Limited (formerly known as Micro Focus International plc)

Strategic report for the period ended 30 June 2023 (continued)

Financial risk management (continued)

Credit risk (continued):

Credit risk exposure related to trade debtors is limited by evaluating and monitoring the financial conditions of customers prior to providing services.

Liquidity risk:

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses funds from related Group undertakings which have sufficient cash balances for this purpose.

Interest rate risk:

The majority of the Company's costs and operating cash flows arise from internal borrowings to finance the Group, as such the Company's results before tax and operating cash flows are directly impacted by changes in market interest rates.

Section 172 statement

In accordance with Section 172 of the UK Companies Act 2006, the board has a duty to promote the success of the Company for the benefit of its members as a whole.

In doing so, it must have regard to the matters set out in Section 172(1)(a) to (f) of the UK Companies Act 2006, including the interests of the Company's employees, its business relationships with suppliers and customers, and the impact of its operations on communities and the environment ("s172 matters"). From the perspective of the Company, the Company's s172 matters are integrated with the Group and are not managed separately.

OpenText is an international company that is delivering mission-critical solutions on a global basis and across industries. The director acts in good faith to promote the success of the Company for the benefit of its members.

The Group is committed to "Total Growth", meaning the Group strives towards delivering value through organic initiatives, innovations and acquisitions. The Group believes a total growth strategy will ultimately drive cash flow growth, which will further help fuel innovation, broaden go-to market distribution, and identify and execute strategic acquisitions.

The Group is well positioned to expand its product portfolio, improve innovation and grow organically, which helps the Group to meet long-term growth targets.

The Group considers the experience and knowledge of its employees to be an essential part of a successful business. Therefore, the Group continuously invests in the education and professional development of their employees.

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Strategic report for the period ended 30 June 2023 (continued)

Section 172 (continued)

The Group aspires to establish relationships with its suppliers, customers and all stakeholders that build trust, convey mutual respect and support efforts to create shared value. The Group holds innovation labs, customer advocacy programs, product advisory council and user groups, monthly e-newsletters, and recognition programs. The Group has continual dialogue with suppliers promoting fair agreements and supporting supply chain efficacy.

The Group's customer base consists of global 10,000 companies, enterprise companies, public sector agencies, mid-market companies, small and midsize businesses and direct consumers. Being responsible for critical information infrastructure, it has been the Group's job to ensure its customers' systems and processes can handle the changing reality of today, while continuing to develop solutions to address the problems of tomorrow. The Group's customers enjoy choice and flexibility in their path to digital transformation with solutions that can be run on a combination of public and private clouds, managed services and off-cloud solutions. With a focus on world-class information management technologies and services, the Group continues to innovate and provide customers with the capabilities they need to build resilient businesses and become tomorrow's disruptors.

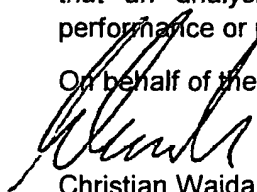
As a tech industry leader, the Group has both an obligation and an opportunity to take action to mitigate its environmental impact and help its customers do the same. The Group has recently reaffirmed its commitment to the Ten Principles of the United Nations Global Compact, and the Group is continually integrating these principles into its business strategy, culture, and operations. This includes setting goals for improvements to its environmental performance and helping its customers to improve its environmental performance by enabling modern work, digitizing paper-based processes and creating greater visibility into supply chains so that purchasing decisions can be based on ethical and sustainability ratings.

It is the Group's policy to conduct all business in an honest and ethical manner by acting professionally, fairly and with integrity in all their business dealings and relationships. This is emphasised in their policies developed in areas such as ethical trading and financial crime, covering anti-bribery, anti-corruption and anti tax evasion initiatives.

Key performance indicators ("KPIs")

Given the Company is an intermediate holding company, the Company's director are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board,



Christian Waida
Director

Date: 13 August 2024

Company registration: 05134647

Micro Focus International Limited (formerly known as Micro Focus International plc)

Directors' report for the period ended 30 June 2023

The directors present their report and the audited financial statements of Micro Focus International Limited for the eight month period ended 30 June 2023.

Dividends

Dividend income of \$3.4m was received for the period ended 30 June 2023 (2022: \$nil). No final dividend is proposed (2022: \$91.3m).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

Future outlook

Further details on future developments of the Company can be found in the Strategic Report.

Financial risk management

The Company's activities may expose it to a variety of financial risks that include the effects of changes in credit risk, foreign currency risk and interest rate risk. Risk management is carried out by a central treasury department of OpenText under policies approved by the board of directors. The board of OpenText provides written principles for risk management together with specific policies covering areas such as credit risk, foreign currency risk and interest rate management together with use of derivative financial instruments and non-derivative financial instruments as appropriate, and investment of excess funds.

In accordance with the treasury policy, the Company does not typically hold or issue derivative financial instruments.

Further details on financial risk management of the Company can be found in the Strategic Report.

Directors

The directors of the Company who served during the period and up to the date of signing the financial statements are as follows:

Madhu Ranganathan (appointed on 31 January 2023)

Christian Waida (appointed on 31 January 2023)

Mark Kenneth Wilkinson (appointed on 31 January 2023)

Micro Focus International Limited (formerly known as Micro Focus International plc)

Directors' report for the period ended 30 June 2023 (continued)

Directors (continued)

Matthew Edward Ashley (resigned on 31 January 2023)
Richard Charles Atkins (resigned on 31 January 2023)
Amanda Victoria Brown (resigned on 31 January 2023)
Pauline Jane Campbell (resigned on 31 January 2023)
Lawton Wehle Fitt (resigned on 31 January 2023)
Gregory Hugh Lock (resigned on 31 January 2023)
Stephen Edward Murdoch (resigned on 31 January 2023)
Debra Ann Polishook (resigned on 31 January 2023)
Vidya Nagaraj Rao (resigned on 31 January 2023)
Robert Harold Youngjohns (resigned on 31 January 2023)

None of the directors who held office during the period had any interest in the share capital of the Company at any time during the period or at the end of the period (2022: \$nil).

Employees

The average monthly number of employees employed by the Company during the period was five (2022: 11).

Registered office

The registered office of the Company is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

Micro Focus International Limited (formerly known as Micro Focus International plc)

Directors' report for the period ended 30 June 2023 (continued)

Statement of directors' responsibilities (continued)

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to Auditor

Each of the persons who is a director at the date of the approval of this report confirms that so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG LLP have indicated their willingness to continue as the auditor of the Company.

Directors' indemnities

From 31 January 2023 to the date of approval of the financial statements OpenText maintains a liability insurance for the Company's directors and officers. This is a qualifying third party indemnity provision as per the Companies Act 2006.

Prior to acquisition, the erstwhile ultimate parent undertaking Micro Focus maintained liability insurance for the Company's directors and officers.

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Directors' report for the period ended 30 June 2023 (continued)

Going concern

The Company operates as an intermediate holding company for the Group, holding investments in subsidiaries. The Company meets its day-to-day capital requirements through its bank facilities and intra group funding arrangements.

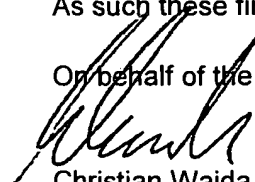
The directors believe that preparing the financial statements on the going concern basis is appropriate as they consider that the Company has adequate resources to continue in operational existence for at least one year from the date of the financial statements.

After making enquiries and considering the assessment included in the Group annual financial statements for the period ended 30 June 2023, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date of these financial statements.

The Company's balance sheet is in a net current liabilities position at the end of the period amounting to \$15.1m. (The company follows FRS 102 and hence long-term assets are included within the Debtors thus reflecting a Net Asset position in the face of the Balance Sheet). A parental letter of support has been obtained from Open Text Corporation confirming its commitment and ability to provide adequate financial support, directly or indirectly, either in the form of a contribution, of a loan, or by providing another form of support to the Company for a period of at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As such these financial statements have been prepared on a going concern basis.

On behalf of the board,



Christian Waida

Director

Date: 13 August 2024

Company registration: 05134647

The Lawn
22-30 Old Bath Road
Newbury
Berkshire
RG14 1QN

Independent Auditor's Report to the members of Micro Focus International Limited (formerly known as Micro Focus International plc)

Opinion

We have audited the financial statements of Micro Focus International Limited (formerly known as Micro Focus International plc) ("the company") for the eight months period ended 30 June 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and related notes, including the accounting policies in note 3

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the eight months period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the members of Micro Focus International Limited (formerly known as Micro Focus International plc)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Company's management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not trade and therefore has no revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by management after the closing of primary books for the period end.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the members of Micro Focus International Limited (formerly known as Micro Focus International plc)

Fraud and breaches of laws and regulations – ability to detect (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery and corruption including the UK Bribery Act 2010.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report.
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

Independent Auditor's Report to the members of Micro Focus International Limited (formerly known as Micro Focus International plc)

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

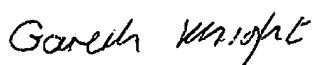
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gareth Knight (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
Date: 15 August 2024

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Statement of comprehensive income

		<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Reversal of impairment on intercompany loan receivables		2,091.9	-
Administrative expenses		(114.4)	(2,670.9)
Operating profit/(loss)	6	1,977.5	(2,670.9)
Dividend income		3.4	-
Interest payable and similar expenses	9	(76.7)	(0.6)
Profit/(loss) on ordinary activities before taxation		1,904.2	(2,671.5)
Taxation on ordinary activities	10	6.9	-
Profit/(loss) for the period / year		1,911.1	(2,671.5)
Total comprehensive income/ (loss) for the period / year		1,911.1	(2,671.5)

The accompanying notes on pages 19 to 31 form an integral part of these financial statements.

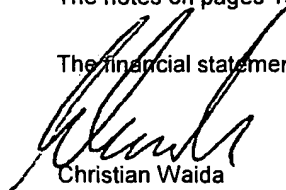
Micro Focus International Limited
(formerly known as Micro Focus International plc)

Balance sheet
As at 30 June 2023

	Note	<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Fixed assets			
Investments in subsidiaries	11	3,090.5	-
		<u>3,090.5</u>	<u>-</u>
Current assets			
Debtors (including \$4,202.1m due after more than one year (2022: \$2,085.5m))	12	4,225.1	2,228.7
Cash at bank and in hand		1.2	0.7
		<u>4,226.3</u>	<u>2,229.4</u>
Current liabilities			
Trade and other payables	13	(39.3)	(73.9)
Provisions	14	-	(114.5)
		<u>(39.3)</u>	<u>(188.4)</u>
Net current assets		<u>4,187.0</u>	<u>2,041.0</u>
Total assets less current liabilities		<u>7,277.5</u>	<u>2,041.0</u>
Capital and reserves			
Called up share capital	15	3,290.8	47.5
Share premium account	16	52.0	47.6
Other reserves		2,485.0	2,485.0
Retained earnings		1,449.7	(539.1)
Total shareholders' funds		<u>7,277.5</u>	<u>2,041.0</u>

The notes on pages 19 to 31 are an integral part of these financial statements

The financial statements on pages 16 to 31 were approved by the board of directors and signed on its behalf by:



Christian Waida

Director

Company registration: 05134647

Date: 13 August 2024

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Statement of changes in equity
for the period ended 30 June 2023

	Called-up share capital \$m	Share premium account \$m	Capital redemption reserve ¹ \$m	Merger reserve \$m	Retained earnings \$m	Total shareholders' funds \$m
Balance as at 1 November 2021	47.4	46.8	2,485.0	1,686.2	571.1	4,836.5
Loss for the year ended 31 October 2022	-	-	-	-	(2,671.5)	(2,671.5)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(2,671.5)	(2,671.5)
Transaction with owners:						
Issue of share capital	0.1	0.8	-	-	-	0.90
Movement in relation to share options	-	-	-	-	33.6	33.6
- Value of subsidiary employee services	-	-	-	-	(91.3)	(91.3)
Dividends	-	-	-	-	(67.2)	(67.2)
Purchase of treasury shares	-	-	-	-	(67.2)	(67.2)
Transfer from merger reserve	-	-	-	(1,686.2)	1,686.2	-
Total changes in equity	0.1	0.8	-	(1,686.2)	(1,110.2)	(2,795.5)
Balance as at 31 October 2022	47.5	47.6	2,485.0	-	(539.1)	2,041.0
Balance as at 1 November 2022	47.5	47.6	2,485.0	-	(539.1)	2,041.0
Profit for the period ended 30 June 2023	-	-	-	-	1,911.1	1,911.1
Total comprehensive income for the period	-	-	-	-	1,911.1	1,911.1
Transaction with owners:						
Issue of share capital	3,243.3	4.4	-	-	-	3,247.7
Movement in relation to share options	-	-	-	-	0.3	0.3
- Value of subsidiary employee services	-	-	-	-	77.4	77.4
Sale of treasury shares	-	-	-	-	-	-
Total changes in equity	3,243.3	4.4	-	-	1,988.8	5,236.5
Balance as at 30 June 2023	3,290.8	52.0	2,485.0	-	1,449.7	7,277.5

The notes on pages 19 to 31 are an integral part of these financial statements

¹ The capital redemption reserve, a non-distributable reserve, was created as a result of returns of value in prior periods.

Micro Focus International Limited (formerly known as Micro Focus International plc)

Notes to the financial statements For the period ended 30 June 2023

1 General information

Micro Focus International Limited (formerly known as Micro Focus International plc) ("the Company") is a private company limited by shares and incorporated and domiciled in England and Wales. The address of its registered office is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN. The principal activity of the Company continues to be that of a holding company.

On 25 August 2022, the board of Micro Focus International Limited (hereinafter referred as "Micro Focus") and Open Text Corporation ("OpenText" or "the ultimate parent undertaking") entered into an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, OpenText UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The transaction was completed after obtaining requisite approvals on 31 January 2023. Consequent to this transaction, the ultimate parent of the Micro Focus Group was changed to OpenText.

Consequent to the above OpenText acquisition of Micro Focus, Micro Focus International plc was re-registered from a public company to a private company limited by shares and its name changed to Micro Focus International Limited on 03 February 2023.

OpenText's financial year ends on 30 June. To align the Company's financial year end with OpenText, the Company has notified the change of accounting period to 30 June and the same has been confirmed on 19 November 2023. The new regular accounting period of the Company will be the fiscal year from 01 July 2023 to 30 June 2024. The accounting period immediately preceding the change of the accounting period to a financial year will thus be shorter than 12 months. This transitional accounting period will be running from 01 November 2022 to 30 June 2023.

2 Statement of compliance

Company law requires the directors to prepare company financial statements for each financial year. Under that law they have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The functional and presentation currency of these financial statements is US Dollar ("USD" or "\$"). All the amounts in the financial statements have been rounded to the nearest \$1,000,000 with one decimal point.

3 Summary of significant accounting policies

The basis of preparation and the principal accounting policies adopted in the preparation of the Company's financial information are set out below. These policies have been applied consistently to all periods presented.

Basis of preparation

The Company's financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and all applicable UK accounting standards.

Micro Focus International Limited **(formerly known as Micro Focus International plc)**

Notes to the financial statements **For the period ended 30 June 2023**

3 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going concern

The Company operates as an intermediate holding company for the Group, holding investments in subsidiaries. The Company meets its day-to-day capital requirements through its bank facilities and intra group funding arrangements.

The directors believe that preparing the financial statements on the going concern basis is appropriate as they consider that the Company has adequate resources to continue in operational existence for at least one year from the date of the financial statements.

After making enquiries and considering the assessment included in the Group annual financial statements for the period ended 30 June 2023, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date of these financial statements.

The Company's balance sheet is in a net current liabilities position at the end of the period amounting to \$15.1m. (The company follows FRS 102 and hence long-term assets are included within the Debtors thus reflecting a Net Asset position in the face of the Balance Sheet). A parental letter of support has been obtained from Open Text Corporation confirming its commitment and ability to provide adequate financial support, directly or indirectly, either in the form of a contribution, of a loan, or by providing another form of support to the Company for a period of at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As such these financial statements have been prepared on a going concern basis.

Exemptions for qualifying entities under FRS 102

In accordance with Section 1.8 of FRS 102, the Company is a qualifying entity entitled to avail of certain disclosure exemptions (as set out in Section 1.12 of FRS 102) as it is member of a Group whose parent - OpenText prepares publicly available consolidated financial statements in which the Company is included. The exemptions the Company has availed of are set out below:

- The requirement to prepare a statement of cash flows FRS 102 para 1.12(b);
- The non disclosure of key management personnel compensation in total. FRS 102 sec 1.12(e); and
- The non disclosure of transactions with other wholly-owned members of the Group FRS 33.1A.

As the consolidated financial statements of ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosure:

- Certain financial instrument disclosures FRS 102 sec 1.12(c);

Micro Focus International Limited (formerly known as Micro Focus International plc)

Notes to the financial statements For the period ended 30 June 2023

3 Summary of significant accounting policies (continued)

Consolidated financial statements

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent undertaking OpenText, a company incorporated in Canada.

The consolidated financial statements of OpenText are expressed in USD and are prepared in accordance with United States generally accepted accounting principles ("US GAAP") and are available to the public and may be obtained from 275 Frank Tompa Drive, Waterloo, Ontario, N2L 0A1, Canada or at www.opentext.com. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 as in respect of the disclosures above.

Foreign currency translation

The functional currency of the Company is US dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Employee benefits

a) Short-term benefits

Short-term benefits, including wages and salaries, social security and holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

b) Share-based payments

The Company operated various equity-settled, share-based compensation plans during the period.

The fair value of the employee services received in exchange for the grant of the shares or awards is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or awards granted. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account and a corresponding adjustment to equity over the remaining vesting period.

The grant by the Company of awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company financial statements.

The social security contributions payable in connection with the grant of the share awards is considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Micro Focus International Limited **(formerly known as Micro Focus International plc)**

Notes to the financial statements **For the period ended 30 June 2023**

3 Summary of significant accounting policies (continued)

Employee benefits (continued)

b) Share-based payments (continued)

The shares are recognised when the awards are exercised and the proceeds received allocated between called up share capital and share premium account.

Treasury shares

Where treasury shares are sold, if the proceeds are equal to or less than the purchase price paid by the company for the shares, the proceeds are treated as a realised profit. As the original purchase price was treated as a realised loss (that is, charged against distributable profits) this treatment of the proceeds results in a full or partial restoration of that loss. If the proceeds exceed the purchase price, the excess over the purchase price has to be transferred to the share premium account. The balance is treated as a realised profit, offsetting the original loss caused by the purchase price. The purchase price paid by the company for the shares is determined by the use of a weighted average price method. If the shares were allotted to the company as fully paid bonus shares, the purchase price of them is deemed to be nil.

Taxation

Corporation tax is payable on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised to take account of timing differences between the treatment of transactions for financial reporting purposes and their treatment for tax purposes. A deferred tax asset is only recognised when it is probable that there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investment in subsidiaries

Investments in subsidiaries are held at cost less any accumulated impairment losses. At the end of each reporting year, investments in subsidiaries are assessed for indicators of impairment. If an impairment indicator is identified an impairment test is performed. An impairment loss resulting from this impairment test is recognised in profit or loss.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial asset or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Micro Focus International Limited **(formerly known as Micro Focus International plc)**

Notes to the financial statements **For the period ended 30 June 2023**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

- Where the instrument will or may be settled in the Company's own equity instruments, it is either non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(a) Financial assets

Basic financial instruments, including cash at bank and in hand and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting year, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss, which is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate, is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire are settled or substantially all the risks and rewards are transferred to another party.

(b) Financial liabilities

Basic financial liabilities, including creditors and amounts owed to Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payments discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Called up share capital, share premium and dividend distribution

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Micro Focus International Limited (formerly known as Micro Focus International plc)

Notes to the financial statements For the period ended 30 June 2023

3 Summary of significant accounting policies (continued)

Related party transactions

The Company has taken advantage of the exemption under FRS 102 paragraph 33.1A, from disclosing transactions with other wholly-owned members of the Group. There are no related party transactions with other external related parties.

Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation where the impact is material. The increase in the provision due to the passage of time is recognised as an interest expense.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Company's accounting policies

There have been no critical judgements made in applying the Company's accounting policies.

(b) Critical accounting estimates and assumptions

In preparing these Financial Statements, the Company has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unless otherwise indicated, the Company does not believe that there is a significant risk of a material change to the carrying value of assets and liabilities within the next financial year related to the accounting estimates and assumptions described below.

Impairment of investments

Each period, or whenever there are changes in circumstances indicating that the carrying amounts may not be recoverable, the directors carry out impairment tests of investments in subsidiaries which require estimates to be made of the recoverable amount. These recoverable amounts calculations are dependent on estimates of future cash flows by generated by subsidiaries. Further details on these estimates are provided in note 11.

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Notes to the financial statements
For the period ended 30 June 2023

4 Critical accounting judgements and estimation uncertainty (continued)

Recoverability of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. The debtor balances represent the amounts due from the fellow Group undertakings. When assessing impairment of debtors, the directors consider estimated discounted cash flows generated by the fellow Group undertakings. See Note 12 for the net carrying value of the debtors.

5 Dividends	<i>Period ended</i> 30 June	<i>Year ended</i> 31 October
	2023	2022
	\$m	\$m
Equity - ordinary	-	65.2
Final paid 0.0 cents (2022: 20.3 cents) per ordinary shares	-	26.1
Interim paid 0.0 cents (2022: 8.0 cents) per ordinary shares	-	91.3
	<hr/>	<hr/>
	-	91.3
	<hr/>	<hr/>
	-	91.3

6 Operating profit/(loss)	<i>Period ended</i> 30 June	<i>Year ended</i> 31 October
	2023	2022
	\$m	\$m
Operating profit/(loss) is stated after (charging)/crediting:	\$m	\$m
Impairment charge on investment in subsidiary	(91.0)	(497.1)
Reversal/(charge) of impairment on intercompany loan receivables	2,091.9	(2,091.9)
Net foreign currency exchange gain	0.7	1.0

7 Employees and directors	<i>Period ended</i> 30 June	<i>Year ended</i> 31 October
	2023	2022
	\$m	\$m
Wages and salaries	1.2	2.8
Social security costs	0.2	0.3
Stock compensation charge	1.8	2.7
	<hr/>	<hr/>
	3.2	5.8
	<hr/>	<hr/>

The average monthly number of employees of the Company, including remunerated directors and non-executive directors, during the period was five (2022: eleven).

8 Share-based payments

Micro Focus International Limited has various equity-settled share-based compensation plans in which employees of Micro Focus Software UK Limited participate, details of which are given below. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted.

Incentive plan 2005

The Micro Focus International Limited Incentive Plan 2005 ("LTIP") permits the granting of share awards to executive directors and selected employees on a discretionary basis. Awards can be granted as conditional awards of shares or as nil-cost options.

Micro Focus International Limited
(formerly known as Micro Focus International plc)
Notes to the financial statements
For the period ended 30 June 2023

8 Share-based payments (continued)	30 June 2023	31 October 2022
	No. of shares 000s	No. of shares 000s
Outstanding at 1 November	1,877	837
Granted	-	1,206
Exercised	(640)	(13)
Lapsed	(1,237)	(153)
Outstanding at 30 June / 31 October	<u>-</u>	<u>1,877</u>
Exercisable at 30 June / 31 October	<u>-</u>	<u>40</u>

640,155 options were exercised in the period ended 30 June 2023 (2022: 13,157). The weighted average share price for awards at the date of exercise was £5.32.

\$1.7m was charged to the statement of comprehensive income in respect of the LTIP scheme (2022: \$2.2m). \$0.1m charge (2022: \$0.5m) was made to the statement of comprehensive income in respect of National Insurance on these share awards.

9 Interest payable and similar expenses	Period ended 30 June 2023	Year ended 31 October 2022
	\$m	\$m
Other interest	-	0.6
Intercompany loan interest payable	76.7	-
Total finance expense	<u>76.7</u>	<u>0.6</u>

10 Income tax		
(a) Recognised in the profit and loss	Period ended 30 June 2023	Year ended 31 October 2022
	\$m	\$m
Current tax:		
UK corporation tax on profit/(loss) for the period/year	-	-
Tax charge for the period/year	<u>-</u>	<u>-</u>
Deferred tax:		
Current year	(6.9)	-
Total deferred tax credit for the period/year	<u>(6.9)</u>	<u>-</u>
Total tax charge per income statement	<u>(6.9)</u>	<u>-</u>

Micro Focus International Limited
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Notes to the financial statements
For the period ended 30 June 2023

10 Income tax (continued)

(b) Reconciliation of tax charge

The charge for the year can be reconciled to the loss per the income statement as follows:

	<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Profit/(loss) before taxation	1,904.2	(2,671.5)
Tax on profit at standard UK tax rate of 21.26% (2022: 19.00%)	404.8	(507.6)
<i>Effects of:</i>		
Income not taxable	(425.9)	-
Expense not deductible	-	503.0
Effects of group relief/ other reliefs	-	(11.3)
Transfer pricing adjustments	15.9	15.6
Tax rate changes	(1.0)	-
Share options	(0.1)	0.4
Deferred tax not provided	(0.6)	(0.1)
Tax charge for the period/year	<u>(6.9)</u>	<u>-</u>

(c) Factors affecting current tax and future tax charges

The Finance Bill 2021 included provisions to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023 and this was substantively enacted on 24 May 2021. Therefore, the opening and closing deferred tax balances have been calculated using a blend of the 19% and 25% rates based on when the deferred tax asset will unwind, i.e. 19% if the asset will unwind between 1 November 2021 and 31 March 2023 and 25% if the asset will unwind from 1 April 2023 onwards.

(d) The movement in deferred income tax account is as follows:

	<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Beginning of financial period	-	-
Amounts recognised in profit and loss	6.9	-
End of financial period	<u>6.9</u>	<u>-</u>

The deferred tax asset consists of the following:

	<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Tax losses carried forward	6.8	-
Other timing differences	0.1	-
	<u>6.9</u>	<u>-</u>

11 Investments

	<i>Period ended</i> 30 June 2023 \$m	<i>Year ended</i> 31 October 2022 \$m
Cost		
At 1 November	-	467.5
Additions	3,181.5	29.6
Impairment	(91.0)	(497.1)
At 30 June/31 October	<u>3,090.5</u>	<u>-</u>

Micro Focus International Limited
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Notes to the financial statements
For the period ended 30 June 2023

11 Investments (continued)

For FY 2023 Investment

The additions for the period ended 30 June 2023 of \$3,169.8m relates to capital infusion in Micro Focus Midco Holdings Limited and \$11.7m relate to capital contributions arising from share-based payments.

An impairment assessment was performed by the directors on the investments held by the Company as at 30 June 2023. This assessment compared the recoverable amounts with the carrying value of the investments with the recoverable amount being determined based on its Value in Use ("VIU").

The VIU is based on the Group's consolidated five-year projections and a terminal value calculation, the output of which has then been allocated to each subsidiary based on the Group's transfer pricing methodology. The VIU includes estimates about the future financial performance of the Cash Generating Unit ("CGU") and is based on five-year projections and then a terminal value calculation. It utilises discounted board approved forecasts for the five years. The cash flow projections and inputs combine past performance with adjustments as appropriate where the directors believe that past performance and rates are not indicative of future performance and rates. Impairment reviews are required to exclude the estimated cash inflow and outflows arising from improving or enhancing the performance of existing assets until the cash flow is incurred. Therefore, the VIU calculation excludes the cash outflows and resulting cash inflow arising from certain investment decisions made in the strategic review which are included within the board approved forecasts. In addition, the VIU calculation excludes the cost saving impacts, which are included in the board approved forecasts, resulting from restructuring activities which have not commenced.

Key assumptions in the VIU are considered to be the discount rate, average annual revenue growth rate by product group and the long-term cash flow growth rate.

As a result of the review, the directors concluded there was a total impairment of \$91.0m for the period in relation to investments held in subsidiary Micro Focus Midco Holdings Limited.

For FY 2022 investment

The additions in the year ended 31 October 2022 of \$29.6m relate to capital contributions arising from share-based payments.

The accounting treatment for the previous year was different on account of the acquisition that occurred during the period. The acquisition transaction was completed obtaining requisite approvals on 31 January 2023. Consequent to which, the ultimate holding company was changed from Micro Focus to OpenText.

An impairment assessment was performed by the directors on the investments held by the Company as at 31 October 2022. This assessment compared the recoverable amounts with the carrying value of the investments, with the recoverable amount determined based on an allocation of the Micro Focus Group's fair value less costs of disposal ("FVLCOD").

The Micro Focus Group FVLCOD is based on the offer for the Micro Focus Group from OpenText (which was completed on 31 January 2023 on those offered terms). The FVLCOD of the Micro Focus Group is considered a level 2 measurement on the fair value hierarchy, with the key inputs being the acquisition price per share of £5.32, the costs of disposal of \$59,200,000, and the fair value of net debt, pension obligations and contract

The recoverable amount of the Micro Focus Group relating to the Company has been allocated based on modelling performed as part of the acquisition and reflected fair value modelling and the Micro Focus Group's transfer pricing methodology. Where VIU has been used (which relies on assumptions for revenue and cost forecasts, long term growth rates and discount rates) these have been aligned to the FVLCOD.

As a result of the review, the directors concluded there was a total impairment of \$497.1m for the year in relation to investments held in subsidiary Micro Focus Midco Holdings Limited.

Micro Focus International Limited
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Notes to the financial statements
For the period ended 30 June 2023

11 Investments (continued)

At 30 June 2023 the Company held directly 100% of the ordinary share capital in the following subsidiary undertaking:

Company name	Country of incorporation	Principal activities	Registered office address
Micro Focus Midco Holdings Limited	United Kingdom	Holding company	The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN

12 Debtors

	Period ended	Year ended
	30 June	31 October
	2023	2022
	\$m	\$m
Amounts owed by group undertakings	4,205.7	2,111.7
Prepayments and other debtors	12.5	117.0
Deferred tax asset (Note 10)	6.9	-
	4,225.1	2,228.7

Amounts owed by group undertakings includes the following:

- \$1,163,566,000 loan with Micro Focus Midco Holdings Limited that is interest free and is repayable in September 2026.
- \$3,038,574,000 loan with Micro Focus Midco Holdings Limited that is interest free and is repayable on September 2027.

13 Creditors: amounts falling due within one year

	Period ended	Year ended
	30 June	31 October
	2023	2022
	\$m	\$m
Amounts owed to group undertakings	24.4	-
Trade payables	-	12.7
Other payables	13.0	1.2
Accruals	1.9	60.0
	39.3	73.9

The amounts owed to fellow group undertakings are unsecured, have no fixed repayment term and are repayable on demand.

14 Provisions and contingent liabilities

	Period ended	Year ended
	30 June	31 October
	2023	2022
	\$m	\$m
At 1 November	114.5	15.0
Additional provision in the	-	99.5
Utilisation of provision in the period / year	(114.5)	-
	-	114.5

In early 2018, Micro Focus International Limited and certain of its former officers and directors were named as Defendants in two lawsuits brought by shareholders asserting claims under the United States securities laws. The cases, which are captioned In re Micro Focus International PLC Securities Litigation, Master File No. 18CIV01549 (Cal. Super. Ct. – San Mateo Cnty.) (the "California State Court Action") and In re Micro Focus International PLC Securities Litigation, Master File No. 1:18-cv-06763-ALC (S.D.N.Y.) (the "New York Federal Court Action"), are currently pending in the California Superior Court in San Mateo County and the United States District Court for the Southern District of New York, respectively.

Micro Focus International Limited
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Notes to the financial statements
For the period ended 30 June 2023

14 Provisions and contingent liabilities (continued)

Following dismissal of the New York Federal Court Action on 29 September 2020, a \$15m settlement of that Action was reached in March 2021, subject to court approval. A \$15m provision has previously been recorded for that settlement. However, as of December 2022, that settlement had not received court approval.

In December 2022, all parties to the New York Federal Action and the California State Court Action, as well as certain relevant insurers, agreed in principle to a global settlement of all claims asserted in both cases, for a global sum of \$107.5 m, which includes plaintiffs' attorneys' fees and costs, and benefits to be paid to members of the settlement class. The settlement is subject to court approval by the Superior Court of California for San Mateo County following a number of further steps. The timing for completion of this process is uncertain, but it could take months. A schedule for notice, opt outs, objections and the final approval hearing will likely be set by the Superior Court of California for San Mateo County once the motion for preliminary approval of the settlement has been filed. The members of the settlement class will have the right to opt out of the settlement, and the volume of such opt outs may trigger a termination right with respect to the settlement for the defendants. The Company and all defendants have denied, and continue to deny, the claims alleged in both cases and the settlement in principle does not reflect any admission of fault, wrongdoing or liability as to any defendant.

The settlement amount together with the Company's related legal fees and costs will be paid from insurance coverage. The Company had recognised a legal provision of \$114.5m.

During the current period, payment was made into escrow by insurers and therefore, both the associated receivable and liability were not included in the financial statements as on 30 June 2023.

15 Share capital

	<i>Period ended</i>		<i>Year ended</i>	
	<i>30 June</i>		<i>31 October</i>	
<i>Ordinary shares of 10 pence each</i>	No.	<i>2023</i> \$m	No.	<i>2022</i> \$m
At 1 November	365,976,642	47.5	364,849,738	47.4
Shares required to satisfy option awards	388,143	-	3,423,459	0.1
Shares utilised to satisfy option award	(387,392)	-	(2,296,555)	-
Shares allotted during the period	25,443,809,513	3,243.3	-	-
At 30 June / 31 October	25,809,786,906	3,290.8	365,976,642	47.5

Share issuances during the period ended 30 June 2023

In the period ended 30 June 2023, 388,143 ordinary shares of 10 pence each (2022: 3,423,459) were required, of which 387,392 (2022: 2,296,555) were transferred from treasury shares by the Company, to settle exercised share options. The gross consideration received in the period ended 30 June 2023 was \$nil (2022: \$0.1m).

At 30 June 2023, 26,519,131 treasury shares were held (2022: 26,906,523) such that the number of ordinary shares with voting rights was 25,783,267,775 (2022: 339,070,119) and the total number of shares at 30 June 2023 was 25,809,786,906 (2022: 365,976,642). In addition, no shares are held by the Micro Focus Employee Benefit Trust (2022: 15,936,281)

Commercial Agreement with Amazon Web Services

On 2 March 2021, the Company entered into a commercial agreement with Amazon Web Services ("AWS"), which granted AWS the right to deploy the Company's technology to migrate customers to the AWS' cloud.

2,855,613 warrants have been issued to Amazon NV Investment Holdings LLC, with 1,263,174, issued in the current period and 1,592,439 issued in the prior years, to subscribe for ordinary shares (the "warrants"). As at 30 June 2023, all have been exercised at £5.32 per share.

Micro Focus International Limited
(formerly known as Micro Focus International plc)

Notes to the financial statements
For the period ended 30 June 2023

16 Share premium account	Period ended	Year ended
	30 June	31 October
	2023	2022
	\$m	\$m
At 1 November	47.6	46.8
Movement in relation to share options exercised	4.4	0.8
At 30 June/31 October	<u>52.0</u>	<u>47.6</u>

17 Controlling parties

The immediate parent undertaking and controlling party is Open Text UK Holding Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Open Text Corporation, a company incorporated in Canada. Copies of the Open Text Corporation consolidated financial statements may be obtained from the Company Secretary, 275 Frank Tompa Drive, Waterloo, Ontario, N2L 0A1, Canada or at www.opentext.com.

18 Post balance sheet events

Subsequent to the end of the reporting period ended 30 June 2023, the following event has taken place:

(i) Reduction to capital redemption reserve

On 14 September 2023, the Company implemented a reduction to its capital redemption reserve from \$2,485.0m to \$Nil by which the capital redemption reserve account is so reduced be credited to a reserve of the Company.