

Registered number: 05134647

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

Annual report and financial statements

For the year ended 30 June 2024

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

Directors' report and financial statements

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

Directors and Company information

Directors

Christian Waida

Mark Kenneth Wilkinson

Secretary

Michael Fernando Acedo

Company registered office

The Lawn

22-30 Old Bath Road

Newbury

Berkshire

RG14 1QN

Independent auditor

KPMG LLP

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

United Kingdom

Company Registration Number

05134647

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

Strategic report for the year ended 30 June 2024

The Directors present their strategic report of Micro Focus International Limited ("the Company") for the year ended 30 June 2024. The comparatives are 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 ("Micro Focus") and Open Text Corporation ("OpenText") entered into an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, Open Text UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction was completed after obtaining requisite approvals on 31 January 2023. Subsequent to this transaction, the ultimate parent company was changed from Micro Focus to OpenText.

Following 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.

During the prior financial year, the Company changed its accounting period to 30 June, to align the Company's financial year end with OpenText. The new regular accounting period of the Company is the fiscal year 01 July to 30 June. The transitional accounting period was thus shorter than 12 months and spanned 01 November 2022 to 30 June 2023.

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

As at 30 June 2024 and 30 June 2023, the immediate parent company is Open Text UK Holding Limited and the ultimate parent company is Open Text Corporation.

Results

The loss for the year ended 30 June 2024 is \$563.0m (profit for the eight-month period ended 30 June 2023: \$1,911.1m). As at 30 June 2024 the total shareholders' fund were \$6,714.5m (2023: \$7,277.5m).

During the financial year, the Company did not pay any dividend (for the eight month period ended 30 June 2023: \$Nil) and the Company did not receive any dividend from its subsidiary Micro Focus Midco Holdings Limited (for the eight month period ended 30 June 2023: \$3.4m).

During the financial year, provision for impairment against investment in subsidiaries recorded in the financial statements was \$559.8m (for the eight month period ended 30 June 2023: \$91.0m).

In the prior financial year, there was a reversal of impairment on intercompany receivables amounting to \$2,091.9m due to a change in impairment assessment methodology and a capital injection in Micro Focus Midco Holdings Limited. There was no such reversal during the financial year ended 30 June 2024.

Key performance indicators ("KPIs")

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

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

Strategic report for the year ended 30 June 2024 (continued)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated in 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 2024.

Future Developments

The Company is an intermediate holding company in the Group. The activities of the Company are expected to remain unchanged in the foreseeable future.

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's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as the ultimate parent company manages foreign exchange risk primarily at a Group level rather than the subsidiary level. At a group level, derivative financial instruments are used to reduce net exposure to currency exchange rate fluctuations.

Credit risk:

The Company's principal financial assets are bank balances and cash and intercompany receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on intercompany receivables is not deemed significant as the Company's exposure is with fellow Group members which have significant financial reserves.

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.

Section 172 statement

In accordance with Section 172 of the 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 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 Directors act in good faith to promote the success of the Company for the benefit of its members.

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

Strategic report for the year ended 30 June 2024 (continued)

Section 172 statement (continued)

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.

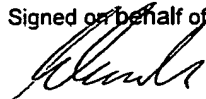
The Group aspires to establish relationships with its suppliers, customers and all stakeholders that build trust, convey mutual respect and support efforts to create shared value. The Group holds innovation labs, customer advocacy programs, product advisory council and user groups, monthly e-newsletters, 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.

Signed on behalf of the board by:



Christian Waida

Director

Date: 18 June 2025

Company registration: 05134647

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

Directors' report for the year ended 30 June 2024

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;
- 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 or to cease operations or have no realistic alternative but to do so.

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.

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2024. The comparatives are for the eight-month period ended 30 June 2023.

Strategic report

In accordance with Section 414C(11) of the Companies Act 2006, the following information has been included in the Company's strategic report which would otherwise be required by Schedule 7 of the "Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008" to be contained in the Directors' report:

- The financial risk management objectives and policies of the Company and exposure of the Company to risk in relation to the use of financial instruments; and
- Future developments of the Company.

Micro Focus International Limited
(formerly known as Micro Focus International plc)
Directors' report for the year ended 30 June 2024 (continued)

Directors

The Directors of the Company who served during the financial year or have been appointed or resigned up to the date of signing are as follows:

Christian Waida (appointed on 31 January 2023)

Mark Kenneth Wilkinson (appointed on 31 January 2023)

Madhu Ranganathan (appointed on 31 January 2023 and resigned on 27 January 2025)

No Director had an interest in the shares of the Company.

Employees

There were no average monthly number of employees during the financial year (2023: Five).

Registered office

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

Branches

The Company has no branches outside the United Kingdom ("UK").

Research and development

The Company did not engage in any research and development activities during the year.

Dividends

No dividend income was received during the year ended 30 June 2024 (for the eight month period ended 30 June 2023: \$3.4m).

No dividends were paid on ordinary shares during the year ended 30 June 2024 (for the eight month period ended 30 June 2023: \$Nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the financial year (for the eight month period ended 30 June 2023: \$Nil).

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 of Open Text Corporation. 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.

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

Directors' report for the year ended 30 June 2024 (continued)

Directors' indemnities

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.

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 12 months from the date of the financial statements.

Through the Company's ownership of certain subsidiaries in the Group, the Company has indirect ownership of the external cash flows of the group of companies it directly/indirectly owns. After considering the results of relevant cash flow assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements.

There is no intention to dissolve the Company. There is reasonable assurance that the Company will be able to meet its obligations as they fall due. As such these financial statements have been prepared on a going concern basis.

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the board by:



Christian Waida

Director

Date: 18 June 2025

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 ("the Company") for the year ended 30 June 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 2024 and of its loss for the year 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) (continued)

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.
- 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 to unusual accounts, seldom-used accounts and those posted after the closing of primary books for the year 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) (continued)

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

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (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: health and safety, data protection laws and anti-bribery.

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) (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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.

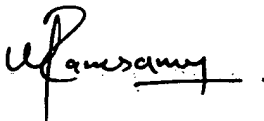
Auditor's responsibilities

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.



Mounessen Ramsamy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date: 20 June 2025

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

Statement of comprehensive income
For the year ended 30 June 2024

	Note	Year ended 30 June 2024 \$m	Eight-month period ended 30 June 2023 \$m
Reversal of impairment on intercompany loan receivables		-	2,091.9
Administrative expenses		(562.9)	(114.4)
Operating (loss)/profit	5	(562.9)	1,977.5
Dividend income		-	3.4
Interest payable and similar expenses	8	-	(76.7)
(Loss)/profit on ordinary activities before taxation		(562.9)	1,904.2
Taxation on ordinary activities	9	(0.1)	6.9
(Loss)/profit for the year / period		(563.0)	1,911.1
Total comprehensive (expense)/income for the year / period		(563.0)	1,911.1

All amounts relate to continuing activities.

The accompanying notes on pages 17 to 26 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 2024

	Note	As at 30 June 2024 \$m	As at 30 June 2023 \$m
Fixed assets			
Investments in group undertakings	10	2,530.7	3,090.5
Debtors: amounts falling due after one year	11	4,170.6	4,205.7
		<u>6,701.3</u>	<u>7,296.2</u>
Current assets			
Debtors: amounts falling due within one year	12	13.6	19.4
Cash at bank and in hand		0.3	1.2
		<u>13.9</u>	<u>20.6</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(0.7)	(39.3)
Provisions and contingent liabilities	14	-	-
		<u>(0.7)</u>	<u>(39.3)</u>
Net current assets / liabilities		<u>13.2</u>	<u>(18.7)</u>
Total assets less current liabilities		<u>6,714.5</u>	<u>7,277.5</u>
Capital and reserves			
Called up share capital	15	3,290.8	3,290.8
Share premium account	16	52.0	52.0
Capital redemption reserve		-	2,485.0
Retained earnings		3,371.7	1,449.7
Total shareholders' funds		<u>6,714.5</u>	<u>7,277.5</u>

The notes on pages 17 to 26 are an integral part of these financial statements

The financial statements on pages 14 to 26 were approved by the Board of Directors and signed on its behalf by:


Christian Waida

Director

Company registration: 05134647

Date: 18 June 2025

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

Statement of changes in equity
For the year ended 30 June 2024

	Called-up share capital \$m	Share premium account \$m	Capital redemption reserve ¹ \$m	Retained earnings \$m	Total shareholders' funds \$m
Balance as at 1 November 2022	47.5	47.6	2,485.0	(539.1)	2,041.0
Profit for the eight month period ended 30 June 2023	-	-	-	1,911.1	1,911.1
Total comprehensive income for the eight month period ended 30 June 2023	-	-	-	1,911.1	1,911.1
Transaction with owners:					
Movement in relation to share options	3,243.3	4.4	-	-	3,247.7
Purchase of treasury shares	-	-	-	0.3	0.3
Transfer from merger reserve	-	-	-	77.4	77.4
Total transactions with owners, recognised directly in equity	3,243.3	4.4	-	77.7	3,325.4
Balance as at 30 June 2023	3,290.8	52.0	2,485.0	1,449.7	7,277.5
Balance as at 1 July 2023	3,290.8	52.0	2,485.0	1,449.7	7,277.5
Loss for the year ended 30 June 2024	-	-	-	(563.0)	(563.0)
Total comprehensive expense for the year ended 30 June 2024	-	-	-	(563.0)	(563.0)
Transaction with owners:					
Transfer of Capital Redemption reserve*	-	-	(2,485.0)	2,485.0	-
Total transactions with owners, recognised directly in equity	-	-	(2,485.0)	2,485.0	-
Balance as at 30 June 2024	3,290.8	52.0	-	3,371.7	6,714.5

The notes on pages 17 to 26 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.

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

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

Notes to the financial statements For the year ended 30 June 2024

1 General information

Micro Focus International Limited ("the Company") is a private company limited by shares and incorporated and domiciled in England and Wales. The registration number of the company is 05134647 and 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 ("Micro Focus") and Open Text Corporation ("OpenText") entered into an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, Open Text UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction was completed after obtaining requisite approvals on 31 January 2023. Consequently, to this transaction, the ultimate parent company was changed from Micro Focus to OpenText.

Following the acquisition of Micro Focus by OpenText, 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.

During the prior financial year, the Company changed its accounting period to 30 June, to align the Company's financial year end with OpenText. The new regular accounting period of the Company is the fiscal year 01 July to 30 June. The transitional accounting period was thus shorter than 12 months and spanned 01 November 2022 to 30 June 2023.

2 Statement of compliance

The Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"), and the Companies Act 2006.

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 year presented.

(a) 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.

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.

(b) 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 12 months from the date of the financial statements.

Through the Company's ownership of certain subsidiaries in the Group, the Company has indirect ownership of the external cash flows of the group of companies it directly/indirectly owns. After considering the results of relevant cash flow assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at 12 months from the date of these financial statements.

There is no intention to dissolve the Company. There is reasonable assurance that the Company will be able to meet its obligations as they fall due. As such these financial statements have been prepared on a going concern basis.

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

Notes to the financial statements

For the year ended 30 June 2024

3 Summary of significant accounting policies (continued)

(c) 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 section 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 section 1.12(c);

(d) Consolidation

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 Open Text Corporation, a company incorporated in Canada.

The consolidated financial statements of Open Text Corporation 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.

(e) Foreign currency translation

- Functional currency

In evaluating the functional currency of the Company, management considers the primary activities of the Company to be investing and financing activities. The Company acts as an intermediate holding company and doesn't have operating activities in the United Kingdom. The Company has intercompany debtors and creditors balances, including intercompany loans receivable and payable which are denominated in the USD.

- Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

(f) Employee benefits

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.

Share-based payments

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

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.

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

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

Notes to the financial statements

For the year ended 30 June 2024

3 Summary of significant accounting policies (continued)

(g) 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.

(h) 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.

Group relief is a relief from Corporation Tax (CT). Group relief rules allow companies that are making corporation tax losses to surrender those losses to profit-making group companies. A company – known as the 'surrendering company' – which makes a corporation tax loss can surrender certain types of loss to another company in the same group of companies as itself.

From the surrendering company's perspective, a surrender of group relief transforms a loss that it would otherwise have to carry forward and use in later years into an immediate cash sum. From the claimant company's perspective, the transaction is economically neutral – the group relief cancels out its corporation tax bill, so it effectively pays the tax it would have paid to HMRC to its fellow group member.

Wherever possible the Company utilises group relief benefits as available. As a group policy the Company does not cash settle for any group relief benefits availed.

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.

(i) Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

(j) Financial instruments

In accordance with the relevant accounting framework, 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 assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a 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.

- Financial assets

Initial Recognition

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, less any impairment losses in case of debtors.

Subsequent Recognition

At the end of each reporting period, 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 the statement of comprehensive income.

Derecognition

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.

In cases where the contractual cash flows of a financial asset are renegotiated or modified, the entity evaluates whether the modification is substantial. This evaluation includes:

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

Notes to the financial statements

For the year ended 30 June 2024

3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Financial assets (continued)

Derecognition (continued)

- A quantitative assessment to determine if there is a significant change in the cash flows of the original asset and the modified or replacement asset.
- A qualitative assessment to consider factors such as the nature of the modification and changes to terms, conditions, or credit risks.

If the modification is deemed substantial, the financial asset is derecognised, and a new financial asset is recognised at its fair value. The difference between the carrying amount of the original financial asset and the new financial asset is recognised in the income statement.

If the modification is not substantial, the gross carrying amount of the asset is adjusted to reflect the modified cash flows, discounted at the original effective interest rate. Any resulting adjustment is also recognised in the income statement.

The entity applies judgment in developing and consistently applying its accounting policies and methods for derecognition of financial assets.

- Financial liabilities

Initial Recognition

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.

Subsequent Recognition

Such liabilities are subsequently carried at amortised cost using the effective interest rate method.

Derecognition

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

When the contractual terms of a financial liability are modified, the entity assesses whether the modification is substantial. This determination involves:

1. A quantitative assessment, commonly referred to as the '10 percent test,' to determine if the present value of the cash flows under the modified terms differs significantly from the original cash flows.
2. A qualitative assessment, considering other factors such as changes to terms, conditions, and the nature of the liability.

If the modification is deemed substantial, the original financial liability is derecognized, and a new financial liability is recognized at its fair value. The difference between the carrying amount of the original liability and the fair value of the new liability is recognized in profit or loss. Any costs or fees incurred are charged to profit or loss immediately.

If the modification is deemed non-substantial, the original liability is not derecognized. Instead:

- The amortized cost of the liability is recalculated to reflect the modified cash flows, discounted at the original effective interest rate (EIR). The difference is recognized as a modification gain or loss in profit or loss.
- Any costs or fees incurred are adjusted against the carrying amount of the liability and amortized over the remaining term of the modified liability through the adjusted EIR.

(k) Dividend distribution

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.

(l) 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.

(m) 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.

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

Notes to the financial statements

For the year ended 30 June 2024

3 Summary of significant accounting policies (continued)

(n) Investments in preference shares and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment.

(o) Interest expense

Interest expense is recognised in the statement of comprehensive income using the effective interest method as they accrue.

(p) Impairment

Financial assets (assets carried at amortised cost).

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The carrying value of investments is reviewed for impairment annually. An impairment loss is recognised for the amount which the carrying value amount exceeds its recoverable amount. The recoverable amount is the higher of the investments fair value less costs of disposal and value in use.

For the purposes of assessing impairment, investments are grouped at the lowest levels for which there are largely independent cash inflows.

(q) Dividend Income

Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established.

(r) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

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.

The Company has reviewed its critical accounting estimates, assumptions and judgements and no new critical accounting estimates, assumptions and judgements were identified at this stage. 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 year, 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 10.

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 11 & 12 for the net carrying value of the debtors.

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Notes to the financial statements
For the year ended 30 June 2024

5 Operating (loss)/profit	<i>Year ended</i>	<i>Eight-month period ended</i>
	<i>30 June</i>	<i>30 June</i>
	2024	2023
	\$m	\$m
Operating (loss)/profit is stated after (charging)/crediting:		
Impairment charge on investment in subsidiary (refer note 10)	(559.8)	(91.0)
Reversal of impairment on intercompany loan receivables*	-	2,091.9
Net foreign currency exchange gain	0.1	0.7

*The Company holds intercompany loan receivables from its subsidiary, Micro Focus Midco Limited. In the financial year ended 31 October 2022, recoverable value was determined based on expected undiscounted cash flows, with fair value less costs of disposal estimated using the proposed acquisition price by OpenText. As a result, recoverable value was no longer considered a critical estimate. Since the recoverable amount was below carrying value, an impairment of \$2,091.9 million was recognised. In the previous period, the impairment assessment was based on Value in Use, using key assumptions such as discount rate, product group revenue growth, and long-term cash flow growth. Following a reassessment and a new capital injection into Micro Focus Midco Limited, the previously recognized impairment was deemed no longer necessary and has been reversed.

6 Employees and Directors	<i>Year ended</i>	<i>Eight-month period ended</i>
	<i>30 June</i>	<i>30 June</i>
	2024	2023
	\$m	\$m
Wages and salaries	-	1.2
Social security costs	(0.2)	0.2
Stock compensation charge	0.3	1.8
	<u>0.1</u>	<u>3.2</u>

The average monthly number of employees of the Company, including remunerated Directors and non-executive Directors, during the year was Nil (2023: Five).

7 Share-based payments

The Company had various equity-settled share-based compensation plans in which employees of Micro Focus Software UK Limited participated in previous period, 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.

	<i>Year ended</i>	<i>Eight-month period ended</i>
	<i>30 June</i>	<i>30 June</i>
	2024	2023
	No. of shares	No. of shares
	000s	000s
Outstanding at 01 July / 01 November	-	1,877
Granted	-	-
Exercised	-	(640)
Lapsed	-	(1,237)
Outstanding at 30 June	<u>-</u>	<u>-</u>
Exercisable at 30 June	<u>-</u>	<u>-</u>

No options were exercised in the year ended 30 June 2024 (eight month period ended 30 June 2023: \$640,155).

There is no charge to the statement of comprehensive income in respect of the LTIP scheme during the year ended 30 June 2024 (eight month period ended 30 June 2023: \$1.7m). Further, no charge (eight month period ended 30 June 2023: \$0.1m) was made to the statement of comprehensive income in respect of National Insurance on these share awards for the year ended 30 June 2024.

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Notes to the financial statements
For the year ended 30 June 2024

8 Interest payable and similar expenses	<i>Year ended</i>	<i>Eight-month</i>
	<i>30 June</i>	<i>period ended</i>
	2024	30 June
	\$m	\$m
Intercompany loan interest payable	-	76.7
Total finance expense	-	76.7

9 Income tax	(a) Recognised in the statement of comprehensive income	<i>Year ended</i>	<i>Eight-month</i>
		<i>30 June</i>	<i>period ended</i>
		2024	30 June
		\$m	\$m
Current tax:			
UK corporation tax on (loss)/ profit for the year/period			
	Tax charge for the year/period	-	-
Deferred tax:			
Current year			
	Total deferred tax charge/(credit) for the year/period	0.1	(6.9)
Total tax charge/(credit) per statement of comprehensive income			
		0.1	(6.9)

(b) Reconciliation of tax charge

The charge/(credit) for the year/period can be reconciled to the (loss)/profit per the statement of comprehensive income as follows:

	<i>Year ended</i>	<i>Eight-month</i>
	<i>30 June</i>	<i>period ended</i>
	2024	30 June
	\$m	\$m
(Loss)/profit before taxation	(562.9)	1,904.2
Tax on profit at standard UK tax rate of 25% (2023: 21.26%)	(140.7)	404.8
<i>Effects of:</i>		
Income not taxable	-	(425.9)
Expense not deductible	140.7	-
Effects of group relief/ other reliefs	(28.0)	-
Transfer pricing adjustments	28.0	15.9
Tax rate changes	-	(1.0)
Share options	0.1	(0.1)
Deferred tax not provided	-	(0.6)
Tax charge/(credit) for the year/period	0.1	(6.9)

The Finance Act 2021 was enacted on 10 June 2021 and increased the UK corporation tax rate from 19% to 25% effective 01 April 2023 for companies with profits in excess of GBP 250,000.

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Notes to the financial statements
For the year ended 30 June 2024

9 Income tax (continued)

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

	<i>Year ended</i>	<i>Eight-month</i>
	<i>30 June</i>	<i>period ended</i>
	<i>2024</i>	<i>30 June</i>
	<i>\$m</i>	<i>\$m</i>
Beginning of financial year / period	6.9	-
Amounts recognised in statement of comprehensive income	(0.1)	6.9
End of financial year / period	6.8	6.9

The deferred tax asset consists of the following:

	<i>As at 30 June</i>	<i>As at 30 June</i>
	<i>2024</i>	<i>2023</i>
	<i>\$m</i>	<i>\$m</i>
Tax loss carried forward	6.8	6.8
Other timing differences	-	0.1
	6.8	6.9

10 Investments in group undertakings

	<i>As at 30 June</i>	<i>As at 30 June</i>
	<i>2024</i>	<i>2023</i>
	<i>\$m</i>	<i>\$m</i>
Cost		
At 1 July / November	3,090.5	-
Additions	-	3,181.5
Impairment	(559.8)	(91.0)
At 30 June	2,530.7	3,090.5

For FY 2024 & 2023 Investment

An impairment assessment was performed by the Directors on the investments held by the Company as at 30 June 2024 and 30 June 2023. This assessment compared the recoverable amounts with the carrying value of the investments, 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.

As a result of the review, the Directors concluded there was a total impairment of \$559.8m for the year (2023: \$91.0m) in relation to investments held in subsidiary Micro Focus Midco Holdings Limited.

At 30 June 2024 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	England	Holding company	The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN

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Notes to the financial statements
For the year ended 30 June 2024

11 Debtors: amounts falling due after one year	As at 30 June	As at 30 June
	2024	2023
	\$m	\$m
Amounts owed by group undertakings	4,170.6	4,205.7
	<u>4,170.6</u>	<u>4,205.7</u>

Amounts owed by group undertakings includes the following:

- A \$1,149,640,000 (2023:\$1,163,566,000) interest-free intercompany loan advanced to Micro Focus Midco Holdings Limited and repayable in September 2026. The company received a principal repayment of \$13,927,000 during the year ended 30 June 2024, and the remaining \$1,149,640,000 is the outstanding principal balance.

- A \$3,020,974,000 (2023: \$3,038,574,000) interest-free intercompany loan advanced to Micro Focus Midco Holdings Limited and repayable in September 2027. The company received a principal repayment of \$17,600,000 during the year ended 30 June 2024, and the remaining \$3,020,974,000 is the outstanding principal balance.

All the above intercompany loan balances are unsecured.

12 Debtors: amounts falling due within one year	As at 30 June	As at 30 June
	2024	2023
	\$m	\$m
Prepayments and other debtors	6.8	12.5
Deferred tax asset (Note 9)	6.8	6.9
	<u>13.6</u>	<u>19.4</u>

13 Creditors: amounts falling due within one year	As at 30 June	As at 30 June
	2024	2023
	\$m	\$m
Amounts owed to group undertakings	0.1	24.4
Other payables	0.2	13.0
Accruals	0.4	1.9
	<u>0.7</u>	<u>39.3</u>

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

14 Provisions and contingent liabilities	As at 30 June	As at 30 June
	2024	2023
	\$m	\$m
At 1 July / November	-	114.5
Additional provision in the year / period	-	-
Utilisation of provision in the year / period	-	(114.5)
At 30 June	<u>-</u>	<u>-</u>

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.

Following dismissal of the New York Federal Court Action on 29 September 2020, a \$15m settlement 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 \$107.5m, 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 previous period, payment was made into escrow by insurers. Therefore, both the associated receivable and liability were not included in the financial statements as on 30 June 2024.

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

Notes to the financial statements
For the year ended 30 June 2024

15 Share capital

Allotted, called up and fully paid Ordinary shares of 10 pence each	<i>As at 30 June</i>		<i>As at 30 June</i>	
	No.	2024 \$m	No.	2023 \$m
At 1 July / November	25,809,786,906	3,290.8	365,976,642	47.5
Shares required to satisfy option awards	824,680	-	388,143	-
Shares utilised to satisfy option award	(824,680)	-	(387,392)	-
Shares allotted during the period	-	-	25,443,809,513	3,243.3
At 30 June	25,809,786,906	3,290.8	25,809,786,906	3,290.8

In the year ended 30 June 2024: 824,680 ordinary shares of 10 pence each (2023: 388,143) were required, of which 824,680 (2023: 387,392) were transferred from treasury shares by the Company, to settle exercised share options of the Company and entities within the Group. The gross consideration received in the year ended 30 June 2024 was \$nil (2023: \$nil).

At 30 June 2024, 25,694,451 treasury shares were held (2023: 26,519,131) such that the number of ordinary shares with voting rights was 25,784,092,454 (2023: 25,783,267,775) and the total number of shares at 30 June 2024 was 25,809,786,906 (2023: 25,809,786,906). In addition, no shares are held by the Micro Focus Employee Benefit Trust (2023: Nil).

16 Share premium account

	<i>As at 30 June</i>	<i>As at 30 June</i>
	2024	2023
	\$m	\$m
At 1 July/November	52.0	47.6
Movement in relation to share options exercised	-	4.4
At 30 June	52.0	52.0

17 Controlling parties

The immediate parent undertaking is Open Text UK Holding Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Open Text Corporation, a company incorporated in Canada. Copies of Open Text Corporation's consolidated financial statements may be obtained from the 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 year ended 30 June 2024, the following event have taken place:

- In September 2024, the Company cancelled 25,809,786,905 ordinary shares of GBP 0.10, each, as well as all sums standing to the credit of its share premium account.
- In October and December 2024, the Company paid a total dividend of \$1,204,327,000 to its parent entity, Open Text UK Holding Limited against the transfer of intercompany loans.