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

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

When used in this report, the words "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and other similar language, as they relate to Open Text Corporation (OpenText or the Company), are intended to identify forward-looking statements under applicable securities laws. Specific forward-looking statements in this report include, but are not limited to, statements regarding: (i) our focus in the fiscal years beginning July 1, 2025 and ending June 30, 2026 (Fiscal 2026) and July 1, 2026 and ending June 30, 2027 (Fiscal 2027) on growth in earnings and cash flows; (ii) creating value through investments in broader Information Management capabilities; (iii) our future business plans and operations, strategic goals and business planning process, including the Company's business optimization plan announced in July 2024 (the Business Optimization Plan) and the potential redeployment of capital from non-core assets to enhance focus on our core Information Management for Artificial Intelligence (AI) business and support long-term shareholder returns; (iv) business trends; (v) distribution; (vi) the Company's presence in the cloud and in growth markets; (vii) product and solution developments, enhancements and releases, the timing thereof and the customers targeted; (viii) the Company's financial condition, results of operations and earnings; (ix) the basis for any future growth, including organic and inorganic growth, and for our financial performance; (x) declaration of quarterly dividends; (xi) future tax rates, including Canada and United Kingdom's newly enacted global minimum tax acts; (xii) the changing regulatory environment; (xiii) annual recurring revenues; (xiv) research and development and related expenditures; (xv) our building, development and consolidation of our network infrastructure; (xvi) competition and changes in the competitive landscape; (xvii) our management and protection of intellectual property and other proprietary rights; (xviii) existing and foreign sales and exchange rate fluctuations; (xix) cyclical or seasonal aspects of our business; (xx) capital expenditures; (xxi) potential legal and/or regulatory proceedings; (xxii) acquisitions and their expected impact, including our ability to realize the benefits expected from the acquisitions and to successfully integrate the assets we acquire or utilize such assets to their full capacity (see Note 17 "Acquisitions and Divestitures" to our Condensed Consolidated Financial Statements for more details); (xxiii) tax audits; (xxiv) the expected impact of the Russia-Ukraine and Middle East conflicts and other geopolitical disputes on our business;(xxv) expected costs of the restructuring and business optimization plans; (xxvi) initiatives we establish and targets that we set related to corporate citizenship-related activities; (xvii) divestitures and their expected impact; (xxviii) the implementation of or changes to global tariff regimes or other trade policies and the resulting uncertainty to the macroeconomic environment; (xxix) the expected impact of our share repurchase plan on our overall strategic capital allocation; and (xxx) other matters.

In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The forward-looking statements contained in this report are based on certain assumptions including the following: (i) countries continuing to implement and enforce existing and additional customs and security regulations relating to the provision of electronic information for imports and exports; (ii) our continued operation of a secure and reliable business network; (iii) the stability of general political, economic and market conditions; (iv) our ability to manage inflation, including increased labour costs associated with attracting and retaining employees, and volatile interest rates; (v) our continued ability to manage certain foreign currency risk through hedging; (vi) equity and debt markets continuing to provide us with access to capital; (vii) our continued ability to identify, source and finance attractive and executable business combination opportunities; (viii) our continued ability to avoid infringing third party intellectual property rights; and (ix) our ability to successfully implement our restructuring plans. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) our inability to realize successfully any anticipated synergy benefits from acquisitions; (ii) the actual and potential impacts of the use of cash and incurrence of indebtedness, including the granting of security interests related to such debt; (iii) the change in scope and size of our operations as a result of acquisitions or divestitures and risks relating to any *such acquisitions or divestitures and the impact of divestitures on our remaining business, including our agreement to divest an on-premise solution (eDOCS); (iv) the uncertainty around expectations related to the business prospects from potential acquisitions; (v) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (vi) the possibility that we may be unable to successfully integrate the assets we acquire or fail to utilize such assets to their full capacity and not realize the benefits we expect from our acquired portfolios and businesses; (vii) the potential for the incurrence of or assumption of debt in connection with acquisitions, its impact on future operations and on the ratings or outlooks of rating agencies on our outstanding debt securities, the possibility of not being able to generate sufficient cash to service all indebtedness, and our ability to reduce our outstanding debt; (viii) the possibility that the Company may be unable to meet its future reporting requirements under the Exchange Act, and the rules promulgated thereunder, or applicable Canadian securities regulation; (ix) the risks associated with bringing new products and services to market; (x) fluctuations in currency exchange rates (including as a result of the impact of any policy changes resulting from trade and tariff disputes) and the impact of mark-to-market valuation relating to associated derivatives; (xi) delays in the purchasing decisions of the Company's customers; (xii) competition the Company faces in its industry and/or marketplace; (xiii) the final determination of litigation, tax audits (including tax examinations in Canada, the United States or elsewhere) and other legal proceedings; (xiv) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, United States or international tax regimes; (xv) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (xvi) the continuous commitment of the Company's customers; (xvii) demand for the Company's products and services; (xviii) increase in exposure to international business risks including the impact of geopolitical instability, political unrest, war and other global conflicts, and other geopolitical tensions, including the Russia-Ukraine and Middle East conflicts, as we continue to increase our international operations; (xix) adverse macroeconomic conditions, such as potential increases or changes in global tariff policies and structures and the timing thereof, the effects of global relations, including escalating tensions, imposition of tariffs, retaliatory measures, restrictive regulations or boycotts, and other trade policies, inflation, disruptions in global supply chains and increased labour costs; (xx) inability to raise capital at all or on not unfavourable terms in the future; (xxi) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities (including in connection with future acquisitions); and (xxii) potential changes in ratings or outlooks of rating agencies on our outstanding debt securities. Other factors that may affect forward-looking statements include, but are not limited to: (i) the future performance, financial and otherwise, of the Company; (ii) the ability of the Company to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) failure to secure and protect patents, trademarks and other proprietary rights; (v) infringement of third-party proprietary rights triggering indemnification obligations and resulting in significant expenses or restrictions on our ability to provide our products or services; (vi) failure to comply with privacy laws and regulations that are extensive, open to various interpretations and complex to implement; (vii) the Company's growth and other profitability prospects; (viii) the estimated size and growth prospects of the Information Management market; (ix) the Company's competitive position in the Information Management market and its ability to take advantage of future opportunities in this market; (x) the benefits of the Company's products and services to be realized by customers; (xi) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the Information Management marketplace; (xii) the Company's financial condition and capital requirements; (xiii) system or network failures or information security, cybersecurity or other data breaches in connection with the Company's offerings or the information technology systems used by the Company generally, the risk of which may be increased during times of natural disaster or pandemic due to remote working arrangements; (xiv) the integration of AI and other machine learning into some of our products, systems or solutions; (xv) failure to achieve any corporate citizenship-related targets we set; (xvi) failure to attract and retain key personnel to develop and effectively manage the Company's business, including the search for a permanent CEO; (xvii) the ability of the Company's subsidiaries to make distributions to the Company; and (xviii) increased attention from shareholders, governments, customers and other key relationships regarding our corporate citizenship practices and increased regulatory scrutiny of such practices and related disclosures, which could impact our business activities, financial performance and reputation.*

Readers should carefully review Part II, Item 1A "Risk Factors" herein and the Company's Annual Report on Form 10-K, including Part I, Item 1A "Risk Factors" therein, Quarterly Reports on Form 10-Q, including Item 1A therein and other documents we file from time to time with the Securities and Exchange Commission (SEC) and other securities regulators. A number of factors may materially affect our business, financial condition, operating results and prospects. These factors include but are not limited to those set forth in Part II, Item 1A "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K. Any one of these factors, and other factors that we are unaware of, or currently deem immaterial, may cause our actual results to differ materially from recent results or from our anticipated future results. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

All dollar and percentage comparisons made herein refer to the three months ended September 30, 2025, compared with the three months ended September 30, 2024, unless otherwise noted.

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

EXECUTIVE OVERVIEW

At OpenText, we believe information and knowledge make business and people better. We are an Information Management company that provides software and services that empower digital businesses of all sizes to become more intelligent, connected, secure and responsible. Our innovations maximize the strategic benefits of data and content for our customers, strengthening their productivity, growth and competitive advantage.

Our comprehensive Information Management platform and services provide secure and scalable solutions for global companies, small and medium-sized businesses (SMBs), governments and consumers around the world. We have a complete and integrated portfolio of Information Management solutions delivered at scale in the OpenText Cloud, helping organizations master modern work, automate application delivery and modernization, and optimize their digital supply chains. To do this, we bring together our seven product categories (previously referred to as business clouds): Content, Business Network, IT Operations Management (ITOM, also known as Observability and Service Management),Cybersecurity (Enterprise), Cybersecurity (SMB & Consumer), Application Delivery Management (ADM, also known as DevOps and previously named as Application Automation) and Analytics. We also accelerate information modernization with intelligent tools and services for moving off paper, automating classification and building clean data lakes for AI, analytics and automation.

We are fundamentally integrated into the parts of our customers' businesses that matter, so they can securely manage the complexity of information flow end to end. Through automation and AI, we connect, synthesize and deliver information where it is needed to drive new efficiencies, experiences and insights. We make information more valuable by connecting it to digital business processes, enriching it with analytics, protecting and securing it throughout its entire lifecycle, and leveraging it to create engaging experiences for employees, suppliers, developers, partners, and customers. Our solutions connect large digital supply chains, information technology (IT) service management ecosystems, application development and delivery workflows, and processes in many industries including manufacturing, healthcare and life sciences, energy, retail and financial services. Our solutions also enable organizations and consumers to secure their information so that they can collaborate with confidence, stay ahead of the regulatory technology curve and identify threats across their endpoints and networks. With a multi-layered security approach, we have a wide range of OpenText Cybersecurity solutions that power and protect at the data management layer, at the infrastructure and application layers, at the code, and at the edge, offering insights and threat intelligence across it all.

Our initial public offering was on the NASDAQ in 1996 and we were subsequently listed on the Toronto Stock Exchange (TSX) in 1998. Our ticker symbol on both the NASDAQ and the TSX is "OTEX."

As of September 30, 2025, we employed a total of approximately 21,200 individuals. Of the total 21,200 individuals we employed as of September 30, 2025, approximately 7,300 or 34% are in the Americas, 4,800 or 23% are in EMEA and 9,100 or 43% are in Asia Pacific. Currently, we have employees in 42 countries enabling strong access to multiple talent pools while ensuring reach and proximity to our customers. See "Results of Operations" below for our definitions of geographic regions.

Quarterly Summary:

During the first quarter of Fiscal 2026, we saw the following activity as compared to the first quarter of Fiscal 2025:

- Total revenue was $1,288.1 million, up 1.5% compared to the same period in the prior fiscal year; down 0.6% after factoring in the favourable impact of $27.3 million of foreign exchange rate changes. Total revenue was up driven by increases in the Content, Business Network, Cybersecurity (Enterprise) and ADM product categories, partly offset by a decrease in the ITOM, Cybersecurity (SMB & Consumer), and Analytics product categories.
- Total annual recurring revenue, which we define as the sum of cloud services and subscriptions revenue and customer support revenue, was $1,071.4 million, up 1.8% compared to the same period in the prior fiscal year; down 0.3% after factoring in the favourable impact of $22.4 million of foreign exchange rate changes.
- Cloud services and subscriptions revenue was $484.5 million, up 6.0% compared to the same period in the prior fiscal year; up 4.2% after factoring in the favourable impact of $8.2 million of foreign exchange rate changes.

- GAAP-based gross margin was 72.8% compared to 71.7% in the same period in the prior fiscal year.
- Non-GAAP-based gross margin was 76.5% compared to 75.8% in the same period in the prior fiscal year.
- GAAP-based net income attributable to OpenText was $146.6 million compared to $84.4 million in the same period in the prior fiscal year.
- Non-GAAP-based net income attributable to OpenText was $266.3 million compared to $248.8 million in the same period in the prior fiscal year.
- GAAP-based earnings per share (EPS), diluted, was $0.58 compared to $0.32 in the same period in the prior fiscal year.
- Non-GAAP-based EPS, diluted, was $1.05 compared to $0.93 the same period in the prior fiscal year.
- Adjusted EBITDA, a non-GAAP measure, was $467.4 million compared to $443.8 million in the same period in the prior fiscal year.
- Operating cash flow was $147.8 million for the three months ended September 30, 2025 compared to $(77.8) million in the same period in the prior fiscal year, up 289.9%.
- Cash and cash equivalents were $1,087.1 million as of September 30, 2025, compared to $1,156.5 million as of June 30, 2025.
- Enterprise cloud bookings were $160.4 million, compared to $133.5 million in the same period in the prior fiscal year. We define Enterprise cloud bookings as the total value from cloud services and subscriptions contracts entered into in the period that are new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
- During the three months ended September 30, 2025, we repurchased and cancelled 3,156,323 Common Shares for $102.0 million, inclusive of 2% Canadian excise taxes recorded (2,649,131 for $86.5 million in the three months ended September 30, 2024).

See “Use of Non-GAAP Financial Measures” below for definitions and reconciliations of GAAP-based measures to Non-GAAP-based measures. See “Acquisitions” below for the impact of acquisitions on the period-to-period comparability of results.

Business Update

On August 11, 2025, the Company appointed James McGourlay as Interim Chief Executive Officer (CEO). Mr. McGourlay has been with the Company for more than 25 years and has held senior roles in sales, customer operations, IT, technical support, product support and special projects. To support the executive leadership team during the transition period, the Company established an Executive Committee chaired by P. Thomas Jenkins, Executive Chair and Chief Strategy Officer. The Committee includes Mr. McGourlay, Interim CEO, Paul Duggan, President & Chief Customer Officer, Todd Cione, President, Worldwide Sales, Cosmin Balota, Chief Accounting Officer and Michael Acedo, Executive Vice President, Chief Legal Officer and Corporate Secretary. As of November 5, 2025, the Board’s CEO Search Committee continues to search to identify a permanent chief executive officer.

Following the departure of the Company’s former Chief Financial Officer on August 15, 2025, Cosmin Balota, Senior Vice President and Chief Accounting Officer, assumed the responsibilities of interim Chief Financial Officer until October 6, 2025. Effective October 6, 2025, the Company appointed Steve Rai as Executive Vice President and Chief Financial Officer. Mr. Rai has more than 30 years of global finance experience and has held senior leadership positions within the technology industry, including serving as Chief Financial Officer of BlackBerry Limited, where he was responsible for overseeing the company’s financial transformation and operational restructuring.

Acquisitions and Divestitures

As a result of the continually changing marketplace in which we operate and our strategic objectives, we regularly evaluate acquisition and divestiture opportunities within our market and at any time may be in various stages of discussions with respect to such opportunities.

Proposed Divestiture of eDOCS

On October 2, 2025 the Company reached a definitive agreement to divest an on-premise solution (eDOCS), a part of its Analytics product category, to NetDocuments, for $163.0 million in cash before taxes, fees and other adjustments. The transaction remains subject to customary approvals and closing conditions and is expected to close by early calendar year 2026. Refer to Note 17 “Acquisitions and Divestitures” to our Condensed Consolidated Financial Statements for more information.

Impacts of Geopolitical Conflicts and Diplomatic Tensions

We continue to monitor the geopolitical conflicts and diplomatic tensions around the world, including the Russia-Ukraine and Middle East conflicts. We have ceased all direct business in Russia and Belarus. We continue to operate our Israeli-based business and support our employees in the region. While our operations within these locations are not material and we do not expect these geopolitical conflicts to have a material adverse effect on our overall business, results of operations or financial condition, it is not possible to predict the broader consequences or broader expansion of these conflicts, including adverse effects on the global economy, on our business and operations as well as those of our customers, partners and third party service providers. See also “Outlook for Remainder of Fiscal 2026” for significant tariff and trade developments. For more information, see Part I, Item 1A “Risk Factors” and Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for Fiscal 2025.

Outlook for Remainder of Fiscal 2026

Financial Outlook

As of November 5, 2025, the Company maintains its full year Fiscal 2026 outlook, which remains as follows:

Metrics	Fiscal 2026 Growth
Total Revenues	1% to 2%
Total Cloud services and subscriptions revenues	3% to 4%
Adjusted EBITDA Margin	50 bps to 100 bps
Free Cash Flows	17% to 20%
Enterprise Cloud Bookings	12% to 16%

The forward-looking measures and the underlying assumptions involve significant known and unknown risks and uncertainties, and actual results may vary materially. The Company does not present a reconciliation of the forward-looking non-GAAP financial measure, Adjusted EBITDA (as defined below), to the most directly comparable GAAP financial measure because it is impractical to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting, within a reasonable range, the occurrence and financial impact of and the periods in which such items may be recognized.

Refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for Fiscal 2025 for the Company’s full year Fiscal 2026 outlook.

Strategic Priorities

We continue to focus on our three strategic priorities: expanding our competitive advantage, driving total revenue growth and achieving operational excellence. To expand our competitive advantage, we continue to advance our AI-first Information Management offerings, which are well positioned for Agentic AI, through ongoing investment and cloud-native innovations which will further enhance our products. In pursuing total revenue growth, we remain committed to organic initiatives and programmatic approach to growth through tuck-in acquisitions and divestitures to best align capital with the highest return opportunities. As part of this effort, we are reviewing portfolio-shaping opportunities, including potential redeployment of capital from non-core assets to enhance focus on our core Information Management for AI Business and support long-term shareholder returns. On operational excellence, we are focused on expanding profitability, free cash flows and capital return to support our innovation and capital allocation priorities. Refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for Fiscal 2025 for additional information.

Business Optimization Plan

As previously announced, our Business Optimization Plan was designed to support strategic initiatives, integration and simplification efforts following the acquisition of Micro Focus International Limited (the Micro Focus Acquisition), the sale of the Company’s Application Modernization and Connectivity (AMC) business (the AMC Divestiture) and AI-first innovation and growth plans.

As of September 30, 2025, we have incurred $140.2 million of the total expected costs of up to approximately $260.0 million. These costs primarily related to workforce reduction driven by automation, centralization, and simplification, as well as associated real estate footprint reductions globally.

The Business Optimization Plan along with other savings initiatives, when fully implemented, is expected to generate total annualized savings of approximately $490.0 million to $550.0 million. The Company has realized approximately 35% of these savings during Fiscal 2025 and expects to realize an additional 35% in Fiscal 2026, with the balance thereafter. The entire business optimization plan is expected to be substantially completed by the second quarter of Fiscal 2027. See Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for Fiscal 2025.

Additional Considerations

We conduct business globally and are subject to a complex and evolving international trade environment. Recent trade tensions among major economies, including the United States, Canada, China, the European Union and others, have led to the dissolution of trade agreements and the imposition of tariffs and other restrictive measures. These tariffs and other restrictive measures do not currently target digital goods and services, including software, services, intangibles or other digital services; however, we cannot predict future trade policy or tariffs, including whether such digital goods and services will be subject to any form of tariffs or other restrictions in the future, or the timing of any impacts thereof. We also cannot predict the impact that such tariffs and other restrictive measures will have on the macroeconomic environment or our customers, which could adversely impact our business and our results of operations.

We will continue to closely monitor the potential impacts of changes in global tariff policies and structures and other trade policies, or related impacts on the global economy arising from the current geopolitical climate, such as inflation with respect to wages, services and goods, concerns regarding any potential recession, volatile interest rates, financial market volatility, or other impacts from the Russia-Ukraine and Middle East conflicts and other geopolitical disputes on our business. See Part II, Item 1A "Risk Factors" herein and Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2025.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

For a full discussion of all our accounting policies, see Note 2 "Accounting Policies and Recent Accounting Pronouncements" to the Consolidated Financial Statements included in our Annual Report on Form 10-K for Fiscal 2025.

RESULTS OF OPERATIONS

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

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

Transition Services Agreement

On May 1, 2024, the Company completed the sale of its AMC business to Rocket Software, Inc. (Rocket Software). The AMC business was comprised of the legacy OpenText connectivity business and the legacy Micro Focus AMC business. In connection with the AMC Divestiture, we entered into a Transition Services Agreement (TSA) with Rocket Software, whereby we agreed to provide certain transition services to Rocket Software for up to 24 months from the closing date. These transition service costs were reimbursable by Rocket Software. The following table illustrates the financial statement impact of these TSA reimbursements for the three months ended September 30, 2024 which were recorded as an offset to the respective costs incurred, within our Condensed Consolidated Statements of Income. All transition services pursuant to the TSA were completed as of June 30, 2025.

	Three Months Ended September 30,	
(In thousands)	**2024**	
Professional service and other cost of revenue	$	168
Customer support cost of revenue		750
Research and development		382
Sales and marketing		1,381
General and administrative		11,838
Total	$	14,518

Summary of Results of Operations

(In thousands)	Three Months Ended September 30, 2025	Change increase (decrease)	2024
Total Revenues by Product Type:			
Cloud services and subscriptions	$ 484,509	$ 27,485	$ 457,024
Customer support	586,845	(8,645)	595,490
License	134,548	8,735	125,813
Professional service and other	82,233	(8,445)	90,678
Total revenues	1,288,135	19,130	1,269,005
Total Cost of Revenues	350,619	(8,028)	358,647
Total GAAP-based Gross Profit	937,516	27,158	910,358
Total GAAP-based Gross Margin %	72.8 %		71.7 %
Total GAAP-based Operating Expenses	667,567	(36,549)	704,116
Total GAAP-based Income from Operations	$ 269,949	$ 63,707	$ 206,242
% Revenues by Product Type:			
Cloud services and subscriptions	37.6 %		36.0 %
Customer support	45.6 %		46.9 %
License	10.4 %		9.9 %
Professional service and other	6.4 %		7.2 %
Total Cost of Revenues by Product Type:			
Cloud services and subscriptions	$ 172,217	$ (3,040)	$ 175,257
Customer support	64,064	1,490	62,574
License	7,096	439	6,657
Professional service and other	63,038	(3,877)	66,915
Amortization of acquired technology-based intangible assets	44,204	(3,040)	47,244
Total cost of revenues	$ 350,619	$ (8,028)	$ 358,647
% GAAP-based Gross Margin by Product Type:			
Cloud services and subscriptions	64.5 %		61.7 %
Customer support	89.1 %		89.5 %
License	94.7 %		94.7 %
Professional service and other	23.3 %		26.2 %
Total Revenues by Geography: (1)			
Americas (2)	$ 733,576	$ 5,333	$ 728,243
EMEA (3)	438,802	19,571	419,231
Asia Pacific (4)	115,757	(5,774)	121,531
Total revenues	$ 1,288,135	$ 19,130	$ 1,269,005
% Revenues by Geography:			
Americas (2)	56.9 %		57.4 %
EMEA (3)	34.1 %		33.0 %
Asia Pacific (4)	9.0 %		9.6 %
Other Metrics:			
GAAP-based gross margin	72.8 %		71.7 %
Non-GAAP-based gross margin (5)	76.5 %		75.8 %
Net income attributable to OpenText	$ 146,616		$ 84,368
GAAP-based EPS, diluted	$ 0.58		$ 0.32
Non-GAAP-based EPS, diluted (5)	$ 1.05		$ 0.93
Adjusted EBITDA (5)	$ 467,411		$ 443,801

(1) Total revenues by geography are determined based on the location of our direct end customer.
(2) Americas consists of countries in North, Central and South America.
(3) EMEA consists of countries in Europe, the Middle East and Africa.
(4) Asia Pacific primarily consists of Australia, Japan, Singapore, India and China.
(5) See "Use of Non-GAAP Financial Measures" (discussed later in this MD&A) for definitions and reconciliations of GAAP-based measures to Non-GAAP-based measures.

Revenues, Cost of Revenues and Gross Margin by Product Type

1) Cloud Services and Subscriptions:

Cloud services and subscriptions revenues are from hosting arrangements where in connection with the licensing of software, the end user does not take possession of the software, as well as from end-to-end fully outsourced business-to-business integration solutions to our customers (collectively referred to as cloud arrangements). The software application resides on our hardware or that of a third party, and the customer accesses and uses the software on an as-needed basis via an identified line. Our cloud arrangements can be broadly categorized as platform as a service, software as a service, cloud subscriptions and managed services. For the quarter ended September 30, 2025, our cloud net renewal rate, excluding the impact of Carbonite Inc. and Zix Corporation, increased to 96%, compared to 94% for the quarter ended September 30, 2024.

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

	Three Months Ended September 30,		
(In thousands)	2025	Change increase (decrease)	2024
Cloud Services and Subscriptions:			
Americas	$ 341,147	$ 8,470	$ 332,677
EMEA	114,483	19,070	95,413
Asia Pacific	28,879	(55)	28,934
Total Cloud Services and Subscriptions Revenues	484,509	27,485	457,024
Cost of Cloud Services and Subscriptions Revenues	172,217	(3,040)	175,257
GAAP-based Cloud Services and Subscriptions Gross Profit	$ 312,292	$ 30,525	$ 281,767
GAAP-based Cloud Services and Subscriptions Gross Margin %	64.5 %		61.7 %
% Cloud Services and Subscriptions Revenues by Geography:			
Americas	70.4 %		72.8 %
EMEA	23.6 %		20.9 %
Asia Pacific	6.0 %		6.3 %

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

Cloud services and subscriptions revenues increased by $27.5 million or 6.0% during the three months ended September 30, 2025, as compared to the same period in the prior fiscal year; up 4.2% after factoring in the favourable impact of $8.2 million of foreign exchange rate changes. The change was primarily driven by increases in the Content, Business Network, ADM and ITOM product categories, partly offset by a decrease in the Cybersecurity (SMB & Consumer) and Analytics product categories. Geographically, the overall change was attributable to an increase in EMEA of $19.1 million, an increase in Americas of $8.5 million, and a decrease in Asia Pacific of $0.1 million.

There were 33 cloud services contracts greater than $1.0 million that closed during the first quarter of Fiscal 2026, compared to 23 contracts during the first quarter of Fiscal 2025.

Cost of Cloud services and subscriptions revenues decreased by $3.0 million during the three months ended September 30, 2025, as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of $4.4 million, partially offset by an increase in third-party network usage fees of $2.0 million. Overall, the gross margin percentage on Cloud services and subscriptions revenues increased to 64% from 62%.

2) Customer Support:

Customer support revenues consist of revenues from our customer support and maintenance agreements. These agreements allow our customers to receive technical support, enhancements and upgrades to new versions of our software products when available. Customer support revenues are generated from support and maintenance relating to current year sales of software products and from the renewal of existing maintenance agreements for software licenses sold in prior periods. Therefore, changes in Customer support revenues do not always correlate directly to the changes in license revenues from period to period. The terms of support and maintenance agreements are typically twelve months, and are renewable, generally on an annual basis, at the option of the customer. Our management reviews our customer support renewal rates on a quarterly basis, and we use these rates as a method of monitoring our customer service performance. For the quarter ended September 30, 2025, our customer support net renewal rate remained stable at 91% as compared to the quarter ended September 30, 2024.

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

(In thousands)	Three Months Ended September 30, 2025	Change increase (decrease)	2024
Customer Support Revenues:			
Americas	$ 293,162	$ (16,265)	$ 309,427
EMEA	237,668	10,495	227,173
Asia Pacific	56,015	(2,875)	58,890
Total Customer Support Revenues	586,845	(8,645)	595,490
Cost of Customer Support Revenues	64,064	1,490	62,574
GAAP-based Customer Support Gross Profit	$ 522,781	$ (10,135)	$ 532,916
GAAP-based Customer Support Gross Margin %	89.1 %		89.5 %
% Customer Support Revenues by Geography:			
Americas	50.0 %		52.0 %
EMEA	40.5 %		38.1 %
Asia Pacific	9.5 %		9.9 %

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

Customer support revenues decreased by $8.6 million or 1.5% during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year; down 3.8% after factoring in the favourable impact of $14.2 million of foreign exchange rate changes. Geographically, the overall change was attributable to a decrease in Americas of $16.3 million and a decrease in Asia Pacific of $2.9 million, partially offset by an increase in EMEA of $10.5 million.

Cost of Customer support revenues increased by $1.5 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year. This was primarily due to an increase in labour-related costs of $2.4 million, partially offset by a decrease in third-party network usage fees of $0.8 million, as compared to the same period in the prior fiscal year. Overall, the gross margin percentage on Customer support revenues remained stable at 89%.

3) License:

Our License revenue can be broadly categorized as perpetual licenses, term licenses and subscription licenses. Our License revenues are impacted by the strength of general economic and industry conditions, the competitive strength of our software products, and our acquisitions. Cost of License revenues consists primarily of royalties payable to third parties.

(In thousands)	Three Months Ended September 30, 2025	Change increase (decrease)	2024
License Revenues:			
Americas	$ 72,103	$ 20,547	$ 51,556
EMEA	43,806	(8,705)	52,511
Asia Pacific	18,639	(3,107)	21,746
Total License Revenues	134,548	8,735	125,813
Cost of License Revenues	7,096	439	6,657
GAAP-based License Gross Profit	$ 127,452	$ 8,296	$ 119,156
GAAP-based License Gross Margin %	94.7 %		94.7 %
% License Revenues by Geography:			
Americas	53.6 %		41.0 %
EMEA	32.6 %		41.7 %
Asia Pacific	13.8 %		17.3 %

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

License revenues increased by $8.7 million or 6.9% during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year; up 5.2% after factoring in the favourable impact of $2.2 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in Americas of $20.5 million, partially offset by a decrease in EMEA of $8.7 million, and a decrease in Asia Pacific of $3.1 million.

During the first quarter of Fiscal 2026, we closed 40 license contracts greater than $0.5 million, of which 9 contracts were greater than $1.0 million, contributing $56.1 million of License revenues. This was compared to 39 license contracts greater than $0.5 million during the first quarter of Fiscal 2025, of which 15 contracts were greater than $1.0 million, contributing $39.6 million of License revenues.

Cost of License revenues increased by $0.4 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year. Overall, the gross margin percentage on License revenues remained stable at 95%.

4) Professional Service and Other:

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

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

	Three Months Ended September 30,		
(In thousands)	**2025**	**Change increase (decrease)**	**2024**
Professional Service and Other Revenues:			
Americas	$ 27,164	$ (7,419)	$ 34,583
EMEA	42,845	(1,289)	44,134
Asia Pacific	12,224	263	11,961
Total Professional Service and Other Revenues	82,233	(8,445)	90,678
Cost of Professional Service and Other Revenues	63,038	(3,877)	66,915
GAAP-based Professional Service and Other Gross Profit	$ 19,195	$ (4,568)	$ 23,763
GAAP-based Professional Service and Other Gross Margin %	23.3 %		26.2 %
% Professional Service and Other Revenues by Geography:			
Americas	33.0 %		38.1 %
EMEA	52.1 %		48.7 %
Asia Pacific	14.9 %		13.2 %

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

Professional service and other revenues decreased by $8.4 million or 9.3% during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year; down 12.2% after factoring in the favourable impact of foreign exchange rate changes. Geographically, the overall change was attributable to a decrease in Americas of $7.4 million and a decrease in EMEA of $1.3 million, partially offset by an increase in Asia Pacific of $0.3 million.

Cost of Professional service and other revenues decreased by $3.9 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of $4.3 million. Overall, the gross margin percentage on Professional service and other revenues decreased to 23% from 26%.

Amortization of Acquired Technology-based Intangible Assets

	Three Months Ended September 30,		
(In thousands)	**2025**	**Change increase (decrease)**	**2024**
Amortization of acquired technology-based intangible assets	$ 44,204	$ (3,040)	$ 47,244

Amortization of acquired technology-based intangible assets decreased during the three months ended September 30, 2025 by $3.0 million as compared to the same period in the prior fiscal year. This was primarily due to a reduction in amortization related to technology-based intangible assets from previous acquisitions becoming fully amortized.

Operating Expenses

	Three Months Ended September 30,		
(In thousands)	2025	Change increase (decrease)	2024
Research and development	$ 169,128	$ (21,565)	$ 190,693
Sales and marketing	257,055	11,173	245,882
General and administrative	105,763	(967)	106,730
Depreciation	35,921	3,750	32,171
Amortization of acquired customer-based intangible assets	79,561	(1,943)	81,504
Special charges (recoveries)	20,139	(26,997)	47,136
Total operating expenses	$ 667,567	$ (36,549)	$ 704,116
% of Total Revenues:			
Research and development	13.1 %		15.0 %
Sales and marketing	20.0 %		19.4 %
General and administrative	8.2 %		8.4 %
Depreciation	2.8 %		2.5 %
Amortization of acquired customer-based intangible assets	6.2 %		6.4 %
Special charges (recoveries)	1.6 %		3.7 %

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

	Change between Three Months Ended September 30, 2025 and 2024
(In thousands)	increase (decrease)
Payroll and payroll-related benefits	$ (13,189)
Contract labour and consulting	(3,777)
Share-based compensation	(4,559)
Travel and communication	100
Facilities	(27)
Other miscellaneous	(113)
Total change in research and development expenses	$ (21,565)

Research and development expenses decreased by $21.6 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year, primarily from restructuring and other cost savings initiatives. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by $13.2 million, share-based compensation expense decreased by $4.6 million, and contract labour and consulting expense decreased by $3.8 million. Overall, our research and development expenses, as a percentage of total revenues, decreased to 13% down from 15% in the same period in the prior fiscal year.

Our research and development labour resources decreased by 397 employees, from 7,426 employees at September 30, 2024 to 7,029 employees at September 30, 2025.

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

(In thousands)	Change between Three Months Ended September 30, 2025 and 2024 increase (decrease)
Payroll and payroll-related benefits	$ 11,130
Commissions	2,269
Contract labour and consulting	154
Share-based compensation	(2,419)
Travel and communication	1,839
Marketing expenses	(801)
Facilities	(459)
Credit loss expense (recovery)	(236)
Other miscellaneous	(304)
Total change in sales and marketing expenses	$ 11,173

Sales and marketing expenses increased by $11.2 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year, primarily from higher sales and marketing headcount. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, increased by $11.1 million, commissions increased by $2.3 million and travel and communication expenses increased by $1.8 million. These increases were partially offset by decreases in share-based compensation expense of $2.4 million and marketing expenses of $0.8 million. Overall, our sales and marketing expenses, as a percentage of total revenues, increased to 20% from 19%.

Our sales and marketing labour resources increased by 154 employees, from 3,922 employees at September 30, 2024 to 4,076 employees at September 30, 2025.

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

(In thousands)	Change between Three Months Ended September 30, 2025 and 2024 increase (decrease)
Payroll and payroll-related benefits	$ (5,188)
Contract labour and consulting	4,135
Share-based compensation	(3,359)
Travel and communication	(267)
Facilities	3,634
Other miscellaneous	78
Total change in general and administrative expenses	$ (967)

General and administrative expenses decreased by $1.0 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year primarily from restructuring and other cost savings initiatives. Payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by $5.2 million and share-based compensation decreased by $3.4 million, partially offset by increases in contract labour and consulting expenses of $4.1 million and facility-related expenses of $3.6 million. Overall, general and administrative expenses, as a percentage of total revenues, remained stable at 8% compared to same period in the prior fiscal year.

Our general and administrative labour resources decreased by 446 employees, from 3,242 employees at September 30, 2024 to 2,796 employees at September 30, 2025.

Depreciation expenses:

	Three Months Ended September 30,		
(In thousands)	2025	Change increase (decrease)	2024
Depreciation	$ 35,921	$ 3,750	$ 32,171

Depreciation expenses increased during the three months ended September 30, 2025 by $3.8 million compared to the same period in the prior fiscal year. Depreciation expenses, as a percentage of total revenues, remained stable for the three months ended September 30, 2025 at 3% as compared to the same period in the prior fiscal year.

Amortization of acquired customer-based intangible assets:

	Three Months Ended September 30,					
(In thousands)		**2025**		**Change increase (decrease)**		**2024**
Amortization of acquired customer-based intangible assets	$	79,561	$	(1,943)	$	81,504

Amortization of acquired customer-based intangible assets decreased during the three months ended September 30, 2025 by $1.9 million as compared to the same period in the prior fiscal year. This was due to a reduction in amortization related to customer-based intangible assets from previous acquisitions becoming fully amortized.

Special charges (recoveries):

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

	Three Months Ended September 30,					
(In thousands)		**2025**		**Change increase (decrease)**		**2024**
Special charges (recoveries)	$	20,139	$	(26,997)	$	47,136

Special charges (recoveries) decreased by $27.0 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year. This was due to a decrease in restructuring costs of $28.9 million, primarily related to the timing of Business Optimization Plan initiatives, and a decrease in divestiture costs of $3.2 million, partially offset by an increase in other miscellaneous charges of $5.9 million, as compared to the same period in the prior fiscal year.

For more details on Special charges (recoveries), see Note 16 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements.

Other Income (Expense), Net

The components of other income (expense), net were as follows:

	Three Months Ended September 30,					
(In thousands)		**2025**		**Change increase (decrease)**		**2024**
Foreign exchange gains (losses)	$	(13,155)	$	(1,776)	$	(11,379)
Unrealized gains (losses) on derivatives not designated as hedges (1)		7,843		32,778		(24,935)
OpenText share in net income (loss) of equity investees (2)		2,417		1,962		455
Other miscellaneous income (expense)		(81)		(285)		204
Total other income (expense), net	$	(2,976)	$	32,679	$	(35,655)

(1) Represents the unrealized gains (losses) on our derivatives not designated as hedges related to the Micro Focus Acquisition (see Note 15 "Derivative Instruments and Hedging Activities" to our Condensed Consolidated Financial Statements for more details).

(2) Represents our share in net income (loss) of equity investees, which approximates fair value and is subject to volatility based on market trends and business conditions, based on our interest in certain investment funds in which we are a limited partner. Our interests in each of these investees range from 4% to below 20% and these investments are accounted for using the equity method (see Note 7 "Prepaid Expenses and Other Assets" to our Condensed Consolidated Financial Statements for more details).

Interest and Other Related Expense, Net

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

	Three Months Ended September 30,		
(In thousands)	2025	Change increase (decrease)	2024
Interest expense related to total outstanding debt (1)	$ 84,723	$ (8,960)	$ 93,683
Interest income	(10,216)	4,342	(14,558)
Other miscellaneous expense (2)	6,607	1,450	5,157
Total interest and other related expense, net	$ 81,114	$ (3,168)	$ 84,282

(1) For more details, see Note 9 "Long-Term Debt" to our Condensed Consolidated Financial Statements.
(2) Other miscellaneous expense primarily consists of the amortization of debt discount and the debt issuance costs. For more details, see Note 9 "Long-Term Debt" to our Condensed Consolidated Financial Statements.

Provision for Income Taxes

We operate in several tax jurisdictions and are exposed to various foreign tax rates.

	Three Months Ended September 30,		
(In thousands)	2025	Change increase (decrease)	2024
Provision for income taxes	$ 39,199	$ 37,316	$ 1,883

The Company's effective tax rate for the three months ended September 30, 2025 was 21.1%, compared to a provision of 2.2% for the three months ended September 30, 2024. The Company's effective tax rate for the three months ended September 30, 2025, differs from the Canadian federal and provincial statutory rate of 26.5% primarily due to tax benefits related to foreign tax credits, research and development credits, and changes in unrecognized tax benefits, partially offset by foreign source income inclusion in the U.S. and withholding taxes.

The Company's effective tax rate for the three months ended September 30, 2024 differs from the Canadian statutory rate primarily due to tax benefits related to foreign tax credits, research and development credits, changes in unrecognized tax benefits, and differences in tax filings from provision, partially offset by disallowed share based compensation deductions, foreign source income inclusion in the U.S., and withholding taxes.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the U.S., introducing amendments to U.S. tax laws with various effective dates. Key income tax-related provisions of the OBBBA include provisions related to bonus depreciation, research and development expenditures, interest expense deductibility, and revisions to international tax regimes. The changes had an immaterial impact to the Company's tax provision for the period ended September 30, 2025.

For information on certain potential tax contingencies, including the CRA matter, see Note 12 "Guarantees and Contingencies" and Note 13 "Income Taxes" to our Condensed Consolidated Financial Statements, as well as Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2025.

Use of Non-GAAP Financial Measures

In addition to reporting financial results in accordance with U.S. GAAP, the Company provides certain financial measures that are not in accordance with U.S. GAAP (Non-GAAP). These Non-GAAP financial measures have certain limitations in that they do not have a standardized meaning and thus the Company's definition may be different from similar Non-GAAP financial measures used by other companies and/or analysts and may differ from period to period. Thus, it may be more difficult to compare the Company's financial performance to that of other companies. However, the Company's management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of these Non-GAAP financial measures both in its reconciliation to the U.S. GAAP financial measures and its Condensed Consolidated Financial Statements, all of which should be considered when evaluating the Company's results.

The Company uses these Non-GAAP financial measures to supplement the information provided in its Condensed Consolidated Financial Statements, which are presented in accordance with U.S. GAAP. The presentation of Non-GAAP financial measures is not meant to be a substitute for financial measures presented in accordance with U.S. GAAP, but rather should be evaluated in conjunction with and as a supplement to such U.S. GAAP measures. OpenText strongly encourages investors to review its financial information in its entirety and not to rely on a single financial measure. The Company therefore believes that despite these limitations, it is appropriate to supplement the disclosure of the U.S. GAAP measures with certain Non-GAAP measures defined below.

Non-GAAP-based net income and Non-GAAP-based EPS, attributable to OpenText, are consistently calculated as GAAP-based net income or earnings (loss) per share, attributable to OpenText, on a diluted basis, excluding the effects of the amortization of acquired intangible assets, other income (expense), share-based compensation, and special charges (recoveries), all net of tax and any tax benefits/expense items unrelated to current period income, as further described in the tables below. Non-GAAP-based gross profit is the arithmetical sum of GAAP-based gross profit and the amortization of acquired technology-based intangible assets and share-based compensation within cost of sales. Non-GAAP-based gross margin is calculated as Non-GAAP-based gross profit expressed as a percentage of total revenue. Non-GAAP-based income from operations is calculated as GAAP-based income from operations, excluding the amortization of acquired intangible assets, special charges (recoveries), and share-based compensation expense.

Adjusted EBITDA is defined and calculated as GAAP-based net income, attributable to OpenText, excluding interest income (expense), provision for (recovery of) income taxes, depreciation and amortization of acquired intangible assets, other income (expense), share-based compensation and special charges (recoveries). Adjusted EBITDA margin is calculated as Adjusted EBITDA expressed as a percentage of total revenue.

Free cash flows is defined and calculated as GAAP-based cash flows provided by operating activities less capital expenditures.

The Company's management believes that the presentation of the above defined Non-GAAP financial measures provides useful information to investors because they portray the financial results of the Company before the impact of certain non-operational charges. The use of the term "non-operational charge" is defined for this purpose as an expense that does not impact the ongoing operating decisions taken by the Company's management. These items are excluded based upon the way the Company's management evaluates the performance of the Company's business for use in the Company's internal reports and are not excluded in the sense that they may be used under U.S. GAAP.

The Company does not acquire businesses on a predictable cycle, and therefore believes that the presentation of Non-GAAP measures, which in certain cases adjust for the impact of amortization of intangible assets and the related tax effects that are primarily related to acquisitions, will provide readers of financial statements with a more consistent basis for comparison across accounting periods and be more useful in helping readers understand the Company's operating results and underlying operational trends. Additionally, the Company has engaged in various restructuring activities over the past several years, primarily due to acquisitions and most recently in response to our return to office planning, that have resulted in costs associated with reductions in headcount, consolidation of leased facilities and related costs, all which are recorded under the Company's Special charges (recoveries) caption on the Condensed Consolidated Statements of Income. Each restructuring activity is a discrete event based on a unique set of business objectives or circumstances, and each differs in terms of its operational implementation, business impact and scope, and the size of each restructuring plan can vary significantly from period to period. Therefore, the Company believes that the exclusion of these special charges (recoveries) will also better aid readers of financial statements in the understanding and comparability of the Company's operating results and underlying operational trends.

In summary, the Company believes the provision of supplemental Non-GAAP measures allow investors to evaluate the operational and financial performance of the Company's core business using the same evaluation measures that management uses, and is therefore a useful indication of OpenText's performance or expected performance of future operations and facilitates period-to-period comparison of operating performance (although prior performance is not necessarily indicative of future performance). As a result, the Company considers it appropriate and reasonable to provide, in addition to U.S. GAAP measures, supplementary Non-GAAP financial measures that exclude certain items from the presentation of its financial results.

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

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the three months ended September 30, 2025
(In thousands, except for per share data)

	Three Months Ended September 30, 2025					
	GAAP-based Measures	GAAP-based Measures % of Total Revenue	Adjustments	Note	Non-GAAP-based Measures	Non-GAAP-based Measures % of Total Revenue
Cost of revenues						
Cloud services and subscriptions	$ 172,217		$ (1,749)	(1)	$ 170,468	
Customer support	64,064		(1,053)	(1)	63,011	
Professional service and other	63,038		(499)	(1)	62,539	
Amortization of acquired technology-based intangible assets	44,204		(44,204)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	937,516	72.8%	47,505	(3)	985,021	76.5%
Operating expenses						
Research and development	169,128		(3,609)	(1)	165,519	
Sales and marketing	257,055		(6,896)	(1)	250,159	
General and administrative	105,763		(3,875)	(1)	101,888	
Amortization of acquired customer-based intangible assets	79,561		(79,561)	(2)	—	
Special charges (recoveries)	20,139		(20,139)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	269,949		161,585	(5)	431,534	
Other income (expense), net	(2,976)		2,976	(6)	—	
Provision for income taxes	39,199		44,902	(7)	84,101	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	146,616		119,659	(8)	266,275	
GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.58		$ 0.47	(8)	$ 1.05	

(1) Adjustment relates to the exclusion of share-based compensation expense from our Non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.

(2) Adjustment relates to the exclusion of amortization expense from our Non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.

(3) GAAP-based and Non-GAAP-based gross profit stated in dollars and gross margin stated as a percentage of total revenue.

(4) Adjustment relates to the exclusion of special charges (recoveries) from our Non-GAAP-based operating expenses as special charges (recoveries) are generally incurred in the periods relevant to an acquisition and include certain charges or recoveries that are not indicative or related to continuing operations and are therefore excluded from our internal analysis of operating results. See Note 16 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(5) GAAP-based and Non-GAAP-based income from operations stated in dollars.

(6) Adjustment relates to the exclusion of other income (expense) from our Non-GAAP-based operating expenses as other income (expense) generally relates to the transactional impact of foreign exchange and is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results. Other income (expense) also includes our share of income (losses) from our holdings in investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results. Other income (expense) also includes unrealized and realized gains (losses) on our derivatives which are not designated as hedges. We exclude gains and losses on these derivatives as we do not believe they are reflective of our ongoing business and operating results.

(7) Adjustment relates to differences between the GAAP-based tax provision rate of approximately 21% and a Non-GAAP-based tax rate of approximately 24%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based net income. Such excluded items include amortization, share-based compensation, special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves and "book to return" adjustments for tax return filings and tax assessments. Beginning in Fiscal 2025, net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 have been fully utilized and are no longer included. In arriving at our Non-GAAP-based tax rate of approximately 24%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

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

	Three Months Ended September 30, 2025	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 146,616	$ 0.58
Add:		
Amortization	123,765	0.49
Share-based compensation	17,681	0.07
Special charges (recoveries)	20,139	0.08
Other (income) expense, net	2,976	0.01
GAAP-based provision for income taxes	39,199	0.15
Non-GAAP-based provision for income taxes	(84,101)	(0.33)
Non-GAAP-based net income, attributable to OpenText	$ 266,275	$ 1.05

Reconciliation of Adjusted EBITDA

	Three Months Ended September 30, 2025
GAAP-based net income, attributable to OpenText	$ 146,616
Add:	
Provision for income taxes	39,199
Interest and other related expense, net	81,114
Amortization of acquired technology-based intangible assets	44,204
Amortization of acquired customer-based intangible assets	79,561
Depreciation	35,921
Share-based compensation	17,681
Special charges (recoveries)	20,139
Other (income) expense, net	2,976
Adjusted EBITDA	$ 467,411
GAAP-based net income margin	11.4 %
Adjusted EBITDA margin	36.3 %

Reconciliation of Free Cash Flows

	Three Months Ended September 30, 2025
GAAP-based cash flows provided by operating activities	$ 147,763
Add:	
Capital expenditures	(46,534)
Free cash flows	$ 101,229

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the three months ended September 30, 2024
(In thousands, except for per share data)

	Three Months Ended September 30, 2024					
	GAAP-based Measures	GAAP-based Measures % of Total Revenue	Adjustments	Note	Non-GAAP-based Measures	Non-GAAP-based Measures % of Total Revenue
Cost of revenues						
Cloud services and subscriptions	$ 175,257		$ (2,186)	(1)	$ 173,071	
Customer support	62,574		(1,342)	(1)	61,232	
Professional service and other	66,915		(1,314)	(1)	65,601	
Amortization of acquired technology-based intangible assets	47,244		(47,244)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	910,358	71.7%	52,086	(3)	962,444	75.8%
Operating expenses						
Research and development	190,693		(8,167)	(1)	182,526	
Sales and marketing	245,882		(9,315)	(1)	236,567	
General and administrative	106,730		(7,234)	(1)	99,496	
Amortization of acquired customer-based intangible assets	81,504		(81,504)	(2)	—	
Special charges (recoveries)	47,136		(47,136)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	206,242		205,442	(5)	411,684	
Other income (expense), net	(35,655)		35,655	(6)	—	
Provision for income taxes	1,883		76,693	(7)	78,576	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	84,368		164,404	(8)	248,772	
GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.32		$ 0.61	(8)	$ 0.93	

(1) Adjustment relates to the exclusion of share-based compensation expense from our Non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.

(2) Adjustment relates to the exclusion of amortization expense from our Non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.

(3) GAAP-based and Non-GAAP-based gross profit stated in dollars and gross margin stated as a percentage of total revenue.

(4) Adjustment relates to the exclusion of special charges (recoveries) from our Non-GAAP-based operating expenses as special charges (recoveries) are generally incurred in the periods relevant to an acquisition and include certain charges or recoveries that are not indicative or related to continuing operations and are therefore excluded from our internal analysis of operating results. See Note 16 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements for more details.

(5) GAAP-based and Non-GAAP-based income from operations stated in dollars.

(6) Adjustment relates to the exclusion of other income (expense) from our Non-GAAP-based operating expenses as other income (expense) generally relates to the transactional impact of foreign exchange and is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results. Other income (expense) also includes our share of income (losses) from our holdings in investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results. Other income (expense) also includes unrealized and realized gains (losses) on our derivatives which are not designated as hedges. We exclude gains and losses on these derivatives as we do not believe they are reflective of our ongoing business and operating results.

(7) Adjustment relates to differences between the GAAP-based tax provision rate of approximately 2% and a Non-GAAP-based tax rate of approximately 24%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based net income. Such excluded items include amortization, share-based compensation, special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and "book to return" adjustments for tax return filings and tax assessments. Beginning in Fiscal 2025, net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 have been fully utilized and are no longer included. In arriving at our Non-GAAP-based tax rate of approximately 24%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

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

	Three Months Ended September 30, 2024	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 84,368	$ 0.32
Add:		
Amortization	128,748	0.47
Share-based compensation	29,558	0.11
Special charges (recoveries)	47,136	0.18
Other (income) expense, net	35,655	0.13
GAAP-based provision for income taxes	1,883	0.01
Non-GAAP-based provision for income taxes	(78,576)	(0.29)
Non-GAAP-based net income, attributable to OpenText	$ 248,772	$ 0.93

Reconciliation of Adjusted EBITDA

	Three Months Ended September 30, 2024
GAAP-based net income, attributable to OpenText	$ 84,368
Add:	
Provision for income taxes	1,883
Interest and other related expense, net	84,282
Amortization of acquired technology-based intangible assets	47,244
Amortization of acquired customer-based intangible assets	81,504
Depreciation	32,171
Share-based compensation	29,558
Special charges (recoveries)	47,136
Other (income) expense, net	35,655
Adjusted EBITDA	$ 443,801
GAAP-based net income margin	6.6 %
Adjusted EBITDA margin	35.0 %

Reconciliation of Free Cash Flows

	Three Months Ended September 30, 2024
GAAP-based cash flows used in operating activities	$ (77,806)
Add:	
Capital expenditures	(39,316)
Free cash flows	$ (117,122)

LIQUIDITY AND CAPITAL RESOURCES

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

(In thousands)	As of September 30, 2025	Change increase (decrease)	As of June 30, 2025
Cash and cash equivalents	$ 1,087,083	$ (69,413)	$ 1,156,496
Restricted cash [1]	1,628	18	1,610
Total cash, cash equivalents and restricted cash	$ 1,088,711	$ (69,395)	$ 1,158,106

(1) Restricted cash is classified under the Prepaid expenses and other current assets and Other assets line items on the Condensed Consolidated Balance Sheets (see Note 7 “Prepaid Expenses and Other Assets” to our Condensed Consolidated Financial Statements for more details).

	Three Months Ended September 30,		
(In thousands)	2025	Change	2024
Cash provided by (used in) operating activities	$ 147,763	$ 225,569	$ (77,806)
Cash used in investing activities	(45,032)	(8,592)	(36,440)
Cash used in financing activities	(176,432)	8,841	(185,273)

Cash and cash equivalents

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

We continue to anticipate that our cash and cash equivalents, as well as available credit facilities, will be sufficient to fund our anticipated cash requirements for working capital, contractual commitments, capital expenditures, dividends and operating needs for the next twelve months. Any further material or acquisition-related activities may require additional sources of financing and would be subject to the financial covenants established under our credit facilities. For more details, see “Long-term Debt and Credit Facilities” below.

Cash flows from operating activities

Cash flows from operating activities increased by $225.6 million during the three months ended September 30, 2025, as compared to the same period in the prior fiscal year driven by an increase in net changes from working capital of $177.3 million primarily from the one-time tax payments made in the prior year related to the AMC Divestiture, offset by an increase in net income after the impact of non-cash items of $48.3 million.

During the first quarter of Fiscal 2026 we had a days sales outstanding (DSO) of 41 days, compared to our DSO of 42 days during the first quarter of Fiscal 2025. The per day impact of our DSO in the first quarter of Fiscal 2026 and Fiscal 2025 on our cash flows was $14.3 million and $14.1 million, respectively. In arriving at DSO, we exclude contract assets as these assets do not provide an unconditional right to the related consideration from the customer.

Cash flows from investing activities

Our cash flows from investing activities are primarily on account of acquisitions and additions of property and equipment.

Cash flows used in investing activities increased by $8.6 million during the three months ended September 30, 2025, as compared to the same period in the prior fiscal year primarily due to an increase in additions of property and equipment.

Cash flows from financing activities

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

Cash flows used in financing activities decreased by $8.8 million during the three months ended September 30, 2025 as compared to the same period in the prior fiscal year. This is primarily due to the impact of the following activities:

(i) $4.8 million related to the decrease in cash used in the repurchases of Common Shares and treasury stock; and

(ii) $4.3 million due to net change in TSA obligations driven by cash collections in the prior year on behalf of Rocket Software related to certain transition services performed by the Company related to the AMC Divestiture. All transition services pursuant to the TSA were completed as of June 30, 2025.

Cash Dividends

During the three months ended September 30, 2025, we declared and paid cash dividends of $0.275 per Common Share in the aggregate amount of $68.2 million (three months ended September 30, 2024—$0.2625 per Common Share in the aggregate amount of $69.1 million).

Future declarations of dividends and the establishment of future record and payment dates are subject to final determination and discretion of the Board. See Item 5 “Dividend Policy” included within our Annual Report on Form 10-K for Fiscal 2025 for more information.

Long-Term Debt and Credit Facilities

Our long-term debt and credit facilities consist of senior notes, a term loan facility, and a revolving credit facility, as described below and further detailed in Note 9 “Long-Term Debt” to our Condensed Consolidated Financial Statements.

Senior Notes

As of September 30, 2025, we had senior debt outstanding, with maturities starting in 2027 and extending through 2031 with a total carrying value of $4.3 billion. The senior notes bear interest at rates between 3.875% and 6.90%, in each case payable semi-annually in arrears. Our senior secured notes due 2027 are guaranteed by certain of the Company’s subsidiaries and are secured with the same priority as the Company’s senior credit facilities.

Acquisition Term Loan

In August 2022, we entered into a $2.585 billion first lien term loan facility (Acquisition Term Loan) with a seven-year term from the date of funding. The Acquisition Term Loan was amended in December 2022 to increase the aggregate principal amount to $3.585 billion. Repayments under the Acquisition Term Loan are equal to 0.25% of the principal amount in equal quarterly installments for the life of the Acquisition Term Loan, with the remainder due at maturity. Borrowings under the Acquisition Term Loan currently bear a floating rate of interest equal to Term SOFR (as defined in the Acquisition Term Loan) plus an applicable margin of 1.75%. As of September 30, 2025, the balance outstanding under the Acquisition Term Loan was $2.176 billion.

Revolver

On December 19, 2023, we amended our $750 million committed revolving credit facility (the Revolver) to, among other things, extend the Revolver’s maturity date to December 19, 2028. There were no outstanding borrowings under the Revolver as of September 30, 2025. Borrowings under the Revolver are secured by a first charge over substantially all of our assets, on a pari passu basis with the Acquisition Term Loan and our senior secured notes due 2027. Borrowings under the Revolver currently bear interest per annum at a floating rate of interest equal to Term SOFR (as defined in the Revolver) and a fixed margin dependent on our consolidated net leverage ratio ranging from 1.25% to 1.75%.

Shelf Registration Statement

On December 15, 2023, we filed a universal shelf registration statement on Form S-3 with the SEC, which became effective automatically (the Shelf Registration Statement). The Shelf Registration Statement allows for primary and secondary offerings from time to time of equity, debt and other securities, including Common Shares, Preference Shares, debt securities, depositary shares, warrants, purchase contracts, units and subscription receipts. As the Company qualifies as a “well-known seasoned issuer” in Canada, a short-form base shelf prospectus qualifying the distribution of such securities was concurrently filed with Canadian securities regulators on December 15, 2023. The type of securities and the specific terms thereof will be determined at the time of any offering and will be described in the applicable prospectus supplement to be filed separately with the SEC and Canadian securities regulators.

Share Repurchase Plan / Normal Course Issuer Bid

On April 30, 2024, the Company’s Board of Directors (the Board) authorized a share repurchase plan (the Fiscal 2024 Repurchase Plan) pursuant to which we were authorized to purchase for cancellation, in open market transactions from time to time over the 12-month period commencing on May 7, 2024 until May 6, 2025, up to an aggregate of $250 million of our Common Shares.

On July 31, 2024, in order to align our share repurchase plan to our fiscal year, the Board approved the early termination of the Fiscal 2024 Repurchase Plan and authorized a share repurchase plan (the Fiscal 2025 Repurchase Plan), pursuant to which we were authorized to purchase for cancellation from time to time over the 12-month period commencing on August 7, 2024 until August 6, 2025, if considered advisable, up to an aggregate of $300 million of our Common Shares. On March 13, 2025, the Company increased the authorized limit of the Fiscal 2025 Repurchase Plan by $150 million to $450 million.

On August 6, 2025, the Company renewed its share repurchase plan, pursuant to which we may purchase for cancellation in open market transactions, from time to time over the 12-month period commencing on August 12, 2025 until August 11, 2026, if considered advisable, up to an aggregate of $300 million of our Common Shares on the TSX (as part of a Fiscal 2026 NCIB, defined below), the NASDAQ and/or alternative trading systems in Canada and/or the United States, if eligible, subject to applicable law and stock exchange rules (the Fiscal 2026 Repurchase Plan). The price that we are authorized to pay for Common Shares in open market transactions is the market price at the time of purchase or such other price as is permitted by applicable law or stock exchange rules. The Fiscal 2026 Repurchase Plan will be effected in accordance with Rule 10b-18 under the Exchange Act and includes a normal course issuer bid to provide means to execute purchases over the TSX. Further, as part of the renewal of the Fiscal 2026 NCIB (as defined below), the Company established an automatic share repurchase plan (ASPP) with its broker to facilitate repurchases of the Common Shares. Under the terms of the ASPP, the Company's broker is permitted to make purchases at its sole discretion based on parameters set by the Company in accordance with TSX rules, applicable law and the terms of the ASPP, during periods when the Company would ordinarily not be permitted to make purchases, whether due to regulatory restriction or customary self-imposed blackout periods. Outside of such periods, Common Shares can be purchased based on management's discretion, in compliance with TSX rules and applicable law. All purchases of Common Shares made under the ASPP are included in determining the number of Common Shares purchased under the NCIB.

During the three months ended September 30, 2025, we repurchased and cancelled 3,156,323 Common Shares for $102.0 million, inclusive of 2% Canadian excise taxes recorded (three months ended September 30, 2024— 2,649,131 Common Shares for $86.5 million).

Additionally, as of September 30, 2025, we recorded an accrual and a corresponding charge to retained earnings of $25.0 million, representing the estimated value of Common Shares expected to be repurchased following the fiscal quarter ended September 30, 2025 pursuant to the ASPP.

Normal Course Issuer Bid

On July 31, 2024, the Company voluntarily terminated the normal course issuer bid previously authorized on April 30, 2024 and established a new normal course issuer bid (the Fiscal 2025 NCIB) in order to provide it with a means to execute purchases over the TSX from the period commencing on August 7, 2024 until August 6, 2025 as part of the overall Fiscal 2025 Repurchase Plan.

On August 6, 2025 the Company renewed its normal course issuer bid (the Fiscal 2026 NCIB) in order to provide it with a means to execute purchases over the TSX as part of the overall Fiscal 2026 Repurchase Plan.

The TSX approved the Company's notice of intention to commence the Fiscal 2026 NCIB, pursuant to which the Company may purchase Common Shares over the TSX for the period commencing on August 12, 2025 until August 11, 2026 in accordance with the TSX's normal course issuer bid rules, including that such purchases be made at prevailing market prices or as otherwise permitted. Under the rules of the TSX, the maximum number of Common Shares that may be purchased in this period is 24,906,456 (representing 10% of the Company's public float calculated in accordance with TSX rules) as of July 31, 2025, and the maximum number of Common Shares that can be purchased on a single day is 224,146 Common Shares, which was 25% of 896,585 (calculated in accordance with TSX rules based on the average daily trading volume for the Common Shares on the TSX for the six months ended July 31, 2025), subject to certain exceptions for block purchases, and subject in any case to the volume and other limitations under Rule 10b-18 of the Exchange Act.

Commitments and Contractual Obligations

As of September 30, 2025, we have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

	Payments due between				
(In thousands)	Total	October 1, 2025 - June 30, 2026	July 1, 2026 - June 30, 2028	July 1, 2028 - June 30, 2030	July 1, 2030 and beyond
Long-term debt obligations (1)	$ 7,786,983	$ 291,343	$ 2,599,604	$ 4,205,817	$ 690,219
Operating lease obligations (2)	283,075	63,952	132,791	54,716	31,616
Finance lease obligations (3)	1,896	1,437	459	—	—
Purchase obligations for contracts not accounted for as lease obligations	280,437	184,182	96,255	—	—
	$ 8,352,391	$ 540,914	$ 2,829,109	$ 4,260,533	$ 721,835

(1) Includes interest up to maturity and principal payments. See Note 9 “Long-Term Debt” to our Condensed Consolidated Financial Statements for more details.

(2) Represents the undiscounted future minimum lease payments under our operating leases liabilities and excludes sublease income expected to be received under our various sublease agreements with third parties. See Note 4 “Leases” to our Condensed Consolidated Financial Statements for more details.

(3) Represents the undiscounted future minimum lease payments under our finance leases liabilities and excludes sublease income expected to be received under our various sublease agreements with third parties. See Note 4 “Leases” to our Condensed Consolidated Financial Statements for more details.

Guarantees and Indemnifications

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

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

Refer to Note 12 “Guarantees and Contingencies” to our Condensed Consolidated Financial Statements for more details.

Litigation

We are currently involved in various claims and legal proceedings. Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 “Loss Contingencies” (Topic 450-20).

Refer to Note 12 “Guarantees and Contingencies” to our Condensed Consolidated Financial Statements for more details.

Contingencies

As part of its ongoing audit of our Canadian tax returns, the Canada Revenue Agency (CRA) has disputed our transfer pricing methodology used for certain intercompany transactions with our international subsidiaries and has issued notices of reassessment for Fiscal 2012, Fiscal 2013, Fiscal 2014, Fiscal 2015 and Fiscal 2016. We strongly disagree with the CRA’s positions and believe the reassessments of Fiscal 2012, Fiscal 2013, Fiscal 2014, Fiscal 2015 and Fiscal 2016 (including any penalties) are without merit, and we are continuing to contest these reassessments.

The CRA has audited Fiscal 2017, Fiscal 2018, Fiscal 2019, and Fiscal 2020 on a basis that we strongly disagree with and are contesting. The CRA issued notices of reassessment in respect of Fiscal 2017 through Fiscal 2020 on a basis consistent with its proposal to reduce the available depreciable basis of assets in Canada. We filed notices of objection regarding the reassessments. If we are ultimately unsuccessful in defending our position, the estimated impact of the proposed adjustment could result in us recording an income tax expense, with no immediate cash payment, to reduce the stated value of our deferred tax assets of up to approximately $470 million. Any such income tax expense could also have a corresponding cash tax impact that would primarily occur over a period of several future years based upon annual income realization in Canada. We strongly disagree with the CRA's position for Fiscal 2017 through Fiscal 2020 and intend to vigorously defend our original filing position.

We will continue to vigorously contest the adjustments to our taxable income and any penalty and interest assessments, as well as any reduction to the basis of our depreciable property. We are confident that our original tax filing positions were appropriate. Accordingly, as of the date of this Quarterly Report on Form 10-Q, we have not recorded any accruals in respect of these reassessments or proposed reassessment in our Condensed Consolidated Financial Statements.

Refer to Note 12 "Guarantees and Contingencies" to our Condensed Consolidated Financial Statements for more details.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to market risks associated with fluctuations in interest rates on our Revolver, Acquisition Term Loan and foreign currency exchange rates.

Interest rate risk

Our exposure to interest rate fluctuations relates primarily to our Revolver and Acquisition Term Loan.

As of September 30, 2025, we had an outstanding balance of $2.2 billion under the Acquisition Term Loan. Borrowings under the Acquisition Term Loan bear a floating interest rate of 1.75% plus Term SOFR (as defined in the Acquisition Term Loan). As of September 30, 2025, an adverse change of 100 basis points on the interest rate would have the effect of increasing our annual interest payment on the Acquisition Term Loan by approximately $21.8 million, assuming that the loan balance as of September 30, 2025 is outstanding for the entire period (June 30, 2025—$21.9 million).

For more information regarding the impact of SOFR, see "Stress in the global financial system may adversely affect our finances and operations" included within Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2025.

Foreign currency risk

Foreign currency transaction risk

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

We have hedged certain of our Canadian dollar foreign currency exposures relating to our payroll expenses in Canada. Based on the CAD foreign exchange forward contracts outstanding as of September 30, 2025, a one cent change in the Canadian dollar to U.S. dollar exchange rate would have caused a change of $0.7 million in the mark-to-market valuation on our existing foreign exchange forward contracts (June 30, 2025—$0.7 million).

Additionally, in connection with the Micro Focus Acquisition, in August 2022, we entered into certain derivative transactions to meet certain foreign currency obligations related to the purchase price of the Micro Focus Acquisition, mitigate the risk of foreign currency appreciation in the GBP denominated purchase price and mitigate the risk of foreign currency appreciation in the EUR denominated existing debt held by Micro Focus. We entered into the following derivatives: (i) three deal-contingent forward contracts, (ii) a non-contingent forward contract, and (iii) EUR/USD cross currency swaps. These instruments were entered into as economic hedges to mitigate foreign currency risks associated with the Micro Focus Acquisition. In connection with the closing of the Micro Focus Acquisition the deal-contingent forward and non-deal contingent forward contracts were settled and we designated the 7-year EUR/USD cross currency swaps as net investment hedges.

Based on the 5-year EUR/USD cross currency swaps outstanding as of September 30, 2025, a one cent change in the Euro to U.S. dollar forward exchange rate would have caused a change of $5.8 million in the mark-to-market valuation on our existing cross currency swap (June 30, 2025—$5.9 million).

Based on the 7-year EUR/USD cross currency swaps outstanding as of September 30, 2025, a one cent change in the Euro to U.S. dollar forward exchange rate would have caused a change of $7.6 million in the mark-to-market valuation on our existing cross currency swaps (June 30, 2025—$7.7 million).

Foreign currency translation risk

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

The following table shows our cash and cash equivalents denominated in certain major foreign currencies as of September 30, 2025 (equivalent in U.S. dollar):

(In thousands)	U.S. Dollar Equivalent at September 30, 2025	U.S. Dollar Equivalent at June 30, 2025
Euro	$ 188,254	$ 266,726
British Pound	171,670	153,293
Indian Rupee	95,998	104,609
Swiss Franc	30,335	38,555
Other foreign currencies	111,938	157,294
Total cash and cash equivalents denominated in foreign currencies	598,195	720,477
U.S. Dollar	488,888	436,019
Total cash and cash equivalents	$ 1,087,083	$ 1,156,496

If overall foreign currency exchange rates in comparison to the U.S. dollar uniformly weakened by 10%, the amount of cash and cash equivalents we would report in equivalent U.S. dollars would decrease by $59.8 million (June 30, 2025—$72.0 million), assuming we have not entered into any derivatives discussed above under "Foreign Currency Transaction Risk."

Item 4. Controls and Procedures

(A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed by us in the reports we file under the Exchange Act (according to Rule 13(a)-15(e)) is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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

Based on the evaluation completed by our management, in which our Chief Executive Officer and Chief Financial Officer participated, our management has concluded that there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.