

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, 2024 and ending June 30, 2025 (Fiscal 2025) and July 1, 2025 and ending June 30, 2026 (Fiscal 2026) 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); (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 and for our financial performance; (x) declaration of quarterly dividends; (xi) future tax rates, including Canada’s newly enacted global minimum tax act; (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, including the Company’s expected refund of the State Aid charging notice relating to the CJEU’s judgment on the ruling of the European Commission; (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, including in connection with the acquisition of Micro Focus International Limited, formerly Micro Focus International plc, and its subsidiaries (Micro Focus) (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 on our business; (xxv) expected costs of the restructuring and business optimization plans; (xxvi) targets regarding greenhouse gas emissions, waste diversion, energy consumption and Equity, Diversity and Inclusion (ED&I) initiatives; (xxvii) integration of Micro Focus, resulting synergies and timing thereof; (xxviii) divestitures and their expected impact, including in connection with the divestiture of the Application, Modernization and Connectivity (AMC) business (the AMC Divestiture) and the accompanying transition services agreement (TSA) (see Note 17 “Acquisitions and Divestitures” to our Condensed Consolidated Financial Statements for more details); and (xxix) 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 higher 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 the acquisition of Micro Focus (Micro Focus Acquisition); (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 the Micro Focus Acquisition and the AMC Divestiture; (iv) the uncertainty around expectations related to Micro Focus' business prospects; (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, including the acquisition of Micro Focus; (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, and the possibility of not being able to generate sufficient cash to service all indebtedness; (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 the Middle East conflicts, as we continue to increase our international operations; (xix) adverse macroeconomic conditions, such as potential increases or changes in U.S., Canadian or global tariff policies and structures and the timing thereof, the effects of U.S.-Canada 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 unfavorable 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); (xxii) potential changes in ratings or outlooks of rating agencies on our outstanding debt securities; and (xxiii) risks related to the AMC Divestiture, TSA, and the impact of the divestiture on our remaining business. 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) failure to achieve our environmental goals on energy consumption, waste diversion and greenhouse gas emissions or our targets relating to ED&I initiatives; (xv) failure to attract and retain key personnel to develop and effectively manage the Company's business; and (xvi) the ability of the Company's subsidiaries to make distributions to the Company.

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 and six months ended December 31, 2024 compared with the three and six months ended December 31, 2023, 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 Content Cloud, Cybersecurity Cloud, Business Network Cloud, IT Operations Management Cloud, Application Modernization Cloud and Analytics Cloud. We also accelerate information modernization with intelligent tools and services for moving off paper, automating classification and building clean data lakes for Artificial Intelligence (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 range from connecting large digital supply chains to managing HR processes to driving better IT service management in manufacturing, 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, identify threats on any endpoint or across their networks, enable privacy, leverage eDiscovery and digital forensics to defensibly investigate and collect evidence, and ensure business continuity in the event of a security incident.

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 December 31, 2024, we employed a total of approximately 21,800 individuals. Of the total 21,800 individuals we employed as of December 31, 2024, 7,600 or 35% are in the Americas, 4,800 or 22% are in EMEA and 9,400 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 second quarter of Fiscal 2025 we saw the following activity, as compared to the second quarter of Fiscal 2024, which includes the results of the AMC Business prior to the AMC Divestiture, which has an impact on period-over-period comparisons. See “Divestiture of AMC Business” under “Results of Operations”, below for more details:

- Total revenue was \$1,334.5 million, down 13.1% compared to the same period in the prior fiscal year; down 13.7% after factoring in the favorable impact of \$9.8 million of foreign exchange rate changes.
- Total annual recurring revenue, which we define as the sum of cloud services and subscriptions revenue and customer support revenue, was \$1,052.9 million, down 8.1% compared to the same period in the prior fiscal year; down 8.8% after factoring in the favorable impact of \$7.7 million of foreign exchange rate changes.
- Cloud services and subscriptions revenue was \$462.3 million, up 2.7% compared to the same period in the prior fiscal year; up 2.2% after factoring in the favorable impact of \$2.4 million of foreign exchange rate changes.
- GAAP-based gross margin was 73.3% compared to 73.6% in the same period in the prior fiscal year.
- Non-GAAP-based gross margin was 77.2% compared to 78.6% in the same period in the prior fiscal year.

- GAAP-based net income attributable to OpenText was \$229.9 million compared to \$37.7 million in the same period in the prior fiscal year.
- Non-GAAP-based net income attributable to OpenText was \$293.3 million compared to \$338.5 million in the same period in the prior fiscal year.
- GAAP-based earnings per share (EPS), diluted, was \$0.87 compared to \$0.14 in the same period in the prior fiscal year.
- Non-GAAP-based EPS, diluted, was \$1.11 compared to \$1.24 the same period in the prior fiscal year.
- Adjusted EBITDA, a non-GAAP measure, was \$501.5 million compared to \$566.3 million in the same period in the prior fiscal year.
- Operating cash flow was \$270.2 million for the six months ended December 31, 2024 compared to \$397.8 million in the same period in the prior fiscal year, down 32.1%.
- Cash and cash equivalents were \$1,122.2 million as of December 31, 2024, compared to \$1,280.7 million as of June 30, 2024.
- Enterprise cloud bookings were \$249.9 million, compared to \$235.5 million in the same period in the prior fiscal year. We define Enterprise cloud bookings as the total value from cloud services and subscription contracts entered into in the period that is new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
- During the three months ended December 31, 2024, we repurchased and cancelled 2,212,971 Common Shares for \$67.1 million, inclusive of 2% Canadian excise taxes recorded (nil in the three months ended December 31, 2023).

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

Acquisitions

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

Divestiture of AMC Business

On May 1, 2024, the Company completed the AMC Divestiture for \$2.275 billion in cash before taxes, fees and other adjustments. Working capital adjustments were finalized during the quarter ended December 31, 2024. For the three and six months ended December 31, 2023, the results of the AMC business were recorded and presented within our Condensed Consolidated Financial Statements. See Note 17 “Acquisitions and Divestitures” to our Condensed Consolidated Financial Statements for more details.

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. 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 2024.

Outlook for Remainder of Fiscal 2025

As an organization, we are committed to “Total Growth,” meaning we strive towards delivering value through organic initiatives and innovations and acquisitions. With an emphasis on increasing recurring revenues and expanding profitability, we believe our Total Growth strategy will ultimately drive cash flow growth, thus helping to fuel our innovation, broaden our go-to-market distribution and identify and execute strategic acquisitions. We are well positioned to optimize our product portfolio and improve our ability to innovate and grow organically, which helps us to meet our long-term growth targets. Our Total Growth strategy is a durable model that we believe will create both near and long-term shareholder value through organic and acquired growth, capital efficiency and profitability.

We are committed to continuous innovation. Our investments in research and development (R&D) push product innovation, increasing the value of our offerings to our existing customer base and new customers, which includes Global 10,000 companies (G10K), SMBs and consumers. The G10K are the world’s largest companies, ranked by estimated total revenues, as well as the world’s largest governments and global organizations. More valuable products, coupled with our established global partner program, lead to greater distribution and cross-selling opportunities which further help us to achieve organic growth. On a fiscal year-to-date basis, we have invested \$371.4 million or 14.3% of revenue in R&D expense, which is in line with our target spend for R&D expense this fiscal year.

Looking ahead, the destination for innovation is cloud. Businesses of all sizes rely on a combination of public and private clouds, managed services and off-cloud solutions. As a result, we are committed to continue to modernize our technology infrastructure and leverage our existing investments in the OpenText Cloud and programs to help customers off-cloud. The combination of OpenText cloud-native applications and managed services, together with the scalability and performance of our partner public cloud providers, offer more secure, reliable and compliant solutions to customers wanting to deploy cloud-based Information Management applications. The OpenText Cloud is designed to build additional flexibility and scalability for our customers: becoming cloud-native, connecting anything, and extending capabilities quickly with multi-tenant SaaS applications and services. Our growth strategy includes embedding AI in our products to empower knowledge workers to significantly raise their productivity through our offerings such as Titanium X.

We will continue to closely monitor the potential impacts of inflation with respect to wages, services and goods, concerns regarding any potential recession, higher interest rates, potential increases or changes in U.S., Canadian or global tariff policies and structures and other trade policies, financial market volatility, 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 2024.

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 2024.

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.

Divestiture of AMC Business

On May 1, 2024, the Company completed the sale of its AMC business to Rocket Software. The AMC business was comprised of the legacy OpenText connectivity business and the legacy Micro Focus AMC business. The comparability of our operating results for the three and six months ended December 31, 2024 as compared to the three and six months ended

December 31, 2023 was impacted by the recent divestiture of our AMC business, the results of which were excluded from those of OpenText beginning May 1, 2024. As such, AMC business operating results were included in the consolidated operating results for the three and six months ended December 31, 2023, but were not included in the consolidated operating results for the three and six months ended December 31, 2024.

Our total revenues decreased by \$200.4 million and \$356.8 million, primarily across license and customer support product types in the three and six months ended December 31, 2024, respectively, relative to the three and six months ended December 31, 2023, primarily due to the exclusion of revenue contributions from the AMC business, partially offset by a favorable impact of \$5.6 million and \$9.8 million, respectively, of foreign exchange rate changes. The AMC business contributed \$131.2 million and \$264.0 million, respectively, to our total revenues during the three and six months ended December 31, 2023, of which \$84.1 million and \$168.2 million, respectively, related to customer support revenues, \$41.6 million and \$85.8 million, respectively, related to license revenues, and \$5.5 million and \$10.0 million, respectively, related to professional services and other revenue.

Transition Services Agreement

In connection with the AMC Divestiture, we entered into a TSA with Rocket Software, whereby we will provide certain transition services to Rocket Software for up to 24 months from May 1, 2024. These transition service costs are reimbursable by Rocket Software. During the three and six months ended December 31, 2024, we billed Rocket Software \$12.7 million and \$27.2 million, respectively, under the TSA. The following table illustrates the financial statement impact of these TSA reimbursements, which have been recorded as an offset to the respective costs incurred, within our Condensed Consolidated Statements of Income.

| (In thousands) | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|--|---------------|--------------------------------------|---------------|
| | 2024 | | 2024 | |
| Professional service and other cost of revenue | \$ | 166 | \$ | 334 |
| Customer support cost of revenue | | 504 | | 1,254 |
| Research and development | | 320 | | 702 |
| Sales and marketing | | 1,248 | | 2,628 |
| General and administrative | | 10,449 | | 22,287 |
| Total | \$ | 12,686 | \$ | 27,205 |

Summary of Results of Operations

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------------|-------------------|-------------------------------|----------------------------------|-------------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Total Revenues by Product Type: | | | | | | |
| Cloud services and subscriptions | \$ 462,306 | \$ 12,215 | \$ 450,091 | \$ 919,330 | \$ 18,225 | \$ 901,105 |
| Customer support | 590,595 | (105,167) | 695,762 | 1,186,085 | (207,390) | 1,393,475 |
| License | 188,923 | (100,315) | 289,238 | 314,736 | (147,528) | 462,264 |
| Professional service and other | 92,676 | (7,101) | 99,777 | 183,354 | (20,099) | 203,453 |
| Total revenues | 1,334,500 | (200,368) | 1,534,868 | 2,603,505 | (356,792) | 2,960,297 |
| Total Cost of Revenues | 356,524 | (49,224) | 405,748 | 715,171 | (97,588) | 812,759 |
| Total GAAP-based Gross Profit | 977,976 | (151,144) | 1,129,120 | 1,888,334 | (259,204) | 2,147,538 |
| Total GAAP-based Gross Margin % | 73.3 % | | 73.6 % | 72.5 % | | 72.5 % |
| Total GAAP-based Operating Expenses | 682,177 | (193,076) | 875,253 | 1,386,293 | (294,486) | 1,680,779 |
| Total GAAP-based Income from Operations | \$ 295,799 | \$ 41,932 | \$ 253,867 | \$ 502,041 | \$ 35,282 | \$ 466,759 |
| % Revenues by Product Type: | | | | | | |
| Cloud services and subscriptions | 34.6 % | | 29.3 % | 35.3 % | | 30.4 % |
| Customer support | 44.3 % | | 45.3 % | 45.6 % | | 47.1 % |
| License | 14.2 % | | 18.8 % | 12.1 % | | 15.6 % |
| Professional service and other | 6.9 % | | 6.6 % | 7.0 % | | 6.9 % |
| Total Cost of Revenues by Product Type: | | | | | | |
| Cloud services and subscriptions | \$ 172,288 | \$ (7,860) | \$ 180,148 | \$ 347,545 | \$ (4,015) | \$ 351,560 |
| Customer support | 62,656 | (10,718) | 73,374 | 125,230 | (23,158) | 148,388 |
| License | 6,336 | 353 | 5,983 | 12,993 | 3,171 | 9,822 |
| Professional service and other | 68,041 | (7,418) | 75,459 | 134,956 | (20,425) | 155,381 |
| Amortization of acquired technology-based intangible assets | 47,203 | (23,581) | 70,784 | 94,447 | (53,161) | 147,608 |
| Total cost of revenues | \$ 356,524 | \$ (49,224) | \$ 405,748 | \$ 715,171 | \$ (97,588) | \$ 812,759 |
| % GAAP-based Gross Margin by Product Type: | | | | | | |
| Cloud services and subscriptions | 62.7 % | | 60.0 % | 62.2 % | | 61.0 % |
| Customer support | 89.4 % | | 89.5 % | 89.4 % | | 89.4 % |
| License | 96.6 % | | 97.9 % | 95.9 % | | 97.9 % |
| Professional service and other | 26.6 % | | 24.4 % | 26.4 % | | 23.6 % |
| Total Revenues by Geography: ⁽¹⁾ | | | | | | |
| Americas ⁽²⁾ | \$ 765,857 | \$ (118,430) | \$ 884,287 | \$ 1,494,100 | \$ (235,414) | \$ 1,729,514 |
| EMEA ⁽³⁾ | 449,068 | (55,817) | 504,885 | 868,299 | (82,026) | 950,325 |
| Asia Pacific ⁽⁴⁾ | 119,575 | (26,121) | 145,696 | 241,106 | (39,352) | 280,458 |
| Total revenues | \$ 1,334,500 | \$ (200,368) | \$ 1,534,868 | \$ 2,603,505 | \$ (356,792) | \$ 2,960,297 |
| % Revenues by Geography: | | | | | | |
| Americas ⁽²⁾ | 57.4 % | | 57.6 % | 57.4 % | | 58.4 % |
| EMEA ⁽³⁾ | 33.7 % | | 32.9 % | 33.4 % | | 32.1 % |
| Asia Pacific ⁽⁴⁾ | 8.9 % | | 9.5 % | 9.2 % | | 9.5 % |
| Other Metrics: | | | | | | |
| GAAP-based gross margin | 73.3 % | | 73.6 % | 72.5 % | | 72.5 % |
| Non-GAAP-based gross margin ⁽⁵⁾ | 77.2 % | | 78.6 % | 76.5 % | | 78.0 % |
| Net income (loss), attributable to OpenText | \$ 229,862 | | \$ 37,675 | \$ 314,230 | | \$ 118,576 |
| GAAP-based EPS (loss), diluted | \$ 0.87 | | \$ 0.14 | \$ 1.18 | | \$ 0.44 |
| Non-GAAP-based EPS, diluted ⁽⁵⁾ | \$ 1.11 | | \$ 1.24 | \$ 2.03 | | \$ 2.25 |
| Adjusted EBITDA ⁽⁵⁾ | \$ 501,484 | | \$ 566,270 | \$ 945,285 | | \$ 1,061,113 |

(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 Japan, Australia, China, Korea, Philippines, Singapore, India and New Zealand.

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

Revenues, Cost of Revenues and Gross Margin by Product Type

1) 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.

Beginning with the quarter ended September 30, 2024, we have disclosed the cloud renewal rate on a net basis (cloud net renewal rate). For the quarter ended December 31, 2024, our cloud net renewal rate, excluding the impact of Carbonite Inc. and Zix Corporation, was 95%. This rate includes increases and decreases in renewed contract values driven by product mix, volume and consumption, and changes for price adjustments relating to renewed contract values, which were not part of the historical calculation of the cloud renewal rate.

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.

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| <i>Cloud Services and Subscriptions:</i> | | | | | | |
| Americas | \$ 341,545 | \$ 7,214 | \$ 334,331 | \$ 674,222 | \$ 4,846 | \$ 669,376 |
| EMEA | 92,310 | 4,775 | 87,535 | 187,723 | 13,805 | 173,918 |
| Asia Pacific | 28,451 | 226 | 28,225 | 57,385 | (426) | 57,811 |
| Total Cloud Services and Subscriptions Revenues | 462,306 | 12,215 | 450,091 | 919,330 | 18,225 | 901,105 |
| Cost of Cloud Services and Subscriptions Revenues | 172,288 | (7,860) | 180,148 | 347,545 | (4,015) | 351,560 |
| GAAP-based Cloud Services and Subscriptions Gross Profit | \$ 290,018 | \$ 20,075 | \$ 269,943 | \$ 571,785 | \$ 22,240 | \$ 549,545 |
| GAAP-based Cloud Services and Subscriptions Gross Margin % | 62.7 % | | 60.0 % | 62.2 % | | 61.0 % |
| <i>% Cloud Services and Subscriptions Revenues by Geography:</i> | | | | | | |
| Americas | 73.9 % | | 74.3 % | 73.3 % | | 74.3 % |
| EMEA | 20.0 % | | 19.4 % | 20.4 % | | 19.3 % |
| Asia Pacific | 6.1 % | | 6.3 % | 6.3 % | | 6.4 % |

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Cloud services and subscriptions revenues increased by \$12.2 million or 2.7% during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year; up 2.2% after factoring in the favorable impact of \$2.4 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in Americas of \$7.2 million, an increase in EMEA of \$4.8 million and an increase in Asia Pacific of \$0.2 million.

There were 51 cloud services contracts greater than \$1.0 million that closed during the second quarter of Fiscal 2025, compared to 48 contracts during the second quarter of Fiscal 2024.

Cost of Cloud services and subscriptions revenues decreased by \$7.9 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in third-party network usage fees of \$6.9 million and a decrease in labour-related costs of \$1.2 million. Overall, the gross margin percentage on Cloud services and subscriptions revenues increased to 63% from 60%.

Six Months Ended December 31, 2024 Compared to Six Months Ended December 31, 2023

Cloud services and subscriptions revenues increased by \$18.2 million or 2.0% during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year; up 1.9% after factoring in the favorable impact of \$0.7 million of foreign exchange rate changes. Geographically, the overall change was attributable to an increase in EMEA of \$13.8 million, an increase in Americas of \$4.8 million and a decrease in Asia Pacific of \$0.4 million.

There were 74 cloud services contracts greater than \$1.0 million that closed during the first six months of Fiscal 2025, compared to 69 contracts during the first six months of Fiscal 2024.

Cost of Cloud services and subscriptions revenues decreased by \$4.0 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was due to a decrease in labour-related costs of \$9.9 million, partially offset by an increase in third-party network usage fees of \$5.4 million. Overall, the gross margin percentage on Cloud services and subscriptions revenues increased to 62% from 61%.

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.

Beginning with the quarter ended September 30, 2024, we have disclosed the customer support renewal rate on a net basis (customer support net renewal rate). For the quarter ended December 31, 2024, our customer support net renewal rate was 92%. This rate includes increases in renewed contract values driven by volume and consumption, and excludes reductions driven by shifts from customer support renewals where customers migrate to other product types, which were not part of the historical calculation of the customer support renewal rate.

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 December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|---------------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Customer Support Revenues: | | | | | | |
| Americas | \$ 302,342 | \$ (73,413) | \$ 375,755 | \$ 611,769 | \$ (149,846) | \$ 761,615 |
| EMEA | 230,235 | (21,631) | 251,866 | 457,408 | (41,833) | 499,241 |
| Asia Pacific | 58,018 | (10,123) | 68,141 | 116,908 | (15,711) | 132,619 |
| Total Customer Support Revenues | 590,595 | (105,167) | 695,762 | 1,186,085 | (207,390) | 1,393,475 |
| Cost of Customer Support Revenues | 62,656 | (10,718) | 73,374 | 125,230 | (23,158) | 148,388 |
| GAAP-based Customer Support Gross Profit | \$ 527,939 | \$ (94,449) | \$ 622,388 | \$ 1,060,855 | \$ (184,232) | \$ 1,245,087 |
| GAAP-based Customer Support Gross Margin % | 89.4 % | | 89.5 % | 89.4 % | | 89.4 % |
| % Customer Support Revenues by Geography: | | | | | | |
| Americas | 51.2 % | | 54.0 % | 51.6 % | | 54.7 % |
| EMEA | 39.0 % | | 36.2 % | 38.6 % | | 35.8 % |
| Asia Pacific | 9.8 % | | 9.8 % | 9.8 % | | 9.5 % |

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Customer support revenues decreased by \$105.2 million or 15.1% during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 15.9% after factoring in the favorable impact of \$5.4 million of foreign exchange rate changes. The decrease was primarily due to the exclusion of customer support revenue contributions as a result of the AMC Divestiture. Geographically, the overall change was attributable to a decrease in Americas of \$73.4 million, a decrease in EMEA of \$21.6 million and a decrease in Asia Pacific of \$10.1 million.

Cost of Customer support revenues decreased by \$10.7 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of \$10.4

million over the comparative period. Overall, the gross margin percentage on Customer support revenues remained stable at 89%.

Six Months Ended December 31, 2024 Compared to Six Months Ended December 31, 2023

Customer support revenues decreased by \$207.4 million or 14.9% during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 15.1% after factoring in the favorable impact of \$2.9 million of foreign exchange rate changes. The decrease was primarily due to the exclusion of customer support revenue contributions as a result of the AMC Divestiture. Geographically, the overall change was attributable to a decrease in Americas of \$149.8 million, a decrease in EMEA of \$41.8 million and a decrease in Asia Pacific of \$15.7 million.

Cost of Customer support revenues decreased by \$23.2 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of \$22.3 million over the comparative period. 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 December 31, | | | Six Months Ended December 31, | | |
|--|---------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| License Revenues: | | | | | | |
| Americas | \$ 89,503 | \$ (45,301) | \$ 134,804 | \$ 141,059 | \$ (76,301) | \$ 217,360 |
| EMEA | 79,462 | (37,927) | 117,389 | 131,973 | (48,057) | 180,030 |
| Asia Pacific | 19,958 | (17,087) | 37,045 | 41,704 | (23,170) | 64,874 |
| Total License Revenues | 188,923 | (100,315) | 289,238 | 314,736 | (147,528) | 462,264 |
| Cost of License Revenues | 6,336 | 353 | 5,983 | 12,993 | 3,171 | 9,822 |
| GAAP-based License Gross Profit | \$ 182,587 | \$ (100,668) | \$ 283,255 | \$ 301,743 | \$ (150,699) | \$ 452,442 |
| GAAP-based License Gross Margin % | 96.6 % | | 97.9 % | 95.9 % | | 97.9 % |
| % License Revenues by Geography: | | | | | | |
| Americas | 47.4 % | | 46.6 % | 44.8 % | | 47.0 % |
| EMEA | 42.1 % | | 40.6 % | 41.9 % | | 38.9 % |
| Asia Pacific | 10.5 % | | 12.8 % | 13.3 % | | 14.1 % |

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

License revenues decreased by \$100.3 million or 34.7% during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 34.9% after factoring in the favorable impact of \$0.6 million of foreign exchange rate changes. The decrease was primarily driven by license revenues in the prior fiscal year relating to the grant of certain IP rights and the exclusion of license revenue contributions as a result of the AMC Divestiture. Geographically, the overall change was attributable to a decrease in Americas of \$45.3 million, a decrease in EMEA of \$37.9 million and a decrease in Asia Pacific of \$17.1 million.

During the second quarter of Fiscal 2025, we closed 60 license contracts greater than \$0.5 million, of which 24 contracts were greater than \$1.0 million, contributing \$71.4 million of License revenues. This was compared to 83 license contracts greater than \$0.5 million during the second quarter of Fiscal 2024, of which 35 contracts were greater than \$1.0 million, contributing \$147.7 million of License revenues.

Cost of License revenues increased by \$0.4 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. Overall, the gross margin percentage on License revenues decreased to 97% from 98%.

Six Months Ended December 31, 2024 Compared to Six Months Ended December 31, 2023

License revenues decreased by \$147.5 million or 31.9% during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 32.0% after factoring in the favorable impact of \$0.5 million of foreign exchange rate changes. The decrease was primarily driven by the exclusion of license revenue contributions as a result of the AMC Divestiture and license revenues in the prior fiscal year, relating to the grant of certain IP rights. Geographically, the overall change was attributable to a decrease in Americas of \$76.3 million, a decrease in EMEA of \$48.1 million and a decrease in Asia Pacific of \$23.2 million.

During the first six months of Fiscal 2025, we closed 99 license contracts greater than \$0.5 million, of which 39 contracts were greater than \$1.0 million, contributing \$111.0 million of License revenues. This was compared to 134 license contracts greater than \$0.5 million during the first six months of Fiscal 2024, of which 56 contracts were greater than \$1.0 million, contributing \$211.6 million of License revenues.

Cost of License revenues increased by \$3.2 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. Overall, the gross margin percentage on License revenues decreased to 96% from 98%.

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.

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------|------------------|-------------------------------|----------------------------|------------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Professional Service and Other Revenues: | | | | | | |
| Americas | \$ 32,467 | \$ (6,930) | \$ 39,397 | \$ 67,050 | \$ (14,113) | \$ 81,163 |
| EMEA | 47,061 | (1,034) | 48,095 | 91,195 | (5,941) | 97,136 |
| Asia Pacific | 13,148 | 863 | 12,285 | 25,109 | (45) | 25,154 |
| Total Professional Service and Other Revenues | 92,676 | (7,101) | 99,777 | 183,354 | (20,099) | 203,453 |
| Cost of Professional Service and Other Revenues | 68,041 | (7,418) | 75,459 | 134,956 | (20,425) | 155,381 |
| GAAP-based Professional Service and Other Gross Profit | \$ 24,635 | \$ 317 | \$ 24,318 | \$ 48,398 | \$ 326 | \$ 48,072 |
| GAAP-based Professional Service and Other Gross Margin % | 26.6 % | | 24.4 % | 26.4 % | | 23.6 % |
| % Professional Service and Other Revenues by Geography: | | | | | | |
| Americas | 35.0 % | | 39.5 % | 36.6 % | | 39.9 % |
| EMEA | 50.8 % | | 48.2 % | 49.7 % | | 47.7 % |
| Asia Pacific | 14.2 % | | 12.3 % | 13.7 % | | 12.4 % |

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Professional service and other revenues decreased by \$7.1 million or 7.1% during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 8.6% after factoring in the impact of foreign exchange rate changes. The decrease was primarily due to the exclusion of professional services revenue contributions as a result of the AMC Divestiture. Geographically, the overall change was attributable to a decrease in Americas of \$6.9 million, a decrease in EMEA of \$1.0 million and an increase in Asia Pacific of \$0.9 million.

Cost of Professional service and other revenues decreased by \$7.4 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of \$7.8 million. Overall, the gross margin percentage on Professional service and other revenues increased to 27% from 24%.

Six Months Ended December 31, 2024 Compared to Six Months Ended December 31, 2023

Professional service and other revenues decreased by \$20.1 million or 9.9% during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year; down 10.6% after factoring in the impact of foreign exchange rate changes. The decrease was partially due to the exclusion of professional services revenue contributions as a result of the AMC Divestiture over the comparative period. Geographically, the overall change was attributable to a decrease in Americas of \$14.1 million and a decrease in EMEA of \$5.9 million.

Cost of Professional service and other revenues decreased by \$20.4 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. This was primarily due to a decrease in labour-related costs of \$20.7 million. Overall, the gross margin percentage on Professional service and other revenues increased to 26% from 24%.

Amortization of Acquired Technology-based Intangible Assets

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------|-----------|-------------------------------|----------------------------|------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Amortization of acquired technology-based intangible assets | \$ 47,203 | \$ (23,581) | \$ 70,784 | \$ 94,447 | \$ (53,161) | \$ 147,608 |

Amortization of acquired technology-based intangible assets decreased during the three months ended December 31, 2024 by \$23.6 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 and reduced amortization related to the AMC Divestiture.

Amortization of acquired technology-based intangible assets decreased during the six months ended December 31, 2024 by \$53.2 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 and reduced amortization related to the AMC Divestiture.

Operating Expenses

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------|------------|-------------------------------|----------------------------|--------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Research and development ⁽¹⁾ | \$ 180,727 | \$ (32,128) | \$ 212,855 | \$ 371,420 | \$ (67,666) | \$ 439,086 |
| Sales and marketing ⁽¹⁾ | 273,929 | (13,699) | 287,628 | 519,811 | (47,824) | 567,635 |
| General and administrative | 99,356 | (73,908) | 173,264 | 206,086 | (98,389) | 304,475 |
| Depreciation | 31,879 | (1,536) | 33,415 | 64,050 | (3,456) | 67,506 |
| Amortization of acquired customer-based intangible assets | 81,048 | (32,877) | 113,925 | 162,552 | (71,565) | 234,117 |
| Special charges (recoveries) | 15,238 | (38,928) | 54,166 | 62,374 | (5,586) | 67,960 |
| Total operating expenses | \$ 682,177 | \$ (193,076) | \$ 875,253 | \$ 1,386,293 | \$ (294,486) | \$ 1,680,779 |

% of Total Revenues:

| | | | | |
|---|--------|--------|--------|--------|
| Research and development | 13.5 % | 13.9 % | 14.3 % | 14.8 % |
| Sales and marketing | 20.5 % | 18.7 % | 20.0 % | 19.2 % |
| General and administrative | 7.4 % | 11.3 % | 7.9 % | 10.3 % |
| Depreciation | 2.4 % | 2.2 % | 2.5 % | 2.3 % |
| Amortization of acquired customer-based intangible assets | 6.1 % | 7.4 % | 6.2 % | 7.9 % |
| Special charges (recoveries) | 1.1 % | 3.5 % | 2.4 % | 2.3 % |

(1) Beginning in the first quarter of Fiscal 2025, the Company reclassified certain expenses previously included within Research and development to Sales and marketing in the Condensed Consolidated Statements of Income to provide a better representation of the function of the expenses and reclassified prior period information to conform to the current presentation.

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.

| (In thousands) | Change between Three Months Ended December 31, 2024 and 2023 | | Change between Six Months Ended December 31, 2024 and 2023 | |
|---|--|----------|--|----------|
| | increase (decrease) | | increase (decrease) | |
| Payroll and payroll-related benefits | \$ | (16,819) | \$ | (38,668) |
| Contract labour and consulting | | (5,742) | | (8,067) |
| Share-based compensation | | (4,822) | | (8,116) |
| Travel and communication | | (895) | | (711) |
| Facilities | | (1,723) | | (8,897) |
| Other miscellaneous | | (2,127) | | (3,207) |
| Total change in research and development expenses | \$ | (32,128) | \$ | (67,666) |

Research and development expenses decreased by \$32.1 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$16.8 million, contract labour and consulting expense decreased by \$5.7 million, and share-based compensation expense decreased by \$4.8 million. Overall, our research and development expenses, as a percentage of total revenues, remained stable at 14% as compared to the same period in the prior fiscal year.

Research and development expenses decreased by \$67.7 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$38.7 million, facility-related expenses decreased by \$8.9 million, contract labour and consulting decreased by \$8.1 million, and share-based compensation expense decreased by \$8.1 million. Overall, our research and development expenses, as a percentage of total revenues, decreased to 14% compared to 15% for the same period in the prior fiscal year.

Our research and development labour resources decreased by 661 employees, from 8,062 employees at December 31, 2023 to 7,401 employees at December 31, 2024.

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 December 31, 2024 and 2023 | | Change between Six Months Ended December 31, 2024 and 2023 | |
|--|--|----------|--|----------|
| | increase (decrease) | | increase (decrease) | |
| Payroll and payroll-related benefits | \$ | (19,110) | \$ | (41,765) |
| Commissions | | 2,351 | | 2,537 |
| Contract labour and consulting | | (1,237) | | (2,904) |
| Share-based compensation | | (2,294) | | (5,059) |
| Travel and communication | | 505 | | (855) |
| Marketing expenses | | 3,657 | | 681 |
| Facilities | | 446 | | (3,314) |
| Credit loss expense | | 1,993 | | 5,605 |
| Other miscellaneous | | (10) | | (2,750) |
| Total change in sales and marketing expenses | \$ | (13,699) | \$ | (47,824) |

Sales and marketing expenses decreased by \$13.7 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$19.1 million, share-based compensation expense decreased by \$2.3 million, and contract labour and consulting expense decreased by \$1.2 million. These decreases were partially offset by increases in marketing expenses of \$3.7 million, increases in commissions of \$2.4 million and increases in credit loss expense of \$2.0 million. Overall, our sales and marketing expenses, as a percentage of total revenues, increased to 21% compared to 19% for the same period in the prior fiscal year.

Sales and marketing expenses decreased by \$47.8 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. Payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$41.8 million, share-based compensation expense decreased by \$5.1 million,

facility-related expenses decreased by \$3.3 million, and contract labour and consulting expenses decreased by \$2.9 million. These decreases were partially offset by increases in credit loss expense of \$5.6 million and increases in commissions of \$2.5 million. Overall, our sales and marketing expenses, as a percentage of total revenues, increased to 20% compared to 19% for the same period in the prior fiscal year.

Our sales and marketing labour resources decreased by 473 employees, from 4,511 employees at December 31, 2023 to 4,038 employees at December 31, 2024.

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 December 31, 2024 and 2023 | | Change between Six Months Ended December 31, 2024 and 2023 | |
|---|--|----------|--|----------|
| | increase (decrease) | | increase (decrease) | |
| Payroll and payroll-related benefits | \$ | (13,558) | \$ | (21,441) |
| Contract labour and consulting | | (10,308) | | (20,648) |
| Share-based compensation | | (1,414) | | (1,803) |
| Travel and communication | | (1,613) | | (5,319) |
| Facilities | | (1,329) | | (993) |
| Other miscellaneous | | (45,686) | | (48,185) |
| Total change in general and administrative expenses | \$ | (73,908) | \$ | (98,389) |

General and administrative expenses decreased by \$73.9 million during the three months ended December 31, 2024 as compared to the same period in the prior fiscal year. Other miscellaneous costs, which include professional fees such as legal, audit and tax related expenses, decreased by \$45.7 million primarily driven by a reduction in costs related to IP, including the grant of certain IP rights and the resolution of certain historical IP related matters in the prior fiscal year, and reductions in other professional fees. Additionally, payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$13.6 million and contract labour and consulting expenses decreased by \$10.3 million. Overall, general and administrative expenses, as a percentage of total revenues, decreased to 7% compared to 11% for the same period in the prior fiscal year.

General and administrative expenses decreased by \$98.4 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. Other miscellaneous costs, which include professional fees such as legal, audit and tax related expenses, decreased by \$48.2 million primarily driven by a reduction in costs related to IP, including the grant of certain IP rights and the resolution of certain historical IP related matters in the prior fiscal year, and reductions in other professional fees. Additionally, payroll and payroll-related benefits, which is comprised of salaries, benefits and variable short-term incentives, decreased by \$21.4 million, contract labour and consulting expenses decreased by \$20.6 million and travel and communication expenses decreased by \$5.3 million. Overall, general and administrative expenses, as a percentage of total revenues, decreased to 8% compared to 10% for the same period in the prior fiscal year.

Our general and administrative labour resources decreased by 345 employees, from 3,428 employees at December 31, 2023 to 3,083 employees at December 31, 2024.

Depreciation expenses:

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------|---------------------------------|----------------------------------|-----------|-------------------------------|----------------------------------|-----------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Depreciation | \$ 31,879 | \$ (1,536) | \$ 33,415 | \$ 64,050 | \$ (3,456) | \$ 67,506 |

Depreciation expenses decreased during the three and six months ended December 31, 2024 by \$1.5 million and \$3.5 million, respectively, compared to the same periods in the prior fiscal year.

Depreciation expenses, as a percentage of total revenue, remained stable for the three and six months ended December 31, 2024 at 2% as compared to the same periods in the prior fiscal year.

Amortization of acquired customer-based intangible assets:

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------------|------------|-------------------------------|----------------------------------|------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Amortization of acquired customer-based intangible assets | \$ 81,048 | \$ (32,877) | \$ 113,925 | \$ 162,552 | \$ (71,565) | \$ 234,117 |

Amortization of acquired customer-based intangible assets decreased during the three and six months ended December 31, 2024 by \$32.9 million and \$71.6 million, respectively, as compared to the same period in the prior fiscal year. This was primarily due to a reduction in amortization related to customer-based intangible assets from previous acquisitions becoming fully amortized and reduced amortization related to the AMC Divestiture.

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).

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|------------------------------|---------------------------------|----------------------------------|-----------|-------------------------------|----------------------------------|-----------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Special charges (recoveries) | \$ 15,238 | \$ (38,928) | \$ 54,166 | \$ 62,374 | \$ (5,586) | \$ 67,960 |

Special charges (recoveries) decreased by \$38.9 million during the three months ended December 31, 2024 over the comparative period. This was primarily due to a decrease in restructuring costs related to the Micro Focus Acquisition of \$44.1 million and a decrease in divestiture costs of \$5.3 million, partially offset by an increase related to the Business Optimization Plan of \$12.3 million, as compared to the same period in the prior fiscal year.

Special charges (recoveries) decreased by \$5.6 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. Restructuring costs related to the Micro Focus Acquisition decreased by \$52.6 million, other miscellaneous charges decreased by \$4.1 million and divestiture costs decreased by \$2.8 million, partially offset by an increase in restructuring costs of \$54.9 million related to the Business Optimization Plan, 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:

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|--|---------------------------------|----------------------------------|-------------|-------------------------------|----------------------------------|-------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Foreign exchange gains (losses) | \$ 25,539 | \$ 45,163 | \$ (19,624) | \$ 14,160 | \$ 22,350 | \$ (8,190) |
| Unrealized gains (losses) on derivatives not designated as hedges ⁽¹⁾ | 45,549 | 83,666 | (38,117) | 20,614 | 40,836 | (20,222) |
| OpenText share in net income (loss) of equity investees ⁽²⁾ | 1,538 | 10,020 | (8,482) | 1,993 | 20,171 | (18,178) |
| Gain on AMC Divestiture ⁽³⁾ | (4,175) | (4,175) | — | (4,175) | (4,175) | — |
| Other miscellaneous income (expense) | 164 | 2,725 | (2,561) | 368 | 2,392 | (2,024) |
| Total other income (expense), net | \$ 68,615 | \$ 137,399 | \$ (68,784) | \$ 32,960 | \$ 81,574 | \$ (48,614) |

- (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 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).
- (3) Represents final settlement of working capital and other adjustments (see Note 17 “Acquisitions and Divestitures” 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.

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|---|---------------------------------|----------------------------------|------------|-------------------------------|----------------------------------|------------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Interest expense related to total outstanding debt ⁽¹⁾ | \$ 89,001 | \$ (52,360) | \$ 141,361 | \$ 182,684 | \$ (105,684) | \$ 288,368 |
| Interest income | (11,903) | (2,131) | (9,772) | (26,461) | (4,984) | (21,477) |
| Other miscellaneous expense ⁽²⁾ | 6,517 | (1,186) | 7,703 | 11,674 | (2,491) | 14,165 |
| Total interest and other related expense, net | \$ 83,615 | \$ (55,677) | \$ 139,292 | \$ 167,897 | \$ (113,159) | \$ 281,056 |

- (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.

| (In thousands) | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------|---------------------------------|----------------------------------|----------|-------------------------------|----------------------------------|-----------|
| | 2024 | Change increase (decrease) | 2023 | 2024 | Change increase (decrease) | 2023 |
| Provision for income taxes | \$ 50,893 | \$ 42,839 | \$ 8,054 | \$ 52,776 | \$ 34,370 | \$ 18,406 |

The Company’s effective tax rate for the three months ended December 31, 2024 increased to a provision of 18.1% compared to a provision of 17.6% for the three months ended December 31, 2023. The Company’s effective tax rate for the three months ended December 31, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax benefits related to a net decrease in unrecognized tax benefits, foreign tax credits, research and development credits, and a change in valuation

allowance, partially offset by disallowed share-based compensation deductions and foreign source income inclusion in the U.S. and Canada.

The Company's effective tax rate for the three months ended December 31, 2023 differs from the Canadian statutory rate primarily due to tax benefits related to foreign tax credits, research and development credits, partially offset by U.S. Base Erosion and Anti-Abuse Tax (BEAT).

The Company's effective tax rate for the six months ended December 31, 2024 increased to a provision of 14.4% compared to a provision of 13.4% for the six months ended December 31, 2023. The Company's effective tax rate for the six months ended December 31, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax benefits related to a net decrease in unrecognized tax benefits, foreign tax credits, research and development credits, and a change in valuation allowance, partially offset by disallowed share-based compensation deductions and foreign source income inclusion in the U.S. and Canada.

The Company's effective tax rate for the six months ended December 31, 2023 differs from the Canadian statutory rate primarily due to tax benefits related to foreign tax credits, research and development credits, partially offset by U.S. BEAT.

Numerous countries have agreed to a statement in support of the Organization for Economic Co-Operation and Development model rules that propose a global minimum tax rate of 15.0% for companies with revenue above €750.0 million, calculated on a country-by-country basis, and E.U. member states have agreed to implement the global minimum tax. On June 20, 2024, Canada enacted the new Global Minimum Tax Act, imposing a 15.0% global minimum tax on profits. Certain other countries have enacted or are expected to enact similar legislation. We are unable to predict when and how such rules in various jurisdictions will be enacted into law; however, it is possible that the implementation of relevant legislation could impact our liability for taxes. As of the three and six months ended December 31, 2024, the impact of the global minimum tax is not material.

For information on certain potential tax contingencies, including the Canada Revenue Agency (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 2024.

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 earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is consistently calculated as GAAP-based net income, attributable to OpenText, excluding interest income (expense), provision for (recovery of) income taxes, depreciation and amortization of acquired intangible assets, other income (expense), share-based compensation and special charges (recoveries).

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

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

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

The following charts provide unaudited reconciliations of U.S. GAAP-based financial measures to Non-GAAP-based financial measures for the following periods presented. The Micro Focus Acquisition significantly impacts period-over-period comparability.

**Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the three months ended December 31, 2024
(In thousands, except for per share data)**

| | Three Months Ended December 31, 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 | \$ 172,288 | | \$ (2,796) | (1) | \$ 169,492 | |
| Customer support | 62,656 | | (1,139) | (1) | 61,517 | |
| Professional service and other | 68,041 | | (1,273) | (1) | 66,768 | |
| Amortization of acquired technology-based intangible assets | 47,203 | | (47,203) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 977,976 | 73.3% | 52,411 | (3) | 1,030,387 | 77.2% |
| Operating expenses | | | | | | |
| Research and development | 180,727 | | (7,656) | (1) | 173,071 | |
| Sales and marketing | 273,929 | | (11,223) | (1) | 262,706 | |
| General and administrative | 99,356 | | (6,274) | (1) | 93,082 | |
| Amortization of acquired customer-based intangible assets | 81,048 | | (81,048) | (2) | — | |
| Special charges (recoveries) | 15,238 | | (15,238) | (4) | — | |
| GAAP-based income from operations / Non-GAAP-based income from operations | 295,799 | | 173,850 | (5) | 469,649 | |
| Other income (expense), net | 68,615 | | (68,615) | (6) | — | |
| Provision for income taxes | 50,893 | | 41,755 | (7) | 92,648 | |
| GAAP-based net income / Non-GAAP-based net income, attributable to OpenText | 229,862 | | 63,480 | (8) | 293,342 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText | \$ 0.87 | | \$ 0.24 | (8) | \$ 1.11 | |

- (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 18% 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 December 31, 2024 | |
|---|---|----------------|
| | Per share diluted | |
| GAAP-based net income, attributable to OpenText | \$ 229,862 | \$ 0.87 |
| Add: | | |
| Amortization | 128,251 | 0.49 |
| Share-based compensation | 30,361 | 0.11 |
| Special charges (recoveries) | 15,238 | 0.06 |
| Other (income) expense, net | (68,615) | (0.26) |
| GAAP-based provision for income taxes | 50,893 | 0.19 |
| Non-GAAP-based provision for income taxes | (92,648) | (0.35) |
| Non-GAAP-based net income, attributable to OpenText | <u>\$ 293,342</u> | <u>\$ 1.11</u> |

Reconciliation of Adjusted EBITDA

| | Three Months Ended December 31, 2024 | |
|---|---|----------------|
| GAAP-based net income, attributable to OpenText | \$ | 229,862 |
| Add: | | |
| Provision for income taxes | | 50,893 |
| Interest and other related expense, net | | 83,615 |
| Amortization of acquired technology-based intangible assets | | 47,203 |
| Amortization of acquired customer-based intangible assets | | 81,048 |
| Depreciation | | 31,879 |
| Share-based compensation | | 30,361 |
| Special charges (recoveries) | | 15,238 |
| Other (income) expense, net | | (68,615) |
| Adjusted EBITDA | <u>\$</u> | <u>501,484</u> |

**Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the three months ended December 31, 2023
(In thousands, except for per share data)**

| | Three Months Ended December 31, 2023 | | | | | |
|--|--------------------------------------|--|----------------|------------|-------------------------|--|
| | 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 | \$ 180,148 | | \$ (3,609) | (1) | \$ 176,539 | |
| Customer support | 73,374 | | (1,128) | (1) | 72,246 | |
| Professional service and other | 75,459 | | (1,756) | (1) | 73,703 | |
| Amortization of acquired technology-based intangible assets | 70,784 | | (70,784) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 1,129,120 | 73.6% | 77,277 | (3) | 1,206,397 | 78.6% |
| Operating expenses | | | | | | |
| Research and development | 212,855 | | (12,767) | (1) | 200,088 | |
| Sales and marketing | 287,628 | | (13,227) | (1) | 274,401 | |
| General and administrative | 173,264 | | (7,688) | (1) | 165,576 | |
| Amortization of acquired customer-based intangible assets | 113,925 | | (113,925) | (2) | — | |
| Special charges (recoveries) | 54,166 | | (54,166) | (4) | — | |
| GAAP-based income from operations / Non-GAAP-based income from operations | 253,867 | | 279,050 | (5) | 532,917 | |
| Other income (expense), net | (68,784) | | 68,784 | (6) | — | |
| Provision for income taxes | 8,054 | | 47,054 | (7) | 55,108 | |
| GAAP-based net income / Non-GAAP-based net income, attributable to OpenText | 37,675 | | 300,780 | (8) | 338,455 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText | \$ 0.14 | | \$ 1.10 | (8) | \$ 1.24 | |

- (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 18% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based net income. Such excluded items include amortization, share-based compensation, special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

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

| | Three Months Ended December 31, 2023 | |
|---|---|----------------|
| | Per share diluted | |
| GAAP-based net income, attributable to OpenText | \$ 37,675 | \$ 0.14 |
| Add: | | |
| Amortization | 184,709 | 0.68 |
| Share-based compensation | 40,175 | 0.15 |
| Special charges (recoveries) | 54,166 | 0.20 |
| Other (income) expense, net | 68,784 | 0.24 |
| GAAP-based provision for income taxes | 8,054 | 0.03 |
| Non-GAAP-based provision for income taxes | (55,108) | (0.20) |
| Non-GAAP-based net income, attributable to OpenText | <u>\$ 338,455</u> | <u>\$ 1.24</u> |

Reconciliation of Adjusted EBITDA

| | Three Months Ended December 31, 2023 | |
|---|---|----------------|
| GAAP-based net income, attributable to OpenText | \$ | 37,675 |
| Add: | | |
| Provision for income taxes | | 8,054 |
| Interest and other related expense, net | | 139,292 |
| Amortization of acquired technology-based intangible assets | | 70,784 |
| Amortization of acquired customer-based intangible assets | | 113,925 |
| Depreciation | | 33,415 |
| Share-based compensation | | 40,175 |
| Special charges (recoveries) | | 54,166 |
| Other (income) expense, net | | 68,784 |
| Adjusted EBITDA | <u>\$</u> | <u>566,270</u> |

**Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the six months ended December 31, 2024
(In thousands, except for per share data)**

| | Six Months Ended December 31, 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 | \$ 347,545 | | \$ (4,982) | (1) | \$ 342,563 | |
| Customer support | 125,230 | | (2,481) | (1) | 122,749 | |
| Professional service and other | 134,956 | | (2,587) | (1) | 132,369 | |
| Amortization of acquired technology-based intangible assets | 94,447 | | (94,447) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 1,888,334 | 72.5% | 104,497 | (3) | 1,992,831 | 76.5% |
| Operating expenses | | | | | | |
| Research and development | 371,420 | | (15,823) | (1) | 355,597 | |
| Sales and marketing | 519,811 | | (20,538) | (1) | 499,273 | |
| General and administrative | 206,086 | | (13,508) | (1) | 192,578 | |
| Amortization of acquired customer-based intangible assets | 162,552 | | (162,552) | (2) | — | |
| Special charges (recoveries) | 62,374 | | (62,374) | (4) | — | |
| GAAP-based income from operations / Non-GAAP-based income from operations | 502,041 | | 379,292 | (5) | 881,333 | |
| Other income (expense), net | 32,960 | | (32,960) | (6) | — | |
| Provision for income taxes | 52,776 | | 118,448 | (7) | 171,224 | |
| GAAP-based net income / Non-GAAP-based net income, attributable to OpenText | 314,230 | | 227,884 | (8) | 542,114 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to Open Text | \$ 1.18 | | \$ 0.85 | (8) | \$ 2.03 | |

- (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 on our ongoing business and operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision rate of approximately 14% 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:

| | Six Months Ended December 31, 2024 | |
|---|---|----------------|
| | Per share diluted | |
| GAAP-based net income, attributable to OpenText | \$ 314,230 | \$ 1.18 |
| Add: | | |
| Amortization | 256,999 | 0.96 |
| Share-based compensation | 59,919 | 0.22 |
| Special charges (recoveries) | 62,374 | 0.23 |
| Other (income) expense, net | (32,960) | (0.12) |
| GAAP-based provision for income taxes | 52,776 | 0.20 |
| Non-GAAP-based provision for income taxes | (171,224) | (0.64) |
| Non-GAAP-based net income, attributable to OpenText | <u>\$ 542,114</u> | <u>\$ 2.03</u> |

Reconciliation of Adjusted EBITDA

| | Six Months Ended December 31, 2024 | |
|---|---|----------------|
| GAAP-based net income, attributable to OpenText | \$ | 314,230 |
| Add: | | |
| Provision for income taxes | | 52,776 |
| Interest and other related expense, net | | 167,897 |
| Amortization of acquired technology-based intangible assets | | 94,447 |
| Amortization of acquired customer-based intangible assets | | 162,552 |
| Depreciation | | 64,050 |
| Share-based compensation | | 59,919 |
| Special charges (recoveries) | | 62,374 |
| Other (income) expense, net | | (32,960) |
| Adjusted EBITDA | <u>\$</u> | <u>945,285</u> |

**Reconciliation of selected GAAP-based measures to Non-GAAP-based measures
for the six months ended December 31, 2023
(In thousands, except for per share data)**

| | Six Months Ended December 31, 2023 | | | | | |
|--|---|---|--------------------|-------------|---|--|
| | 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 | \$ 351,560 | | \$ (6,600) | (1) | \$ 344,960 | |
| Customer support | 148,388 | | (2,186) | (1) | 146,202 | |
| Professional service and other | 155,381 | | (3,638) | (1) | 151,743 | |
| Amortization of acquired technology-based intangible assets | 147,608 | | (147,608) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 2,147,538 | 72.5% | 160,032 | (3) | 2,307,570 | 78.0% |
| Operating expenses | | | | | | |
| Research and development | 439,086 | | (24,501) | (1) | 414,585 | |
| Sales and marketing | 567,635 | | (25,034) | (1) | 542,601 | |
| General and administrative | 304,475 | | (15,311) | (1) | 289,164 | |
| Amortization of acquired customer-based intangible assets | 234,117 | | (234,117) | (2) | — | |
| Special charges (recoveries) | 67,960 | | (67,960) | (4) | — | |
| GAAP-based income from operations / Non-GAAP-based income from operations | 466,759 | | 526,955 | (5) | 993,714 | |
| Other income (expense), net | (48,614) | | 48,614 | (6) | — | |
| Provision for income taxes | 18,406 | | 81,367 | (7) | 99,773 | |
| GAAP-based net income / Non-GAAP-based net income, attributable to OpenText | 118,576 | | 494,202 | (8) | 612,778 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText | \$ 0.44 | | \$ 1.81 | (8) | \$ 2.25 | |

- (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 13% and a Non-GAAP-based tax rate of approximately 14%; these rate differences are due to the income tax effects of items that are excluded for the purpose of calculating Non-GAAP-based net income. Such excluded items include amortization, share-based compensation, special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization that occurred in Fiscal 2017 assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 14%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

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

| | Six Months Ended December 31, 2023 | |
|---|---|----------------|
| | Per share diluted | |
| GAAP-based net income, attributable to OpenText | \$ 118,576 | \$ 0.44 |
| Add: | | |
| Amortization | 381,725 | 1.40 |
| Share-based compensation | 77,270 | 0.29 |
| Special charges (recoveries) | 67,960 | 0.25 |
| Other (income) expense, net | 48,614 | 0.16 |
| GAAP-based provision for income taxes | 18,406 | 0.07 |
| Non-GAAP-based provision for income taxes | (99,773) | (0.36) |
| Non-GAAP-based net income, attributable to OpenText | <u>\$ 612,778</u> | <u>\$ 2.25</u> |

Reconciliation of Adjusted EBITDA

| | Six Months Ended December 31, 2023 |
|---|---|
| GAAP-based net income, attributable to OpenText | \$ 118,576 |
| Add: | |
| Provision for income taxes | 18,406 |
| Interest and other related expense, net | 281,056 |
| Amortization of acquired technology-based intangible assets | 147,608 |
| Amortization of acquired customer-based intangible assets | 234,117 |
| Depreciation | 67,506 |
| Share-based compensation | 77,270 |
| Special charges (recoveries) | 67,960 |
| Other (income) expense, net | 48,614 |
| Adjusted EBITDA | <u>\$ 1,061,113</u> |

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 December 31, 2024 | Change increase (decrease) | As of June 30, 2024 |
|---|-------------------------|-------------------------------|---------------------|
| Cash and cash equivalents | \$ 1,122,192 | \$ (158,470) | \$ 1,280,662 |
| Restricted cash ⁽¹⁾ | 2,016 | (115) | 2,131 |
| Total cash, cash equivalents and restricted cash | \$ 1,124,208 | \$ (158,585) | \$ 1,282,793 |

(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).

| (In thousands) | Six Months Ended December 31, | | |
|---------------------------------------|-------------------------------|--------------|--------------|
| | 2024 | Change | 2023 |
| Cash provided by operating activities | \$ 270,186 | \$ (127,588) | \$ 397,774 |
| Cash used in investing activities | \$ (83,860) | \$ 13,008 | \$ (96,868) |
| Cash used in financing activities | \$ (335,117) | \$ 197,808 | \$ (532,925) |

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.

As of December 31, 2024, we have recognized a deferred income tax liability of \$16.8 million (June 30, 2024—\$15.9 million) on taxable temporary differences related to the undistributed earnings of certain non-United States subsidiaries and planned periodic repatriations from certain German subsidiaries, that will be subject to withholding taxes upon distribution.

Cash flows from operating activities

Cash flows provided by operating activities decreased by \$127.6 million during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year principally related to a decrease in changes from working capital of \$232.3 million primarily from tax payments made related to the AMC Divestiture, offset by an increase in net income after the impact of non-cash items of \$104.7 million.

During the second quarter of Fiscal 2025 we had a days sales outstanding (DSO) of 43 days, as compared to our DSO of 47 days during the second quarter of Fiscal 2024. The per day impact of our DSO in the second quarter of Fiscal 2025 and Fiscal 2024 on our cash flows was \$14.8 million and \$17.1 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 decreased by \$13.0 million during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year primarily due to a decrease in consideration paid for an acquisition and other investing activities of \$21.9 million, partially offset by a payment of \$11.7 million due to working capital net settlement on AMC Divestiture.

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 \$197.8 million during the six months ended December 31, 2024 as compared to the same period in the prior fiscal year. This is primarily due to the net impact of the following activities:

- (i) \$355.0 million decrease in repayments of long-term debt and the Revolver;
- (ii) \$21.9 million due to net change in TSA obligation driven by cash collections on behalf of Rocket Software related to certain transition services performed by the Company related to the AMC Divestiture; and
- (iii) \$1.7 million reduction in debt issuance costs.

The decrease in cash flows used in financing activities above were partially offset by the following increases:

- (i) \$165.3 million related to the increase in cash used in the repurchases of Common Shares and treasury stock;
- (ii) \$11.5 million related to lower proceeds from the issuance of Common Shares for the exercise of options and the OpenText ESPP; and
- (iii) \$4.0 million related to increase in dividends paid to shareholders.

Cash Dividends

During the three and six months ended December 31, 2024, we declared and paid cash dividends of \$0.2625 and \$0.525 per Common Share, respectively, in the aggregate amount of \$68.3 million and \$137.4 million, respectively (three and six months ended December 31, 2023—\$0.25 and \$0.50 per Common Share, respectively, in the aggregate amount of \$66.4 million and \$133.4 million, respectively).

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 2024 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.

Term Loan B

On May 6, 2024, we used a portion of the net proceeds from the AMC Divestiture to prepay in full the outstanding principal balance of \$940 million under Term Loan B, at which point all remaining commitments under Term Loan B were reduced to zero and Term Loan B was terminated.

For the three and six months ended December 31, 2024, we did not record any interest expense relating to Term Loan B (three and six months ended December 31, 2023—\$17.3 million and \$34.5 million, respectively).

Senior Notes

As of December 31, 2024, we had senior notes outstanding, with maturities starting in 2027 and extending through 2031 with a total carrying value of \$4.300 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 on a senior secured basis 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 December 31, 2024, the balance outstanding under the Acquisition Term Loan was \$2.203 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 December 31, 2024. 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 Board authorized a share repurchase plan (the Fiscal 2024 Repurchase Plan), pursuant to which we could 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 the NASDAQ Global Select Market, the TSX (as part of a Fiscal 2024 NCIB, defined below) and/or other exchanges and alternative trading systems in Canada and/or the United States, if eligible, subject to applicable law and stock exchange rules.

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 new share repurchase plan (the Fiscal 2025 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 7, 2024 until August 6, 2025, if considered advisable, up to an aggregate of \$300 million of our common shares on the TSX (as part of a Fiscal 2025 NCIB, defined below), NASDAQ and/or alternative trading systems in Canada and/or the United States, if eligible, subject to applicable law and stock exchange rules. 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 2025 Repurchase Plan will be effected in accordance with Rule 10b-18 of the Exchange Act.

During the three and six months ended December 31, 2024, we repurchased and cancelled 2,212,971 and 4,862,102 Common Shares for \$67.1 million and \$153.6 million, respectively, inclusive of 2% Canadian excise taxes recorded. During the three and six months ended December 31, 2023, we did not repurchase any Common Shares.

Normal Course Issuer Bid

On April 30, 2024, the Company established a Normal Course Issuer Bid (the Fiscal 2024 NCIB) in order to provide it with a means to execute purchases over the TSX as part of the overall Fiscal 2024 Repurchase Plan.

The TSX approved the Company's notice of intention to commence the Fiscal 2024 NCIB, pursuant to which the Company could purchase Common Shares over the TSX for the period commencing on May 7, 2024 until May 6, 2025 in accordance with the TSX's normal course issuer bid rules, including that such purchases were to be made at prevailing market prices or as otherwise permitted. Under the rules of the TSX, the maximum number of Common Shares that could have been purchased in this period was 13,643,472 (representing 5% of the Company's issued and outstanding Common Shares as of April 26, 2024), and the maximum number of Common Shares that could be purchased on a single day was 138,175 Common Shares, which is 25% of 552,700 (the average daily trading volume for the Common Shares on the TSX for the six months ended March 31, 2024), 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.

On July 31, 2024, the Company voluntarily terminated the Fiscal 2024 NCIB 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 as part of the overall Fiscal 2025 Repurchase Plan. The TSX approved the Company's notice of intention to commence the Fiscal 2025 NCIB, pursuant to which the Company may purchase Common Shares over the TSX for the period commencing on August 7, 2024 until August 6, 2025 in accordance with the TSX's normal course issuer bid rules, including that such purchases were to 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 21,179,064 (representing 10% of the Company’s public float (calculated in accordance with TSX rules) as of July 24, 2024, less the 5,073,913 Common Shares purchased under the Fiscal 2024 Repurchase Plan), and the maximum number of Common Shares that can be purchased on a single day is 138,175 Common Shares, which is 25% of 552,700 (the average daily trading volume for the Common Shares on the TSX for the six months ended March 31, 2024), 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 December 31, 2024, we have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

| (In thousands) | Payments due between | | | | |
|--|----------------------|------------------------------------|---------------------------------|---------------------------------|----------------------------|
| | Total | January 1, 2025 - June 30, 2025 | July 1, 2025 - June 30, 2027 | July 1, 2027 - June 30, 2029 | July 1, 2029 and beyond |
| Long-term debt obligations ⁽¹⁾ | \$ 8,079,195 | \$ 188,196 | \$ 749,368 | \$ 2,502,169 | \$ 4,639,462 |
| Operating lease obligations ⁽²⁾ | 307,414 | 44,520 | 146,665 | 71,775 | 44,454 |
| Finance lease obligations ⁽³⁾ | 3,811 | 1,415 | 2,396 | — | — |
| Purchase obligations for contracts not accounted for as lease obligations | 260,899 | 100,949 | 159,950 | — | — |
| | <u>\$ 8,651,319</u> | <u>\$ 335,080</u> | <u>\$ 1,058,379</u> | <u>\$ 2,573,944</u> | <u>\$ 4,683,916</u> |

- (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 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 and Fiscal 2019 on a basis that we strongly disagree with and are contesting. The CRA issued notices of reassessment in respect of Fiscal 2017, Fiscal 2018 and Fiscal 2019 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 2019 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. The CRA is currently auditing Fiscal 2020.

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 December 31, 2024, 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 December 31, 2024, 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 \$22.0 million, assuming that the loan balance as of December 31, 2024 is outstanding for the entire period (June 30, 2024—\$22.2 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 2024.

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 December 31, 2024, 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, 2024—\$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 December 31, 2024, a one cent change in the Euro to U.S. dollar forward exchange rate would have caused a change of \$7.2 million in the mark-to-market valuation on our existing cross currency swap (June 30, 2024—\$7.2 million).

Based on the 7-year EUR/USD cross currency swaps outstanding as of December 31, 2024, 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, 2024—\$7.6 million).

Foreign currency translation risk

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

The following table shows our cash and cash equivalents denominated in certain major foreign currencies as of December 31, 2024 (equivalent in U.S. dollar):

| (In thousands) | U.S. Dollar Equivalent at December 31, 2024 | U.S. Dollar Equivalent at June 30, 2024 |
|---|---|---|
| Euro | \$ 74,979 | \$ 168,212 |
| British Pound | 49,684 | 57,290 |
| Indian Rupee | 77,611 | 73,955 |
| Swiss Franc | 49,745 | 52,070 |
| Other foreign currencies | 151,102 | 170,175 |
| Total cash and cash equivalents denominated in foreign currencies | 403,121 | 521,702 |
| U.S. Dollar | 719,071 | 758,960 |
| Total cash and cash equivalents | \$ 1,122,192 | \$ 1,280,662 |

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 \$40.3 million (June 30, 2024—\$52.2 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 December 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that information required to be disclosed by us in the reports we file under the Exchange Act (according to Rule 13(a)-15(e)) is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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

Based on the evaluation completed by our management, in which our Chief Executive Officer and Chief Financial Officer participated, our management has concluded that there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Investors should note that we may announce information using our website, press releases, securities law filings, public conference calls, webcasts and the social media channels identified on the Investors section of our website (<https://investors.opentext.com>). Such social media channels may include the Company’s or our CEO’s blog, X, formerly known as Twitter, account or LinkedIn account. The information posted through such channels may be material. Accordingly, investors should monitor such channels in addition to our other forms of communication. Unless otherwise specified, such information is not incorporated into, or deemed to be a part of, this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K or in any other report or document we file with the SEC under the Securities Act, the Exchange Act or under applicable Canadian securities laws.

Item 1A. Risk Factors

You should carefully consider the risk factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended June 30, 2024. These are not the only risks and uncertainties facing us. Additional risks not currently known to us or that we currently believe are immaterial may also impair our operating results, financial condition and liquidity. Our business is also subject to general risks and uncertainties that affect many other companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

PURCHASE OF EQUITY SECURITIES OF THE COMPANY FOR THE THREE MONTHS ENDED DECEMBER 31, 2024

| Period | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) ⁽¹⁾ | Total Number of Shares (or Units) Purchased as Part of the Publicly Announced Plans or Programs | Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽²⁾ |
|--|---|---|---|--|
| October 1, 2024 through October 31, 2024 | — | \$ — | — | 18,529,933 |
| November 1, 2024 through November 30, 2024 | 1,515,814 | 29.39 | 1,515,814 | 17,014,119 |
| December 1, 2024 through December 31, 2024 | 697,157 | 30.77 | 697,157 | 16,316,962 |
| Total | <u>2,212,971</u> | <u>\$ 29.82</u> | <u>2,212,971</u> | <u>16,316,962</u> |

(1) Excludes 2% Canadian excise taxes recorded during Fiscal 2025 related to repurchases under the Fiscal 2024 Repurchase Plan. See Note 11 “Equity and Share-based Compensation” for more details.

(2) On July 31, 2024, the Board authorized a 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 7, 2024 until August 6, 2025, if considered advisable, up to an aggregate of \$300 million of our common shares. The share repurchase plan is subject to an aggregate limit of 21,179,064 Common Shares.

Item 5. Other Information

During the three months ended December 31, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any “non-10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.