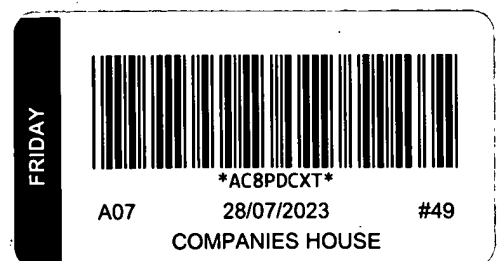


Micro Focus (US) Holdings

Directors' report and financial statements

For the year ended 31 October 2022

Registered number: 07119093



Micro Focus (US) Holdings

Directors' report and financial statements

| Contents | <i>Page</i> |
|-----------------------------------------------------------------------------------------------------------|--------------------|
| Directors and other information | 3 |
| Strategic report | 4 |
| Directors' report | 5 |
| Statement of directors' responsibilities in respect of the directors' report and the financial statements | 8 |
| Independent auditor's report to the members of Micro Focus (US) Holdings | 9 |
| Statement of comprehensive income | 12 |
| Balance sheet | 13 |
| Statement of changes in equity | 14 |
| Notes forming part of the financial statements | 15 |

Micro Focus (US) Holdings

Directors and other information

Directors

Stuart McGill
Paul Wherity

Secretary

Jane Smithard (resigned on 10 February 2022)
Helen Maria Ratsey (appointed on 10 February 2022 and resigned on 2 December 2022)
Candice Chisholm (appointed on 13 December 2022 and resigned on 30 January 2023)

Registered office

The Lawn
22030 Old Bath Road
Newbury
Berkshire
RG14 1QN

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Solicitors

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Registered number

07119093

Micro Focus (US) Holdings

Strategic report

The Directors present their report and the financial statements of Micro Focus (US) Holdings ("the Company") for the financial year ended 31 October 2022. The comparative amounts are for the financial year ended 31 October 2021.

Business review and principal activities

The Company acts as an intermediate holding company within the Micro Focus International plc Group ("Group", now known as Micro Focus International Limited) and has one directly owned subsidiary, Micro Focus (US) Inc. The Company acted in this capacity during the year.

On 25 August 2022, the board of Micro Focus International Limited (hereinafter referred as 'Micro Focus' and is the ultimate parent company of the Micro Focus Group) and Open Text Corporation ('OpenText') reached an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, Open Text UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction has completed after obtaining requisite approvals on 31 January, 2023. Consequently, OpenText Corporation, has become ultimate parent company.

During the year an impairment review of investments was carried out and as a result, the directors concluded there was a total impairment of \$295,384k (2021: \$Nil) for the year in relation to investments held in subsidiary Micro Focus (US) Inc.

Further details on the strategy of the Group can be found in the Annual Report of Micro Focus International Limited for the year ended 31 October 2022.

Results

The loss for the financial year ended 31 October 2022 is \$295,394k (2021: loss \$3k). The total shareholder's funds are \$1,923,810k (2021: \$2,219,204k).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks and uncertainties of Micro Focus International Limited, which include those of the Company, have been identified in the following categories- Products, Go to Market models, Competition, Employees, Business Strategy and Change Management, IT Systems and Information, Legal and Regulatory Compliance, Intellectual Property, Treasury and Tax. The Group has policies in place and a Risk Management Framework to help mitigate those risks.

Key performance indicators ("KPI's")

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

On behalf of the board

Date:



Paul Wherity
Director

26th July 2023

Micro Focus (US) Holdings

Directors' report

The directors present their annual report and the audited financial statements of Micro Focus (US) Holdings ("the Company") for the year ended 31 October 2022.

Future outlook

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

Dividends

No dividends were paid or received during the year (2021: \$Nil)

Political and charitable contributions

The Company made no political or charitable contributions or incurred any political expenditure during the year (2021: \$Nil).

Financial risk management

The Company's financial instruments consist primarily of investments in other group companies.

The fair value of all financial instruments is substantially identical to the carrying value reflected in the balance sheet. We manage these risks by carrying out an impairment review on an annual basis.

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

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

(a) Credit risk

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

(b) Foreign exchange risk

The Company operates internationally through its subsidiary, directly or indirectly and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK Sterling and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's local currency. There were no hedging transactions in place at 31 October 2022.

(c) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. There is interest payable on amounts held with Group companies at 31 October 2022. The Company's cash flow interest rate risk arises from interest payable and receivable on Group company borrowings, held at variable rates, which exposes the Company to cash flow interest rate risk.

Directors and Secretary

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

Stuart McGill

Paul Wherity

Jane Smithard (resigned on 10 February 2022)

Helen Maria Ratsey (appointed on 10 February 2022 and resigned on 2 December 2022)

Candice Chisholm (appointed on 13 December 2022 and resigned on 30 January 2023)

Micro Focus (US) Holdings

Directors' report (*continued*)

Directors and Secretary (*continued*)

None of the directors who held office during the year had any interest in the share capital of the Company at any time during the year or at the end of the year (2021: \$Nil). The directors' interests in the shares of the ultimate parent company, Micro Focus International Limited, as at 31 October 2022 and 31 October 2021 were below 1% of the share capital of Micro Focus International Limited and therefore, the directors have availed of the exemption to disclose this under provisions of Companies Act 2006.

Registered office

The registered office of the Company is The Lawn, 22030 Old Bath Road, Newbury, Berkshire, RG14 1QN.

Directors' indemnities

The ultimate parent undertaking, Micro Focus International Limited, maintained liability insurance for the Company's directors and officers up to 31 January 2023.

Subsequent to the year end, OpenText Corporation, through its wholly owned subsidiary, OpenText UK Holding Limited, acquired entire issued and to be issued share capital of Micro Focus International Limited. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction has completed after obtaining requisite approvals on 31 January, 2023. Consequently, OpenText Corporation, has become ultimate parent company.

From the date OpenText Corporation acquired the company as part of its acquisition of the Micro Focus business on 31 January 2023 to the date of approval of the financial statements, OpenText Corporation has also provided an indemnity for the company's directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Going concern

The Company operates as an intermediate holding company for the Micro Focus Group, holding investments in subsidiaries.

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

Through the Company's ownership of certain subsidiaries in the Micro Focus Group the Company has indirect ownership of the external cash flows of the group of companies it directly/ indirectly owns. After making enquiries and considering the assessment included in the Group annual financial statements for the year ended 31 October 2022, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date of these financial statements. In assessing the appropriateness of the going concern basis, the directors have taken into account the acquisition of Micro Focus International Limited by OpenText Corporation.

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

Post balance sheet events

Bank borrowings of MA Finance Co.LLC and Seattle Spinco Inc. was subsequently settled on 1 February 2023. There are no other significant events which have taken place since the balance sheet date which would require disclosure in or amendment of these financial statements other than those disclosed in note 1 to this financial statement.

Greenhouse Gas Emissions

The company has claimed exemption from disclosing Greenhouse Gas emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, since its result are consolidated with the Ultimate parent undertaking, Micro Focus International Limited, which was listed on the London Stock Exchange until 31 January 2023. The consolidated financial statements of Micro Focus International Limited can be obtained from the Company Secretary, Micro Focus International Limited, The Lawn, 22 0 30, Old Bath Road, Newbury, Berkshire, RG14 1QN, England.

Micro Focus (US) Holdings

Directors' report (*continued*)

Disclosure of information to auditor

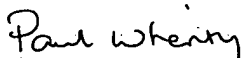
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

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

On behalf of the board

Date:



26th July 2023

Paul Wherity
Director

Micro Focus (US) Holdings

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

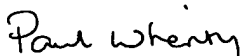
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

On behalf of the board



Paul Wherity
Director

Date:

26th July 2023



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRO FOCUS (US) HOLDINGS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Micro Focus (US) Holdings ('the Company') for the year ended October 31, 2022 set out on pages 12 to 23, which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at October 31, 2022 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRO FOCUS (US) HOLDINGS *(continued)*

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRO FOCUS (US) HOLDINGS (continued)

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit, we report that:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Date: 27 July 2023

Stephen King
for and on behalf of
KPMG Statutory Auditor
1, Stokes Place
St. Stephen's Green, Dublin 2
D02 DE03

Micro Focus (US) Holdings

Statement of comprehensive income for the financial year ended 31 October 2022

| | <i>Note</i> | Year ended 31 October 2022 \$'000 | Year ended 31 October 2021 \$'000 |
|---------------------------------------------------------------|-------------|--------------------------------------------|--------------------------------------------|
| Administration expenses | | (295,394) | (3) |
| Loss on ordinary activities before taxation | | (295,394) | (3) |
| Tax on loss on ordinary activities | 5 | - | - |
| Loss for the financial year | | (295,394) | (3) |
| Other comprehensive income for the financial year, net of tax | | - | - |
| Total comprehensive loss for the financial year | | (295,394) | (3) |

Micro Focus (US) Holdings

Balance sheet
as at 31 October 2022

| | Note | Year ended 31 October 2022 \$'000 | Year ended 31 October 2021 \$'000 |
|-------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| Fixed assets | | | |
| Investments | 8 | 1,923,819 | 2,219,204 |
| Current assets | | | |
| Cash at bank and in hand | | 9 | 9 |
| | | 9 | 9 |
| Creditors: amounts falling due within one year | | (18) | (9) |
| Net current liabilities | | (9) | - |
| Total assets less current liabilities | | 1,923,810 | 2,219,204 |
| Net assets | | 1,923,810 | 2,219,204 |
| Capital and reserves | | | |
| Called up share capital | 9 | 100,000 | 100,000 |
| Share Premium Account | 9 | 1,944,204 | 1,944,204 |
| Profit and Loss Account | | (120,394) | 175,000 |
| Total Equity | | 1,923,810 | 2,219,204 |

The notes are an integral part of these financial statements.

The financial statements on page 12 to 23 were approved by the board of directors on 26 July 2023 and were signed on its behalf by

Paul Wherity
Director

Paul Wherity

Date: 26th July 2023

Company registered number: 07119093

Micro Focus (US) Holdings

Statement of changes in equity

for the financial year ended 31 October 2022

| | Called-up share capital \$ | Share premium account \$ | Profit and Loss account \$ | Total Equity \$ |
|-------------------------------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------|
| At 1 November 2020 | 100,000 | 1,944,204 | 175,003 | 2,219,207 |
| Loss for the financial year | - | - | (3) | (3) |
| Other comprehensive income for the financial year | - | - | - | - |
| Total comprehensive loss for the financial year | - | - | (3) | (3) |
| Total transactions recognised directly in equity | - | - | - | - |
| Balance at 31 October 2021 | 100,000 | 1,944,204 | 175,000 | 2,219,204 |
| At 1 November 2021 | 100,000 | 1,944,204 | 175,000 | 2,219,204 |
| Loss for the financial year | - | - | (295,394) | (295,394) |
| Other comprehensive income for the financial year | - | - | - | - |
| Total comprehensive loss for the financial year | - | - | (295,394) | (295,394) |
| Total transactions recognised directly in equity | - | - | - | - |
| Balance at 31 October 2022 | 100,000 | 1,944,204 | (120,394) | 1,923,810 |

The notes on pages 15 to 23 form integral part of these financial statements.

Micro Focus (US) Holdings

Notes

forming part of the financial statements

1 General information

Micro Focus (US) Holdings ("the Company") acts as an intermediate holding company within the Micro Focus International Limited (the "Group"), and the Company acted in this capacity throughout the year. Micro Focus (US) Holdings is a private unlimited company incorporated, domiciled and registered in England and Wales in the UK. The address of its registered office is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, England, RG14 1QN and the registered number is 07119093.

On 25 August 2022, the board of Micro Focus International Limited (hereinafter referred as 'Micro Focus' and is the ultimate parent company of the Micro Focus Group) and Open Text Corporation ('OpenText') reached an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, Open Text UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction has completed after obtaining requisite approvals on 31 January, 2023. Consequently, OpenText Corporation, has become ultimate parent company.

The financial statements contain information about the Company as an individual company and so do not contain consolidated financial information as the parent of a group. The Company is exempt by virtue of s400 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statement present information about the Company as an individual undertaking and not about its group.

2 Statement of compliance

The entity's individual financial statements have been prepared on a going concern basis and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention and on a going concern basis. The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

Going concern

The Company operates as an intermediate holding company for the Micro Focus Group, holding investments in subsidiaries.

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

Through the Company's ownership of certain subsidiaries in the Micro Focus Group the Company has indirect ownership of the external cash flows of the group of companies it directly/ indirectly owns. After making enquiries and considering the assessment included in the Group annual financial statements for the year ended 31 October 2022, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date of these financial statements. In assessing the appropriateness of the going concern basis, the directors have taken into account the acquisition of Micro Focus International Limited by OpenText Corporation.

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

Micro Focus (US) Holdings

Notes (continued)

3 Summary of significant accounting policies (continued)

Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company is a qualifying entity and has availed of the following exemptions in preparing these financial statements:

- Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows
- Exemption from the disclosure requirements of paragraphs 1.12(e) and 33.7 regarding key management compensation
- Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102.

Revenue recognition

Revenue relates to income received from the Company's investments in its subsidiaries. Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

Dividend income is recognised when the right to receive payment is established. Dividend income is presented as 'income from shares in group undertakings' or 'income from participating interests' as appropriate in the profit and loss account.

Investments

The Company's investment in subsidiary is carried at historical cost less accumulated impairment losses. Details of subsidiary undertakings can be found in note 8.

Fixed asset investments are held at cost plus any incidental expenses less any accumulated impairment losses. Assets that have an indefinite life are not subject to amortisation and are tested for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment reviews are performed by the directors when there has been an indication of potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account, with the carrying amount is reduced to its recoverable amount. Recoverable amount is defined as the greater of fair value less costs to sell and value in use.

Impairment of non-financial assets

Fair value less costs to sell is defined as the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs that would be incurred in disposal. Value in use is defined as the present value of the future cash flows expected to be derived through the continued use of an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not yet been adjusted.

Foreign currency translation

(i) Functional and presentation currency

The Company's functional and presentation currency is US Dollar, denominated by the symbol "\$". Unless otherwise indicated, these amounts are presented in thousands ('000).

Micro Focus (US) Holdings

Notes (continued)

3 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to US Dollar using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

When and if incurred foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in 'administrative expenses'.

Taxation

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the profit and loss account or equity in line with the transaction or other event that resulted in the income tax expense.

Current and deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

A net deferred tax asset is recognised as recoverable and therefore recognised only when on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Micro Focus (US) Holdings

Notes (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial assets and liabilities, including trade and other debtors, cash and cash equivalents, trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction.

Trade and other debtors, cash and cash equivalents are subsequently measured at amortised cost using the effective interest method. At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

Share capital presented as equity

Equity shares issued are recognised as the proceeds are received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity shareholders

Dividends and other distributions to the Company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the Company's shareholders.

Micro Focus (US) Holdings

Notes (continued)

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

The directors believe that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

The directors believe that the impairment of investments in subsidiaries is a critical estimate that has a significant effect on the amounts recognised in the financial statements.

5 Tax on loss on ordinary activities

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------------------------------|----------------|----------------|
| (a) Tax expense included in profit or loss | | |
| <i>Current tax:</i> | | |
| UK corporation tax on (loss)/profit for the year | - | - |
| Total current tax | - | - |
| Total deferred tax | - | - |
| Tax on loss on ordinary activities | - | - |

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2021: lower) than the effective rate of corporation tax in the UK of 19% for the year ended 31 October 2022. The differences in the year are explained below:

| | 2022 \$'000 | 2021 \$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| Loss on ordinary activities before taxation | (295,394) | (3) |
| Loss on ordinary activities multiplied by the effective rate in the UK of 19% | (56,125) | (1) |
| Effect of: | | |
| Expenses not deductible | 2 | - |
| Group relief surrendered for nil value | - | 1 |
| Impairment not deductible | 56,123 | - |
| Tax charge for the year | - | - |

On 11 March 2021, Finance Bill 2021 was published which includes provision for the main rate of corporation tax to increase to 25% from 1 April 2023. As the rate change will be enacted after the balance sheet date, it is a non-adjusting post balance sheet event.

Micro Focus (US) Holdings

Notes (continued)

6 Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2021: \$Nil).

The directors are paid by other group companies and no re-charge is made in respect of this expense. The average monthly number of Directors during the year was 2 (2021: 2). There were no other employees during the year (2021: Nil).

7 Auditors' remuneration

The auditors' remuneration for the current year is \$9.7K and will be borne by a fellow group undertaking.

8 Investments

| | 2022 \$'000 | 2021 \$'000 |
|--------------------------------|------------------|------------------|
| At beginning of the year | 2,219,204 | 2,219,204 |
| Provision: charge for the year | (295,385) | - |
| At end of the year | <u>1,923,819</u> | <u>2,219,204</u> |

The directors believe that the carrying value of the investment is supported by their recoverable amount.

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

The Group FVLCOB is based on the offer for the Group from OpenText (which completed on 31 January 2023 on those offered terms). The FVLCOB of the Group is considered a level 2 measurement on the fair value hierarchy, with the key inputs being the acquisition price per share of £5.32, the costs of disposal of \$59.2m, and the fair value of net debt, pension obligations and contract liabilities.

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

As a result of impairment assessment, we recognised an impairment provision of \$295,384,422 for the year (2021: \$Nil) in relation to investment held in subsidiary Micro Focus (US) Inc.

Micro Focus (US) Holdings

Notes (continued)

8 Investments (continued)

At 31 October 2022, the Company held directly or indirectly 100% of the ordinary share capital of the following subsidiary undertakings:

| Company name | Country of Incorporation | Registered address | Principal activities |
|--------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------|-------------------------------------|
| Direct holding: | | | |
| Micro Focus (US), Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| Indirect holdings: | | | |
| Trading companies | | | |
| Bofland Software Corporation | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| Serena Software, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| Micro Focus Software Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| Attachmate Corporation | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| NetIQ Corporation | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Development and support of software |
| Micro Focus Taiwan Co., Ltd | Taiwan | 9F, No.200, Sec 1. Keelung Rd, Xinyi District. Taipei City, 115. Taiwan. | Sale and support of software |
| Stratify, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Sale and support of software |
| Micro Focus Software India Private Limited | India | Laurel Block D 65/2, Bagmane Tech Park, C.V. Raman Nagar, Bangalore. 560093 | Sale and support of software |
| GWAVA Technologies, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Sale and support of software |

Micro Focus (US) Holdings

Notes (continued)

8 Investments (continued)

Holding companies

| | | | |
|----------------------------------------------|-----|---------------------------------------------------------------------------------------------------------|-----------------|
| The Attachmate Group, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Holding company |
| Micro Focus (US) International Holdings, Inc | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Holding company |
| Novell Holdings, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Holding company |
| Novell International Holdings, Inc. | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Holding company |

Dormant companies

| | | | |
|----------------------------------------------|--------|---------------------------------------------------------------------------------------------------------|---------|
| Cambridge Technology Partners do Brasil Ltda | Brazil | Rua Arizonia 1349 10th Floor, Sao Paulo, 04567-003. Brazil | Dormant |
| Novell Israel Software Limited | Israel | 17 Hatidhar Street, Raannana 43665, Israel | Dormant |
| Borland Technology Corporation | USA | Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. United States | Dormant |

At 31 October 2022, the Company held directly or indirectly 100% of the ordinary share capital of the above subsidiary undertakings which in the opinion of the directors principally affect the amount of profit or the amount of the assets of the Group. In the opinion of the directors the shares to the company's subsidiary are worth at least the amounts at which they are stated above.

Micro Focus (US) Holdings

Notes (continued)

forming part of the financial statements

| 9 Called up share capital and reserves | 2022 | 2021 |
|-----------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Allotted and fully paid | | |
| 100,000,005 ordinary shares of \$1.00 each | <u>100,000</u> | <u>100,000</u> |

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years plus share-based payments adjustments and related tax credits, charges from the parent company for share-based payments less dividends paid.

Share premium account

Share Premium represents the additional contribution received by the Company from its parent company, Micro Focus (US) Group Inc for the purchase of ordinary \$1 shares for cash.

10 Contingent liabilities

The Company has co-guaranteed bank borrowings of MA Finance Co. LLC and Seattle Spinco Inc. As at 31 October 2022, \$3,919m of secured bank borrowings were outstanding (31 October 2021: \$2,181m secured bank borrowings). See note 13.

11 Capital and other commitments

There are no capital or other commitments as at 31 October 2022.

12 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Micro Focus (US) Group, Inc. and controlling party at the balance sheet date is Micro Focus International Limited, the ultimate parent undertaking and a company incorporated in England and Wales. Copies of the Micro Focus International Limited consolidated financial statements may be obtained from the Company Secretary, The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, or via www.microfocus.com.

13 Post balance sheet events

Bank borrowings of MA Finance Co. LLC and Seattle Spinco Inc. was subsequently settled on 1 February 2023. There are no other significant events which have taken place since the balance sheet date which would require disclosure in or amendment of these financial statements other than those disclosed in note 1 to this financial statement.

14 Approval of financial statements

The directors approved the financial statements on 26th July 2023.