OpenText Annual Shareholder Letter

Dear Shareholder,

At OpenText, our goal is to be the best information management company in the world, creating value for our shareholders, customers, and employees. Information elevates every individual and organization to be their best, and OpenText is strategically positioned to sit at the center of connected ecosystems and the internet of clouds. We play a critical role as our customers adopt our Business Clouds, Business AI, and Business Technology.

Fiscal 2024 Accomplishments

We are very proud of all we accomplished in fiscal year 2024 (Fiscal 2024), including delivering $5.8 billion in revenues, growing 28.6% year over year (Y/Y), generating $2 billion in Adjusted EBITDA, and returning a record $417 million of capital to our shareholders via our dividend program and share repurchases. We also grew organically this year with the OpenText Cloud delivering $1.82 billion in revenues, up 7% Y/Y. Further, the company remains well-positioned as a leader in Information Management with OpenText's Business Clouds, Business AI, and Business Technology.

Here is a summary of our Fiscal 2024 financial results:

- Total revenues of $5.8 billion, up 28.6% Y/Y
- Annual Recurring Revenues (ARR) of $4.5 billion, up 25.4% Y/Y
- Cloud revenues of $1.8 billion, up 7.1% Y/Y
- Operating cash flows of $968 million and free cash flows[(1)] of $808 million
- GAAP-based net income of $465 million, up 209.3% Y/Y, margin of 8.1%
- Adjusted EBITDA[(1)] of $2.0 billion, or 34.1%
- Delivered $267 million via dividends
- Repurchased $150 million of our shares for cancellation
- GAAP-based diluted earnings per share (EPS) of $1.71 or $4.17 of Non-GAAP diluted EPS[(1)]

In May 2024, OpenText completed the divestiture of our Application Modernization and Connectivity (AMC) Business to Rocket Software, Inc., a Bain Capital portfolio company, for $2.275 billion[(2)]. By completing the AMC divestiture and reducing our debt by $2 billion, we have significantly increased our capital flexibility.

We also invested in and launched our Business AI called OpenText Aviator™, and customers are beginning to use and appreciate the great potential of our Aviators™. Though it will take some time to realize, Business AI will add significant value for enterprise customers.

Overall, OpenText achieved significant milestones and navigated through a dynamic global landscape with resilience and strategic foresight.

In Fiscal 2024, we also refined and strengthened our leadership team. Let me congratulate Paul Duggan, who was promoted to President and Chief Customer Officer, responsible for all Renewals, Professional Services, and Customer Support. I am also delighted to welcome Todd Cione, President of Worldwide Sales, who joined in April 2024 and leads our global sales efforts. Madhu Ranganathan was promoted to President in addition to her role as CFO, responsible for Finance, Operations and Corporate Development.

In further personnel news, the OpenText Board of Directors remains committed to continuous board refreshment and advancement, as reflected in the following Board additions in Fiscal 2024 and in recent years:

- Annette Rippert, former Group Chief Executive – Strategy & Consulting from Accenture
- Goldy Hyder, President and CEO of the Business Council of Canada
- Ann Powell, former EVP, Global Chief Human Resource Officer for Bristol Myers Squibb
- Robert (Bob) Hau, CFO at Fiserv

Looking Ahead to Fiscal 2025

OpenText is ready for our next growth chapter. As we look to Fiscal 2025, we do so with great pride in what we've achieved, the momentum we've developed, and an understanding of the areas that need improvement. Post our AMC divestiture, it is clear that we have a massive margin opportunity in front of us, and we plan on capturing that opportunity in the medium term and expect to take a strong step in raising our margins in Fiscal 2025.

Our priorities for Fiscal 2025 are clear:

- organic growth, with the OpenText Cloud leading that growth;
- expanding our Adjusted EBITDA margin;
- increasing capital return via our share repurchases and dividends; and
- continuing our business momentum for an even stronger fiscal year 2026.

In support of these Fiscal 2025 priorities, the company intends to repurchase $300 million of our shares for cancellation, and we intend to raise our annualized dividend rate by 5%, from $1 a share to $1.05 a share. OpenText has a strong dividend track record of returning over $1.9 billion over the last decade.

We also strongly believe that Fiscal 2025 will be a key year for innovation as we plan to deliver our next generation autonomous cloud with Titanium X in the first half of calendar year 2025. Titanium X is a pivotal milestone for our customers to achieve Information Management, in the cloud, at scale.

In addition, customers will have a faster path to the next generation of our Business Clouds as our business continues to shift to Cloud consumption. Business AI / Aviator and Security will be embedded in all major aspects of our software.

To read more about our products, strategy, and exceptional leadership team, please visit opentext.com.

Corporate Citizenship

We encourage you to read our annual Corporate Citizenship Report, which reflects our commitment to all our stakeholders, including the communities in which we work and live. We are committed to delivering the greatest value and impact as we continue to chart the course for a sustainable, equitable, and inclusive future.

While some corporations are questioning their commitment to Diversity, Equity and Inclusion, OpenText is not. Our culture centers on performance, fairness, and being practical. We strive to unlock the voice and potential in each of our employees in the context of business. This is essential to be a top innovator, performer, and positive contributor to society.

The OpenText Zero-In Initiative is our guiding framework that encompasses our ESG commitments and is based on three basic pillars. First, Zero Barriers for our employees. Second, Zero Footprint of total net emissions by 2050, and a 50% reduction in emissions by 2030. And third, Zero Compromise, our foundational approach, rooted in our values and operational mindset, to achieve our Zero-In Initiative.

Customer Success

Customer success is at the heart of our business philosophy and success – and is a direct reflection of the value and trust between OpenText and our customers. We've helped many businesses and organizations transform their operations in Fiscal 2024 through our Business Clouds, Business AI, and Business Technology, and would like to highlight the following customer achievements in Fiscal 2024 who selected OpenText:

California Department of Employment Development is one of the largest state government departments, collecting the state's labor market information and employment data. They are leveraging our Developer Cloud.

Pick n Pay is a retailer that operates over 1,650 stores in seven countries across Africa. They are leveraging OpenText Aviator in ValueEdge.

MAN Energy Solutions is a German multinational organization that produces power plants, engines, and turbomachinery for marine and rail. They are leveraging our Content Cloud and Extended ECM for SAP.

Coop Danmark is a large Denmark consumer goods retailer. They are leveraging our Security Cloud.

Abbott Laboratories is one of the global leaders in innovation and science-based nutritional products. They are leveraging our Business Network Cloud.

Philips Healthcare enhances medical imaging systems' reliability and cost-effectiveness by transitioning from reactive to data-driven, proactive maintenance. They are leveraging our Business Technology.

Building Shareholder Value

We have a four-point strategy that is designed to build shareholder value through a relentless focus on execution. Let me summarize:

- **OpenText Business System:** This is how we work. An OpenText'er always puts customers first, innovates, cares about people, helps teams succeed, and strives for exceptional performance.
- **Accelerate Cloud Growth:** We continue to build cloud momentum with our Business Clouds, Business AI, and Business Technology, and our growth is evidenced by the continued strength with large, multi-year cloud contracts, and our growing cloud.
- **Powerful Margin and Free Cash Flows Generation:** The combination of margin expansion, greater technology enablement, elimination of integration expense, and a reduction in interest burden is the path to our FCF aspirations.
- **Disciplined Capital Allocation:** We introduced a framework that expands from our dividend program to now include share repurchases. In Fiscal 2024, we returned $417 million of capital and, in Fiscal 2025, we plan to return more than $570 million.

Thank You

As we embark on Fiscal 2025, we recognize our strong achievements as well as areas of improvement. Fiscal 2025 will be a year of focus, growth, operational improvements, and making strong progress in capturing the massive margin opportunity in front of us.

On behalf of OpenText, I extend my heartfelt gratitude to our dedicated employees, loyal customers, strategic partners, and shareholders for their support, trust, and confidence in OpenText.

May the one that brings peace – bring peace for all.



Mark J. Barrenechea
OpenText CEO & CTO

(1) Please see “Use of Non-GAAP Financial Measures” in the Notes below

(2) Before taxes, fees and adjustments

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this document, including statements about Open Text Corporation (“OpenText” or “the Company”) on growth, profitability and future of Information Management, including executing on strategic programs; cloud bookings, demand, scale and revenue growth; future organic growth initiatives and deployment of capital; innovation fueled by cloud, AI and security technologies; raising margin targets and executing on Fiscal 2025 plans; future revenues, operating expenses, margins, free cash flows, interest expense and capital expenditures; market share of our products; intention to maintain a dividend program, including any targeted annualized dividend; expected size and timing of the share repurchase plan, including execution thereof; execution of our business optimization plan; the expected impact of the divestiture of the AMC business; future tax rates; renewal rates; new platform and product offerings, including OpenText AI products; and associated benefits to customers; internal automation and AI leverage, including our AI strategy, vision and growth; strategy to build shareholder value; and other matters, which may contain words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “could”, “would”, “might”, “will” and variations of these words or similar expressions are intended to identify forward-looking statements or information under applicable securities laws (forward-looking statements). 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 statements, and are 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, such as certain assumptions about the economy, as well as market, financial and operational assumptions. Management's estimates, beliefs and assumptions, including statements regarding future targets and aspirations, are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change and are not considered guidance. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Future declarations of dividends are also subject to the final determination and discretion of the Board of Directors, and an annualized dividend has not been approved or declared by the Board. Forward-looking statements involve known and unknown risks and uncertainties such as those relating to: all statements regarding the expected future financial position, results of operations, revenues, expenses, margins, cash flows, dividends, share buybacks, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management, including any anticipated synergy benefits; incurring unanticipated costs, delays or difficulties, including as a result of the integration of Micro Focus, the divestiture of the AMC business or the execution of our business optimization plan; and our ability to develop, protect and maintain our intellectual property and proprietary technology and to operate without infringing on the proprietary rights of others. We rely on a combination of copyright, patent, trademark and trade secret laws, non-disclosure agreements and other contractual provisions to establish and maintain our proprietary rights, which are important to our success. From time to time, we may also enforce our intellectual property rights through litigation in line with our strategic and business objectives. The actual results that OpenText achieves may differ materially from any forward-looking statements. For additional information with respect to risks and other factors which could occur, see the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the Securities and Exchange Commission (SEC) and other securities regulators. 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. Further, readers 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, readers should monitor such channels in addition to our other forms of communication.

Notes

(1) All dollar amounts in this document are in U.S. Dollars unless otherwise indicated.

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

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

The Company does not acquire businesses on a predictable cycle, and therefore believes that the presentation of Non-GAAP measures, which in certain cases adjust for the impact of amortization of intangible assets and the related tax effects that are primarily related to acquisitions, will provide readers of financial statements with a more consistent basis for comparison across accounting periods and be more useful in helping readers understand the Company’s operating results and underlying operational trends. Additionally, the Company has engaged in various restructuring activities over the past several years, primarily due to acquisitions and in response to our return to office planning, that have resulted in costs associated with reductions in headcount, consolidation of leased facilities and related costs, all which are recorded under the Company’s “Special charges (recoveries)” caption on the 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.