OpenText Q1 F’25 Financial Results and F’25 Targets

October 31, 2024

NASDAQ: OTEX | TSX: OTEX

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This presentation contains forward-looking statements or information (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), Section 27A of the U.S. Securities Act of 1933, as amended, and other applicable securities laws of the United States and Canada, and is subject to the safe harbors created by those provisions. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. Certain statements in this presentation, including statements about Open Text Corporation ("OpenText" or "the Company") on growth, profitability and future of Information Management, including executing on strategic programs including stronger competitive advantage, accelerating cloud growth, driving margin expansion and executing the Company's capital allocation strategy, including expected return to shareholders; achieving Fiscal 2025 Financial Targets; level of performance through the fiscal year; cloud bookings, demand, scale and revenue growth; future organic growth initiatives and deployment of capital; innovation fueled by cloud, AI and security technologies; executing on targets and aspirations; future revenues, operating expenses, margins, free cash flows, interest expense and capital expenditures; market share of our products; innovation road map; 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; projected financial information; 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. In addition, certain non-GAAP forward-looking measures have not been reconciled to their corresponding GAAP measure due to the high variability and difficulty in making accurate forecasts and projections of such information.

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Company Overview

Fiscal 2024 Accomplishments

- Transformational customer wins including AI/Aviator™
- $5.77B in Total Revenues
  - +29% y/y growth
- $1.82B in Cloud Revenue
  - +7% y/y growth
- $1.97B in A-EBITDA(1)
  - +34% y/y growth
- $417M in Capital Returned to Shareholders
  - $267M Dividends
  - $150M Share Repurchases
- Micro Focus returned to organic growth
- AMC Divestiture completed
- Net Leverage at 2.9x(2)

Looking Ahead

- Extending our Information Management competitive advantage with Titanium X, Aviator, and Security
- F'25: 2% to 5% Cloud Revenue Growth
- Significant margin opportunity for A-EBITDA to reach high-30s:
  - F'25 A-EBITDA target margin range of 33% to 34%
  - F'26 A-EBITDA target margin range of 35% to 36%
  - F'27 A-EBITDA aspirations of 36% to 38%
- F'25: $570M+ in expected Return of Capital(3), +37% y/y
  - $300M share repurchase plan, +100% y/y
  - Increase annualized dividends per share from $1.00 to $1.05, estimated $270M+(4)

(1) Please refer to "Use of Non-GAAP Financial Measures" at the end of this presentation and "Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(2) As of June 30, 2024, the consolidated Net Leverage Ratio, as calculated using the bank covenant methodology, was 2.3x. Excluding the gain from the divestiture of the AMC business, the consolidated Net Leverage Ratio was 2.9x. As of March 31, 2024, the consolidated Net Leverage Ratio, as calculated using bank covenant methodology, was 3.8x.
(3) Return of capital defined as the total value of cash dividends paid and common shares repurchased in the period. Capital Allocation Strategy subject to change based on acquisition opportunities or other corporate purposes.
(4) Total value of cash dividends paid is based on estimated common shares outstanding at the end of each fiscal quarter.

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Q1 F’25 Financials

OpenText Reported

$ in millions except A-EPS	Q1 F’25	Q1 F’24	% change
Cloud Revenue	$457	$451	1.3%
ARR Revenue(1)	$1,053	$1,149	(8.4%)
Total Revenue	$1,269	$1,425	(11.0%)
A-EBITDA(2)	$444	$495	(10.3%)
Free Cash Flows(2)	($117)*	$10	
A-EPS(2)	$0.93	$1.01	(7.9%)
	Q1 F’25	Q1 F’24	% change
Enterprise Cloud Bookings(3)	$133	$121	10.3%
ARR % of Revenue(1)	83%	81%	
A-EBITDA % of Revenue(2)	35.0%	34.7%	
Cloud Net Renewal Rate(4)	94.0%		
Off-Cloud Net Renewal Rate(4)	91.0%		

*Inclusive of a one-time tax payment related to the AMC Divestiture.

OpenText ex-AMC

$ in millions	Q1 F’25	Q1 F’24	% change
Cloud Revenue	$457	$451	1.3%
ARR Revenue(1)	$1,053	$1,065	(1.1%)
Total Revenue	$1,269	$1,293	(1.8%)
ARR % of Revenue(1)	83%	82%	

(1) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(2) Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(3) Enterprise cloud bookings is the total value from cloud services and subscription contracts entered into in the fiscal year that are new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
(4) Net Renewal Rate excludes Carbonite and Zix. The Net Renewal Rate includes changes in renewed contract values driven by volume and consumption and excludes the impacts from shifts from off-cloud to cloud.

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Q1 F’25 Customer Wins

Analytics	Application Automation	Business Network	Cybersecurity	Content	IT Operations Management	IT Operations Management
Beyond ONE has acquired Virgin Mobile Middle East and Africa, the mobile virtual network operator with operations in the UAE, Saudi Arabia, Oman and Kuwait. The latter operates under the Virgin Mobile and Friendi Mobile brands.	Alaska Airlines is a major American airline, headquartered in SeaTac, Washington. It is the sixth-largest airline in North America when measured by scheduled passengers carried, as of 2023.	Nippon Gases Deutschland, the German business unit of Nippon Sanso Holdings Corporation (NSHD) an industrial and medical gases company.	CHT Security, a subsidiary of Taiwan’s leading telecommunications provider, provides robust cybersecurity solutions to households, small and medium enterprises, and large enterprises and government institutions.	EMA protects public and animal health in EU Member States, as well as the countries of the European Economic Area, by ensuring that all medicines available on the EU market are safe, effective and of high quality.	Linde plc is a global leader in industrial gases and engineering, providing clean energy solutions, such as hydrogen production and carbon capture, while focusing on sustainability and reducing emissions.	DICK’S Sporting Goods is a leading omnichannel retailer serving athletes and outdoor enthusiasts in more than 850 DICK'S Sporting Goods, Golf Galaxy, Public Lands, Going Going Gone! and Warehouse Sale stores, online, and through the DICK'S mobile app.
Products						
Vertica Analytics	LoadRunner Enterprise	Business Network Cloud Enterprise & E-invoicing	ArcSight	Documentum	UCMDB, Universal Discovery, Aviator & SMAX on SaaS	UCMDB & Universal Discovery
Solutions						
Beyond One planned to extend the coverage to their group entities, hence decided to purchase 200TB capacity licenses. Beyond One group is now expanding to the Data Lake, deploying Vertica Analytics Solution on top of their object store VAST.	Alaska Airlines had expanded the use of LoadRunner Enterprise for a new project. They have easily adopted the product and have reported the additional purchase is exactly what they needed to move forward on performance testing for the new applications.	The collaboration will leverage OpenText’s cutting-edge cloud solutions, including Active Invoices with Compliance, to streamline and ensure compliance with Germany's complex e-invoicing regulations.	The scalability of ArcSight, combined with its ability to integrate seamlessly with existing ecosystems, supports the design and enforcement of sophisticated cross-device correlation rules to monitor dynamic attack vectors.	The new solution will increase productivity and minimize the ICT cost of maintaining the solution for EMA staff.	Linde is transitioning from on-premise to Cloud, adopting SMAX on SaaS to leverage enhanced scalability, flexibility, and operational efficiency. By integrating Aviator’s AI and automation capabilities, this shift not only reduces infrastructure costs and reliance on internal IT but also enables faster innovation and smarter decision-making.	The company faced challenges with fragmented IT asset visibility across multiple locations. The solution provides: Real-time insights into the infrastructure, enhanced operational efficiency by improving accuracy in asset discovery and tracking, and reduced manual effort and ensured better compliance and cost management.

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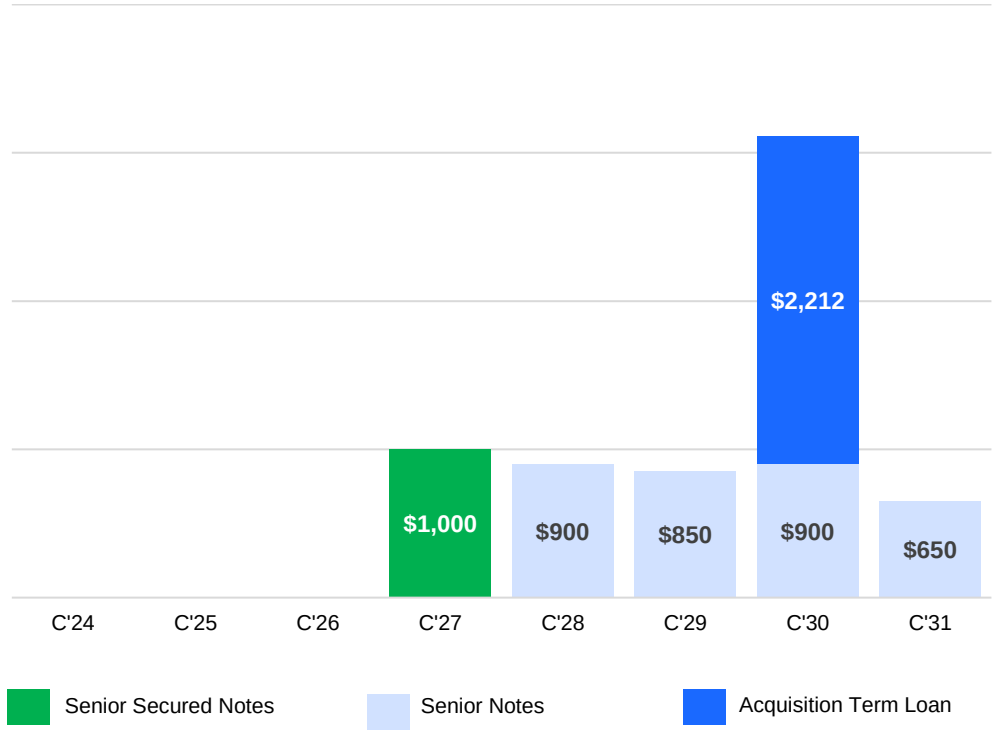
Cash Flows and Debt Maturity Profile

As of September 30, 2024

Cash (USD$M)	
Total Cash	$1,000
TTM Q1 F'25 (USD$M)	
Operating Cash Flows	$843
Cap Ex Investments	$161
Free Cash Flows[1]	$682*
Principal Payments	$2,391
Dividend Payments	$269
Share Repurchases	$235

OpenText Debt Maturity (USD$M)



Additional Metrics	
Principal Outstanding	$6.5B
Total Fixed Debt	66%
Weighted Average Interest Rate	5.6%
Annualized Interest Cost[2]	~$366M
Consolidated Net Leverage Ratio[3]	3.1x

*Inclusive of one-time tax payment related to the AMC Divestiture.

(1) Please refer to "Use of Non-GAAP Financial Measures" at the end of this presentation and "Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(2) Estimates based on the repayment of debt as outlined in this presentation and a SOFR rate assumption as of report date.
(3) As of September 30, 2024, the consolidated Net Leverage Ratio, as calculated using the bank covenant methodology, was 2.5x. Excluding the gain from the divestiture of the AMC business, the consolidated Net Leverage Ratio was 3.1x. As of June 30, 2024, the consolidated Net Leverage Ratio, as calculated using bank covenant methodology, was 2.3x.

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Outlook



Looking Ahead

Deliver Growth Programs

Extending our Information Management competitive advantage with Titanium X, Aviator™ and Security

Accelerate Cloud
- Business Clouds: SaaS and Private
- Business AI: Aviator™ and Earn Your Wings
- Business Technology: Security and IOT

Expand Market Coverage
- Strategic Partnerships
- SMB
- Key Industries
- Geographic Opportunities

Execute to Margin & FCF Opportunity

Opportunity
- Improve Cloud Gross Margin with continued scale
- Business Optimization: right talent / right location
- Internal Automation / AI leverage

Targets and Aspirations(1)
- F'25 A-EBITDA target margin range of 33% to 34%
- F'26 A-EBITDA target margin range of 35% to 36%
- F'27 aspirations range of:
  - A-EBITDA: 36% to 38%
  - FCF: $1.2B to $1.3B

Strong Capital Return

- F'25: $570M+ in expected capital return(2), +37% y/y
  - $300M share repurchase plan, +100% y/y
  - Increase annualized dividends per share from $1.00 to $1.05, estimated $270M+(3)

(1) Please refer to "Use of Non-GAAP Financial Measures" at the end of this presentation and "Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(2) Return of capital defined as the total value of cash dividends paid and common shares repurchased in the period. Capital Allocation Strategy subject to change based on acquisition opportunities or other corporate purposes.
(3) Total value of cash dividends paid is based on estimated common shares outstanding at the end of each fiscal quarter.

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Q2 F’25 Quarterly Factors

Externalities

- Macroeconomic
- Geopolitical
- Elections

Company Specific

Expect Q2 Revenues:

- Total revenues of $1,290M to $1,340M
- ARR(1) of $1,025M to $1,055M
- Year-over-year comparable impacted by the divestiture of AMC and grants of certain IP rights in F’24

Expect Q2 A-EBITDA(2):

- Margin of 34% to 35%

With FX impact:

- FX tailwind of ~$10M on Revenue, ~$5M on A-EBITDA

We manage our business annually and quarters will vary

(1) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(2) Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.

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F’25 Targets[1]

Primary Metrics	F’24 As Reported	F’24 As Reported ex-AMC	F’25 Targets
Cloud Revenue	$1.82B	$1.82B	$1.85B to $1.90B
Annual Recurring Revenue[2]	$4.53B	$4.25B	$4.25B to $4.30B
Total Revenue[3]	$5.77B	$5.33B	$5.3B to $5.4B
A-EBITDA Margin %[4]	34.1%		33% to 34%
Free Cash Flows[4]	$808M		$575M to $625M
Dividends[5]	$267M		$270M+
Share Buyback	$150M		$300M

Key Highlights

- **Cloud Revenue Growth**:
  - 2% to 5%
- **Total Revenue Growth ex-AMC:**
  - Constant to 1%
- **Free Cash Flows[4] Growth:**
  - Inclusive of one-time tax payment related to the AMC Divestiture
- **Strong Return of Capital[6]:**
  - Highest in company history

(1) Projected as of October 31, 2024. This model is not guidance.
(2) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(3) Impact of foreign exchange is expected to be immaterial.
(4) Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(5) Total value of cash dividends paid is based on estimated common shares outstanding at the end of each fiscal quarter.
(6) Return of capital defined as the total value of cash dividends paid and common shares repurchased in the period. Capital Allocation Strategy subject to change based on acquisition opportunities or other corporate purposes.

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F’25 Supporting Metrics[1]

Additional Metrics	F’24 as Reported	F’25 Targets[1]
Enterprise Cloud Bookings[2]	$701M / 33% Growth	25% Growth
Gross Margin[3]	77.3%	76% to 77%
R&D[3]	14.3%	14% to 16%
Sales & Marketing[3]	19.4%	18% to 20%
General & Administrative[3]	9.5%	7% to 9%
Depreciation	2.3%	2% to 3%
Total Operating Expense[3]	45.4%	46% to 47%
Net Interest Expense & Other	$516M	$370M to $390M
Capital Expenditures	$159M	$140M to $160M
Adjusted Tax Rate[4]	14%	Mid-20s
Year-End Share Count[5]	269M	263M to 265M

- **Bookings** drive Cloud revenue growth
- **Renewal rate** improvement driven by product innovation and best practices
- **Continued investments** at global scale:
  - Innovation
  - Go-to-market
- **G&A Efficiency**
- **Net Interest** expense reflects $2B de-lever during F’24

(1) Projected as of October 31, 2024. This model is not guidance.
(2) Enterprise cloud bookings is the total value from cloud services and subscription contracts entered into in the fiscal year that are new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
(3) Non-GAAP data. Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures” included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(4) Please refer to historical filings, including our Forms 10-K and 10-Q, regarding the company’s adjusted tax rate.
(5) Represents shares outstanding (estimated for F’25) at the end of the fiscal year including the expected effect of calculated dilutive securities. See our Annual Report on Form 10-K for the year-ended June 30, 2024, Footnote 24, “Effect of dilutive securities”.

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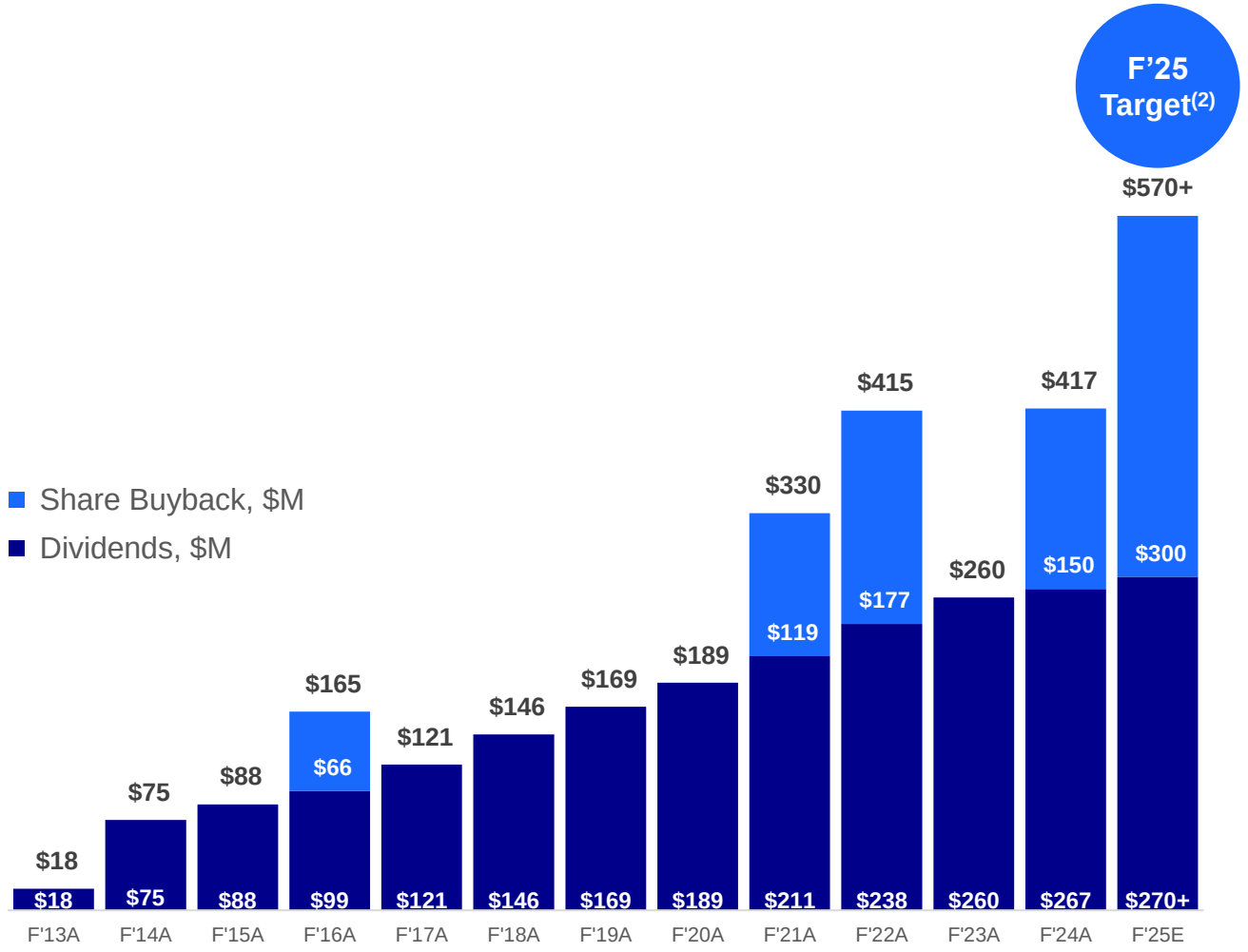
Return of Capital[(1)] - Track Record and F'25 Targets



F'25 Target

- **$570M+ in expected capital return[(1)]**
  - Record year of capital return
  - 37% y/y growth
  - Expect share buyback to exceed value of dividends for first time
- **In Q1 F'25:**
  - $69M Dividends
  - $85M Common shares repurchased

(1) Return of capital defined as the total value of cash dividends paid and common shares repurchased in the period. Capital Allocation Strategy subject to change based on acquisition opportunities or other corporate purposes. Total value of cash dividends paid is based on estimated common shares outstanding at the end of each fiscal quarter.
(2) In F'25, targeting dividends and share buybacks at rate of over 90% of TTM Free Cash Flows.

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F’27 Aspirations[1]

F’27 Aspirations	
Cloud Services and Subscriptions growth	7% to 9%
Total Organic Revenue[2] growth	2% to 4%
Total Revenue	$5.7B to $5.9B
A-EBITDA Margin %[3]	36% to 38%
Free Cash Flows[3]	$1.2B to $1.3B
Supporting Metrics	
Enterprise Cloud Bookings[4] growth	20%+
Annual Recurring Revenues[5]	80%
Adjusted Tax Rate[6]	Low-to-mid 20s

(1) Aspirations as of October 31, 2024. This model is not guidance.
(2) Organic revenue growth is calculated by removing the revenue contribution from newly acquired companies for the first-year post acquisition and excludes the contribution of divested companies in the prior period for one year preceding divestiture.
(3) Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(4) Enterprise cloud bookings is the total value from cloud services and subscription contracts entered into in the fiscal year that are new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
(5) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(6) Please refer to historical filings, including our Forms 10-K and 10-Q, regarding the company’s adjusted tax rate.

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F’24 Financials

OpenText Reported

$ in millions except A-EPS	F’24	F’23	% change
Cloud Revenue	$1,821	$1,700	7%
ARR Revenue(1)	$4,534	$3,615	25%
Total Revenue	$5,770	$4,485	29%
A-EBITDA(2)	$1,970	$1,473	34%
Free Cash Flows(2)	$808	$655	23%
A-EPS(2)	$4.17	$3.29	27%
Enterprise Cloud Bookings(3)	$701	$528	33%
ARR % of Revenue(1)	79%	81%	
A-EBITDA % of Revenue(2)	34.1%	32.8%	
Cloud Renewal Rate(4)	92%	94%	
Off-Cloud Renewal Rate(4)	95%	95%	

OpenText ex-AMC

$ in millions	F’24	F’23	% change
Cloud Revenue	$1,821	$1,700	7%
ARR Revenue(1)	$4,250	$3,461	23%
Total Revenue	$5,330	$4,260	25%
ARR % of Revenue(1)	80%	81%	

(1) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(2) Please refer to “Use of Non-GAAP Financial Measures” at the end of this presentation and “Reconciliation of selected GAAP-based measures to Non-GAAP-based measures" included within our current and historical filings on Forms 10-Q, 10-K and 8-K.
(3) Enterprise cloud bookings is the total value from cloud services and subscription contracts entered into in the fiscal year that are new, committed and incremental to our existing contracts, entered into with our enterprise-based customers.
(4) Renewal rate excludes Carbonite, Zix and Micro Focus.

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F’24 Annual Metrics

Organic Growth[1]

y/y % change

As Reported	F’24	F’23
Cloud	1.7%	1.5%
ARR[2]	0.6%	(0.8%)
Total	0.8%	(2.0%)
In CC[3]		
Cloud	1.5%	3.9%
ARR[2]	0.1%	2.3%
Total	0.3%	1.2%

F’24 Total Revenue

Information Management	% of Total Revenue
Content Management	40%
Cybersecurity	20%
Business Network	10%
IT Operations Management (ITOM)	10%
Application Automation[4]	15%
Analytics	5%
Total Revenue	$5.77B

(1) Organic revenue growth is calculated by removing the revenue contribution from newly acquired companies for the first-year post acquisition and excludes the contribution of divested companies in the prior period for one-year preceding divestiture.
(2) Annual Recurring Revenues (ARR) is defined as the sum of cloud services and subscriptions revenues and customer support revenues.
(3) Constant currency is defined as the current period reported revenues represented at the prior comparative period’s foreign exchange rate.
(4) The Application Automation Cloud included our AMC business prior to the AMC Divestiture on May 1, 2024. During Fiscal 2024, the AMC business comprised approximately 45% of the Application Automation Cloud.

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OpenText ex-AMC[(1),(2)]

$ in millions	F'24 Actual					F'23 Actual				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Cloud	451	450	455	465	1,821	405	409	435	452	1,700
Customer Support	614	612	606	599	2,430	311	310	518	622	1,760
License	129	248	158	161	696	60	105	117	195	477
Professional Services	99	94	95	95	384	67	64	90	100	322
Total Revenue	1,293	1,404	1,314	1,320	5,330	843	888	1,161	1,368	4,260

(1) For more information, please see, "Divestiture of AMC Business" discussion included as part of "Results of Operations" included in the company's Form 10-K for the year ended June 30, 2024.
(2) Individual line items in tables may be adjusted by non-material amounts to enable totals to align to published financial statements.

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Appendix A

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. Reconciliations of Non-GAAP financial measures for future periods are not provided as the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliations.

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.

See historical filings, including the Company’s Annual Reports on Form 10-K, for reconciliations of certain Non-GAAP measures to GAAP measures. The following charts provide unaudited reconciliations of U.S. GAAP-based financial measures to Non-GAAP-based financial measures for the following periods presented. Information reconciling certain forward-looking GAAP measures to Non-GAAP measures related to F'24 targets and F'26 aspirations, including adjusted EBITDA is not available without unreasonable effort due to high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations.

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Summary of Quarterly Results with Constant Currency

(In millions U.S. dollars, except per share data)	Q1 FY'25	Q1 FY'24	$ Change	% Change	Q1 FY'25 in CC*	% Change in CC*
Revenues:						
Cloud services and subscriptions	$457.0	$451.0	$6.0	1.3 %	$458.7	1.7 %
Customer support	595.5	697.7	(102.2)	(14.7) %	598.0	(14.3) %
Total annual recurring revenues**	**$1,052.5**	**$1,148.7**	**$(96.2)**	**(8.4) %**	**$1,056.7**	**(8.0) %**
License	125.8	173.0	(47.2)	(27.3) %	125.9	(27.2) %
Professional service and other	90.7	103.7	(13.0)	(12.5) %	90.7	(12.5) %
Total revenues	**$1,269.0**	**$1,425.4**	**$(156.4)**	**(11.0) %**	**$1,273.2**	**(10.7) %**
GAAP-based operating income	$206.2	$212.9	($6.7)	(3.1) %	N/A	N/A
Non-GAAP-based operating income [(1)]	$411.7	$460.8	($49.1)	(10.7) %	$410.2	(11.0) %
GAAP-based net income, attributable to OpenText	$84.4	$80.9	$3.5	4.3 %	N/A	N/A
GAAP-based EPS, diluted	$0.32	$0.30	$0.02	6.7 %	N/A	N/A
Non-GAAP-based EPS, diluted [(1)] [(2)]	$0.93	$1.01	($0.08)	(7.9) %	$0.93	(7.9) %
Adjusted EBITDA [(1)]	$443.8	$494.8	($51.0)	(10.3) %	$442.3	(10.6) %
Operating cash flows	($77.8)	$47.1	($124.9)	(265.1) %	N/A	N/A
Free cash flows [(1)]	$(117.1)	$9.6	($126.7)	(1,322.3) %	N/A	N/A

[(1)] See reconciliation of GAAP-based measures to Non-GAAP-based measures at the end of this presentation.
[(2)] For periods prior to Fiscal 2025, this is reflective of the amount of net tax benefit arising from the internal reorganization assumed to be allocable to the period based on the forecasted utilization period. Please also see Note 14 to the Company's Fiscal 2018 Consolidated Financial Statements on Form 10-K.

Note: Individual line items in table may be adjusted by non-material amounts to enable totals to align to published financial statements.
*CC: Constant Currency for this purpose is defined as the current period reported revenues/expenses/earnings represented at the prior comparative period's foreign exchange rate.
** Annual recurring revenue is defined as the sum of Cloud services and subscriptions revenue and Customer support revenue.

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Reconciliation of Selected Non-GAAP Measures | Q1 FY'25

(In '000's U.S. dollars, except per share data)	Three Months Ended September 30, 2024					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non-GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 175,257		$ (2,186)	(1)	$ 173,071	
Customer support	62,574		(1,342)	(1)	61,232	
Professional service and other	66,915		(1,314)	(1)	65,601	
Amortization of acquired technology-based intangible assets	47,244		(47,244)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	910,358	71.7%	52,086	(3)	962,444	75.8%
Operating expenses						
Research and development	190,693		(8,167)	(1)	182,526	
Sales and marketing	245,882		(9,315)	(1)	236,567	
General and administrative	106,730		(7,234)	(1)	99,496	
Amortization of acquired customer-based intangible assets	81,504		(81,504)	(2)	—	
Special charges (recoveries)	47,136		(47,136)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	206,242		205,442	(5)	411,684	
Other income (expense), net	(35,655)		35,655	(6)	—	
Provision for income taxes	1,883		76,693	(7)	78,576	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	84,368		164,404	(8)	248,772	
GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.32		$ 0.61	(8)	$ 0.93	

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Reconciliation of Selected Non-GAAP Measures | Q1 FY'25

FOOTNOTES

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.

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

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

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

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Reconciliation of Selected Non-GAAP Measures | Q1 FY'24

(In '000's U.S. dollars, except per share data)	Three Months Ended September 30, 2023					
	GAAP	GAAP % of Total Revenue	Adjustments	FN	Non-GAAP	Non-GAAP % of Total Revenue
COST OF REVENUES						
Cloud services and subscriptions	$ 171,412		$ (2,991)	(1)	$ 168,421	
Customer support	75,014		(1,058)	(1)	73,956	
Professional service and other	79,922		(1,882)	(1)	78,040	
Amortization of acquired technology-based intangible assets	76,824		(76,824)	(2)	—	
GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)	1,018,418	71.4%	82,755	(3)	1,101,173	77.3%
Operating expenses						
Research and development	226,231		(11,734)	(1)	214,497	
Sales and marketing	280,007		(11,807)	(1)	268,200	
General and administrative	131,211		(7,623)	(1)	123,588	
Amortization of acquired customer-based intangible assets	120,192		(120,192)	(2)	—	
Special charges (recoveries)	13,794		(13,794)	(4)	—	
GAAP-based income from operations / Non-GAAP-based income from operations	212,892		247,905	(5)	460,797	
Other income (expense), net	20,170		(20,170)	(6)	—	
Provision for income taxes	10,352		34,313	(7)	44,665	
GAAP-based net income / Non-GAAP-based net income, attributable to OpenText	80,901		193,422	(8)	274,323	
GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText	$ 0.30		$ 0.71	(8)	$ 1.01	

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Reconciliation of Selected Non-GAAP Measures | Q1 FY'24

FOOTNOTES

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.
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.
7	Adjustment relates to differences between the GAAP-based tax provision rate of approximately 11% 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 adjusted 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 September 30, 2023	
		Per share diluted
GAAP-based net income, attributable to OpenText	$ 80,901	$ 0.30
Add:		
Amortization	197,016	0.72
Share-based compensation	37,095	0.14
Special charges (recoveries)	13,794	0.05
Other (income) expense, net	(20,170)	(0.08)
GAAP-based provision for income taxes	10,352	0.04
Non-GAAP-based provision for income taxes	(44,665)	(0.16)
Non-GAAP-based net income, attributable to OpenText	$ 274,323	$ 1.01

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Reconciliation of Adjusted EBITDA and Free Cash Flows

(In '000's U.S. dollars)	Q1 FY'25	Q1 FY'24
GAAP-based net income, attributable to OpenText	$ 84,368	$ 80,901
Add:		
Provision for income taxes	1,883	10,352
Interest and other related expense, net	84,282	141,764
Amortization of acquired technology-based intangible assets	47,244	76,824
Amortization of acquired customer-based intangible assets	81,504	120,192
Depreciation	32,171	34,091
Share-based compensation	29,558	37,095
Special charges (recoveries)	47,136	13,794
Other (income) expense, net	35,655	(20,170)
Adjusted EBITDA	$ 443,801	$ 494,843
Total revenue	$ 1,269,005	$ 1,425,429
GAAP-based net income margin	6.6%	5.7%
Adjusted EBITDA margin (% of total revenue)	35.0%	34.7%

(In '000's U.S. dollars)	Q1 FY'25	Q1 FY'24
GAAP-based cash flows provided by operating activities	$ (77,806)	$ 47,121
Add:		
Capital expenditures [1]	(39,316)	(37,539)
Free cash flows	$ (117,122)	$ 9,582

[1] Defined as "Additions of property and equipment" in the Consolidated Statements of Cash Flows.

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Reconciliation of Adjusted EBITDA and Free Cash Flows

(In '000's U.S. dollars)	FY'15	FY'16	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
Adjusted EBITDA										
GAAP-based net income, attributable to OpenText	$ 234,327	$ 284,477	$ 1,025,659	$ 242,224	$ 285,501	$ 234,225	$ 310,672	$ 397,090	$ 150,379	$ 465,090
Add:										
Provision for (recovery of) income taxes	31,638	6,282	(776,364)	143,826	154,937	110,837	339,906	118,752	70,767	264,012
Interest and other related expense, net	54,620	76,363	120,892	138,540	136,592	146,378	151,567	157,880	329,428	516,180
Amortization of acquired technology-based intangible assets	81,002	74,238	130,556	185,868	183,385	205,717	218,796	198,607	223,184	243,922
Amortization of acquired customer-based intangible assets	108,239	113,201	150,842	184,118	189,827	219,559	216,544	217,105	326,406	432,404
Depreciation	50,906	54,929	64,318	86,943	97,716	89,458	85,265	88,241	107,761	131,599
Share-based compensation	22,047	25,978	30,507	27,594	26,770	29,532	51,969	69,556	130,302	140,079
Special charges (recoveries)	12,823	34,846	63,618	29,211	35,719	100,428	1,748	46,873	169,159	135,305
Other (income) expense, net	28,047	1,423	(15,743)	(17,973)	(10,156)	11,946	(61,434)	(29,118)	(34,469)	(358,391)
Adjusted EBITDA	$ 623,649	$ 671,737	$ 794,285	$ 1,020,351	$ 1,100,291	$ 1,148,080	$ 1,315,033	$ 1,264,986	$ 1,472,917	$ 1,970,200
Total revenue	$ 1,851,917	$ 1,824,228	$ 2,291,057	$ 2,815,241	$ 2,868,755	$ 3,109,736	$ 3,386,115	$ 3,493,844	$ 4,484,980	$ 5,769,577
GAAP-based net income margin	12.7%	15.6%	44.8%	8.6%	10.0%	7.5%	9.2%	11.4%	3.4%	8.1%
Adjusted EBITDA margin (% of total revenue)	33.7%	36.8%	34.7%	36.2%	38.4%	36.9%	38.8%	36.2%	32.8%	34.1%
Free Cash Flows										
GAAP-based cash flows provided by operating activities [1]	$ 522,055	$ 523,663	$ 440,353	$ 708,081	$ 876,278	$ 954,536	$ 876,120	$ 981,810	$ 779,205	$ 967,691
Add:										
Capital expenditures [2]	(77,046)	(70,009)	(79,592)	(105,318)	(63,837)	(72,709)	(63,675)	(93,109)	(123,832)	(159,295)
Free cash flows	$ 445,009	$ 453,654	$ 360,761	$ 602,763	$ 812,441	$ 881,827	$ 812,445	$ 888,701	$ 655,373	$ 808,396

[1] Effective July 1, 2018, we adopted ASU No. 2016-18 using the retrospective method. Fiscal years 2015-2020 have been adjusted retrospectively to conform to current period presentation.

[2] Defined as "Additions of property & equipment" in the Consolidated Statements of Cash Flows.

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