

OPEN TEXT A/S

ANNUAL REPORT

For the financial statement period 1 July 2020 - 30 June 2021

17. FINANCIAL YEAR

Cvr. No 27 25 65 97

Place of business: Copenhagen, Denmark

Business address: c/o Bech-Bruun

Langelinie Allé 35

2100 Copenhagen Ø

**The annual report was presented and adopted at the
Company's annual general meeting**

on November 9, 2021

chairman Madhu Ranganathan

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COMPANY DETAILS

The Company

Open Text A/S
c/o Bech-Bruun
Langelinie Allé 35
2100 Copenhagen Ø

Website : www.opentext.com
Email: denmark-office@opentext.com
CRV-nr.: 27 25 65 97
Established 24. June 2003
Registered Office: København, Denmark
Financial Year: 1. July 2020 - 30. June 2021

Board of Directors

Madhu Ranganathan (chairman)
Gordon Davies
Christian Waida

Executive Board

Christian Waida

Auditor

KPMG P/S
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK- 2100 Copenhagen
Denmark

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Open Text A/S for the financial year 1 July 2020 - 30 June 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2021 and of the results of the Company's operations for the financial year 1 July 2020 – 30 June 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, November 9, 2021

Executive Board:

Christian Waida

Board of Directors:

Madhu Ranganathan
(*chairman*)

Gordon Davies

Christian Waida

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Open Text A/S

Opinion

We have audited the financial statements of Open Text A/S for the financial year 1 July 2020 – 30 June 2021, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2021 and of the results of the Company's operations for the financial year 1 July 2020 – 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility of the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists.

Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Auditor's responsibility of the audit of the financial statements *(continued)*

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 9 November 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-nr. 25 57 81 98

Jesper Bo Pedersen
State Authorised
Public Accountant
mne42778

MANAGEMENT'S REVIEW

Principal activities

The purpose of the Company is to develop, distribute and maintain computer software of any nature and to provide consulting assistance in this connection, and to train, purchase, sell and/or manage trademarks, patents, licenses, hardware and other intangible assets on behalf of the Company or a third party, and to arrange for financing and guarantees for affiliated companies and third parties, purchase, manage and sell real property and related activities.

Development in activities and financial information

The result for the year shows a profit of DKK 1,618,683. The result for the year is considered satisfactory.

COVID-19 has significantly impacted the global economy and has adversely impacted and may continue to adversely impact our operational and financial performance. The extent of the adverse impact of the pandemic on the global economy and markets include actual and potential risks and uncertainties relating to the ultimate spread of COVID-19, the severity and duration of the COVID-19 pandemic, and issues relating to the resurgence of COVID-19 and/or new strains of COVID-19.

Revenues increased comparing 2020/21 to 2019/20 as some customers deferred their software purchases as a remedy to COVID-19 in the final quarter in 2019/20. This year the Company saw a rise of external sales and net profit indicating that the pandemic might be behind us. Regardless, we will continue to conduct business with substantial modifications to employee travel and work locations and virtualization of sales and marketing events, which we expect to remain in place throughout calendar year 2021, along with substantially modified interactions with customers and suppliers. We will continue to monitor the impact of the COVID-19 pandemic on all aspects of our business and geographies, including customer purchasing decisions, and may take further actions that alter our business operations as may be required by governments, or that we determine are in the best interest of our employees, customers, partners, suppliers, and shareholders.

The Company's management has implemented and will continue to implement actions to maximize liquidity and reduce costs to ensure sustainability.

Particular risks

The Company is exposed to foreign exchange fluctuations as it trades with customers, vendors, and group companies in foreign currencies. The Company mitigates this risk by settling outstanding balances in foreign currencies, applying the Company's credit policy, and minimizing payment terms.

Events subsequent to the financial year

No events have occurred after the balance sheet date that would influence the evaluation of the Annual Report.

MANAGEMENT'S REVIEW *(continued)*

Financial highlights

DKKt	2020/21	2019/20	2018/19	2017/18	2016/17
Gross profit/loss	13,055	11,358	11,753	11,129	8,717
Ordinary operating profit/loss	3,052	3,192	1,529	2,713	1,780
Profit/loss from financial income and expenses	2,285	1,870	177	4,192	2,217
Profit/loss for the year	1,619	1,212	(705)	3,039	1,657
Total assets	65,668	64,713	102,848	160,839	127,930
Investments in property, plant and equipment	-	105	-	-	-
Equity	13,228	11,610	39,397	40,057	37,018
Operating margin	3.51	4.31	1.66	3.05	3.16
Return on invested capital	16.04	12.52	3.85	7.04	4.91
Current ratio	120.09	114.95	153.71	127.33	131.69
Return on equity	23.07	27.50	3.88	6.77	4.48
Solvency ratio	20.14	17.94	38.31	24.91	28.94

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Operating Margin	$\frac{\text{Operating Profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating Profit} \times 100}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Return on equity	$\frac{\text{Profit from ordinary activities} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. Non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

ACCOUNTING POLICIES

The annual report of Open Text A/S for 2020/21 has been prepared in accordance with the provisions applying to reporting class b entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

Changes in the accounting policies

The Company has changed from class C-medium to class B, since the Company fulfil the requirements for small companies.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The financial statements are presented in Danish kroner (DKK).

In accordance with section 32 of the Danish Financial Statements Act, the Company has chosen to solely present the gross profit.

General about recognition or measurement

Income is recognized in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortization and write-down, are also recognized in the income statement.

Assets are recognized in the balance sheet when it is likely that future economic benefits will accrue to the Company and the value of the asset can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following.

Certain financial assets and liabilities are measured at amortized cost, recognizing a constant yield to maturity. Amortized cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortization on the difference between cost and nominal amount.

The recognition or measurement takes into account predictable losses and risks arising before the year-end reporting and which confirm or disconfirm matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortization or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

ACCOUNTING POLICIES *(continued)*

INCOME STATEMENT

Gross profit

Net revenue

In accordance with IFRS 15, a customer contract is accounted for when written approval has been obtained, the contract is committed, the rights of the parties, including the payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Revenue is recognized when, or as, control of a promised product or service is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for our products and services (at its transaction price). Estimates of variable consideration and the determination of whether to include estimated amounts in the transaction price are based on readily available information, which may include historical, current and forecasted information, taking into consideration the type of customer, the type of transaction and specific facts and circumstances of each arrangement. We report revenue net of any revenue-based taxes assessed by government authorities that are imposed on and concurrent with specific revenue producing transactions

Cost of sales

Cost of sales consists of costs rendered in order to generate revenue for the year and primarily comprise consultancy fees, license costs and royalty charges.

Other operating costs

Other operating costs comprise items secondary to the Company's activities, including administration costs, services and IC charges and consultancy fees etc.

Personnel costs

Personnel costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses are recognized in the income statement by the amounts that relate to the financial year. Financial income and expenses include interest income and expenses, realized and unrealized gains and losses arising from current investments, debt and transactions in foreign currencies etc.

Tax of result for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in the income statement by the portion that can be attributed to the profit for the year, and is recognized directly in the equity by the portion that can be attributed to entries directly to the equity.

Intangible fixed assets

When acquiring new activities, the purchase method is applied under which assets and liabilities are measured at fair value at the date of acquisition. Positive differences (goodwill) between cost and the fair value of assets and liabilities acquired, including restructuring provisions, are recognized as intangible assets and amortised systematically in the income statement on an individual assessment of the useful life, determined on the basis of Management's experience within the individual business areas. The amortisation period is 10 years based on the Company's expectations of the life of the asset.

ACCOUNTING POLICIES *(continued)*

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overhead and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight line basis over the estimated useful life. The estimated useful lives are as follows:

	Useful life
Computer equipment	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of tangible fixed assets are stated as the difference between the selling price, less selling costs, and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Minor acquisitions are recognised as costs in the income statement in the acquisition year.

Accounts receivable

Accounts receivable are measured at amortized cost. The value is reduced by write-down to meet expected losses.

Prepayments

Prepayments recognized as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognized in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured in accordance with the balance sheet liability method on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallize as current tax. The tax rate applied for the current year is 22%.

ACCOUNTING POLICIES *(continued)*

Liabilities

Other liabilities are measured at amortized cost equal to nominal value.

Prepayments from customers

Prepayments from customers comprise primarily service and maintenance contracts which are recognized as services are delivered.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense. If foreign exchange positions are considered to hedge future cash flows, the exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are measured at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognized in the income statement as financial income or expenses.

Dividend distribution

Dividends are recognised as a liability in the period in which they are adopted at the Annual General Meeting.

INCOME STATEMENT 1 JULY - 30 JUNE

	Notes	2020/21 DKK	2019/20 DKK
		<u> </u>	<u> </u>
GROSS PROFIT		13.054.547	11.357.716
Personnel costs	1	(9.272.508)	(7.463.101)
Amortization, depreciation and impairment	2, 3	<u>(729.815)</u>	<u>(702.203)</u>
OPERATING PROFIT		3.052.224	3.192.412
Financial income	4	493.904	106.769
Financial expenses	5	<u>(1.260.746)</u>	<u>(1.429.575)</u>
PROFIT BEFORE TAX		2.285.382	1.869.606
Tax of results for the year	6	<u>(666.699)</u>	<u>(657.410)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>1.618.683</u>	<u>1.212.196</u>
PROPOSED DISTRIBUTION OF LOSS/PROFIT			
Accumulated profit		1.618.683	1.212.196
TOTAL		1.618.683	1.212.196

BALANCE SHEET 30 JUNE

ASSETS	Notes	2020/21 DKK	2019/20 DKK
Goodwill	2	3,929,310	4,623,961
Intangible fixed assets		3,929,310	4,623,961
Capital assets	3	62,777	97,942
Tangible fixed assets		62,777	97,942
FIXED ASSETS		3,992,087	4,721,903
Trade receivables		8,843,556	15,640,308
Amounts owed by associated companies		7,339,927	18,036,764
Other receivables		-	2,321
Deferred tax receivable	7	1,246	-
Prepayments	8	903,550	905,492
ACCOUNTS RECEIVABLE		17,088,279	34,584,885
CASH		44,587,252	25,406,649
CURRENT ASSETS		61,675,531	59,991,534
TOTAL ASSETS		65,667,618	64,713,437

BALANCE SHEET 30 JUNE

EQUITY AND LIABILITIES	Notes	2020/21	2019/20
Share capital		500,000	500,000
Retained earnings		<u>12,728,294</u>	<u>11,109,611</u>
EQUITY		<u>13,228,294</u>	<u>11,609,611</u>
Other provisions		<u>1,079,511</u>	<u>913,398</u>
TOTAL PROVISIONS		<u>1,079,511</u>	<u>913,398</u>
Trade payables		961,526	1,675,629
Amounts owed to related companies		18,657,252	16,861,242
Corporate tax payable		626,428	725,330
Deferred tax payable	7	-	1,471
Prepayments from customers		27,621,125	29,436,298
Other debt		<u>3,493,482</u>	<u>3,490,458</u>
CURRENT LIABILITIES		<u>51,359,813</u>	<u>52,190,428</u>
TOTAL LIABILITIES AND PROVISIONS		<u>52,439,324</u>	<u>53,103,826</u>
EQUITY AND LIABILITIES		<u>65,667,618</u>	<u>64,713,437</u>
Contingencies	10		
Related party disclosures	11		

NOTES

Note 1 Personnel costs

	2020/21	2019/20
	DKK	DKK
Payroll expenses	8,516,380	6,814,588
Pensions	734,320	610,639
Social security expenses	21,808	37,874
	9,272,508	7,463,101
Average number of full-time employees	6	6

Note 2 Intangible assets

	Goodwill
	DKK
Cost at 1 July 2020	10,068,709
Additions	-
Cost at 30 June 2021	10,068,709
Amortisation and impairment losses at 1 July 2020	5,444,748
Amortisation	694,651
Amortisation and impairment losses at 30 June 2021	6,139,399
Carrying amount at 30 June 2021	3,929,310

Note 3 Capital Assets

	2020/21	2019/20
	DKK	DKK
Computer equipment		
Cost at 1 July	105,495	20,522
Additions	-	105,495
Disposals	-	(20,522)
Cost at 30 June	105,495	105,495
Accumulated depreciation at 1 July	7,553	20,522
Deprecation	35,165	7,553
Disposals	-	(20,522)
Accumulated depreciation at 30 June	42,718	7,553
Book value at 30 June	62,777	97,942

NOTES (continued)

Note 4 Financial income

	2020/21	2019/20
	DKK	DKK
Customer finance income	70,380	52,785
Interest income	476	-
Intercompany interest income	68,991	53,984
Foreign exchange gains	354,057	-
	<u>493,904</u>	<u>106,769</u>

Note 5 Financial expenses

	2020/21	2019/20
	DKK	DKK
Customer finance expense	(99,437)	(27,043)
Interest expense	(392,649)	(245,772)
Intercompany interest expense	(149,780)	(229,731)
Foreign exchange losses	(618,880)	(927,029)
	<u>(1,260,746)</u>	<u>(1,429,575)</u>

Note 6 Tax result for the year

	2020/21	2019/20
	DKK	DKK
Current income tax charge for the year	663,366	568,062
Deferred tax (credit)/charge for the year	(2,717)	5,031
Adjustment of current tax for prior years	6,050	84,317
Tax of results for the year	<u>666,699</u>	<u>657,410</u>

Note 7 Deferred tax receivable

	DKK
Deferred tax at 1 July 2020	(1,471)
Change during the year	2,717
Deferred tax at 30 June 2021	<u>1,246</u>

Deferred tax relates to fixed assets

NOTES *(continued)*

Note 8 Prepayments

Prepayments relates to paid commissions on revenues that have yet to be earned.

Note 9 Deferred income

Deferred income of DKK 27,621,125 (2020/19: DKK 29,436,298) comprise payments received from customers that cannot be recognised until the subsequent financial year.

Note 10 Contingencies and other liabilities

The Company has a commitment in all sales contracts of 12 months warranty on licenses, maintenance and service sold.

Note 11 Related parties

Open Text A/S is part of the ultimate consolidated financial statement of Open Text Corporation.

The Consolidated Annual Reports for the parent company can be found at:

Open Text Corporation

275 Frank Tompa Drive

Waterloo, Ontario

N2L 0A1 Canada

www.opentext.com or at www.sec.gov