

OPEN TEXT A/S

ANNUAL REPORT

For the financial statement period 1 July 2019 - 30 June 2020

16. 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 19, 2020



chairman Madhu Ranganathan

CONTENTS	Page
Company details.....	2
Statement and report	
Statement by the Board of Directors and the Executive Board.....	3
Independent auditor's report.....	4-6
Management's review	
Management's review.....	7-8
Financial statements 1 July - 30 June	
Accounting policies.....	9-12
Income statement.....	13
Balance sheet	14
Statement of changes in equity.....	15
Notes.....	16-19

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 2019 - 30. June 2020

Board of Directors

Madhu Ranganathan (formand/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 2019 - 30 June 2020.

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 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

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 19, 2020

Executive Board:

Christian Waida

Board of Directors:



Madhu Ranganathan
(chairman)

Gordon Davies

Christian Waida

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Copenhagen, November 19, 2020

Executive Board:




Christian Waida

Board of Directors:

Madhu Ranganathan
(chairman)

Gordon Davies



Christian Waida

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Copenhagen, November 19, 2020

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

Conclusion

We have audited the financial statements of Open Text A/S for the financial year 1 July 2019 - 30 June 2020, comprising of accounting policies, income statement, balance sheet, change in equity, and notes. The financial statements are prepared in accordance with the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position as at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Accounting rules for conclusion

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)*

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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, 19 November 2020

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR-nr. 25 57 81 98


Jesper Bo Pedersen

statsaut. revisor

State Authorised

Public Accountant

MNE-nr. / MNE-nr.: 42778

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 activity and financial conditions

The result for the year shows a profit of DKK 1,212,196. The result for the year is considered satisfactory.

Outlook

The Company expects a result for 2020/21 to compare to 2019/20.

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

DKKm	2019/20	2018/19	2017/18	2016/17	2015/16
Gross profit/loss	11,358	11,753	11,129	8,717	14,303
Ordinary operating profit/loss	3,192	1,529	2,713	1,780	3,530
Profit/loss from financial income and expenses	1,870	177	4,192	2,217	2,666
Profit/loss for the year	1,212	(705)	3,039	1,657	2,030
Total assets	64,713	102,848	160,839	127,930	77,189
Investments in property, plant and equipment	105	-	-	-	-
Equity	11,610	39,397	40,057	37,018	35,361
Operating margin	4.31	1.66	3.05	3.16	6.52
Return on invested capital	12.52	3.85	7.04	4.91	10.28
Current ratio	114.95	153.71	127.33	131.69	183.14
Return on equity	27.50	3.88	6.77	4.48	5.74
Solvency ratio	17.94	38.31	24.91	28.94	45.81

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 2019/20 has been prepared in accordance with the provisions applying to reporting class c entities under the Danish Financial Statements Act.

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.

Omission of cash flow statement

Pursuant to section 84(4) of the Danish Financial Statements Act, no cash flow statement have been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statement of Open Text Corporation.

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, we account for a customer contract when we obtain written approval, 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	2019/20 DKK	2018/19 DKK
GROSS PROFIT		11,357,716	11,753,438
Personnel costs	1	(7,463,101)	(7,375,217)
Amortization, depreciation and impairment		<u>(702,203)</u>	<u>(2,849,524)</u>
OPERATING PROFIT		3,192,412	1,528,697
Financial income	4	106,769	356,707
Financial expenses	5	<u>(1,429,575)</u>	<u>(1,708,195)</u>
PROFIT BEFORE TAX		1,869,606	177,209
Tax of results for the year	6	<u>(657,410)</u>	<u>(881,992)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>1,212,196</u>	<u>(704,783)</u>

BALANCE SHEET 30 JUNE

ASSETS	Notes	2019/20 DKK	2018/19 DKK
Goodwill	2	4,623,961	5,318,611
Intangible fixed assets		4,623,961	5,318,611
Captial assets	3	97,942	-
Tangible fixed assets		97,942	-
FIXED ASSETS		4,721,903	5,318,611
Trade receivables		15,640,308	14,750,376
Amounts owed by associated companies		18,036,764	54,790,728
Other receivables		2,321	86,012
Deferred tax receivable	7	-	3,560
Prepayments	8	905,492	1,198,214
ACCOUNTS RECEIVABLE		34,584,885	70,828,890
CASH		25,406,649	26,700,399
CURRENT ASSETS		59,991,534	97,529,289
TOTAL ASSETS		64,713,437	102,847,900
EQUITY AND LIABILITIES			
Share capital	9	500,000	500,000
Retained earnings		11,109,611	9,897,415
Proposed dividend	10	-	29,000,000
EQUITY		11,609,611	39,397,415
Other provisions		913,398	-
TOTAL PROVISIONS		913,398	-
Trade payables		1,675,629	1,012,076
Amounts owed to related companies		16,861,242	26,304,996
Corporate tax payable		725,330	1,210,171
Deferred tax payable	7	1,471	-
Prepayments from customers	11	29,436,298	31,574,321
Other debt		3,490,458	3,348,921
CURRENT LIABILITIES		52,190,428	63,450,485
TOTAL LIABILITIES AND PROVISIONS		53,103,826	63,450,485
EQUITY AND LIABILITIES		64,713,437	102,847,900
Contingencies	12		
Related party disclosures	13		

STATEMENT OF CHANGES IN EQUITY 30 JUNE

	Share capital DKK	Proposed dividend DKK	Retained profit DKK	Total DKK
At 1 July 2017	500,000	-	36,518,300	37,018,300
Profit for the year	-	-	3,038,986	3,038,986
At 30 June 2018	<u>500,000</u>	-	<u>39,557,286</u>	<u>40,057,286</u>
Change in accounting policy	-	-	44,912	44,912
Accumulated profit	-	-	(29,704,783)	(29,704,783)
Proposed dividend	-	29,000,000	-	29,000,000
At 30 June 2019	<u>500,000</u>	<u>29,000,000</u>	<u>9,897,415</u>	<u>39,397,415</u>
Profit for the year	-	-	1,212,196	1,212,196
Dividends paid	-	(29,000,000)	-	(29,000,000)
At 30 June 2020	<u><u>500,000</u></u>	<u><u>-</u></u>	<u><u>11,109,611</u></u>	<u><u>11,609,611</u></u>

NOTES

Note 1

Personnel costs

	2019/20	2018/19
	DKK	DKK
Payroll expenses	6,814,588	6,758,118
Pensions	610,639	603,232
Social security expenses	37,874	13,867
	<u>7,463,101</u>	<u>7,375,217</u>
Average number of full-time employees	6	6

Staff costs include no remuneration of the Company's Executive Board or Board of Directors.

The Executive Board or Board of Directors are employed in other group companies and no management remuneration is forwarded to Open Text A/S. There are no management fees paid to the CEO.

Note 2

Intangible assets

	Goodwill DKK
Cost at 1 July 2019	10,068,709
Additions	-
Cost at 30 June 2020	10,068,709
Amortisation and impairment losses at 1 July 2019	4,750,098
Amortisation	694,650
Amortisation and impairment losses at 30 June 2020	5,444,748
Carrying amount at 30 June 2020	4,623,961

Note 3

Capital Assets

	2019/20	2018/19
	DKK	DKK
Computer equipment		
Cost at 1 July	20,522	20,522
Additions	105,495	-
Disposals	(20,522)	-
Cost at 30 June	105,495	20,522
Accumulated depreciation at 1 July	20,522	20,522
Deprecation	7,553	-
Disposals	(20,522)	-
Accumulated depreciation at 30 June	7,553	20,522
Book value at 30 June	97,942	-

NOTES (continued)

Note 4

Financial income

	2019/20	2018/19
	DKK	DKK
From group companies	<u>106,769</u>	<u>356,707</u>

Note 5

Financial expenses

	2019/20	2018/19
	DKK	DKK
To group companies	<u>(229,731)</u>	<u>(523,620)</u>

Note 6

Tax result for the year

	2019/20	2018/19
	DKK	DKK
Current income tax charge for the year	568,062	668,663
Deferred tax charge for the year	5,031	1,186
Adjustment of current tax for prior years	84,317	212,143
Tax of results for the year	<u>657,410</u>	<u>881,992</u>

Note 7

Deferred tax receivable

	DKK
Deferred tax at 1 July 2019	3,560
Change during the year	<u>(5,031)</u>
Deferred tax at 30 June 2020	<u>(1,471)</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

Share capital

	2019/20	2018/19
	tDKK	tDKK
Shares, 5.000 shares at par value 100 DKK	500	500

The share capital has remained unchanged for the last 5 years.

Note 10

Dividend per share

Proposed dividend for 2019/20 is NIL (2018/19: DKK 29m, corresponding to DKK 5.800 per share).

Note 11

Deferred income

Deferred income of DKK 29,436,298 (2019: DKK 31,754,321) comprise payments received from customers that cannot be recognised until the subsequent financial year.

Note 12

Contingencies and other liabilities

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

NOTES (continued)

Note 13

Related parties

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

Related party transactions

	2019/20	2018/19
	DKK	DKK
Sales of service within the group	89,724	600,665
Purchases of goods and service within the group	58,364,020	73,615,978

Remuneration to management is disclosed in note 1

Interest within group is disclosed in note 2

Receivables and payables is disclosed in the balance sheet

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