

## Puerto Rico Employee Tax Guide

### Employee Share Purchase Plan

#### Introduction

The following is a summary of the tax treatment of awards made under the Micro Focus Employee Share Purchase Plan (the "Plan"). This summary assumes that you have been resident in Puerto Rico during the lifecycle of the award (i.e. from the beginning of the Savings Period to the Sale of shares) and that you are not subject to taxes (including Social Tax) in relation to the plan in any other jurisdiction.

The tax treatment as explained herein is intended as a guide only. It is limited to a general description of the national tax laws, and is not intended to address city, regional, or other local tax laws that may be applicable to you. It may not apply to your particular tax or financial situation, and we are not in a position to assure you of any particular tax result. Therefore, we recommend that you consult with your own independent tax advisor regularly to determine the consequences of taking or not taking any action concerning your shares, and to determine how the tax or other laws in Puerto Rico apply to your specific situation.

This information was last reviewed in January, 2021

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#### Summary Table

Award	<ul style="list-style-type: none"> <li>The ESPP allows you to purchase Micro Focus shares at a discount.</li> <li>You are <b>not subject to taxation on equity</b> at this point.</li> </ul>
Purchase	<ul style="list-style-type: none"> <li>You will <b>be subject to tax</b> at this point.</li> <li>The taxable amount is the market value of the shares at the date of Purchase less the price paid for the shares.</li> <li><b>Micro Focus will withhold taxes</b> at this point.</li> <li><b>Micro Focus is responsible for reporting the income.</b></li> <li>You are also <b>responsible for reporting the income.</b></li> </ul>
Sale	<ul style="list-style-type: none"> <li>The date you sell Micro Focus shares.</li> <li>This event may generate additional income known as Capital Gain (CG), or a loss.</li> <li>Generally speaking, Capital Gain is the growth in value from purchase to sale.</li> <li>If there is a <b>Capital Gain</b> on the sale of shares, tax is due in the tax year of sale.</li> <li>You are responsible for calculating the tax and reporting this capital gain.</li> </ul>

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#### Reporting / Tax Withholding

##### How will any benefits under the ESPP be reported?

It will be your duty to report the ESPP benefits in your individual tax return.

##### Will the company withhold any taxes from awards?

Micro Focus will deduct and withhold tax on your behalf. Any variance between the amount of tax withheld and your actual tax liability will be your responsibility.

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## Sale

### **Will I pay any tax when I sell my shares?**

Selling your shares may generate additional income known as Capital Gain (CG), or a loss in the tax year of sale. This will be your responsibility to report if applicable.

As the calculation of capital gains can be complex and may be subject to certain exemptions, we recommend that you consult your personal financial/tax advisor.

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