VMware Denmark ApS

Frydenlundsvej 30, DK-2950 Vedbæk

Annual Report for 1 February 2019 - 31 January 2020

CVR No 30 58 27 05

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/6 2020

Thomas Gjøl-Trønning
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of VMware Denmark ApS for the financial year 1 February 2019 - 31 January 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 financial position at 31 January 2020 of the Company and of the results of the Company operations for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Vedbæk, 23 June 2020

Executive Board

James Andrew Munk	Craig Douglas Norris	Lars-Bo Klausen

Independent Auditor’s Report

To the Shareholder of VMware Denmark ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 January 2020 and of the results of the Company’s operations for the financial year 1 February 2019 - 31 January 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VMware Denmark ApS for the financial year 1 February 2019 - 31 January 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

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

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover 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 Management’s Review and, in doing so, consider whether 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 Management’s Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

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 responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 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.

København, 23 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Carsten Nielsen
statsautoriseret revisor
mne30212

Josephine Kilsgaard Holm
statsautoriseret revisor
mne44114

Company Information

The Company	VMware Denmark ApS Frydenlundsvej 30 DK-2950 Vedbæk Telephone: + 45 70 10 68 88 CVR No: 30 58 27 05 Financial period: 1 February - 31 January Municipality of reg. office: Rudersdal
Executive Board	James Andrew Munk Craig Douglas Norris Lars-Bo Klausen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Bech-Bruun Langelinie Alle 35 DK-2100 København Ø
Bankers	Citibank H. C. Andersens Boulevard 12 DK-1553 København V

Management's Review

Key activities

The principal activities of the company are, firstly to provide marketing support to its shareholder, VMware International Unlimited Company, in the Danish territory. Support includes the provision of marketing and promotional services in relation to the VMware software technology. Secondly, to conduct research and development services for the benefit of VMware Bermuda Unlimited Company, a related party. Effective June 2019, the R&D recharged with Bermuda is discontinued and transitioned to VMware International Unlimited Company.

Development in the year

The income statement of the Company for 2019/20 shows a profit of DKK 2,834,829, and at 31 January 2020 the balance sheet of the Company shows equity of DKK 22,975,514.

Subsequent events

Besides the impact of the Covid-19 outbreak, described in note 1 to the Financial Statements, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 February - 31 January

	Note	2019/20	2018/19
		DKK	DKK
Revenue		**85.726.291**	**75.771.807**
Other external expenses		-9.564.455	-8.445.619
Gross profit/loss		**76.161.836**	**67.326.188**
Staff expenses	2	-70.883.736	-63.456.802
Depreciation and impairment of property, plant and equipment		-1.126.758	-165.797
Profit/loss before financial income and expenses		**4.151.342**	**3.703.589**
Financial income		22.464	109.092
Financial expenses		-242.510	-323.188
Profit/loss before tax		**3.931.296**	**3.489.493**
Tax on profit/loss for the year	3	-1.096.467	-997.988
Net profit/loss for the year		**2.834.829**	**2.491.505**

Distribution of profit

Proposed distribution of profit

Retained earnings	2.834.829	2.491.505
	2.834.829	**2.491.505**

Balance Sheet 31 January

Assets

	Note	2020	2019
		DKK	DKK
Other fixtures and fittings, tools and equipment		305.639	435.487
Property, plant and equipment	4	**305.639**	**435.487**
Deposits		329.393	323.640
Fixed asset investments	5	**329.393**	**323.640**
Fixed assets		**635.032**	**759.127**
Receivables from group enterprises		6.361.084	8.677.859
Other receivables		592.133	367.865
Deferred tax asset	6	28.176	31.415
Corporation tax		0	196.682
Prepayments		105.198	103.880
Receivables		**7.086.591**	**9.377.701**
Cash at bank and in hand		**35.646.391**	**29.911.385**
Currents assets		**42.732.982**	**39.289.086**
Assets		**43.368.014**	**40.048.213**

Balance Sheet 31 January

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		125.000	125.000
Retained earnings		22.850.514	20.015.685
Equity	7	**22.975.514**	**20.140.685**
Other payables		3.031.256	0
Long-term debt	8	**3.031.256**	**0**
Trade payables		249.015	178.568
Payables to group enterprises		24.831	76.156
Corporation tax		10.786	0
Other payables	8	17.076.612	19.652.804
Short-term debt		**17.361.244**	**19.907.528**
Debt		**20.392.500**	**19.907.528**
Liabilities and equity		**43.368.014**	**40.048.213**
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 February	125.000	20.015.685	20.140.685
Net profit/loss for the year	0	2.834.829	2.834.829
Equity at 31 January	**125.000**	**22.850.514**	**22.975.514**

Notes to the Financial Statements

1 Subsequent events

Subsequent to year-end, the COVID-19 pandemic has spread across the globe. It is causing significant financial market, economic and social disturbance globally including significant disruption to business and economic activity. Management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date (31 January 2020), and therefore will not have any effect on the Financial Statements for 2019/20 (a non-adjusting event).

Given the nature of the COVID-19 outbreak, the ultimate extent of the effect on the company, resulting from the measures taken globally to contain the spread of COVID-19, cannot be determined or quantified at present. However, Management have determined the company will be able to continue operating in this environment, albeit the scale of its operations could be impacted by these external factors. Management will continue to monitor any significant adverse changes to cash flows, any adverse indicators in respect of the carrying value of assets and additional liabilities as a result of this pandemic, and take appropriate measures to address these matters, as required.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff expenses

	2019/20 DKK	2018/19 DKK
Wages and salaries	64.691.590	58.085.698
Pensions	5.716.068	4.635.196
Other social security expenses	156.490	140.206
Other staff expenses	319.588	595.702
	70.883.736	**63.456.802**
Average number of employees	**46**	**42**

3 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax for the year	1.093.228	994.289
Deferred tax for the year	3.239	3.699
	1.096.467	**997.988**

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 February	1.665.401
Additions for the year	996.910
Disposals for the year	-324.746
Cost at 31 January	2.337.565
Impairment losses and depreciation at 1 February	1.229.914
Depreciation for the year	1.126.758
Reversal of impairment and depreciation of sold assets	-324.746
Impairment losses and depreciation at 31 January	2.031.926
Carrying amount at 31 January	**305.639**

5 Fixed asset investments

	Deposits
	DKK
Cost at 1 February	323.640
Additions for the year	5.753
Cost at 31 January	329.393
Carrying amount at 31 January	**329.393**

	2020	2019
	DKK	DKK
6 Deferred tax asset		
Property, plant and equipment	-28.176	-31.415
Transferred to deferred tax asset	28.176	31.415
	0	**0**
Deferred tax asset		
Calculated tax asset	28.176	31.415
Carrying amount	**28.176**	**31.415**

Notes to the Financial Statements

7 Equity

The share capital consists of 125 shares of a nominal value of DKK 1,000. No shares carry any special rights.

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	DKK	DKK
Other payables		
Between 1 and 5 years	3.031.256	0
Long-term part	3.031.256	0
Other short-term payables	17.076.612	19.652.804
	20.107.868	**19.652.804**

9 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations, non-terminable for 3 months (2018/19: non-terminable until 31 August 2019)	0	1.034.816

There are no security and contingent liabilitites at 31 January 2020.

Notes to the Financial Statements

10 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report for the smallest and largest Parent Company:

Name	Place of registered office
VMware Inc	USA
Dell Inc	USA

VMware Inc is the smallest Parent Company which prepares consolidated financial statements.
The Group Annual Report of VMware Inc may be obtained at the following address:
3401 Hillview Avenue
Palo Alto
California
94304, United States

Dell Inc is the largest Parent Company which prepares consolidated financial statements.
The Group Annual Report of Dell Inc may be obtained at the following address:
One Dell Way
Round Rock
Texas, 78682
United States

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of VMware Denmark ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2019/20 are presented in DKK.

Changes in accounting policies

With effect for the financial year 2019/20, VMware Denmark ApS has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework. Thus, VMware Denmark ApS has changed its accounting policies, cf. below.

VMware Denmark ApS's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of VMware Denmark ApS. Moreover, the change means that VMware Denmark ApS now applies the same accounting policies as the rest of the VMware Group, to which VMware Denmark ApS belongs.

IFRS 15, Revenue from contracts with customers

VMware Denmark ApS has changed its accounting policy for the recognition of revenue from contracts with customers. This means that VMware Denmark ApS applies IFRS 15 for recognition and measurement of revenue.

The change of accounting policy is based on the transitional rules of IFRS 15:
• comparative figures have not been restated; thus, the effect of the change of accounting policy has been recognised as an opening adjustment of retained earnings at 1 February 2019;
• contracts completed before 1 February 2019 according to the previous accounting policy are not reassessed.

IFRS 15 are applied to transactions carried out on or after 1 February 2019 or transactions that were in progress at the beginning of the financial year. Comparative figures have not been restated under the new accounting policy.

The change of accounting policy did not have a material effect on revenue, net profit, total assets and equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

IFRS 16, Leases

The Company has also applied IFRS 16, Leases. In accordance with the transition provisions in IFRS 16, the new rules have been adopted using the cumulative catch up method with simplified right of use without restating the comparative figures. See below for further details on the impact of the change in accounting policy.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as of February 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on February 1, 2019 was 3.4%.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:
• The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
• The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. The lease payments are discounted using the Company’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made less any lease incentives received.

The Company’s leasing activities

In the normal course of business, the Company entered into lease for its office.

The accounting policy change has had the following effect on net profit, total assets and equity:
Additions of DKK 982k and depreciations of DKK 982k, resulting in a net carrying amount of DKK 0 as at 31 January 2020, due to amendment of the lease contract. Due to this the change in accounting policies has had no effect on the net profit for 2019/20 nor the lease assets, lease liabilities, total assets or equity as at 31 January 2020.

Notes to the Financial Statements

11 Accounting Policies (continued)

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or VMware Denmark ApS's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for VMware Denmark ApS's other fixed assets.

VMware Denmark ApS has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue is measured at the fair value of the consideration received or receivable and represents mark-up charged to a related party on all the expenses incurred for operating the Company. The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

11 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes to the Financial Statements

11 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by off-set against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.