
Entco Denmark ApS

Borupvang 3, DK-2750 Ballerup

Annual Report for 1 November 2017 - 31 October 2018

CVR No 38 06 39 95

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/04 2019



Lars Rossen
Chairman

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Entco Denmark ApS for the financial year 1 November 2017 - 31 October 2018.

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 October 2018 of the Company and of the results of the Company operations for 2017/18.

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

Ballerup, 16 April 2019

Executive Board



Lars Rossen



Sharad Bansal

Independent Auditor's Report

To the Shareholder of Entco Denmark ApS

Opinion

We have audited the Financial Statements of Entco Denmark ApS for the financial year 3 October 2017 - 31 October 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 October 2018 and of the results of the Company's operations for the financial year 1 November 2017 - 31 October 2018 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

Independent Auditor's Report

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, 16 April 2019

KPMG

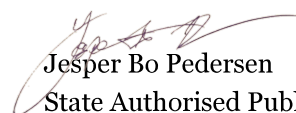
Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

David Olafsson
David Olafsson

State Authorised Public Accountant

mne19737


Jesper Bo Pedersen

State Authorised Public Accountant

mne42778

Company Information

The Company

Entco Denmark ApS
Borupvang 3
DK-2750 Ballerup

CVR No: 38 06 39 95
Financial period: 1 November - 31 October
Municipality of reg. office: Ballerup

Executive Board

Lars Rossen
Sharad Bansal

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Income Statement

1 November 2017 - 31 October 2018

	Note	2017/18 TDKK	2016/17 TDKK
Revenue		130.369	57.230
Cost of sales		-104.533	-43.475
Other external expenses		-4.710	-2.900
Gross profit		21.126	10.855
Staff expenses	3	-16.604	-6.945
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-8.117	-3.382
Profit/loss before financial income and expenses		-3.595	528
Financial income	5	4.562	1.834
Financial expenses	6	-4.649	-442
Profit/loss before tax		-3.682	1.920
Tax on profit/loss for the year	7	1.050	-508
Net profit for the year		-2.632	1.412

Distribution of profit/loss

Proposed distribution of profit/loss

Retained earnings		-2.632	1.412
		-2.632	1.412

Balance Sheet 31 October 2018

Assets

	Note	2018 TDKK	2017 TDKK
Goodwill		69.042	77.677
Intangible assets	8	69.042	77.677
Other fixtures and fittings, tools and equipment		7	19
Property, plant and equipment	9	7	19
Total fixed assets		69.049	77.696
Trade receivables		34.212	22.398
Receivables from group enterprises		5.433	700
Other receivables		903	1.167
Deferred tax asset		542	0
Prepayments		63	0
Receivables		41.153	24.265
Cash at bank and in hand		1.909	19.733
Total currents assets		43.062	43.998
Total assets		112.111	121.694

Balance Sheet 31 October 2018

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		50	50
Retained earnings		10.983	13.615
Total equity	10	11.033	13.665
Provision for deferred tax		0	91
Total provisions		0	91
Deferred income		10.419	2.723
Long-term liabilities		10.419	2.723
Trade payables		1.322	1.082
Payables to group enterprises		33.979	58.724
Corporation tax		0	417
Other payables		23.325	12.390
Deferred income		32.033	32.602
Short-term liabilities		90.659	105.215
Total liabilities other than provisions		101.078	107.938
Total liabilities and equity		112.111	121.694
Going concern	2		
Principal activities	1		
Contingent assets, liabilities and other financial obligations	11		
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Notes to the Financial Statements

1 Principal activities

The primary activities of the Company are selling business-oriented software solutions within cloud, big data, information management and operation management. In 2016/17 the activity was 4-5 months.

2 Going concern

Entco Holding Hague B.V. has confirmed, that they will support financially, if needed for the company up to USD 8.9m. The statements is valid until the next Annual General meeting.

	<u>2017/18</u>	<u>2016/17</u>
	TDKK	TDKK
3 Staff expenses		
Wages and salaries	15.275	6.300
Pensions	1.162	603
Other social security expenses	167	42
	<u>16.604</u>	<u>6.945</u>
Average number of employees	<u>14</u>	<u>18</u>
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	8.105	3.377
Depreciation of property, plant and equipment	12	5
	<u>8.117</u>	<u>3.382</u>
5 Financial income		
Other financial income	4	0
Exchange adjustments	4.558	1.834
	<u>4.562</u>	<u>1.834</u>

Notes to the Financial Statements

	2017/18 <u>TDKK</u>	2016/17 <u>TDKK</u>
6 Financial expenses		
Interest paid to group enterprises	147	367
Other financial expenses	105	75
Exchange adjustments, expenses	4.397	0
	<u>4.649</u>	<u>442</u>
7 Tax on profit/loss for the year		
Current tax for the year	0	417
Deferred tax for the year	-633	91
Adjustment of tax concerning previous years	-417	0
	<u>-1.050</u>	<u>508</u>
8 Intangible assets		
		<u>Goodwill</u> TDKK
Cost at 1 November 2017		81.054
Adjustment previous years		-530
Cost at 31 October 2018		<u>80.524</u>
Impairment losses and amortisation at 1 November 2017		3.377
Amortisation for the year		8.105
Impairment losses and amortisation at 31 October 2018		<u>11.482</u>
Carrying amount at 31 October 2018		<u>69.042</u>

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 November 2017	<u>24</u>
Cost at 31 October 2018	<u>24</u>
Impairment losses and depreciation at 1 November 2017	5
Depreciation for the year	<u>12</u>
Impairment losses and depreciation at 31 October 2018	<u>17</u>
Carrying amount at 31 October 2018	<u>7</u>

10 Equity

The share capital consists of 1 share of a nominal value of TDKK 50. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	2018 <hr/> TDKK	2017 <hr/> TDKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Rental and lease obligations under operating leases. Total future rent and lease payments:		
Within 1 year	803	363
Between 1 and 5 years	<hr/> 1.243	<hr/> 172
	<hr/> 2.046	<hr/> 535

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The administration company of the joint taxation group is Micro Focus Denmark, Filial af Micro Focus AS, Norge. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12 Related parties

	Basis <hr/>
Controlling interest	
Entco Holding Hague B.V., Netherlands	Parent
Entco Situla Holding Ltd., UK	Parent
Micro Focus International Plc., UK	Ultimate Parent

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Entco Holding Hague B.V., Netherlands

Notes to the Financial Statements

12 Related parties (continued)

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company

<u>Name</u>	<u>Place of registered office</u>
Micro Focus International Plc.	Berkshire, UK

The Group Annual Report of Micro Focus International Plc. may be obtained at the following address:

The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, United Kingdom

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Entco Denmark ApS for 2017/18 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

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.

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.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of software products is recognised when the risks and rewards relating to the software products sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

The cost of sales is the accumulated total of all costs used to create a product or service, which has been sold.

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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

13 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 entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

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
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

13 Accounting Policies (continued)

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 set-off 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.