

---

***Micro Focus Software  
Denmark ApS***

Borupvang 3, DK-2750 Ballerup

**Annual Report for 1 November 2022  
- 30 June 2023**

---

CVR No 38 06 39 95

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company  
on / 22 December 2023

Chairman of the General  
Meeting



Lars Rossen

# Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Management's Statement and Auditor's Report</b> |             |
| Management's Statement                             | 1           |
| Independent Auditor's Report                       | 2           |
| <b>Management's Review</b>                         |             |
| Company Information                                | 5           |
| Financial Highlights                               | 6           |
| Management's Review                                | 7           |
| <b>Financial Statements</b>                        |             |
| Income Statement 1 November 2022 - 30 June 2023    | 9           |
| Balance Sheet 30 June 2023                         | 10          |
| Statement of Changes in Equity                     | 12          |
| Notes to the Financial Statements                  | 13          |

## Management's Statement

The Executive Board has today considered and adopted the Annual Report of Micro Focus Software Denmark ApS for the financial year 1 November 2022 - 30 June 2023.

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 30 June 2023 of the Company and of the results of the Company operations for 2022/23.

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.

Ballerup, 22 December 2023

### Executive Board

  
Lars Rossen  
CEO

  
Jens Oxenborg  
Executive Officer

# Independent Auditor's Report

To the Shareholder of Micro Focus Software Denmark ApS

## Opinion

We have audited the Financial Statements of Micro Focus Software Denmark ApS for the financial year 1 November 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 November 2022 - 30 June 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

## Independent Auditor's Report

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.

# Independent Auditor's Report

## 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.

Copenhagen, 22 December 2023

**KPMG P/S**

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98



Jesper Bo Pedersen  
statsautoriseret revisor  
mne42778

## Company Information

### **The Company**

Micro Focus Software Denmark ApS  
Borupvang 3  
DK-2750 Ballerup

CVR No: 38 06 39 95

Financial period: 1 November - 30 June

Municipality of reg. office: Ballerup

### **Executive Board**

Lars Rossen  
Jens Øxenberg

### **Auditors**

KPMG P/S  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

|   | 2022/23   | 2021/22   | 2020/21   | 2019/20   | 2018/19   |
|---|-----------|-----------|-----------|-----------|-----------|
|   | TDKK      | TDKK      | TDKK      | TDKK      | TDKK      |
|   | 8 months* | 12 months | 12 months | 12 months | 12 months |
| <b>Profit/loss</b>                                |           |           |           |           |           |
| Revenue   | 52.019    | 86.545    | 99.646    | 89.306    | 133.865   |
| Operating profit (before interest & amortization) | 2.256     | 2.655     | 3.875     | 3.581     | 5.970     |
| Profit/loss before financial income and expenses  | -2.361    | -11.835   | -3.586    | -7.460    | -1.014    |
| Net financials                                    | -1.326    | -532      | -1.559    | 1.793     | -2.587    |
| Net profit/loss for the year                      | -3.687    | -12.367   | -5.145    | -6.635    | -3.173    |
| <b>Balance sheet</b>                              |           |           |           |           |           |
| Balance sheet total                               | 50.315    | 78.957    | 78.186    | 64.700    | 118.344   |
| Equity  | -11.371   | -7.684    | 4.683     | 9.828     | 16.463    |
| <b>Ratios</b>                                     |           |           |           |           |           |
| Gross margin                                      | 26,3%     | 23,5%     | 22,6%     | 18,2%     | 18,0%     |
| Operating margin                                  | 4,3%      | 3,1%      | 3,9%      | 4,0%      | 4,5%      |
| Return on assets**                                | -4,7%     | -15,0%    | -4,6%     | -11,5%    | -0,9%     |
| Solvency ratio                                    | -22,6%    | -9,7%     | 6,0%      | 15,2%     | 13,9%     |
| Return on equity                                  | -38,7%    | -824,0%   | -70,9%    | -50,5%    | -23,1%    |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies. \*Please also refer to accounting policies for change in accounting period.

\*\*As per Danish GAAP, exchange gain or loss has been excluded from ROA calculations however exchange gain or loss is considered for TP as it is operational in nature. If exchange gain or loss is included for ROA, then the corresponding ROA for the following years would be:

|                  | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|------------------|---------|---------|---------|---------|---------|
| Return on assets | -4,7%   | -16,3%  | -5,6%   | -7,2%   | -1,9%   |



# Management's Review

## Key activities

The Company is a pure-play software company focused from the ground up on building, selling, and supporting software. We help customers bridge the old and the new by maximizing the ROI on existing software investments and enabling innovation in the new hybrid model for enterprise IT.

## Development in the year

The income statement of the Company for 2022/23 shows a loss of TDKK 3.687, and at 30 June 2023 the balance sheet of the Company shows a negative equity of TDKK 11.371.

On 25 August 2022, the board of Micro Focus International Plc (hereinafter referred as 'Micro Focus' and is the ultimate parent company of the Micro Focus Group) and Open Text Corporation ('OpenText') reached an agreement on the terms of a recommended cash acquisition to be made by OpenText, through its wholly-owned subsidiary, Open Text UK Holding Limited, of the entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction has completed after obtaining requisite approvals on January 31, 2023. Consequently, OpenText Corporation, has become ultimate parent company.

OpenText Corporation financial year ends on 30 June. To align the company's financial year end with the OpenText corporation, the company, vide shareholders' approval in its meeting held in May 2023, have amended its article of association and the business year will thus be from 01 July to 30th June. The new regular accounting period of the company will be the business year from July 1, 2023 to June 30, 2024. The accounting period immediately preceding the change of the accounting period to a financial year will thus be shorter than 12 months. This transitional accounting period will be running from November 1, 2022 to June 30, 2023.

## Capital loss

The company has lost its share capital due to impairment and depreciation of goodwill. The company operates with a fixed profit on EBIT thus the company will have a positive EBIT before depreciation of goodwill. The company will have a positive cash-flow on its operation but this is not sufficient to cover depreciation of goodwill.

Effective December 12, 2023, the company's holding company i.e. Micro Focus Holding Hague B.V, Netherlands has confirmed that they intends to make a capital contribution of US\$ 2.5M to replenish capital loss subsequent to the balance sheet date. The cash contribution is expected on or before 30 days from the date of the confirmation.

Open Text Corporation has confirmed that they will provide the necessary level of financial support to the company in accordance with the shareholding of the company to enable it to pay its debts as they fall due for a period of at least twelve months from the 22th of November 2023 and believe the corporation has the financial resources to fulfill that commitment.

## The past year and follow-up on development expectations from last year

Measurement of the Company's performance is consistently applied, and control is exercised by Company and divisional management. The Company has a budgeting control process in place whereby actual performance is measured against budget, both financial and non-financial, on a quarterly reporting timetable at divisional level. The Company constantly focuses on revenue and margin growth while maintaining rigorous cost control and efficiency. The actual recorded results were in line with expectations.

## The following key performance indicators are reviewed:

Year ended 30 June 2023 / 31 October 2022  
Turnover: 52.019 / 86.545  
Operating profit (before interests & amortization): 2.256 / 2.655  
Operating margin: 4,34% / 3,07%

## Management's Review

The company being a reseller entity within the Micro Focus Group, it has a limited risk under the distribution model. The Model is set up in such a way that the company should operate on a positive arm's length margin, which is determined via benchmarking studies.

### Targets and expectations for the year ahead

Micro Focus Software Denmark ApS is part of OpenText group, is an Information Management company that provides software and services that empower digital businesses of all sizes to become more intelligent, connected, secure and responsible. The comprehensive OpenText Information Management platform and services provide secure and scalable solutions for global enterprises, SMBs, governments and consumers around the world. With critical tools and services for connecting and classifying data, OpenText accelerates customers' ability to deploy Artificial Intelligence (AI), automate work, and strengthen productivity. The benefits of interconnected information enable customers to enhance real-time decision-making, meet new compliance standards, manage across multi-cloud environments, and stay cyber resilient with secure data.

Our products are fundamentally integrated into the operations and existing software systems of our customers' businesses, so customers can securely manage the complexity of information flow end-to-end. Through automation and AI, we connect, synthesize and deliver information when and where needed to drive new efficiencies, experiences and insights. Specifically, in Denmark, there is a continuous focus on Application Delivery (ValueEdge and Loadrunner), ITOM (FinOps, SMAX and AIOps), as well as our entire CyberRes portfolio for Danish customers.

Micro Focus Software Denmark ApS being a trading subsidiary in the Micro Focus Group, has an indirect contribution to the group plan. Our priorities for FY24 are to continue and where possible accelerate the transition of our business model to be product group centric end-to-end, delivery of the innovation our customers need in the way they want to consume it and capture cost efficiencies enabled by the enterprise-wide platform.

### Uncertainty relating to recognition and measurement

The company has not recognised any deferred tax asset as the probability of utilizing the deferred tax asset in the next 3 years is very low on account of tax losses due to amortization of goodwill.

### Subsequent events

Effective December 12, 2023, the company's holding company i.e. Micro Focus Holding Hague B.V, Netherlands has confirmed that they intends to make a capital contribution of US\$ 2.5M to replenish capital loss subsequent to the balance sheet date. The cash contribution is expected on or before 30 days from the date of the confirmation.

On 24 November 2023, the board of Open Text Group announced the agreement of definitive terms to sell its Application Modernization and Connectivity ("AMC") to Rocket Software, Inc. The transaction is expected to close in fourth fiscal quarter ending June 30, 2024, subject to regulatory approvals and customary closing conditions.

Total external revenue (for AMC) for the 8 month period is 3.9% of the total revenue.

## Income Statement

### 1 November 2022 - 30 June 2023

|  | Note | 2022/23       | 2021/22        |
|--|------|---------------|----------------|
|  |      | TDKK          | TDKK           |
|  |      | 8 months      | 12 months      |
| <b>Revenue</b>   |      | <b>52.019</b> | <b>86.545</b>  |
| Other expense  |      | 0             | -8             |
| Cost of sales  |      | -35.110       | -63.746        |
| Other external expenses  |      | -3.221        | -2.489         |
| <b>Gross profit</b>  |      | <b>13.688</b> | <b>20.302</b>  |
| Staff expenses   | 3    | -11.432       | -17.647        |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 4    | -4.617        | -14.490        |
| <b>Loss before financial income and expenses</b>   |      | <b>-2.361</b> | <b>-11.835</b> |
| Financial income   | 5    | 359           | 1.120          |
| Financial expenses   | 6    | -1.685        | -1.652         |
| <b>Loss before tax</b>   |      | <b>-3.687</b> | <b>-12.367</b> |
| Tax on loss for the year   | 7    | 0             | 0              |
| <b>Net loss for the year</b>   |      | <b>-3.687</b> | <b>-12.367</b> |

## Balance Sheet 30 June 2023

### Assets

|  | Note | 2023          | 2022          |
|--|------|---------------|---------------|
|  |      | TDKK          | TDKK          |
| Goodwill   |      | 27.272        | 31.875        |
| <b>Intangible assets</b>                         | 8    | <b>27.272</b> | <b>31.875</b> |
| Other fixtures and fittings, tools and equipment |      | 7             | 85            |
| <b>Property, plant and equipment</b>             | 9    | <b>7</b>      | <b>85</b>     |
| <b>Fixed assets</b>                              |      | <b>27.279</b> | <b>31.960</b> |
| Trade receivables                                |      | 5.373         | 41.294        |
| Receivables from group enterprises               |      | 16.692        | 5.461         |
| Other receivables                                |      | 971           | 242           |
| <b>Receivables</b>                               |      | <b>23.036</b> | <b>46.997</b> |
| <b>Cash at bank and in hand</b>                  |      | <b>0</b>      | <b>0</b>      |
| <b>Current assets</b>                            |      | <b>23.036</b> | <b>46.997</b> |
| <b>Assets</b>                                    |      | <b>50.315</b> | <b>78.957</b> |

## Balance Sheet 30 June 2023

### Liabilities and equity

|  | Note | 2023           | 2022          |
|--|------|----------------|---------------|
|  |      | TDKK           | TDKK          |
| Share capital  |      | 50             | 50            |
| Retained earnings  |      | -11.421        | -7.734        |
| <b>Equity</b>  |      | <b>-11.371</b> | <b>-7.684</b> |
| Deferred income  | 10   | 1.115          | 4.532         |
| <b>Long-term liabilities</b>                                   |      | <b>1.115</b>   | <b>4.532</b>  |
| Trade payables   |      | 398            | 167           |
| Prepayments received from customers                            |      | 0              | 280           |
| Payables to group enterprises                                  |      | 35.955         | 50.156        |
| Other payables   |      | 4.708          | 9.071         |
| Deferred income  | 10   | 19.510         | 22.435        |
| <b>Short-term liabilities</b>                                  |      | <b>60.571</b>  | <b>82.109</b> |
| <b>Debt</b>  |      | <b>61.686</b>  | <b>86.641</b> |
| <b>Liabilities and equity</b>                                  |      | <b>50.315</b>  | <b>78.957</b> |
| Capital loss   | 1    |                |               |
| Special item   | 2    |                |               |
| Distribution of profit   | 11   |                |               |
| Contingent assets, liabilities and other financial obligations | 12   |                |               |
| Related parties  | 13   |                |               |
| Accounting Policies  | 14   |                |               |

# Statement of Changes in Equity

|                               | Share capital | Retained earnings | Total          |
|-------------------------------|---------------|-------------------|----------------|
|                               | TDKK          | TDKK              | TDKK           |
| Equity at 1 November 2022     | 50            | -7.734            | -7.684         |
| Net profit/loss for the year  | 0             | -3.687            | -3.687         |
| <b>Equity at 30 June 2023</b> | <b>50</b>     | <b>-11.421</b>    | <b>-11.371</b> |

# Notes to the Financial Statements

## 1 Capital loss

The company has lost its share capital due to impairment and depreciation of goodwill. The company operates with a fixed profit on EBIT thus the company will have a positive EBIT before depreciation of goodwill. The company will have a positive cash-flow on its operation but this is not sufficient to cover depreciation of goodwill

Effective December 12, 2023, the company's holding company i.e. Micro Focus Holding Hague B.V, Netherlands has confirmed that they intends to make a capital contribution of US\$ 2.5M to replenish capital loss subsequent to the balance sheet date. The cash contribution is expected on or before 30 days from the date of the confirmation.

Open Text Corporation has confirmed that they will provide the necessary level of financial support to the company in accordance with the shareholding of the company to enable it to pay its debts as they fall due for a period of at least twelve months from the 22th of November 2023 and believe the corporation has the financial resources to fulfill that commitment.

## 2 Special item

In FY2021/22 there was an impairment of goodwill. This was considered as special items. See note 4.

|                                    | 2022/23       | 2021/22       |
|------------------------------------|---------------|---------------|
|                                    | TDKK          | TDKK          |
| <b>3 Staff expenses</b>            |               |               |
| Wages and salaries                 | 8.969         | 15.693        |
| Pensions                           | 2.457         | 1.938         |
| Other social security expenses     | 7             | 16            |
|                                    | <b>11.432</b> | <b>17.647</b> |
| <b>Average number of employees</b> | <b>15</b>     | <b>14</b>     |

## 4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

|   |              |               |
|---|--------------|---------------|
| Amortisation of intangible assets             | 4.603        | 8.247         |
| Impairment of intangible assets               | 0            | 6.195         |
| Depreciation of property, plant and equipment | 14           | 48            |
|   | <b>4.617</b> | <b>14.490</b> |

## Notes to the Financial Statements

|  | 2022/23      | 2021/22      |
|--|--------------|--------------|
|  | TDKK         | TDKK         |
| <b>5 Financial income</b>              |              |              |
| Interest received from group companies | 359          | 0            |
| Other finance income                   | 0            | 55           |
| Exchange adjustments                   | 0            | 1.065        |
|  | <b>0</b>     | <b>1.120</b> |
| <b>6 Financial expenses</b>            |              |              |
| Interest paid to group enterprises     | 1.685        | 1.572        |
| Other financial expenses               | 0            | 80           |
|  | <b>1.685</b> | <b>1.652</b> |
| <b>7 Tax profit for the year</b>       |              |              |

The company has not recognised any deferred tax assets as the probability of utilizing the deferred tax asset in the next 3 years is very low on account of tax losses due to amortization of goodwill.



## Notes to the Financial Statements

### 8 Intangible assets

|   | Goodwill      |
|---|---------------|
|   | TDKK          |
| Cost at 1 November 2022                               | 82.463        |
| Cost at 30 June 2023                                  | 82.463        |
| Impairment losses and amortisation at 1 November 2022 | 50.588        |
| Amortisation for the year                             | 4.603         |
| Impairment for the year                               | 0             |
| Impairment losses and amortisation at 30 June 2023    | 55.191        |
| <b>Carrying amount at 30 June 2023</b>                | <b>27.272</b> |

Uncertainty exists relating to goodwill as the Company's revenue has decreased in 2022/23 and WACC has increased significantly compared to previous years. Therefore, management has performed an impairment test of its goodwill at 30 June 2023. The impairment test is based on following major assumption:

The budget /forecast of revenue expects a increase by 6.4% % in first year, 2.58% in second year, 1.97% in third year, 1.93% in fourth year and from fifth year onward a yearly revenue increase close to 2 %  
The WACC used is 13.49 %

The WACC is very unpredictable in the current market with increasing rates and risks. Management believes that a WACC at 13.49% is fair and realistic compared to similar companies within the market.

Management believes that the valuation of goodwill at mio. 27.272 DKK is correct.

## Notes to the Financial Statements

### 9 Property, plant and equipment

|  | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|--|---|
|  | <u>TDKK</u>   |
| Cost at 1 November 2022                                    | 192   |
| Additions for the year                                     | 9   |
| Disposal for the year                                      | -192  |
| Cost at 30 June 2023                                       | <u>9</u>  |
| Impairment losses and depreciation at 1 November 2022      | 107   |
| Depreciation for the year                                  | 14  |
| Reversal of impairment and depreciation of disposed assets | -119  |
| Impairment losses and depreciation at 30 June 2023         | <u>2</u>  |
| <b>Carrying amount at 30 June 2023</b>                     | <u><u>7</u></u>   |

## Notes to the Financial Statements

### 10 Long-term liabilities

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:

|                        | 2023          | 2022          |
|------------------------|---------------|---------------|
|                        | TDKK          | TDKK          |
| <b>Deferred income</b> |               |               |
| Between 1 and 5 years  | 1.115         | 4.532         |
| Long-term part         | 1.115         | 4.532         |
| Within 1 year          | 0             | 0             |
| Other deferred income  | 19.510        | 22.435        |
|                        | <b>20.625</b> | <b>26.967</b> |

### 11 Distribution of profit

|                   |               |                |
|-------------------|---------------|----------------|
| Retained earnings | -3.687        | -12.367        |
|                   | <b>-3.687</b> | <b>-12.367</b> |

### 12 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         | 35        | 407        |
| Between 1 and 5 years | 0         | 6          |
|                       | <b>35</b> | <b>413</b> |

#### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. 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.

## Notes to the Financial Statements

### 13 Related parties

#### Basis

---

#### **Controlling interest**

|   |        |
|---|--------|
| Micro Focus Holding Hague B.V., Netherlands | 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:

Micro Focus Holding Hague B.V., Netherlands

#### **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> |
|-------------|-----------------------------------|
| OpenText    | Ontario, Canada                   |

The Group Annual Report of OpenText may be obtained at the following address:

275 Frank Tompa Drive, , N2L 0A1, Canada

As on October 31, 2022, the immediate holding company is Micro Focus Holding Hague B.V. and ultimate holding company is Micro Focus International Plc. (Micro Focus). Subsequent to the year end, OpenText Corporation, through its wholly owned subsidiary, OpenText UK Holding Limited, acquired entire issued and to be issued share capital of Micro Focus. The cash acquisition scheme was subject to the approval of the relevant Micro Focus Shareholders, the sanction of the Scheme by the Court and the receipt of certain antitrust and foreign investment approvals. The transaction has completed after obtaining requisite approvals on January 31, 2023. Consequently, OpenText Corporation, has become ultimate parent company.

## Notes to the Financial Statements

### 14 Accounting Policies

The annual report of Micro Focus Software Denmark ApS has been prepared in accordance with the provisions under the Danish Financial statements Act applying to reporting B with opt-in from higher reporting classes.

#### Change in accounting policy

The Company has changed from class C-medium to class B, since the Company fulfil the requirements for class B. The change has no effect on the financial result or balance. The accounting policies applied remain unchanged from last year.

The company has changed the accounting year so that the period is shortened to 8 months and covers 1 November 2022 to 30 June 2023. Therefore, the accounting period cannot be directly compared with the previous period, which covers a period of 12 months. The changes have no effect on either profit or equity. The accounting practices used are otherwise unchanged compared to last year.

The Financial Statements for 2022/23 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.

# Notes to the Financial Statements

## 14 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 the sale of software products, primary licenses, is recognized 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.

Service and support revenue are recognized over time measured based on the percentage of completion relative to the term of the service and support contract. Service and support contracts are often invoiced upon execution of the contract or annually over the term of the contract.

Some of the income from licenses are combined with the support and are based on a "right to access" (Software as a Service), where income is recognized continuously as agreed in the contracts. A part of the revenue is generated from a cost+ model within the group. An annual revenue is allocated based on the cost from the group.

Revenue is recognized 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.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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.

### 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 |
|--|-----|-------|

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

### 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.

### 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.



# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### **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.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

|                  |  |
|------------------|--|
| Gross margin     | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$                                      |
| Operating margin | $\frac{\text{Operating Profit before interests \& Amortisation} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$                     |
| Solvency ratio   | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$               |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$                    |