

Registered number: 07788627

**Micro Focus Group Limited**  
**Annual report and financial statements**  
**for the 12 months ended 31 October 2019**



# **Micro Focus Group Limited**

## **Annual report and financial statements**

**for the 12 months ended 31 October 2019**

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# **Micro Focus Group Limited**

## **Annual report and financial statements**

**for the 12 months ended 31 October 2019**

### **Directors and advisors**

#### **Directors**

Robert Ebrey  
Christopher Musker  
Jané Smithard

#### **Company registered office**

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

#### **Legal Advisors**

Travers Smith LLP  
10 Snow Hill  
London  
EC1A 3AL

#### **Independent auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL  
United Kingdom

# **Micro Focus Group Limited**

## **Strategic report for the 12 months ended 31 October 2019**

The directors present their strategic report of Micro Focus Group Limited for the 12 months ended 31 October 2019.

### **Business review and principal activities**

The Company acts as an intermediate holding company within the Micro Focus International plc Group ("the Group"), and the Company acted in this capacity throughout the period. During the period, the Company did not receive dividends (2018: \$275,700 thousand) and did not pay dividends (2018: \$nil).

During the period, the Group completed the divestiture of the SUSE business for \$2.5bn. The operational work and entity reorganisation required to enable the separation of this division was completed on time.

During the period, an impairment review of investments was carried out which resulted in an impairment charge of \$303,276 thousand being recorded.

Further details on the strategy of the Group can be found in Micro Focus International plc's Annual Report and Accounts for the 12 months ended 31 October 2019.

### **Results**

The loss for the 12 months ended 31 October 2019 is \$436,813 thousand (2018: profit of \$150,790 thousand). As at 31 October 2019 there was total equity of \$7,896,663 thousand (2018: \$8,333,476 thousand).

### **Future Outlook**

Micro Focus' Group strategy and business model is designed to deliver strong and consistent shareholder returns over the long term.

The Company will continue to act as an intermediate holding company within the Group.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately.

The six months ended 30 April 2020 saw enormous changes, as COVID-19 developed from a localised outbreak in China in early January into a burgeoning global pandemic by late February. COVID-19 presents fast moving, and in some areas unpredictable, direct and indirect risks to the Group's business. The board continues to closely monitor how matters develop and is taking prudent steps to mitigate any potential impacts to the health and safety of employees, customers, partners, suppliers and other stakeholders, and to the successful operation of the business. A complete review of the Group Risk Register was undertaken for COVID-19 impacts across the Group, including the impacts on existing risks, and developments continue to be monitored on a cross-functional basis. The Group is following the guidance of the World Health Organization and other governmental health agencies, including with respect to travel restrictions. The Group remains prepared to implement appropriate mitigation strategies to minimise any potential business disruption and will continue to carry out a regular and robust assessment and management of the Group's risks. Given the uncertainty still surrounding the ultimate impact of COVID-19 over the global economy, we, along with other publicly listed companies, withdrew formal revenue guidance for the current financial year, as it is not possible to provide reliable forward guidance in the current environment.

# Micro Focus Group Limited

## Strategic report for the period ended 31 October 2019 continued

### Principal risks and uncertainties (continued)

Accepting that risk is an inherent part of doing business, the board is mindful of the interdependencies of some risks. Where possible, the Group seeks to mitigate risks through its Risk Management Framework, internal controls and insurance, but this can only provide reasonable assurance and not absolute assurance against material losses. In particular, insurance policies may not fully cover all of the consequences of any event, including damage to persons or property, business interruptions, failure of counterparties to conform to the terms of an agreement or other liabilities.

The principal risks and uncertainties of Micro Focus International plc, which include those of the Company, have been identified in the following categories - Products, Go To Market models, Competition, Employees and culture, Business Strategy and change management, IT systems and information, Legal and regulatory compliance, Intellectual property, Treasury, Tax, Macro-economic environment, impact of pandemic and Brexit, Cyber Security and Internal controls over financial reporting. The Group has policies in place and a business model to help mitigate those risks.

These risks could cause future results to differ materially from historic results. Although the Group still considers these to be the most relevant risks and uncertainties, the Board's view is that, because of COVID-19, the overall risk trend is increasing. COVID-19 has significantly disrupted both global and local economies and resulted in measures being taken by the respective governments to mitigate the most severe impacts of the outbreak in their jurisdictions. In common with many businesses, the outbreak has resulted in a heightened operating risk environment for the Group, and so has impacts, both direct and indirect, across the Group's principal risks and uncertainties to varying degrees. In particular, the following principal risks and uncertainties are trending upwards; *'Employees and culture'*, *'Go-to-Market models'*, *'Macro-economic environment, impact of pandemic and Brexit'*, *'Business Strategy and Change management'* and *'Cyber security'*. The ongoing impact of COVID-19 is a significant risk facing the Group at least for the remainder of the current financial year. COVID-19 is presenting the Group with a range of challenges relating to remote working, attendance on client sites and global travel. Similar to most companies, the Group's employees have been directly impacted by the lockdown restrictions put in place globally. This has led to more than 90% of the Group's workforce working from home and the resultant challenges of securely managing and utilising data remotely.

In addition, the Group identified a slowdown in customer buying behaviour in April 2020 leading to a deferral of projects involving new licence and services revenues as well as delays to some maintenance renewals. The impact of this is estimated to be at least 2% on revenues in the period. While the ultimate impact on the global economy is unknown, as is the timing and extent to which that impact flows through into customer spending plans on enterprise software, at a minimum the Group believes it appropriate to be prepared for a level of disruption to its new sales activity and timing pressure on renewals.

In response to the threats and to minimise the disruption and to maintain continuity of operations, the Group has established a cross functional COVID-19 Steering Committee, sponsored by the CEO, reporting directly to the Group board. The COVID-19 Steering Committee directs a global COVID-19 business continuity framework across the Group, including a network of regional response teams and an IT COVID-19 incident management group. The Group also maintains a cross functional COVID-19 resource centre, supporting employees and business activities in adapting to the changes. The impact of the COVID-19 pandemic on the Company is also referenced in note 20.

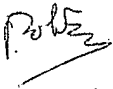
## **Micro Focus Group Limited**

### **Strategic report for the 12 months ended 31 October 2019 (continued)**

#### **Key performance indicators ("KPIs")**

Given the Company is an intermediate holding company, the Company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board,



**Robert Ebrey**

Director

Date 30.10.2020

Company Registration Number: 07788627

# Micro Focus Group Limited

## Directors' report for the 12 months ended 31 October 2019

The directors present their annual report and the audited financial statements of Micro Focus Group Limited for 12 months ended 31 October 2019.

### Dividends

No dividend income was received during the period ended 31 October 2019 (2018: \$275,700 thousand). No final dividend is proposed (2018: \$nil).

### Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

### Future outlook

Further details on future developments of the Company can be found in the Strategic Report.

### Financial risk management

The Company's activities expose it to a variety of financial risks that include the effects of changes in credit risk, foreign currency risk and interest rate risk. Risk management is carried out by a central treasury department under policies approved by the board of directors of Micro Focus International plc. The board provides written principles for risk management together with specific policies covering areas such as credit risk, foreign currency risk and interest rate management together with use of derivative financial instruments and non-derivative financial instruments as appropriate, and investment of excess funds.

In accordance with the treasury policy, the Company does not typically hold or issue derivative financial instruments.

#### a) Credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk consist primarily of cash and cash equivalents. Cash equivalents are deposited with high-credit-quality financial institutions and risk is further mitigated by limits in amounts that can be deposited with individual financial institutions.

#### b) Interest rate risk

The majority of the Company's costs and operating cash flows arise from interest rate swaps and internal borrowings to finance the group, as such the Company's results before tax and operating cash flows are directly impacted by changes in market interest rates.

#### c) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK sterling and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's local currency. There were no hedging transactions in place at 31 October 2019.

## Micro Focus Group Limited

### Directors' report for the 12 months ended 31 October 2019 (continued)

#### Directors

The directors of the Company who served during the period and up to the date of signing the financial statements are as follows:

Kevin Loosemore	(resigned 2 November 2018)
Robert Ebrey	(appointed 2 November 2018)
Darren Fisher	(resigned 16 April 2020)
Jane Smithard	(appointed 2 November 2018)
Christopher Musker	(appointed 15 April 2020)

#### Registered office

The registered office of the Company is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Micro Focus Group Limited**

### **Directors' report for the 12 months ended 31 October 2019 (continued)**

#### **Disclosure of information to Auditor**

Each of the persons who is a director at the date of the approval of this report confirms that so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Auditor**

KPMG LLP have indicated their willingness to continue as the auditor of the Company.

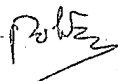
#### **Directors' indemnities**

The ultimate parent undertaking, Micro Focus International plc, maintains liability insurance for the Company's directors and officers. Throughout the period to 31 October 2019 and at the date of approval of the financial statements, Micro Focus International plc has also provided an indemnity for the Company's directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

#### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate as they consider that the Company has adequate resources to continue in operational existence for at least one year from the date of the financial statements.

On behalf of the board,



**Robert Ebrey**  
Director  
Date 30.10.2020

Company Registration Number: 07788627

# Independent auditor's report to the members of Micro Focus Group Limited

## Opinion

We have audited the financial statements of Micro Focus Group Limited ("the company") for the year ended 31 October 2019 which comprise the Statement of Comprehensive income, the Balance Sheet and the Statement of Changes in Equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its loss for the period.
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation

## Strategic report and directors' report

The directors are responsible for the strategic report, directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

# Independent auditor's report to the members of Micro Focus Group Limited

## Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

## Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

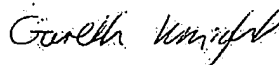
## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Gareth Knight (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

33 Forbury Road

Reading

RG1 3AD

2 November 2020

## Micro Focus Group Limited

### Statement of comprehensive income for the 12 months ended 31 October 2019

	Note	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
Administrative expenses	5	(303,726)	24,991
<b>Operating (loss)/profit</b>	5	<b>(303,726)</b>	<b>24,991</b>
Income from shares in group undertakings	7	-	275,700
Interest receivable and similar income	8	121,166	127,495
Interest payable and similar expenses	9	(253,833)	(277,029)
<b>(Loss)/profit before taxation</b>		<b>(436,393)</b>	<b>151,157</b>
Tax on profit	10	(420)	(367)
<b>(Loss)/profit for the period</b>		<b>(436,813)</b>	<b>150,790</b>
<b>Total comprehensive (expense)/income for the financial period</b>		<b>(436,813)</b>	<b>150,790</b>

The notes on pages 15 to 41 form an integral part of these financial statements.

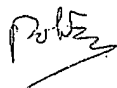
# Micro Focus Group Limited

## Balance sheet as at 31 October 2019

	Note	31 October 2019 \$'000	31 October 2018 \$'000
<b>Fixed assets</b>			
Investments	11	10,717,693	11,030,420
Derivative asset	12	-	86,381
Other non-current assets	13	90,154	89,123
		<b>10,807,847</b>	<b>11,205,924</b>
<b>Current Assets</b>			
Debtors	14	1,224,867	652,453
Cash at bank and in hand		1,036	3,348
		<b>1,225,903</b>	<b>655,801</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(1,581,653)</b>	<b>(1,142,175)</b>
<b>Net current liabilities</b>		<b>(355,750)</b>	<b>(486,374)</b>
<b>Total assets less current liabilities</b>		<b>10,452,097</b>	<b>10,719,550</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(2,555,434)</b>	<b>(2,386,074)</b>
<b>Net assets</b>		<b>7,896,663</b>	<b>8,333,476</b>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Share premium account		6,514,170	6,514,170
Retained earnings		1,382,493	1,819,306
<b>Total equity</b>		<b>7,896,663</b>	<b>8,333,476</b>

The notes on pages 15 to 41 form an integral part of these financial statements.

The financial statements on pages 12 to 41 were approved by the board of directors on and were signed on their behalf by:



Robert Ebrey  
Director  
Date 30.10.2020

Company Registration Number: 07788627

## Micro Focus Group Limited

### Statement of changes in equity for the 12 months ended 31 October 2019

	Note	Called-up share capital \$'000	Share premium account \$'000	Retained earnings \$'000	Total Equity \$'000
As at 1 May 2017		-	-	1,668,516	1,668,516
Total comprehensive income for the financial period		-	-	150,790	150,790
Arising on issue of ordinary shares	17	-	6,514,170	-	6,514,170
As at 31 October 2018		-	6,514,170	1,819,306	8,333,476
As at 1 November 2018		-	6,514,170	1,819,306	8,333,476
Total comprehensive expense for the period		-	-	(436,813)	(436,813)
As at 31 October 2019		-	6,514,170	1,382,493	7,896,663

The notes on pages 15 to 41 form an integral part of these financial statements.

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019

### 1 General information

Micro Focus Group Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The address of its registered office is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN. The principal activity of the Company continues to be that of a holding company.

### 2 Statement of compliance

The Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as they consider that the Company has adequate resources to continue in operational existence for at least one year from the date of the financial statements.

Through the Company's ownership of the subsidiaries of the Micro Focus Group with the exception of Micro Focus International plc, Micro Focus Midco Holdings Limited, Micro Focus Midco Limited, Marcel Holdings Limited, Micro Focus Finance Ireland Limited, Minerva Finance Sarl and Micro Focus Finance, the Company has ownership of all of the external cash flows of the group. Therefore, the directors have relied on the assessment included in the Group Interim financial statements for the 6 months ended 30 April 2020 which were published on 7 July 2020 and available on [www.microfocus.com](http://www.microfocus.com).

This Group assessment considered the estimated financial impact of severe but plausible scenarios impacting both revenue and Adjusted EBITDA and took into account the Group's principal risks, included a severe but plausible COVID-19 scenario. This stress testing confirmed that existing projected cash flows and cash management activities provided the Group, and therefore the Company through its ownership of the external cash flows of the Group, with adequate headroom over the going concern assessment period.

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019

### 3 Summary of significant accounting policies (continued)

#### Going concern (continued)

The Company balance sheet is in a net current liability position at the end of the period but a parental letter of support is not required as subsequent to the balance sheet date the Company settled a group loan with Micro Focus Midco Limited and increased cash reserves, resulting in a net current asset position on the Company Balance sheet which the directors consider supports the going concern basis of the Company at the date of signing.

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions not to disclose:

- reconciliation of the number of shares outstanding at the beginning and end of the period;
- a statement of cash flows;
- certain financial instrument disclosures as allowed by Section 11 of FRS 102 and as disclosed in the consolidated financial statements of the Group; and
- key management personnel compensation in total.
- related party transactions with entities that are wholly owned within the Group.

#### Consolidated financial statements

The financial statements contain information about Micro Focus Group Limited as an individual company and so do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent undertaking Micro Focus International plc, a company incorporated in England and Wales.

#### Foreign currency translation

##### (a) Functional currency

In evaluating functional currency of the Company, management consider the primary activities of the Company to be investing and financing activities. The Company acts as an intermediate holding company and doesn't have operating activities in the UK. The Company has intercompany debtors and creditors balances, including intercompany loans receivable and payable which are denominated in the US dollars.

##### (b) Transactions and balances

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.



## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 3 Summary of significant accounting policies (continued)

##### Taxation

Current taxation is recognised in the statement of comprehensive income based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

##### Non-Financial fixed assets

Investments in subsidiaries are held at cost plus any incidental expenses less any accumulated impairment losses. Assets that have an indefinite life are not subject to amortisation and are tested for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount.

##### Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (a) Financial assets

Basic financial instruments, including cash at bank and in hand and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss, which is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate, is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire are settled or substantially all the risks and rewards are transferred to another party.

## **Micro Focus Group Limited**

### **Notes to the financial statements for the 12 months ended 31 October 2019 (continued)**

#### **b) Financial liabilities**

Basic financial liabilities, including trade creditors and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payments discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **c) Derivative financial instruments**

The Company uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **Related party transactions**

The Company is exempt under the terms of FRS 102 paragraph 33.1A from disclosing related party transactions with entities that are wholly owned within the Group.

## **4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **a) Critical judgements in applying the Company's accounting policies**

There have been no critical judgements made in applying the Company's accounting policies.

#### **b) Critical accounting estimates and assumptions**

In preparing these Financial Statements, the Company has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company has reviewed its critical accounting estimates, assumptions and judgements considering the impact of COVID-19 and no new critical accounting estimates, assumptions and judgements were identified at this stage. Unless otherwise indicated, the Company does not believe that there is a significant risk of a material change to the carrying value of assets and liabilities within the next financial year related to the accounting estimates and assumptions described below.

#### **Investment in subsidiaries**

Each period, or whenever there are changes in circumstances indicating that the carrying amounts may not be recoverable, the directors carries out impairment tests of investments in subsidiaries which require estimates to be made of the recoverable amount. These recoverable amounts calculations are dependent on estimates of future cash flows by generated by subsidiaries. Further details on these estimates are provided in note 11.

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### b) Critical accounting estimates and assumptions (continued)

##### Recoverability of Debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. The debtors balances represent the amounts due from the fellow group undertakings. When assessing impairment of trade and other debtors, the directors consider estimated discounted cash flows generated by the fellow group undertakings. See Note 14 for the net carrying value of the debtors.

#### 5 Operating profit

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
<hr/>		
Operating profit is stated after charging/(crediting)		
Impairment of investments	(312,713)	-
Foreign exchange gain	10,390	28,635
Professional services	(1,403)	(3,644)

Foreign exchange gain relates mainly to exchange movements on Euro intercompany loans. The Auditors' remuneration is borne by Micro Focus International plc, for which no recharge was made.

#### 6 Employees and directors

There were no employees during the period. Neither of the directors received any emoluments in respect of their services to the Company and the directors are paid by other group companies. The directors did not perform any qualifying services in the period.

#### 7 Income from shares in group undertakings

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
<hr/>		
Income from shares in group undertakings	-	275,700

Income of \$275,700,000 was received from Micro Focus CHC Limited in the prior period, which was taken to the statement of comprehensive income.

#### 8 Interest receivable and similar income

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
<hr/>		
Finance income from external derivative	112,993	82,982
Interest receivable from another group company	8,173	44,513
<hr/>		
	121,166	127,495

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 9 Interest payable and similar charges

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
Interest payable on intercompany loan	107,576	155,929
Finance costs on bank borrowings	1,411	4,852
Amortisation of facility costs and original issue discounts	31,853	40,552
Finance cost on intercompany derivative	112,993	75,696
	<b>253,833</b>	<b>277,029</b>

#### 10 Tax on profit

##### (a) Tax expense included in profit

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
<b>Current tax:</b>		
UK corporation tax on profit for the year	219	347
Adjustment in respect of prior periods	201	20
<b>Total current tax</b>	<b>420</b>	<b>367</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Tax on profit</b>	<b>420</b>	<b>367</b>

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 10 Tax on profit (continued)

##### (b) Reconciliation of tax charge

The tax charge for the period is higher (2018: lower) than the effective rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	12 months ended 31 October 2019 \$'000	18 months ended 31 October 2018 \$'000
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<b>(Loss)/profit before taxation</b>	<b>(436,392)</b>	151,157
Profit before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2018:19%)	<b>(82,914)</b>	28,720
Other permanent differences	<b>(2,433)</b>	-
Impairment	<b>59,415</b>	-
Corporate Interest Restriction	<b>21,392</b>	23,733
Dividend not taxable	-	(52,383)
Controlled Foreign Company tax charge	<b>219</b>	347
Group relief surrendered for nil consideration	<b>4,540</b>	-
Adjustment in respect of prior periods	<b>201</b>	(50)
<b>Tax charge for the period</b>	<b>420</b>	367

As at 31 October 2019 the company had an unrecognised deferred tax asset of \$45m (2018: \$24m) in relation to Corporate Interest Restriction.

**(c) Tax rate changes**

The previously enacted reduction in the UK corporation tax rate to 17% from 1 April 2020 was reversed in the 2020 budget and the rate will remain at 19%.

**11 Investments**

	31 October 2019 \$'000	31 October 2018 \$'000
At 1 May	11,030,420	4,516,251
Additions	-	6,514,169
Disposals	(14)	-
Impairment of investment	(312,713)	-
<b>At 31 October</b>	<b>10,717,693</b>	<b>11,030,420</b>

An impairment assessment was performed by the directors on the investments held by the Company as at 31 October 2019. This assessment compared the recoverable amounts with the carrying value of the investments with the recoverable amount being determined based on its Value in Use (VIU).

**Micro Focus Group Limited**

**Notes to the financial statements for the 12 months ended 31 October 2019 (continued)**

**11 Investments (continued)**

The VIU is based on the Micro Focus group's consolidated five-year projections and a terminal value calculation, the output of which has then been allocated to each subsidiary based on the group's transfer pricing methodology. The VIU includes estimates about the future financial performance of the group and utilises discounted board approved forecasts for the first four years and the fifth year reflects management's expectation of the long-term growth prospects. The VIU calculation excludes the cash outflow and resulting cash inflow assumptions arising from the investment decisions made by the group and which are included within the board approved forecasts. Impairment reviews are required to exclude the estimated cash inflow and outflows arising from improving or enhancing the performance of existing assets, and therefore the impairment test performed in the current year

considers the recoverable amount of the assets based on their current condition without the impact of the approved investment plans.

Key assumptions in the VIU are considered to be the discount rate, medium term annual revenue growth rate by product group and the long-term cash flow growth rate.

As a result of the review, the directors concluded there was an impairment of \$312,713 thousand required to the carrying value of investments.

At 31 October 2019, the Company held directly or indirectly 100% of the ordinary share capital of the following subsidiary undertakings:

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
1	Attachmate Australasia Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
2	Attachmate Group Australia Pty Limited	Australia	Ordinary Shares	Sale and support of software	1
3	Autonomy Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
4	Autonomy Systems Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
5	Borland Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
6	Entco Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
7	Micro Focus Australia Pty Ltd (formerly Entcorp Australia Pty Limited)	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
8	Micro Focus Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
9	Serena Software Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
10	Borland Entwicklung GmbH	Austria	Registered capital	Development of software	2
11	Autonomy Belgium BVBA	Belgium	Ordinary Shares	Sale and support of software	3
12	Micro Focus Belgium BV (formerly Entco Belgium BVBA)	Belgium	Ordinary Shares	Sale and support of software	3
13	Micro Focus Srl (formerly Micro Focus SPRL)	Belgium	Ordinary Shares	Sale and support of software	4
14	Borland Latin America Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
15	Cambridge Technology Partners do Brasil s.c. Ltda	Brazil	Quota R\$1.00	Dormant	5
16	Micro Focus Brasil Serviços de Tecnologia Ltda (formerly Entco Brasil Serviços de Tecnologia Ltda)	Brazil	Quota R\$1.00	Sale and support of software	5
17	Micro Focus Programação de Computadores Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
18	Peregrinne Systems do Brasil Ltda	Brazil	Quota R\$1.00	Sale and support of software	6
19	Serena Software Do Brasil Ltda	Brazil	Quota R\$1.00	Sale and support of software	7

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
20	Verity Worldwide Limited	British Virgin Islands	Ordinary Shares US\$50,000.00	Sale and support of software	8
21	Micro Focus APM Solutions Limited (EOD)	Bulgaria	Ordinary Shares BGN1,000.00	Development of software	9
22	Micro Focus Bulgaria EOOD (formerly Entco Bulgaria EOOD)	Bulgaria	Ordinary Shares BGN1.00	Sale and support of software	10

23	Autonomy Systems (Canada) Limited	Canada	Class A Common Stock	Sale and support of software	11
24	Borland Canada Software ULC	Canada	Common Shares	Dormant	12
25	Entcorp Canada, Inc.	Canada	Common Stock	Sale and support of software	13
26	GWAVA ULC (formerly GWAVA Inc.)	Canada	Common Stock	Holding Company	12
27	Intersect Software Inc.	Canada	Class A Preferred Shares Class B Preferred Shares Class B-1 Preferred Shares Class B-2 Preferred Shares Common Shares	Sale and support of software	14
28	Micro Focus (Canada) ULC	Canada	Common Shares Common Shares	Development, sale and support of software	12
29	Micro Focus Acquisition ULC	Canada	Common Shares	Holding Company	15
30	Micro Focus Software (Canada), ULC	Canada	Common Shares	Sale and support of software	16
31	Micro Focus Software Solutions Canada Co. / Solutions Logiciels Micro Focus Canada Cie. (formerly Entco Software Canada Co. Logiciels Entco Canada Cie)	Canada	Common Shares	Sale and support of software	17
32	NetManage Canada ULC	Canada	Common Shares	Dormant	12
33	Entco Bellatrix HoldCo	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	18
34	Entco Capital Co	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	18
35	Entco Investment Co	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	18
36	Micro Focus International Limited	Cayman Islands	Class A Ordinary Shares US\$0.00001 Class B Ordinary Shares US\$0.00001 Class C Ordinary Shares US\$0.00001 Class L Ordinary Shares US\$0.00001	Dormant	18
37	Micro Focus IP Limited	Cayman Islands	Class A Ordinary Shares €0.01 Class B Preferred Redeemable Shares €0.01	Holding Company	18
38	Entco Marigalante Limited	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	18

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
39	Autonomy Systems (Beijing) Limited Company	China	Registered Capital	Sale and support of software	19
40	Borland Software Corporation Beijing Representative Office	China	Branch	In liquidation	104
41	Shanghai Entco Software Technology Co., Limited	China	Registered Capital	Sale and support of software	20

42	Shanghai Entco Software Technology Co., Limited, Beijing Branch	China	Branch	Sale and support of software	21
43	Shanghai Entco Software Technology Co., Limited, Chongqing Branch	China	Branch	Sale and support of software	22
44	Shanghai Entco Software Technology Co., Limited, Shenzhen Branch	China	Branch	Sale and support of software	23
45	Singapore Micro Focus Pte Ltd Shanghai Representative Office	China	Branch	Sale and support of software	24
46	UK Micro Focus Limited Beijing Representative Office	China	Branch	Sale and support of software	25
47	Micro Focus CentroAmerica CAC Limitada (formerly Entco CentroAmerica CAC Limitada)	Costa Rica	Quota CRC1,000.00	Sale and support of software	26
48	Micro Focus Costa Rica Limitada (formerly Entco Costa Rica Limitada)	Costa Rica	Quota CRC1,000.00	Sale and support of software	26
49	NetIQ Software International Limited	Cyprus	Ordinary Shares of C£1.00	Dormant	103
50	Micro Focus Czechia s.r.o (formerly Entco Czechia, s.r.o.)	Czech Republic	Registered Capital	Sale and support of software	27
51	NOVL Czech s.r.o.	Czech Republic	Registered Capital	Dormant	28
52	Micro Focus Denmark, filial af Micro Focus AS, Norge (Branch)	Denmark	Branch	Sale and support of software	29
53	Micro Focus Software Denmark ApS (formerly Entco Denmark ApS)	Denmark	Ordinary Shares DKK1.00	Sale and support of software	29
54	Attachmate Middle East LLC	Egypt	Cash Shares LE100.00	In liquidation	105
55	Micro Focus AS, Filial i Finland (Branch)	Finland	Branch	Sale and support of software	30
56	Attachmate Group France SARL	France	Ordinary Shares €16.00	Sale and support of software	31
57	Borland (France) Sarl	France	Ordinary Shares €15.25	Sale and support of software	31
58	Cobol-IT, SAS	France	Ordinary Shares €1.00	Sale and support of software	31
59	Micro Focus France SAS (formerly Entco France SAS)	France	Ordinary Shares €1.00	Sale and support of software	32
60	Micro Focus SAS	France	Ordinary Shares €10.00	Sale and support of software	31
61	Attachmate Group Germany GmbH	Germany	Ordinary Shares €191,000.00	Sale and support of software	33

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
62	Borland GmbH	Germany	Ordinary Shares €49,500.00 Ordinary Shares €450,000.00 Ordinary Shares €100,000.00 Ordinary Shares	Dormant	33



			€500.00		
63	GWAVA EMEA GmbH	Germany	Registered Capital	Sale and support of software	34
64	Micro Focus Deutschland GmbH (formerly Entco Deutschland GmbH)	Germany	Registered Capital	Sale and support of software	35
65	Micro Focus GmbH	Germany	Registered Capital	Sale and support of software	33
66	Novell Holdings Deutschland GmbH	Germany	Registered Capital	Holding Company	36
67	Serena Software GmbH	Germany	Registered Capital	Sale and support of software	37
68	Attachmate (Hong Kong) Limited	Hong Kong	Ordinary Shares HK\$1.00	Dormant	38
69	Borland (H.K.) Limited	Hong Kong	Ordinary Shares HK\$1.00	Dormant	38
70	EntCorp Hong Kong Limited	Hong Kong	Ordinary Shares HK\$1.00	Sale and support of software	39
71	Micro Focus Limited Hong Kong (Branch)	Hong Kong	Branch	Sale and support of software	38
72	Micro Focus Software HK Limited (formerly Attachmate Group Hong Kong Limited)	Hong Kong	Ordinary Shares HK\$1.00	Sale and support of software	38
73	NetIQ Asia Ltd.	Hong Kong	Ordinary Shares HK\$1.00	Dormant	38
74	Autonomy Software Asia Private Limited	India	Equity Shares INR10.00	Sale and support of software	40
75	Borland Software India Private Limited	India	Equity Shares INR10.00	Dormant	41
76	Entco IT Services Private Limited	India	Equity Shares INR10.00	Sale and support of software	42
77	Interwoven, Inc., India Branch	India	Branch	Sale and support of software	43
78	Micro Focus India Private Limited	India	Equity Shares INR10.00	Support of software	41
79	Micro Focus Software India Private Limited	India	Equity Shares INR10.00	Development, sale and support of software	41
80	Micro Focus Software Solutions Private Limited (formerly Entco Software India Private Limited)	India	Equity Shares INR10.00	Sale and support of software	44
81	Novell India Private Ltd.	India	Equity Shares INR10.00	Dormant	45
82	Relativity Technologies Private Limited	India	Equity Shares INR10.00	Sale and support of software	41
83	Attachmate Ireland Limited	Ireland	Ordinary Shares €1.27	Sale and support of software	46
84	Entsoft Holding Ireland Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	46
85	Micro Focus (IP) Ireland Limited	Ireland	Ordinary Shares US\$1.00	Dormant	47
86	Micro Focus (Ireland 1) Limited (formerly SUSE Linux Holdings Limited)	Ireland	Ordinary Shares US\$1.00	Holding Company	47

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
87	Micro Focus (Ireland 2) Limited (formerly SUSE Linux Ireland Limited)	Ireland	Ordinary Shares \$1.00	Dormant	47
88	Micro Focus Galway Limited (formerly Entsoft Galway Limited)	Ireland	Ordinary Shares €1.00	Sale and support of software	46
89	Micro Focus Group Holdings Unlimited Company	Ireland	Ordinary Shares €1.00	Holding Company	47

90	Micro Focus International Holdings Limited	Ireland	Ordinary Shares €1.00	Holding Company	47
91	Micro Focus Ireland Limited	Ireland	Ordinary Shares €1.00	Development, sale and support of software	47
92	Micro Focus Software (Ireland) Limited	Ireland	Ordinary Shares €1.25	Development, sale and support of software	48
93	Micro Focus Software Solutions Ireland Limited (formerly Entsoft Ireland Limited)	Ireland	Ordinary Share US\$1.00 Ordinary Shares €1.00	Sale and support of software	46
94	NetIQ Europe Limited	Ireland	Ordinary Shares €1.00	Sale and support of software	46
95	NetIQ Ireland Limited	Ireland	Ordinary Shares €1.00	Holding Company	47
96	Novell Cayman Software International Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	47
97	Novell Cayman Software Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	47
98	Novell Ireland Real Estate Unlimited Company	Ireland	Ordinary Shares €1.25	Holding Company	47
99	Novell Software International Limited	Ireland	A Ordinary Shares €1.25 Ordinary Shares US\$1.00	Holding Company	47
100	Micro Focus Interactive Israel Ltd (formerly Entco Interactive (Israel) Limited)	Israel	Ordinary Shares NIS1.00	Sale and support of software	49
101	Micro Focus Israel Limited	Israel	Ordinary Shares NIS1.00	Development and support of software	50
102	Micro Focus Software Israel Ltd (formerly Entcorp Software Israel Limited)	Israel	Ordinary Shares NIS1.00	Sale and support of software	49
103	N.Y. NetManage (Yerushalayim) Ltd	Israel	Ordinary Shares NIS1.00	Dormant	51
104	Novell Israel Software International Limited	Israel	Ordinary Shares NIS1.00	In liquidation	106
105	Enterprise Corp Italiana S.r.l.	Italy	Registered Capital	Sale and support of software	52
106	Micro Focus Italiana S.r.l. (formerly Entco Italiana Srl)	Italy	Registered Capital	Sale and support of software	53
107	Micro Focus Srl	Italy	Registered Capital	Sale and support of software	53
108	Serena Software Europe Limited - Italy Branch	Italy	Branch	Sale and support of software	53
109	Verity Italia S.r.l.	Italy	Registered Capital	Sale and support of software	54
110	Entcorp Japan K.K.	Japan	Ordinary Shares	Sale and support of software	55
111	Micro Focus Enterprise Ltd	Japan	Ordinary Shares	Sale and support of software	56
112	Micro Focus LLC (formerly Micro Focus KK)	Japan	Interest in Capital	Sale and support of software	56
113	Novell Japan, Ltd	Japan	Common Stock	Sale and support of software	56
114	Serena Software Japan LLC (formerly Serena Software Japan KK)	Japan	Interest in Capital	Sale and support of software	56

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
115	Micro Focus Korea Limited	South Korea	Units KRW5000	Sale and support of software	57
116	Serena Software Europe Limited - Korea Branch	South Korea	Branch	Sale and support of software	58
117	Micro Focus Luxembourg S.à r.l. (formerly Entco Luxembourg Sarl)	Luxembourg	Ordinary Shares	Sale and support of software	59
118	Verity Luxembourg S.à r.l.	Luxembourg	Ordinary Shares €25.00	Sale and support of software	60
119	Micro Focus Malaysia Sdn. Bhd. (formerly Entco Software Malaysia Sdn. Bhd.)	Malaysia	Ordinary Shares RM1,000.00	Sale and support of software	61
120	Novell Corporation (Malaysia) Sdn. Bhd.	Malaysia	Ordinary Share RM1.00	Sale and support of software	62
121	Micro Focus International Mexico, S. de R.L. de C.V. (formerly Entco México, S. de R.L. de C.V.)	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	63
122	Micro Focus Limited Mexico (Branch)	Mexico	Branch	Sale and support of software	64
123	Micro Focus Software Mexico, S. De R.L. De C.V. (formerly Entco Software México, S. de R.L. de C.V.)	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	63
124	Micro Focus Software Solutions Mexico, S. de R.L. de C.V. (formerly Entcorp Software México, S. de R.L. de C.V.)	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	63
125	Attachmate Group Netherlands B.V.	Netherlands	Ordinary Shares €100.00	Sale and support of software	65
126	Aúthasas Advanced Authentication B.V.	Netherlands	Ordinary Shares €1.00	Dormant	65
127	Aúthasas B.V.	Netherlands	Ordinary Shares A €1.00 Ordinary Shares B €1.00	Sale and support of software	65
128	Autonomy HoldCo B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	65
129	Autonomy Netherlands BV	Netherlands	Common Shares €100.00	Sale and support of software	65
130	Borland BV	Netherlands	Ordinary Shares €5.00	Sale and support of software	65
131	Entco Eastern Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	65
132	Entco Gatriam Holding B.V.	Netherlands	Ordinary Share US\$100.00	Holding company	65
133	Entco HoldCo I B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
134	Entco HoldCo II B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
135	Entco HoldCo III B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
136	Entco HoldCo IV B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
137	Entco Holding Berlin B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
138	Entco Holding Hague II B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
139	Entco Sinope Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	65
140	Entcorp Nederland B.V.	Netherlands	Ordinary Shares €100.00	Sale and support of software	65
141	Micro Focus B.V.	Netherlands	Ordinary Shares €100.00	Sale and support of software	65

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
142	Micro Focus Caribe Holding B.V. (formerly Entco Caribe B.V.)	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	65
143	Micro Focus Eastern Holding II B.V. (formerly Entco Eastern Holding II B.V.)	Netherlands	Ordinary Shares US\$100.00	Holding Company	65
144	Micro Focus Enterprise B.V. (formerly Entco Enterprise B.V.)	Netherlands	Ordinary Share US\$100.00	Sale and support of software	65
145	Micro Focus HoldCo B.V. (formerly Entco HoldCo B.V.)	Netherlands	Ordinary Shares US\$100.00	Holding Company	65
146	Micro Focus Holding Finance B.V. (formerly Entco Holding Finance B.V.)	Netherlands	Ordinary Share US\$100.00	Holding Company	65
147	Micro Focus Holding Hague B.V. (formerly Entco Holding Hague B.V.)	Netherlands	Ordinary Shares US\$100.00	Holding Company	65
148	Micro Focus Holding PR B.V. (formerly Entco Puerto Rico B.V.)	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	65
149	Micro Focus International Trade B.V. (formerly Entco International Trade B.V.)	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	65
150	Micro Focus Nederland B.V. (formerly Entco Nederland B.V.)	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	65
151	Verity Benelux B.V.	Netherlands	Ordinary Shares €500.00	Sale and support of software	65
152	Micro Focus Software (New Zealand) Unlimited	New Zealand	Ordinary Shares	Sale and support of software	66
153	Micro Focus AS	Norway	Ordinary Share NOK1,602.00	Sale and support of software	67
154	Entcorp Philippines, Inc.	Philippines	Common Stock PHP1.00	Sale and support of software	68
155	Micro Focus Polska sp. z o.o. (formerly Entco Polska sp. z o.o.)	Poland	Ordinary Shares PLN500.00	Sale and support of software	69
156	Micro Focus S.L. - Sucursal Em Portugal (Branch)	Portugal	Branch	Sale and support of software	70
157	Novell Portugal - Informática Lda	Portugal	Ordinary Shares €14,864.18	Sale and support of software	71
158	Micro Focus Caribe Holding B.V. LLC Branch (formerly Entco Caribe B.V. LLC)	Puerto Rico	Ordinary Shares €99.76 Branch	Sale and support of software	72
159	Micro Focus Holding PR B.V. LLC Branch (formerly Entco Puerto Rico B.V. LLC)	Puerto Rico	Branch	Sale and support of software	73
160	Micro Focus Software Romania SRL (formerly Entco Software Romania SRL)	Romania	Ordinary Shares RON10.00	Sale and support of software	74
161	Limited Liability Company Micro Focus (formerly Limited Liability Company Entco)	Russian Federation	Interest in Capital	Sale and support of software	75
162	Micro Focus LLC	Saudi Arabia	Ordinary Shares SAR50	Sale and support of software	76
163	Autonomy Systems Singapore Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	77
164	Borland (Singapore) Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	78

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
165	Entco Software Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	77
166	Mercury Interactive (Singapore) Pte Ltd	Singapore	Ordinary Shares	In liquidation	107
167	Micro Focus Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	78
168	Micro Focus Software Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	77
169	Autonomy Systems Software South Africa Pty Ltd	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	79
170	Micro Focus Software South Africa (Pty) Ltd (formerly Attachmate Group South Africa (Pty) Limited)	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	80
171	Micro Focus South Africa (Pty) Ltd	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	80
172	Micro Focus Field Delivery Spain, S.L.U. (formerly Entco Field Delivery Spain, S.L.U.)	Spain	Ordinary Shares €1.00	Sale and support of software	81
173	Micro Focus S.L.U.	Spain	Registered Shares €9.00	Sale and support of software	82
174	Micro Focus Software Spain S.L.U. (formerly Entco Software Spain S.L.U.)	Spain	Ordinary Shares €1.00	Sale and support of software	81
175	Serena Software SA	Spain	Ordinary Shares €546.92	Sale and support of software	83
176	Micro Focus AS, Norge, filial i Sverige (Branch)	Sweden	Branch	Sale and support of software	84
177	Micro Focus Sverige AB (formerly Entco Sverige AB)	Sweden	Quota SEK1.00	Sale and support of software	84
178	Micro Focus Enterprise B.V., Amstelveen, Versoix Branch	Switzerland	Branch	Sale and support of software	85
179	Micro Focus GmbH	Switzerland	Quotas CHF100.00	Sale and support of software	86
180	Micro Focus International Suisse Sàrl (formerly Entco International Sàrl)	Switzerland	Ordinary Shares CHF1,000.00	Sale and support of software	85
181	Micro Focus Schweiz GmbH (formerly Entco Schweiz GmbH)	Switzerland	Ordinary Shares CHF100.00	Sale and support of software	86
182	Serena Software GmbH- Swiss Branch	Switzerland	Branch	Sale and support of software	87
183	Trilead GmbH	Switzerland	Ordinary Shares CHF100.00	Sale and support of software	88
184	Interwoven, Inc., Taiwan Branch	Taiwan	Branch	Sale and support of software	89
185	Novell (Taiwan) Co., Ltd.	Taiwan	Ordinary Shares NT\$10.00	Sale and support of software	90
186	Micro Focus Enterprise Tunisia SARL	Tunisia	Ordinary Shares TND10.00	Sale and support of software	91
187	Micro Focus Teknoloji Çözümleri Limited Şirketi (formerly Entco Turkey Teknoloji Çözümleri Limited Şirketi)	Turkey	Ordinary Shares TRY25.00	Sale and support of software	92
188	Serena Software Ukraine LLC	Ukraine	Interest in Capital	Sale and support of software	93
189	Entco International SARL-Abu Dhabi - Branch	United Arab Emirates	Branch	Sale and support of software	94

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Classified of shares held %	Principal activities	Key to Registered office address
190	Subsidiaries Enico International SARL-Jebel Ali Free Zone - Branch	United Arab Emirates	Branch	Sale and support of software	95
191	Enico Software Services Middle East FZ-LLC	United Arab Emirates	Ordinary Shares AED1,000.00	Sale and support of software	96
192	Attachmate Sales UK Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	97
193	Autonomy Digital Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	108
194	Autonomy Systems Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	98
195	Borland (Holding) UK Ltd	United Kingdom	Ordinary Shares £1.00	Dormant	97
196	Borland (UK) Limited	United Kingdom	Ordinary Shares £1.00	Dormant	97
197	Enticorp Margalante UK Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	98
198	Interwoven UK Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	108
199	Longsand Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	98
200	Merant Holdings	United Kingdom	Ordinary Shares £1.00	Holding Company	97
201	Mendio Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	109
202	Micro Focus (IP) Holdings Limited	United Kingdom	Ordinary Shares US\$1.00	Dormant	97
203	Micro Focus (IP) Ltd	United Kingdom	Ordinary Share £1.00	Holding Company	97
204	Micro Focus (US) Holdings	United Kingdom	Ordinary Shares US\$1.00	Holding Company	97
205	Micro Focus APM Solutions Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	97
206	Micro Focus CHC Limited	United Kingdom	Ordinary Shares US\$1.00	Holding Company	97
			Redeemable Preference Shares US\$1.00		
			C Preference Shares US\$1.00		
207	Micro Focus Foreign HoldCo Ltd (formerly Enico Foreign HoldCo Ltd)	United Kingdom	Ordinary Shares £1.00	Holding Company	98
208	Micro Focus Global Limited (formerly Novelis UK Limited)	United Kingdom	Ordinary Shares £1.00	Sale and support of software	97
209	Micro Focus Group Limited	United Kingdom	Ordinary Shares £1.00	Holding Company	97
210	Micro Focus Holdings Unlimited	United Kingdom	Ordinary Shares £0.01	Holding Company	97
211	Micro Focus Integration Holdings Limited	United Kingdom	Ordinary Shares US\$1.00	Holding Company	97
212	Micro Focus Integration Limited	United Kingdom	Ordinary Shares US\$1.00	Sale and support of software	97

# Micro Focus Group Limited

## Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
213	Micro Focus IP Development Limited	United Kingdom	Ordinary Shares US\$1.00	Development and support of software	97
214	Micro Focus Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	97
215	Micro Focus MHC Limited	United Kingdom	A Ordinary Shares £0.00001 B Ordinary Shares £0.00001	Holding Company	97
216	Micro Focus Midco Holdings Limited	United Kingdom	Ordinary Shares US\$0.01	Holding Company	97
217	Micro Focus Midco Limited	United Kingdom	Ordinary Shares US\$0.0001	Holding Company	97
218	Micro Focus Situla Holding Ltd (formerly Entco Situla Holding Ltd)	United Kingdom	Ordinary Shares £1.00	Holding Company	98
219	Micro Focus Software (IP) Holdings Limited	United Kingdom	Ordinary Shares US\$0.01 Preferred Shares US\$1.00	Holding Company	97
220	Micro Focus Software Holdings Ltd (formerly Novell UK Software Limited)	United Kingdom	Ordinary Shares £1.00	Sale and support of software	97
221	Micro Focus Software UK Ltd (formerly Entcorp UK Ltd)	United Kingdom	Ordinary Shares £1.00	Sale and support of software	98
222	Micro Focus UK Limited	United Kingdom	Ordinary Shares £1.00	Dormant	97
223	NetIQ Limited	United Kingdom	Ordinary Shares £1.00	Dormant	97
224	Ryan McFarland Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	97
225	Serena Holdings	United Kingdom	Ordinary Shares US\$1.00	Holding Company	97
226	Serena Software Europe Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	97
227	XDB (UK) Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	97
228	ZANTAZ UK Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	108
229	Attachmate Corporation	United States	Common Stock US\$0.01	Development and support of software	99
230	Borland Corporation	United States	Common Stock US\$0.01	Holding Company	100
231	Borland Software Corporation	United States	Common Stock US\$0.01	Development and support of software	100
232	Borland Technology Corporation	United States	Common Stock US\$0.01	Dormant	100
233	Entco Delaware LLC	United States	Interest in Capital	Sale and support of software	100

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
234	Entco Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	100
235	Entco Technologies, Inc.	United States	Common Stock US\$0.001	Sale and support of software	100
236	Entco, LLC	United States	Interest in Capital	Sale and support of software	100
237	GWAVA Technologies Inc	United States	Common Stock US\$1.00	Sale and support of software	100
238	Intersect Software - US, Inc.	United States	Common Stock US\$0.00001	Sale and support of software	100
239	MA FinanceCo., LLC	United States	Units	Holding Company	100
240	Micro Focus (US) Group, Inc	United States	Common Stock US\$0.01	Holding Company	100
241	Micro Focus (US) International Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	100
242	Micro Focus (US), Inc.	United States	Common Stock US\$0.01	Development and support of software	100
243	Micro Focus Brazil Holdings LLC (formerly Entco Brazil Holdings LLC)	United States	Interest in Capital	Holding Company	100
244	Micro Focus Government Solutions LLC (formerly Entco Government Solutions LLC)	United States	Interest in Capital	Sale and support of software	100
245	Micro Focus LLC (formerly EntIT Software LLC)	United States	Limited Liability Company Interests	Sale and support of software	100
246	Micro Focus Software Inc.	United States	Voting Common Stock US\$0.01 Non-voting Common Stock US\$0.01	Development and support of software	100
247	MicroLink LLC	United States	Limited Liability Common Interests	Sale and support of software	102
248	NetIQ Corporation	United States	Common Stock US\$0.01	Development and support of software	100
249	Novell Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	100
250	Novell International Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	100
251	Seattle SpinCo, Inc.	United States	Class A Common Stock US\$0.01 Class B Common Stock US\$0.01	Holding Company	100
252	Serena Software, Inc.	United States	Common Stock US\$0.01	Holding Company	100



## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

	Company name	Country of incorporation	Class(es) of shares held <sup>1,2</sup>	Principal activities	Key to Registered office address
	<b>Subsidiaries</b>				
253	Spartacus Acquisition Holdings Corp	United States	Common Stock US\$0.001	Holding Company	100
254	Stratify, Inc.	United States	Common Stock US\$0.001	Sale and support of software	100
255	The Attachmate Group, Inc.	United States	Common Stock US\$0.001	Holding Company	100
256	Vertica Systems, LLC	United States	Limited Liability Company Interests	Sale and support of software	100

<sup>1</sup> The Company has a 100% equity ownership interest in each of the subsidiary undertakings, with the exception of Novell Japan Ltd, in which it has an 84.24% equity interest.

<sup>2</sup> The ultimate parent company is Micro Focus International plc ("the Company"). The Company has a direct interest in Micro Focus Midco Holdings and an indirect interest in all of the other related undertakings. The Company has an effective interest of 100% in all of the related undertakings listed in the table, save as disclosed in the above.

None of the related undertakings holds any shares in the Company.

For each of the subsidiaries listed above, the registered office or, in the case of undertakings other than subsidiaries, the principal place of business is as follows:

#### Registered office addresses:

Number	Address
1	Level 8, 76 Berry Street, North Sydney, NSW 2060, Australia
2	Donau Centre, Hauptstrasse 4-10, Linz, 4040, Austria
3	Officenter, Luchthavenlaan 27, 1800 Vilvoorde, Belgium
4	EU Parliament, 4th Floor, 37 De Meeussquare, Brussels, 1000, Belgium
5	Rua Joaquim Floriano, 466-12 Ander, Sao Paulo, CEP 04534-002, Brazil
6	Avenida das nações Unidas, nº 12.901, conjunto 2302, sala 72, Itaim Bibi, São Paulo, CEP 04578-000, Brazil
7	Rua Dom Jose de Barros, 177, 3rd Floor, Suite 302, Vila Buarque, Sao Paulo 01038-100, Brazil
8	Estera Corporate Services (BVI) Limited, Jayla Place Wickhams Cay 1, Road Town, Tortola, Virgin Islands, British
9	76A James Bourchier Blvd, Lozenetz, Sofia, 1407, Bulgaria
10	1715 Sofia, Mladost district, Business Park Sofia, Building 9, Sophia, Bulgaria
11	200-204 Lambert Street, Whitehorse, Y1A 3T2, Canada
12	250 Howe Street, Suite 1400-C, Vancouver, BC V6C 3S7, Canada
13	Barker House, Suite 600, Fredericton E3B 6Z6, Canada
14	411 Legget Drive, Suite 503, Ottawa ON K2K 3C9, Canada
15	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada
16	4300 Bankers Hall West, 888 - 3rd Street S.W., Calgary, Alberta T2P 5C5, Canada
17	1300-1960 Upper Water Street, Halifax, Nova Scotia B3J 3R7, Canada
18	Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands
19	Unit 601, Block A, Yuanyang International Center, Building 56, Dong Si Huan Zhong Dong Road, Beijing, Chaoyang District, China

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

##### Registered office addresses continued

20	Floor 2, Building 1, No. 799-Naxian Road, Pilot Free Trade Zone, Shanghai, China
21	8 Guangshun Avenue South, B01, 3F, Building 1, Chaoyang District, China, China
22	No. 209, Chuangxin Plaza, No. 5 Keyuanyi Road, Jiulongpo District, Chongqing, China
23	14/F, Office 1436, Times Financial Center, 4001 Shennan Avenue, Futian District, Shenzhen, Guangdong, 518046, China or Unit H 1483 - 04, 14th Floor, Times Financial Center, 4001 Shennan Avenue, Fu'An Community, Futian Street, Shenzhen, Futian District, China
24	Room 810, Level 8, International Finance Center, Tower 2, 8 Century Avenue, Pudong, Shanghai 200120, P.R. China
25	Madrid 17-02F Suite, 17/F Ping An International Financial Center, Tower B, No. 3 Xin Yuan South Road, Chao Yang District, Beijing China 100027
26	San José, Cantón Montes de Oca, Distrito San Pedro, cincuenta metros al sur del Restaurante Le Chandelier, Edificio Blanco, Costa Rica
27	Za Brumlovkou 1559/5, Michle, Prague, 140 00, Czech Republic
28	Krizikova 148/34, Karlín, 186 00 Praha 8 Czech Republic
29	Borupvang 3, 2750, Ballerup, Denmark
30	Accountor Turku Oy, Yliopistonkatu 34,5 krs, Turku FI-20100
31	Tour, Atlantique, La Defense 9, 1 Place de la Pyramide, La Defense, Cedex, Paris, 92911, France
32	1 Avenue du Canada, Les Ulis, 91947, France
33	Fraunhoferstrasse 7, Ismaning, 85737, Germany
34	Von-Braun-Strabe 38a, 48683 Ahaus, Germany
35	Herrenberger Str. 140, 71034 Boeblingen, Germany
36	Maxfeldstr. 5, 90409 Nürnberg, Germany
37	Nöerdlicher Zubringer 9-11, 40470 Düsseldorf
38	21st floor, Henley Building, 5 Queen's Road Central, Hong Kong
39	19th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
40	4th Floor, Laurel Building 'A' Block, Bagmane Tech Park, Survey no.65/2, C.V.Raman Nagar, Byrasandra Village, KR Pura Hobli, Bangalore South Taluk, Bengaluru-560093, India
41	Laurel, Block D, 65/2, Bagmane Tech Park, C.V. Raman Nagar, Byrasasdraa Post, Bangalore 560093, India
42	4th Floor, Bagmane Tech Park, Olympia Building Survey Nos. 66/1,, 66/66-1 & 66/1-3, CV Raman Nagar, Bangalore, 560093, India
43	602 MMTC House C-22 Bandra Kurla Complex Bandra East, Mumbai, MH 400051, India
44	66/1, 6th Floor, Olympia Building, Bagmane Tech Park, Byrasandra, C V Raman Nagar, Bangalore, Karnataka, 560093, India
45	Leela Galleria, 1st Floor, Andheri Kuria Road, Andheri(East), Mumbai- 400059, Maharashtra, India
46	Block A, Ballybrit Business Park, Ballybane Road, Galway, Eircode, NE2 2003, Ireland
47	One Spencer Dock, North Wall Quay, Dublin 1, Ireland
48	Corrig Court, Corrig Road, Sandyford Industrial Estate, Sandyford, Dublin 18, Ireland
49	5 Altalef St., Yahud, Israel
50	Matam Advanced Tech Center, Building 5/1, Haifa, 31 905, Israel
51	Scientific Industries Center, Haifa, 33263, Israel
52	Via Filippo Turati 8, 20121, Milan, Italy
53	Viale Sarca 235, 20126, Milan, Italy
54	Via Santa - Maria alla Porta n.9, 20123, Milan, Italy
55	No. 8 Center Plaza Bldg, 5F, 1-10-16 Horidomecho Nihonbashi, Chuo-ku, Tokyo 103-0012, Japan
56	Midtown Tower 19F, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6219, Japan
57	Yeoidodong, SK Building, 15F, 31 Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea
58	Gangnam Finance Centre, Level 41, 152 Teheren-ro, Gangnam-gu, Seoul - 06236 Korea
59	20, rue des Peupliers, L-2328 Luxembourg, Luxembourg
60	15, Boulevard F.W. Raiffeisen, L - 2411, Luxembourg
61	Level 11 , 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 59200 Kuala Lumpur, Malaysia
62	Unit 501 Lvl 5 Uptwn 1, 1 Jalan SS2, Selangor Darul Ehsan, Malaysia
63	Av. Periférico Sur 6751, Col. Toluquilla, Municipio Tlaquepaque, Jalisco, CP 45610, Mexico
64	Insurgentes Sur 1898, Pisos 12 y 14, Col. La Florida, Mexico City 1020, Mexico
65	Van Deventerlaan 31-51, 3528 AG Utrecht, The Netherlands
66	Level 8, 188 Quay Street, Auckland, 1010 , New Zealand
67	7th Floor, Dronning Eufemias gate 16, 0191 Oslo, Norway

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 (continued)

#### 11 Investments (continued)

##### Registered office addresses continued

Number	Address
68	2/F Three World Square, Upper Mckinley Road, Taguig City, Philippines
69	Centrum Biurowe Globis, Powstańców Śląskich 7A, 53-332, Wrocław, Poland
70	Centro Empresarial Torres de Lisboa, Rua Tomás da Fonseca, Torre G, 1.º, 1600-209 Lisbon, Portugal
71	Centro Empresarial Torres de Lisboa, Rua Tomás da Fonseca, Torre G, 1600-203 Lisbon, Portugal
72	110 Highway North Km. 28, Bldg. #1, Aguadilla, 00603, Puerto Rico
73	350 Chardon Avenue, Chardon Tower, Suite 801, San Juan, 00918, Puerto Rico
74	2nd District, 3 George Constantinescu Street, BOC Office Building, Bucharest, Romania
75	Leningradskoye shosse 16 A, building 3, floor 10, premise XV, room 16, 125171, Moscow, Russian Federation
76	Maazar Street, Futuro Tower, 3rd Floor, P.O. Box 69171, Riyadh 11547, Saudi Arabia
77	#12-04/06, 1 Harbourfront Place, Harbourfront Tower 1, 098633, Singapore
78	80 Robinson Road #02 - 00, 068898, Singapore
79	PO Box 2238, Florida Hills, 1716, South Africa
80	Morning View Office Park 255 Rivonia Road, Morningside, South Africa
81	Calle José Echegaray 8, Las Rozas de Madrid, 28232 Madrid, Spain
82	Paseo de la Castellana 42, Madrid, 28046, Spain
83	Ronda General Mitre 28-30, Barcelona 08017, Spain
84	Kronborgsgränd 1, 164 46 Kista, Stockholm, Sweden
85	Chemin Jean-Baptiste Vandelle 3A, 1290 Versoix, Switzerland
86	Ueberlandstrasse 1, 8600 Dübendorf, Switzerland
87	Kirchgasse 24, 8001 Zurich, Switzerland
88	Rembach 7, 8852, Altendorf, Switzerland
89	10F.-1 No.66, Jing Mao 2nd Road, Nangang Distric, Taipei City, 115, Taiwan
90	Room B 26/F #216 Tun-Hwa S Road Sec, Taipei ROC 106, Taiwan
91	ZI Chotrana, Technopole El Ghazala, Lot No 45, Ariana, 2088, Tunisia
92	AND Plaza Kozyatağa İçerenköy Mahallesi.Umut Sk. 10/12, Kat: 16.34752 Ataşehir/Istanbul, Turkey
93	13 Pimonenkò str., building 1, Office 1B/22, Kiev 04050,Ukraine
94	Al Hilal Building, Al Falah Road, Office 318, Abu Dhabi, United Arab Emirates
95	JAFZA One building, Unit No. AB 1005, Jebel Ali Free Zone, Dubai, United Arab Emirates
96	1204 - 1205, Floor 12 Al Shatha Tower, Dubai , United Arab Emirates
97	The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, United Kingdom, RG14 1QN, England
98	Cain Road, Amen Corner, Bracknell, Berkshire, RG12 1HN, United Kingdom
99	505 Union Ave SE STE120, Olympia, WA 98501 , USA
100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, DE 19801, USA
101	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE19808, USA
102	4701 Cox Road, Suite 285, Henrico County, Glen Allen VA 23060, United States
103	54 Digeni Akritas, Akritas 2nd Floor, Office 201-202, PC 1061, Nicosia, Cyprus
104	Room 1213A Tower B, Full Link Plaza, No 18 Chaoyangmen Wai Avenue, Chaoyang District, Beijing, China
105	19 Helmy El Masry Street, Almaza, Cairo, Egypt
106	17 Hatidhar St., Raannana, 43665, Israel
107	450 Alexandra Road, Singapore 119960, Singapore
108	Autonomy House, Cambridge Business Park, Cambridge, Cambridgeshire, CB4 0WZ
109	The Innovation Centre, Northern Ireland Science Park, Queen's Road, Queens Island, Belfast, BT3 9DT

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 continued

#### 12 Derivative Financial Instruments

	31 October 2019 \$'000	31 October 2018 \$'000
Derivative financial instruments – non-current asset – interest rate swaps	-	86,381
Derivative financial instruments – non-current liabilities – interest rate swaps (note 16)	<b>(36,547)</b>	-

Derivatives are only used for economic hedging purposes and not as speculative investments.

The Company entered into four interest rate swaps with banks on 5 October 2017 with a total notional value of \$2.25bn to hedge against the impact of expected rises in interest rates on the Group's external borrowings until 30 September 2022. Subsequently, on 26 October 2017, the Company entered into four intercompany swap arrangements with Seattle Spinco Inc., a group company and the associated external borrower under the Group's credit facilities, to pass on the risks and rewards associated with the swap agreements held by the Company.

Details of the intercompany swap agreements are disclosed in note 15 and have identical terms to the bank swap agreements.

The terms of the swap involve the Company paying a fixed interest rate of 1.949% and the Company receiving a variable rate in line with LIBOR. The swap contracts require settlement of net interest receivable or payable on a monthly basis.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments (adjusted for credit risk) to ensure that an economic relationship exists between the hedged item and the hedging instrument. The testing determined that the hedge was highly effective throughout the financial reporting period for which the hedge was designated.

	31 October 2019 \$'000	31 October 2018 \$'000
Carrying amount	<b>(36,547)</b>	86,381
Notional amount (4 x \$562.5m)	<b>2,250,000</b>	2,250,000
Maturity date	<b>30 September 2022</b>	30 September 2022
Change in fair value of outstanding hedging instruments	<b>(122,900)</b>	86,381
Change in value of hedging instruments adjusted for credit risk	<b>(121,900)</b>	84,666

## Micro Focus Group Limited

### Notes to the financial statements for the period ended 31 October 2019 continued

#### 13 Other non-current assets

	31 October 2019 \$'000	31 October 2018 \$'000
Amounts owed by group undertakings	90,154	89,123

Amounts owed by group undertakings includes an intercompany loan balance of \$89,123 thousand with Micro Focus CHC Limited (2018: \$89,123 thousand). This intercompany balance carries an arm's length fixed rate of interest of 4.25% per annum and is repayable in full, to include all unpaid accrued interest by March 2021.

#### 14 Debtors

	31 October 2019 \$'000	31 October 2018 \$'000
Amounts owed by group undertakings	1,188,309	652,453
Amounts owed by group undertakings – derivative asset	36,547	-
Other	11	-
	<b>1,224,867</b>	<b>652,453</b>

Included within amounts owed by group undertakings, is an intercompany loan balance of \$208,925 thousand with Micro Focus US Group Inc. which is unsecured, accrues interest at 1.27% and is repayable on demand. Also included are Intercompany balances of \$979,384 thousand which are unsecured non-loan trading balances and repayable on demand.

#### 15 Creditors: amounts falling due within one year

	31 October 2019 \$'000	31 October 2018 \$'000
Amounts owed to group undertakings – debt instrument	-	24,347
Unamortised prepaid facility arrangement fees and original issue discounts	-	(10,189)
Net borrowings	-	14,158
Amounts owed to group undertakings	1,577,654	1,037,962
Amounts owed to group undertakings - derivative liability	-	86,381
Accruals and deferred income	3,999	3,674
	<b>1,581,653</b>	<b>1,142,175</b>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 continued

#### 16 Creditors: amounts falling due after more than one year

Amounts due to group undertakings – debt instrument is split between current and non-current liabilities as follows:

	31 October 2019			31 October 2018		
	Amounts owed to group undertakings \$'000	Unamortized prepaid facility arrangement fees and original issue discounts \$'000	Total \$'000	Amounts due to group undertakings \$'000	Unamortized prepaid facility arrangement fees and original issue discounts \$'000	Total \$'000
Reported within:						
Current liabilities	-	-	-	24,347	(10,189)	14,158
Non-current liabilities	2,288,737	(49,838)	2,238,899	2,392,066	(71,440)	2,320,626
	2,288,737	(49,838)	2,238,899	2,416,413	(81,629)	2,334,784

Amounts to group undertaking – debt instrument includes the following:

- \$1,414.7m loan with MA FinanceCo LLC priced at LIBOR plus 2.32% (subject to a LIBOR floor of 0.00%);
- \$368.2m seven-year term loan with MA FinanceCo LLC priced at LIBOR plus 2.57% (subject to a LIBOR floor of 0.00%) with an original issue discount of 0.25%; and
- €452.8m (equivalent to \$505.8m) seven-year term loan with MA FinanceCo LLC priced at EURIBOR plus 2.82 (subject to a EURIBOR floor of 0.00%) with an original issue discount of 0.25%.

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 continued

#### 16 Creditors: amounts falling due after more than one year (continued)

The movements on the Company loans in the period were as follows:

	Total \$'000
At 1 April 2017	1,595,188
Draw downs	1,043,815
Repayments	(233,436)
Foreign exchange	10,846
At 31 October 2018	2,416,413
<b>At 1 November 2018</b>	<b>2,416,413</b>
Repayments	(118,309)
Foreign exchange	(9,367)
<b>At 31 October 2019</b>	<b>2,288,737</b>

Borrowings are stated after deducting unamortized prepaid facility fees and original issue discounts. Facility arrangement costs and original issue discounts are amortized between three and six years. The fair value of borrowings equals their carrying amount.

Amounts owed to group undertakings – derivative liability includes four internal interest rate swaps with a total notional value of \$2.25bn with details as per table below:

	31 October 2019 \$'000	31 October 2018 \$'000
Carrying amount	(36,547)	86,381
Notional amount (4 x \$562.5m)	2,250,000	2,250,000
Maturity date	30 September 2022	30 September 2022

	31 October 2019 \$'000	31 October 2018 \$'000
Amounts owed to group undertakings – debt instrument	2,288,737	2,392,066
Unamortised prepaid facility arrangement fees and original issue discounts	(49,838)	(71,440)
Net borrowings	2,238,899	2,320,626
Amounts owed to group undertaking	279,988	65,448
Derivative liability (note 12)	36,547	-
	<b>2,555,434</b>	<b>2,386,074</b>

The amounts owed to group undertakings, excluding the debt instrument, falling due after more than one year, are unsecured, non-instalment, accrue interest at a rate of between 3.72% and 4.63% and are have repayment dates between April 2021 and April 2022.

## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 continued

#### 17 Share capital and other reserves

	31 October 2019 \$'000	31 October 2018 \$'000
<b>Share capital allotted and fully paid</b>		
30 (2018:30) ordinary shares of £1 each	-	-

In October 2018, Micro Focus Midco Limited contributed its entire shareholdings of Seattle Holdings Inc. with a book value of \$6,514,169,773 to the Company in exchange for 25 £1 shares and the balance in value being share premium.

#### 18 Related party transactions

The Company has taken advantage of the exemption under FRS 102 paragraph 33.1A, from disclosing transactions with other members of the group headed by Micro Focus International plc. There are no other external related parties.

#### 19 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Micro Focus Midco Limited, a company incorporated in England and Wales. The ultimate parent undertaking which is the parent undertaking of the smallest and largest group to consolidate these financial statements is Micro Focus International plc, a company incorporated in England and Wales. Copies of the Micro Focus International plc consolidated financial statements may be obtained from the Company Secretary, The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, or via [www.microfocus.com](http://www.microfocus.com).



## Micro Focus Group Limited

### Notes to the financial statements for the 12 months ended 31 October 2019 continued

#### 20 Post Balance Sheet Events

As COVID-19 arose after the year-end, all assets remain carried at the value assessed at the balance sheet date and no adjustment have been made to the carrying value of these for the estimated the financial impact of COVID-19. However, the following describes areas that may be impacted in future periods:

- Investments in subsidiaries of \$10,717,693 thousand were supported by the present value of the Company's subsidiaries. It is extremely difficult to predict the full extent and duration of the post year end COVID-19 outbreak on the Company's business. At 30 April 2020 the Company's ultimate parent performed a group wide impairment test and recorded an impairment of \$922.2m against Group goodwill and intangibles of \$11,185m based on adjustments to the Group's forecasts for the estimated impact of COVID-19. Had COVID-19 arisen before the balance sheet date and the forecast used in the group wide April 2020 impairment test been used in assessing the Company's investment in subsidiaries an increased impairment would have been recorded than the impairment of \$313m recorded in the Company accounts at 31 October 2019. As COVID-19 arose solely after the year end and the assumptions around the wider macro economic environment applied by the Company at the year end were consistent with the wider market consensus at the year end date this impairment has not been reflected in the balance sheet.

Intercompany receivables of \$1,224,856 thousand were supported by the present value of the Company's forecast future cash flows at year end. It is extremely difficult to predict the full extent and duration of the post year end COVID-19 outbreak on the Company's business. At 30 April 2020 the Company's ultimate parent performed a group wide impairment test and recorded an impairment of \$922.2m against Group goodwill and intangibles of \$11,185m based on adjustments to the Group's forecasts for the estimated impact of COVID-19. Had COVID-19 arisen before the balance sheet date and the forecast used in the group wide April 2020 impairment test been used in assessing the Company's goodwill, no impairment would have been required.

Subsequent to the year end, the Group refinanced intercompany borrowings from MA Finance LLC. As a result the \$1.4bn loan payable that would have been repayable in November 2021 is now a \$1.3bn loan payable in June 2025.

There are no further post balance sheet events.