

BMC Software A/S

Borupvang 2 D, 2750 Ballerup

CVR-no. 13 11 58 85

ANNUAL REPORT

1 April 2017 - 31 March 2018

Adopted at the annual general meeting on 6 July 2018

Chairman: Arno Jan ter Avest



Contents

Statement by the supervisory and executive boards on the annual report	3
Independent auditor's report	4-6
Management's review	7
Financial statements 1 April 2017 -31 March 2018	
Income statement	8
Balance sheet	9-10
Statement of changes in equity	11
Notes	12-16

Statement by the supervisory and executive boards on the annual report

Management has reviewed and approved the annual report of BMC Software A/S (the "Company") for the financial year 1 April 2018 - 31 March 2018

The annual report is prepared in accordance with the Danish Financial Statements Acts.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018.

In our opinion, the management's review includes a fair review of the matters dealt with.

We recommend the adoption of the annual report at the annual general meeting.


Ballerup, 6 July 2018

Executive board:



Antti Samuli Vilhunen

Supervisory Board :



Arno Jantter Aavost
Chairman



Antti Samuli Vilhunen



Ted Cory Bleuer

Independent auditor's report

To the shareholder of BMC Software A/S

Opinion

We have audited the financial statements of BMC Software A/S for the financial year 1 April 2017 – 31 March 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 6 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Henrik Nørgaard
State Authorised Public Accountant
MNE no.: mne16552

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Management's review

Business activities and mission

BMC Software A/S is a company of the BMC Software Group, that sells software products developed by this group. In addition, BMC Software A/S offers professional services to support the implementation of software products.

BMC Software A/S does not carry out any research or development activities.

Business review

The Company's income statement for the year ended 31 March 2018 shows a net profit of DKK 1 757 299 and the balance sheet at 31 March 2018 shows an equity of DKK 6 256 537 .

Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the Company's financial position.

Income statement 1 April - 31 March

	Notes	2017/18 DKK	2016/17 DKK
Revenue		13 756 588	25 877 081
External expenses		<u>-3 406 250</u>	<u>-7 932 834</u>
Gross margin		10 350 338	17 944 247
Staff costs	2	-9 345 575	-15 593 261
Depreciation and write-off's of property, plant and equipment		<u>- 138 889</u>	<u>- 138 995</u>
Profit before financial income and expenses		865 874	2 211 991
Income/(loss) from investment in subsidiary	5	910 547	590 275
Financial income		10 507	0
Financial expenses		<u>- 29 629</u>	<u>- 27 946</u>
Profit before tax		1 757 299	2 774 320
Tax for the year	3	<u>0</u>	<u>0</u>
Net profit for the year		<u>1 757 299</u>	<u>2 774 320</u>
Proposal for the distribution of profit			
Interim dividend		11 000 000	0
Reserve for net revaluation under equity method		910 547	590 275
Retained earnings		<u>-10 153 248</u>	<u>2 184 045</u>
		<u>1 757 299</u>	<u>2 774 320</u>

Balance sheet at 31 March

	Notes	2018 DKK	2017 DKK
ASSETS			
Leasehold improvements		18 826	32 115
Other fixtures and fittings, tools and equipment		145 301	213 677
Property, plant and equipment	4	164 127	245 792
Investment in subsidiary	5	5 198 175	4 511 219
Deposits		169 468	164 532
Investments		5 367 643	4 675 751
Total fixed assets		5 531 770	4 921 543
Current assets			
Trade receivables		0	610 769
Receivables from group companies		695 311	6 356 779
Other receivables	6	185 172	41 970
Total receivables		880 483	7 009 518
Cash and equivalents		1 772 854	11 163 441
Total current assets		2 653 337	18 172 959
TOTAL ASSETS		8 185 107	23 094 502

Balance sheet at 31 March

	Notes	2018 DKK	2017 DKK
EQUITY AND LIABILITIES			
Share capital	7	500 000	500 000
Equity method transfer to net revaluation reserve		3 592 174	2 905 216
Retained earnings		2 164 363	12 317 611
Total equity		6 256 537	15 722 827
Trade payables		181 725	81 365
Payables to group companies		0	2 542 756
Other payables	8	1 746 845	4 747 554
Short-term liabilities		1 928 570	7 371 675
Total liabilities		1 928 570	7 371 675
TOTAL EQUITY AND LIABILITIES		8 185 107	23 094 502
Contingent assets	9		
Contingent liabilities	10		
Related parties	11		

Statement of changes in equity

	Share capital	Equity method transfer to net revaluation reserve	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 April 2017	500 000	2 210 781	10 133 566	12 844 347
Transfer in the year	0	590 275	2 184 045	2 774 320
Exchange rate adjustment	0	104 160	0	104 160
Equity at 1 April 2018	500 000	2 905 216	12 317 611	15 722 827
Transfer in the year	0	910 547	846 752	1 757 299
Interim dividend			-11 000 000	-11 000 000
Exchange rate adjustment	0	- 223 589	0	- 223 589
Equity at 31 March 2018	500 000	3 592 174	2 164 363	6 256 537

Notes

Note 1. Accounting policies

Accounting policies

The annual report of BMC Software A/S (the "Company") has been prepared in accordance with the provisions of the Danish Financial Statements Act Reporting Class B Enterprises and elective choice of certain provisions applying to reporting class C entities.

The accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK)

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognised in the income statement as financial income and expenses.

Income statement

Revenue

Income from the sale of services is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be estimated reliably. Revenue also includes sales and marketing activities performed for group companies. VAT, indirect taxes and discounts are excluded from revenue.

External expenses

External expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs include wages, commissions, bonuses, holiday pay, pensions fees and employee welfare expenses.

Depreciation and write-offs of property, plant and equipment

This item includes depreciation and write-offs of property, plant and equipment. Depreciation is provided on the basis of current assessments of the depreciation profile, useful life and residual value of the assets.

Property, plant and equipment are depreciated to the residual value, based on the cost, measured by reference to the following assessment of useful lives:

	<u>Useful life</u>
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Property, plant and equipment are written off to the extent that the carrying amount exceeds the higher of the fair market value and the net selling price. Such assessment is made for individual assets or, if that is not possible, for the smallest group of assets for which a value in use can be determined.

Income/(loss) from investment in subsidiary

This includes the proportionate share of profit/(loss) after tax of the Company's subsidiary.

Financial income and expenses

Other financial income and expenses are recognized in the income statement for the amount that relates to the reporting period. Financial income and expenses include interest income and expenses, realized and unrealized exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the current year's expected taxable income and the current year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes relating to items recognized directly in equity are taken directly to equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise of leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-offs.

Investment in subsidiary

Investment in subsidiary comprises of the investment in the Company's subsidiary in Norway.

The investment in subsidiary is measured, using the equity method, at the parent's proportionate share of such company's equity plus goodwill on consolidation and less intra-group profits and negative goodwill.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced for allowances for bad debt.

Deferred income

Deferred income, included in other payables, is recognized as a liability and comprises payments received for revenue of future reporting years.

Other liabilities

Other liabilities are measured at the nominal value.

Note 2 Staff costs	2017/18	2016/17
	DKK	DKK
Wages and salaries	8 677 474	14 521 653
Pension costs	500 615	821 148
Other social security costs	118 768	175 870
Other staff costs	48 718	74 590
	<u>9 345 575</u>	<u>15 593 261</u>
Average number of employees	<u>9</u>	<u>12</u>

Note 3. Tax for the year

No income taxes were paid or expensed in the year.

Note 4. Property, plant and equipment

	Leasehold improvements	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
Cost			
Balance at 1 April 2017	59 800	1 011 160	1 070 960
Retirements	0	0	0
Additions in the year	0	57 224	57 224
Cost at 31 March 2018	<u>59 800</u>	<u>1 068 384</u>	<u>1 128 184</u>
Depreciation and write off's			
Balance at 1 April 2017	- 27 685	- 797 483	- 825 168
Retirements	0	0	0
Depreciation in the year	- 13 289	- 125 600	- 138 889
Depreciation and write off's at 31 March 2018	<u>- 40 974</u>	<u>- 923 083</u>	<u>- 964 057</u>
Carrying amount at 31 March 2018	<u>18 826</u>	<u>145 301</u>	<u>164 127</u>
Depreciation rate (straight-line)	20%	20-33%	20-33%

Note 5. Investment in subsidiary

According to the most recent financial statements, the results of operations and total equity are per 31 March 2018:

Subsidiary	Percentage Interest	Equity DKK	Result of the year DKK
BMC Software AS, Norway	100%	5 198 175	910 547

Note 6. Other receivables

As per 31 March	2018 DKK	2017 DKK
Prepayments	70 133	41 970
VAT receivable	115 039	0
	<u>185 172</u>	<u>41 970</u>

Note 7. Share capital

As per 31 March	2018 DKK	2017 DKK
3 shares of DKK 100 000 each	300 000	300 000
2 shares of DKK 50 000 each	100 000	100 000
2 shares of DKK 25 000 each	50 000	50 000
3 shares of DKK 10 000 each	30 000	30 000
2 shares of DKK 5 000 each	10 000	10 000
10 shares of DKK 1 000 each	10 000	10 000
Total share capital	<u>500 000</u>	<u>500 000</u>

The past five years' changes in share capital are as follows:

	2017/2018 DKK	2016/2017 DKK	2015/2016 DKK	2014/2015 DKK	2013/2014 DKK
Balance at 1 April	500 000	500 000	500 000	500 000	500 000
Balance at 31 March	<u>500 000</u>	<u>500 000</u>	<u>500 000</u>	<u>500 000</u>	<u>500 000</u>

No shares carry special voting rights.

Note 8. Other payables

As per 31 March	2018 DKK	2017 DKK
Deferred income	17 852	66 947
Other payables	1 728 993	4 680 607
	<u>1 746 845</u>	<u>4 747 554</u>

Note 9. Contingent assets

The Company's contingent assets amount to approximately DKK 867 thousand and relate to temporary differences between the carrying amount and the tax base of certain assets and liabilities, which at present are not expected to be utilised via offset against future taxable earnings.

Note 10. Contingent liabilities

The Company entered into a lease concerning premises on 1 September 2014. The lease is non-cancellable until 31 August 2019. The annual rent amounts to DKK 532 thousand.

In addition, the Company has entered into leases concerning cars. The remaining lease payments amount to DKK 157 thousand.

The total lease commitment for premises, car leases and the copy machine amounts to DKK 1 037 thousand (2016/17 DKK 1 814 thousand).

Note 11. Related parties

Related parties having a controlling interest in the Company refer to the Company's parent, BMC Software, Inc.

The Company performs extensive sales and marketing activities in Denmark for group companies. The costs relating to those activities are reimbursed by a group company and such reimbursement is included in the Company's revenue. Cost reimbursements account for approximately 93% of total revenue.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company has availed of the exception to Paragraph 112 of the Danish Financial Statements Act from preparing and delivering consolidated financial statements. The results of the Company and its subsidiary are included in the consolidated financial statements of BMC Software Finance, Inc., which have been prepared in accordance with U.S. generally accepted accounting principles. The consolidated financial statements of BMC Software Finance, Inc. are available from 2103 CityWest Boulevard, Houston, Texas, 77042, USA.