

BMC Software A/S

Lottenborgvej 24, st., 2800 Kongens Lyngby


CVR-no. 13 11 58 85

ANNUAL REPORT

1 April 2019 - 31 March 2020

Adopted at the annual general meeting on 10 July 2020

Chairman: Arno Jan ter Avest



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Statement by the supervisory and executive boards on the annual report

Management has discussed and approved the annual report of BMC Software A/S (the "Company") for the financial year 1 April 2019 - 31 March 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020.

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.

Lyngby, 10 July 2020

Executive board:

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Antti Samuli Vilhunen

Supervisory Board :


.....
Arno Jan ter Avest
Chairman

.....
Antti Samuli Vilhunen


.....
Ted Cory Bleuer

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Lyngby, 10 July 2020

Executive board:



Antti Samuli Vilhunen

Supervisory Board :

Arno Jan ter Avest
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 2019 – 31 March 2020, 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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.

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.

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, 10 July 2020

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Henrik Nørgaard
State Authorized Public Accountant
mne16552

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 2020 shows a net profit of DKK 2 799 931 and the balance sheet at 31 March 2020 shows an equity of DKK 5 865 990.

Revenue has increased by 14% compared to the prior year caused by new completed professional services projects during the fiscal year as well as higher Commission Agency Fees. External expenses slightly decreased as a result of lower external professional fees. This is offset by an increase in staff costs due to higher commission payments.

Post balance sheet events

As of March 31, 2020, the COVID-19 pandemic has created and continues to create significant uncertainty in macroeconomic conditions, which may adversely impact our results of operations. In light of the COVID-19 pandemic, we have performed additional assessments of certain accounting-related matters that generally require consideration of current and forecasted information. We have considered information available to us as of the date of issuance of these financial statements, including COVID-19, and we are not aware of any other specific events or circumstances that would require an update to our estimates or judgments, or any adjustments to our financial statements, as of March 31, 2020. We refer to note 2.

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	2019/20 DKK	2018/19 DKK
Revenue		24 530 366	21 596 528
External expenses		<u>-11 161 246</u>	<u>-12 030 918</u>
Gross margin		13 369 120	9 565 610
Staff costs	3	-10 315 989	-9 060 494
Depreciation and write-off's of property, plant and equipment		<u>- 85 553</u>	<u>- 92 373</u>
Profit before financial income and expenses		2 967 578	412 743
Financial expenses, net		<u>- 97 211</u>	<u>- 11 047</u>
Profit before tax		2 870 367	401 696
Tax for the year	4	<u>- 70 436</u>	<u>0</u>
Net profit for the year		<u>2 799 931</u>	<u>401 696</u>
 Proposal for the distribution of profit			
To retained earnings		<u>2 799 931</u>	<u>401 696</u>
		<u>2 799 931</u>	<u>401 696</u>

Balance sheet at 31 March

	Notes	2020 DKK	2019 DKK
ASSETS			
Leasehold improvements		0	5 507
Other fixtures and fittings, tools and equipment		88 087	168 133
Property, plant and equipment	5	<u>88 087</u>	<u>173 640</u>
Investment in subsidiary	6	1 606 001	1 606 001
Deposits		69 345	174 552
Investments		<u>1 675 346</u>	<u>1 780 553</u>
Total fixed assets		<u>1 763 433</u>	<u>1 954 193</u>
Non-fixed assets			
Trade receivables		1 074 973	3 043 294
Receivables from group companies		3 000 829	0
Other receivables	7	134 360	156 188
Deferred tax	8	23 894	0
Total receivables		<u>4 234 056</u>	<u>3 199 482</u>
Cash and equivalents		<u>3 510 800</u>	<u>2 858 858</u>
Total non-fixed assets		<u>7 744 856</u>	<u>6 058 340</u>
TOTAL ASSETS		<u>9 508 289</u>	<u>8 012 533</u>

Balance sheet at 31 March

	Notes	2020 DKK	2019 DKK
EQUITY AND LIABILITIES			
Share capital	9	500 000	500 000
Retained earnings		5 365 990	2 566 059
Total equity		5 865 990	3 066 059
Trade payables		10 478	281 258
Payables to group companies		0	1 541 302
Corporate income tax		94 330	0
Other payables	10	3 537 491	3 123 914
Short-term liabilities		3 642 299	4 946 474
Total liabilities		3 642 299	4 946 474
TOTAL EQUITY AND LIABILITIES		9 508 289	8 012 533
Post balance sheet events	2		
Contingent liabilities	11		
Related parties	12		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April 2018	500 000	2 164 363	2 664 363
Transfer in the year		401 696	401 696
Equity at 1 April 2019	500 000	2 566 059	3 066 059
Transfer in the year		2 799 931	2 799 931
Equity at 31 March 2020	500 000	5 365 990	5 865 990

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 for Reporting Class B Enterprises and elective choice of certain provisions applying to reporting Class C entities.

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 110 of the Danish Financial Statements Act from preparing and delivering consolidated financial statements.

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 foreign currency exchange gains and losses are recognized 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 relates to sales and marketing activities performed for group companies. Value Added Taxes ('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-off's of property, plant and equipment

This item includes depreciation and write-off's 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.

Financial income and expenses

Dividends from subsidiaries are recognized in the income statement in the financial year when the dividends are declared.

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-off's.

Investment in subsidiary

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

The investment in subsidiary is measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. In case of indication of impairment, an impairment test is conducted. Investments in subsidiaries are written down to the lower of the carrying amount and the recoverable amount.

Receivables

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

Income taxes

Current tax payables and receivables are recognized in the balance sheet as the estimated income tax charge for the year, adjusted for prior year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base,

deferred tax is measured based on Management's intended use of the asset or settlement of the liability.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when deferred tax is expected to crystallise as current tax. Deferred tax assets are recognized at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognized in the income statement.

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. Post balance sheet events

As of March 31, 2020, the COVID-19 pandemic has created and continues to create significant uncertainty in macroeconomic conditions, which may adversely impact our results of operations. In light of the COVID-19 pandemic, we have performed additional assessments of certain accounting-related matters that generally require consideration of current and forecasted information. We have considered information available to us as of the date of issuance of these financial statements, including COVID-19, and we are not aware of any other specific events or circumstances that would require an update to our estimates or judgments, or any adjustments to our financial statements, as of March 31, 2020.

Note 3. Staff costs

	2019/20	2018/19
	DKK	DKK
Wages and salaries	9 771 724	8 473 448
Pension costs	423 589	446 317
Other social security costs	93 841	94 277
Other staff costs	26 835	46 452
	10 315 989	9 060 494
Average number of employees	<u>5</u>	<u>7</u>

Note 4. Tax for the year

	2019/20	2018/19
	DKK	DKK
Calculated tax for the year's taxable income	94 330	0
Change in deferred tax	- 23 894	0
	<u>70 436</u>	<u>0</u>

Note 5. Property, plant and equipment

	Leasehold improvements DKK	Other fixtures and fittings, tools and equipment DKK	Total DKK
Cost			
Balance at 1 April 2019	59 800	1 170 270	1 230 070
Retirements	- 59 800	- 888 725	- 948 525
Additions in the year	0		0
Cost at 31 March 2020	0	281 545	281 545
Depreciation and write-off's			
Balance at 1 April 2019	- 54 293	-1 002 137	-1 056 430
Depreciation in the year	- 5 507	- 80 046	- 85 553
Retirements	59 800	888 725	948 525
Depreciation and write-off's at 31 March 2020	0	- 193 458	- 193 458
Carrying amount at 31 March 2020	0	88 087	88 087
Depreciation rate (straight-line)	20%	20-33%	20-33%

Note 6. Investment in subsidiary

Specification of shares in subsidiary:

Subsidiary	Share holding	Voting right	Number of shares	Book value DKK
BMC Software AS, Norway	100%	100%	12	1 606 001

Note 7. Other receivables

As per 31 March	2020 DKK	2019 DKK
Prepayments	103 394	19 426
VAT receivable	30 966	136 762
	134 360	156 188

Note 8. Deferred tax	Book value	Tax value	Temporary adjustment
Deferred tax relates to:			
Other fixtures and fittings, tools and equipment	88 087	196 699	- 108 612

Deferred tax amounts to 23 894 DKK per 31 March 2020. Of this, 9 000 DKK is expected to be realized as current tax in the next fiscal year.

Note 9. Share capital

As per 31 March

	2020	2019
	DKK	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:

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
	DKK	DKK	DKK	DKK	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 10. Other payables

As per 31 March

	2020	2019
	DKK	DKK
Deferred income	3 496	492 138
Other payables	<u>3 533 995</u>	<u>2 631 776</u>
	<u>3 537 491</u>	<u>3 123 914</u>

Note 11. Contingent liabilities

The Company entered into a lease concerning premises on 1 September 2019. The lease is subject to termination upon three months notice period. The annual rent amounts to DKK 253 thousand.

In addition, the Company has entered into leases concerning cars. The remaining lease payments amount to DKK 635 thousand.

The total remaining lease commitment for premises and car leases amounts to DKK 699 thousand (2018/19 DKK 807 thousand).

Note 12. Related parties

Related parties having a controlling interest in the Company refer to the Company's parent, BMC Software, Inc. The registered office of BMC Software, Inc. is at 2103 CityWest Boulevard, Houston, Texas, 77042, USA.

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 as Commission Agency Fee. Cost reimbursements account for approximately 62% of total revenue.

The results of the Company and its subsidiary are included in the consolidated financial statements of Banff Parent Inc., which have been prepared in accordance with U.S. generally accepted accounting principles. The consolidated financial statements of Banff Parent Inc. are available from 2103 CityWest Boulevard, Houston, Texas, 77042, USA.