

BMC Software A/S

Lottenborgvej 24, st., 2800 Kongens Lyngby

CVR-no. 13 11 58 85

ANNUAL REPORT

1 April 2020 - 31 March 2021

Adopted at the annual general meeting on 16 July 2021

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 2020 - 31 March 2021	
Income statement	8
Balance sheet	9-10
Statement of changes in equity	11
Notes	12-17

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 2020 - 31 March 2021.

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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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, 16 July 2021

Executive board:


.....
Carl Markus Christoffer Kjellner

Supervisory Board :


.....
Arno Jan ter Avest
Chairman
.....
Carl Markus Christoffer Kjellner
.....
Ted Cory Bleuer

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Lyngby, 16 July 2021


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Arno Jan ter Avest
Chairman

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Carl Markus Christoffer Kjellner


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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 2020 – 31 March 2021, 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021 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, 16 July 2021

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 on behalf of other group companies. In addition, BMC Software A/S offers professional services to customers 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 2021 shows a net profit of DKK 1 317 815 and the balance sheet at 31 March 2021 shows an equity of DKK 7 183 805.

Revenue has increased by 2% compared to the prior year caused by increased intercompany revenues partially offset by lower professional services revenues. External expenses decreased by 20% as a result of lower external professional fees. Staff costs increased due to higher commission payments.

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	2020/21 DKK	2019/20 DKK
Revenue		24 976 137	24 530 366
External expenses		<u>-8 961 876</u>	<u>-11 161 246</u>
Gross margin		16 014 261	13 369 120
Staff costs	3	-14 344 723	-10 315 989
Depreciation and write-off's of property, plant and equipment	5	<u>- 30 351</u>	<u>- 85 553</u>
Profit before financial income and expenses		1 639 187	2 967 578
Financial expenses, net		<u>- 84 384</u>	<u>- 97 211</u>
Profit before tax		1 554 803	2 870 367
Tax for the year	4	<u>- 236 988</u>	<u>- 70 436</u>
Net profit for the year		<u>1 317 815</u>	<u>2 799 931</u>
Proposal for the distribution of profit			
To retained earnings		<u>1 317 815</u>	<u>2 799 931</u>
		<u>1 317 815</u>	<u>2 799 931</u>

Balance sheet at 31 March

	Notes	2021 DKK	2020 DKK
ASSETS			
Other fixtures and fittings, tools and equipment		57 736	88 087
Property, plant and equipment	5	<u>57 736</u>	<u>88 087</u>
Investment in subsidiary	6	1 606 001	1 606 001
Deposits		69 345	69 345
Investments		<u>1 675 346</u>	<u>1 675 346</u>
Total fixed assets		<u>1 733 082</u>	<u>1 763 433</u>
Non-fixed assets			
Trade receivables		1 147 472	1 074 973
Receivables from group companies		11 986 367	3 000 829
Other receivables	7	117 801	134 360
Deferred tax	8	327 337	23 894
Total receivables		<u>13 578 977</u>	<u>4 234 056</u>
Cash and equivalents		1 678 623	3 510 800
Total non-fixed assets		<u>15 257 600</u>	<u>7 744 856</u>
TOTAL ASSETS		<u>16 990 682</u>	<u>9 508 289</u>

Balance sheet at 31 March

	Notes	2021 DKK	2020 DKK
EQUITY AND LIABILITIES			
Share capital	9	500 000	500 000
Retained earnings		<u>6 683 805</u>	<u>5 365 990</u>
Total equity		<u>7 183 805</u>	<u>5 865 990</u>
Trade payables		9 499	10 478
Corporate income tax		473 284	94 330
Other payables	10	<u>9 324 094</u>	<u>3 537 491</u>
Short-term liabilities		<u>9 806 877</u>	<u>3 642 299</u>
Total liabilities		<u>9 806 877</u>	<u>3 642 299</u>
TOTAL EQUITY AND LIABILITIES		<u>16 990 682</u>	<u>9 508 289</u>
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 2019	500 000	2 566 059	3 066 059
Net profit		2 799 931	2 799 931
Equity at 1 April 2020	500 000	5 365 990	5 865 990
Net profit		1 317 815	1 317 815
Equity at 31 March 2021	500 000	6 683 805	7 183 805

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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 in which 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 foreign currency exchange gains and losses 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 convert to 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 revenue

Deferred revenue, 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

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

Note 3. Staff costs	2020/21	2019/20
	DKK	DKK
Wages and salaries	13 819 098	9 771 724
Pension costs	448 006	423 589
Other social security costs	84 802	93 841
Other staff costs	- 7 183	26 835
	<u>14 344 723</u>	<u>10 315 989</u>
 Average number of employees	 <u>6</u>	 <u>5</u>

Note 4. Tax for the year	2020/21	2019/20
	DKK	DKK
Calculated tax for the year's taxable income	598 284	94 330
Previous year income tax	- 57 853	0
Change in deferred tax	- 303 443	- 23 894
	<u>236 988</u>	<u>70 436</u>

Note 5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost	
Balance at 1 April 2020	281 545
Retirements	0
Additions in the year	0
Cost at 31 March 2021	281 545
Accumulated depreciation and write-off's	
Balance at 1 April 2020	- 193 458
Depreciation in the year	- 30 351
Retirements	0
Accumulated depreciation and write-off's at 31 March 2021	- 223 809
Carrying amount at 31 March 2021	57 736
Depreciation rate (straight-line)	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	2021	2020
	DKK	DKK
Prepayments	44 659	103 394
VAT receivable	73 142	30 966
	117 801	134 360

Note 8. Deferred tax	Book value	Tax value	Temporary difference
Deferred tax relates to:			
Other fixtures and fittings, tools and equipment	57 736	312 254	254 518
Deferred revenue	1 233 376	0	1 233 376

Deferred tax assets total 327 337 DKK per 31 March 2021. Of this, 150 000 DKK is expected to be realized as current tax in the next fiscal year.

Note 9. Share capital

As per 31 March	2021	2020
	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><u>500 000</u></u>	<u><u>500 000</u></u>

There have been no changes in share capital in the past five years.
No shares carry special voting rights.

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
	DKK	DKK	DKK	DKK	DKK
Balance at 1 April	500 000	500 000	500 000	500 000	500 000
Balance at 31 March	<u><u>500 000</u></u>	<u><u>500 000</u></u>	<u><u>500 000</u></u>	<u><u>500 000</u></u>	<u><u>500 000</u></u>

Note 10. Other payables

As per 31 March	2021	2020
	DKK	DKK
Deferred income	1 233 376	3 496
Other payables	8 090 718	3 533 995
	<u><u>9 324 094</u></u>	<u><u>3 537 491</u></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 260 976 DKK. The remaining contingent liability amounts to 65 345 DKK.

In addition, the Company has entered into leases concerning cars. The annual rent amounts to 336 563 DKK. The remaining contingent liability amounts to 397 247 DKK.

The total remaining contingent liability for premises and car leases amounts to 462 592 DKK (previous year 698 836 DKK).

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 services in Denmark for another group company. The Company is compensated for those services by a group company based on the costs to perform the services plus a margin and such remuneration is included in the Company's revenue. These services account for approximately 75% 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.