

BMC Software A/S

Lottenborgvej 24, st., 2800 Kongens Lyngby


CVR-no. 13 11 58 85

ANNUAL REPORT

1 April 2021 - 31 March 2022

Adopted at the annual general meeting on 30 September 2022

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 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021- 31 March 2022.

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, 30 September 2022

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, 30 September 2022

Executive board:

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Carl Markus Christoffer Kjellner

Supervisory Board :


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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 2021 – 31 March 2022, which comprise the 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 2022 and of the results of the Company's operations for the financial year 1 April 2021 – 31 March 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 as to 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 scepticism throughout the audit. We also:

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

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

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

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

Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

BMC Software A/S
Annual report 2021/2022

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.

Vejle, 30 September 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lene Kamper Jørgensen
State Authorized Public Accountant
mne34456

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 2022 shows a net profit of DKK 845 388 and the balance sheet at 31 March 2022 shows an equity of DKK 8 029 193.

Revenue has increased by 21% compared to the prior year caused by increased intercompany revenues partially offset by lower professional services revenues. External expenses increased by 17% as a result of higher external professional fees. Staff costs increased due to higher commission payments and higher headcount.

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	2021/22 DKK	2020/21 DKK
Revenue		30 244 400	24 976 137
External expenses		<u>-10 455 727</u>	<u>-8 961 876</u>
Gross margin		19 788 673	16 014 261
Staff costs	3	-18 337 607	-14 344 723
Depreciation and write-off's of tangible and intangible assets	5	<u>- 291 177</u>	<u>- 30 351</u>
Profit before financial income and expenses		1 159 889	1 639 187
Financial expenses, net		<u>- 59 587</u>	<u>- 84 384</u>
Profit before tax		1 100 302	1 554 803
Tax for the year	4	<u>- 254 914</u>	<u>- 236 988</u>
Net profit for the year		<u>845 388</u>	<u>1 317 815</u>
Proposal for the distribution of profit			
To retained earnings		<u>845 388</u>	<u>1 317 815</u>
		<u>845 388</u>	<u>1 317 815</u>

Balance sheet at 31 March

	Notes	2022 DKK	2021 DKK
ASSETS			
Goodwill		1.514.806	0
Intangible assets	5	<u>1.514.806</u>	<u>0</u>
Other fixtures and fittings and equipment		37 358	57 736
Tangible assets	5	<u>37 358</u>	<u>57 736</u>
Investment in subsidiary	6	1 606 001	1 606 001
Deposits		119 522	69 345
Investments		<u>1 725 523</u>	<u>1 675 346</u>
Total long term assets		<u>3 277 687</u>	<u>1 733 082</u>
Short term assets			
Trade receivables		0	1 147 472
Receivables from group companies		5 899 990	11 986 367
Corporate income tax		509 000	0
Other receivables	7	2 982 918	117 801
Deferred tax	8	75 002	327 337
Total receivables		<u>9 466 910</u>	<u>13 578 977</u>
Cash and equivalents		12 494 172	1 678 623
Total short term assets		<u>21 961 082</u>	<u>15 257 600</u>
TOTAL ASSETS		<u>25 238 769</u>	<u>16 990 682</u>

Balance sheet at 31 March

	Notes	2022 DKK	2021 DKK
EQUITY AND LIABILITIES			
Share capital	9	500 000	500 000
Retained earnings		7 529 193	6 683 805
Total equity		8 029 193	7 183 805
Trade payables		22 141	9 499
Payables to group companies		12 368 818	0
Corporate income tax		0	473 284
Other payables	10	4 818 617	9 324 094
Short term liabilities		17 209 576	9 806 877
Total liabilities		17 209 576	9 806 877
TOTAL EQUITY AND LIABILITIES		25 238 769	16 990 682
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 2020	500 000	5 365 990	5 865 990
Net profit		1 317 815	1 317 815
Equity at 1 April 2021	500 000	6 683 805	7 183 805
Net profit		845 388	845 388
Equity at 31 March 2022	500 000	7 529 193	8 029 193

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 tangible and intangible assets

This item includes depreciation and write-off's of intangible and tangible assets. Depreciation is provided on the basis of current assessments of the depreciation profile, useful life and residual value of the assets.

Goodwill is amortized on a straight-line basis over 7 years.

Tangible assets are depreciated to the residual value, measured by reference to the following assessment of useful lives:

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

Other fixtures, fittings 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

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

Intangible assets

Goodwill is measured at cost less accumulated amortization.

Goodwill is amortized on a straight-line basis over the economic useful life, which is estimated at 7 years.

Tangible assets

Property, plant and equipment comprise of other fixtures, fittings 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 impaired 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 prepaid taxes.

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 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

	2021/22	2020/21
	DKK	DKK
Wages and salaries	17 445 360	13 819 098
Pension costs	788 065	448 006
Other social security costs	108 887	84 802
Other staff costs	- 4 705	- 7 183
	18 337 607	14 344 723

Average number of employees

	8	6
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Note 4. Tax for the year

	2021/22	2020/21
	DKK	DKK
Calculated tax for the year's taxable income	0	598 284
Previous year income tax expense (benefit)	2 579	- 57 853
Change in deferred tax	252 335	- 303 443
	254 914	236 988

Note 5. Intangible and tangible assets

	Goodwill	Other fixtures, fittings and equipment
	DKK	DKK
Cost		
Balance at 1 April 2021	0	281 545
Retirements	0	- 18 332
Additions in the year	<u>1 767 273</u>	<u>18 332</u>
Cost at 31 March 2022	<u>1 767 273</u>	<u>281 545</u>
Accumulated depreciation and write-off's		
Balance at 1 April 2021	0	- 223 809
Depreciation in the year	- 252 467	- 38 710
Retirements	<u>0</u>	<u>18 332</u>
Accumulated depreciation and write-off's at 31 March 2022	<u>- 252 467</u>	<u>- 244 187</u>
Carrying amount at 31 March 2022	<u>1 514 806</u>	<u>37 358</u>
Depreciation rate (straight-line)	14%	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	2022	2021
	DKK	DKK
Prepayments	2 814 724	44 659
VAT receivable	<u>168 194</u>	<u>73 142</u>
	<u>2 982 918</u>	<u>117 801</u>

Note 8. Deferred tax	Book value	Tax value	Temporary difference
Deferred tax relates to:			
Other fixtures, fittings and equipment	- 37 358	243 001	205 643
Deferred revenue	16 273	0	16 273
Taxable loss	0	119 002	119 002
	<u>- 21 085</u>	<u>362 003</u>	<u>340 918</u>
Deferred tax 22%			75 002

Deferred tax assets total 75 002 DKK per 31 March 2022. Of this, 36 180 DKK is expected to be realized as current tax in the next fiscal year.

Note 9. Share capital

As per 31 March	2022 DKK	2021 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.

Note 10. Other payables

As per 31 March	2022 DKK	2021 DKK
Deferred revenue	16 273	1 233 376
Other payables	4 802 344	8 090 718
	<u><u>4 818 617</u></u>	<u><u>9 324 094</u></u>

Note 11. Operating lease obligations

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 290 789 DKK. The remaining lease liability amounts to 0 DKK.

In addition, the Company has entered into leases concerning cars. The annual rent amounts to 318 073 DKK. The remaining lease liability amounts to 186 480 DKK.

The total remaining lease liability for premises and car leases amounts to 186 480 DKK (previous year 462 592 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 80% 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.