

BMC Software A/S
Annual Report 2023/2024

BMC SOFTWARE A/S

Lottenborgvej 24, st., 2800 Kongens Lyngby

CVR-no. 13 11 58 85

ANNUAL REPORT

1 April 2023 – 31 March 2024

Adopted at the annual general meeting 20 September 2024

DocuSigned by:

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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 2023 - 31 March 2024.

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

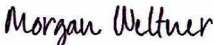
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

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, 20 September 2024

Executive board:

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Morgan Alexander Weltner

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Arno Jan ter Avest
Chairman

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Morgan Alexander Weltner

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Ted Cory Bleuer

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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 2023 – 31 March 2024, 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 2024 and of the results of the Company's operations for the financial year 1 April 2023 – 31 March 2024 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

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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 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.

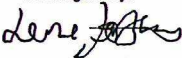
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Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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.

Vejle, 20 September 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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Lene Kamper Jørgensen
State Authorized Public Accountant
mne34456


Martin Fuglkjær Kristensen
State Authorized Public Accountant
mne51046

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Management's review

Business activities and mission

BMC Software A/S is a member of the BMC Software group of companies (the "Group") and sells software and cloud-based solutions and services developed by the Group on behalf of other Group companies. In addition, the Company offers professional services to customers to support the implementation of these solutions.

The Company does not carry out any research or development activities.

Business review

The Company's income statement for the year ended 31 March 2024 shows a net profit of DKK 1 216 326 and the balance sheet at 31 March 2024 shows total equity of DKK 10 358 903.

Revenue has decreased by 11% compared to the prior year caused by lower costs that are reimbursed including a margin by another Group company partially offset by slightly higher professional services revenues. Expenses decreased by 15% mainly as a result of lower external professional fees. Staff costs decreased mainly due to lower commission payments.

Post balance sheet events

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

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Income statement 1 April - 31 March

	Notes	2023/24 DKK	2022/23 DKK
Revenue		24 205 024	27 113 175
External expenses		<u>-6 547 709</u>	<u>-7 694 058</u>
Gross margin		17 657 315	19 419 117
Staff costs	3	-15 488 631	-17 636 238
Depreciation and write-off's of tangible and intangible assets	5	<u>- 269 449</u>	<u>- 272 845</u>
Profit before financial income and expenses		1 899 235	1 510 034
Financial income		469	0
Financial expenses, net		<u>- 23 628</u>	<u>- 79 420</u>
Profit before tax		1 876 076	1 430 614
Tax for the year	4	<u>- 659 750</u>	<u>- 317 230</u>
Net profit for the year		<u>1 216 326</u>	<u>1 113 384</u>
Proposal for the distribution of profit			
To retained earnings		<u>1 216 326</u>	<u>1 113 384</u>
		<u>1 216 326</u>	<u>1 113 384</u>

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Balance sheet at 31 March

		2024	2023
	Notes	DKK	DKK
ASSETS			
Goodwill		1 009 870	1 262 338
Intangible assets	5	1 009 870	1 262 338
Other fixtures and fittings and equipment		0	16 981
Tangible assets	5	0	16 981
Investment in subsidiary	6	1 606 001	1 606 001
Deposits		79 688	79 688
Investments		1 685 689	1 685 689
Total long term assets		2 695 559	2 965 008
Short term assets			
Trade receivables		51 510	0
Receivables from group companies		7 407 621	7 933 255
Corporate income tax		0	171 688
Other receivables	7	2 697 380	2 758 965
Deferred tax	8	1 080 420	48 083
Total receivables		11 236 931	10 911 991
Cash and equivalents		7 785 775	291 349
Total short term assets		19 022 706	11 203 340
TOTAL ASSETS		21 718 265	14 168 348

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Balance sheet at 31 March

	Notes	2024 DKK	2023 DKK
EQUITY AND LIABILITIES			
Share capital	9	500 000	500 000
Retained earnings		9 858 903	8 642 577
Total equity		10 358 903	9 142 577
Trade payables		30 577	9 746
Payables to group companies		549 561	714 496
Corporate income tax		1 510 881	0
Other payables	10	9 268 343	4 301 529
Short term liabilities		11 359 362	5 025 771
Total liabilities		11 359 362	5 025 771
TOTAL EQUITY AND LIABILITIES		21 718 265	14 168 348
Post balance sheet events	2		
Contingent liabilities	11		
Related parties	12		

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Statement of equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April 2022	500 000	7 529 193	8 029 193
Net profit		1 113 384	1 113 384
Equity at 1 April 2023	500 000	8 642 577	9 142 577
Net profit		1 216 326	1 216 326
Equity at 31 March 2024	500 000	9 858 903	10 358 903

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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 Enterprises.

These financial statements present information about the Company as an individual undertaking and not about its group formed by the Company and its subsidiary. 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

The financial statements are expressed in DKK, the functional currency of the Company. Transactions denominated in currencies other than the functional currency are recorded in the underlying transactional currency and converted into the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to DKK at the rate of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated to DKK at the rate of exchange ruling on the date on which the transaction giving rise to the non-monetary asset or liability occurred.

Income statement

Revenue

Income from professional services is recognized in revenue when the services are provided, provided that the income can be estimated reliably. Professional services revenue is derived under both time-and-material and fixed fee arrangements and is generally recognized over time as follows: (i) for time-and-material arrangements, revenue is based on billable amounts as costs are incurred; and (ii) for fixed fee arrangements, revenue is recognized on a proportional performance basis based on actual and estimated remaining project costs. Revenue also relates to sales and marketing services performed for a Group company. Value added taxes ("VAT"), indirect taxes and discounts are excluded from revenue.

External expenses

External expenses include mainly subcontracting fees, advertising, administration, premises, bad debts, lease payments under operating leases.

Staff costs

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

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Depreciation and write-off's of tangible and intangible 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 their residual value, measured by reference to the following assessment of useful lives:

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

Other fixtures and 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 fair market value can be determined.

Financial income and expenses

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 and 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

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 debts.

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 prepaid taxes.

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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 payables

Other payables 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

	2023/24	2022/23
	DKK	DKK
Wages and salaries	14 751 905	16 694 952
Pension costs	646 426	811 120
Other social security costs	74 142	133 369
Other staff costs / (benefits)	16 158	- 3 203
	<u>15 488 631</u>	<u>17 636 238</u>
Average number of employees	<u>8</u>	<u>8</u>

Note 4. Tax for the year

	2023/24	2022/23
	DKK	DKK
Calculated tax for the year's taxable income	1 690 881	290 311
Previous year income tax expense	1 206	0
Deferred tax (benefit) / expense	-1 032 337	26 919
	<u>659 750</u>	<u>317 230</u>

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Note 5. Intangible and tangible assets

	Goodwill DKK	Other fixtures and fittings and equipment DKK
Cost		
Balance at 1 April 2023	1 767 273	281 545
Retirements	0	- 256 479
Additions	0	0
Cost at 31 March 2024	1 767 273	25 066
Accumulated depreciation and write-off's		
Balance at 1 April 2023	- 504 935	- 264 564
Depreciation	- 252 468	- 16 981
Retirements	0	256 479
Accumulated depreciation and write-off's at 31 March 2024	- 757 403	- 25 066
Carrying amount at 31 March 2024	1 009 870	0
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

	2024 DKK	2023 DKK
As per 31 March		
Prepayments	2 683 579	2 715 579
VAT receivable	13 801	43 386
	2 697 380	2 758 965

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Note 8. Deferred tax	Book value	Tax value	Temporary difference
Deferred tax relates to:			
Other fixtures and fittings and equipment	0	145 360	145 360
Deferred revenue	4 765 642	0	4 765 642
			<u>4 911 002</u>
Deferred tax assets (22%)			<u>1 080 420</u>

Deferred tax assets total 1 080 420 DKK per 31 March 2024, of which 864 336 DKK is expected to be realized as current tax in the next fiscal year.

Note 9. Share capital

As per 31 March	2024 DKK	2023 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>

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	2024 DKK	2023 DKK
Deferred revenue	4 765 642	26 271
Other payables	4 502 701	4 275 258
	<u>9 268 343</u>	<u>4 301 529</u>

Note 11. Operating lease obligations

The Company entered into a lease concerning premises on 1 January 2024. The lease can be terminated with three months notice. The annual rent amounts to 316 557 DKK. The remaining lease liability amounts to 108 000 DKK.

In addition, the Company has entered into leases concerning cars. The annual lease costs amount to 373 951 DKK. The remaining lease liability amounts to 1 131 570 DKK.

The total remaining lease liability for premises and car leases amounts to 1 239 570 DKK (previous year 617 706 DKK).

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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 82% 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.