

SimCorp A/S

Annual report 2023

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company
on 16 May 2024

Martin Schak Møller

Chairman of the meeting

SimCorp A/S
Weidekampsgade 16
2300 Copenhagen S
Denmark
CVR – number 15505281

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Reports

Management's Statement

The Board of Directors and Executive Board have considered and adopted the Annual Report for the financial year January 1 - December 31, 2023, for SimCorp A/S.

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 financial position at December 31, 2023 of the Company and of the results of the Company's operations for 2023.

In our opinion, the Management's Review includes a true and fair account of the development in the operations and financial circumstances in SimCorp A/S.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 16 May 2024

Executive Board

Christian Peter Kromann

Georg Werner Hetrodt

Board of Directors

Stephan Leithner

Vagn Ove Sørensen

Anne Louise Eberhard

Chairman

Stephan Engels

Christoph Böhm

Stephanie Eckermann

Sven Rinke

Neil James Cook

Charlotte Søndergaard

Independent Auditor's Report

To the Shareholders of SimCorp A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SimCorp A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 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.

Copenhagen, 16 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen
Statement Authorised Public Accountant
MNE-nr. 28705

Thomas Baunkjær Andersen
State Authorised Public ccountant
MNE-nr. 35483

Management's Review

Company information

The company

SimCorp A/S
Weidekampsgade 16
2300 Copenhagen S
Denmark
Phone: +45 35 44 88 00
CVR – nr.: 15 50 52 81
Financial year: January 1 – December 31, 2023
Domicile: Copenhagen

Ownership

The company is 100% owned by
Deutsche Börse Aktiengesellschaft
Mergenthaleralle 61
65760 Eschborn
Germany

Board of directors

Stephan Leithner, Chairman
Vagn Ove Sørensen
Anne Louise Eberhard
Stephan Engels
Stephanie Eckermann
Christoph Böhm
Charlotte Søndergaard
Neil James Cook
Sven Rinke

Executive Board

Christian Peter Kromann
Georg Werner Hetrodt

Auditors

PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup
Denmark

Financial highlights

<i>EUR in thousands</i>	2023	2022	2021	2020	2019
Income statement:					
Revenue	301,390	263,438	250,191	235,572	235,780
Gross profit	145,965	165,790	168,531	165,670	166,582
Operating profit	47,506	74,381	85,461	89,866	93,983
Financial income and expenses, net	26,848	34,092	25,254	18,237	24,425
Net profit for the year	62,562	92,387	94,948	88,664	95,985
Balance:					
Total assets	1,045,039	456,621	389,962	357,981	314,204
Investments in property, plant and equipment	18,913	20,664	22,254	25,721	27,747
Equity	855,310	336,720	291,207	265,304	213,160
Employees:					
Average number of employees	590	573	553	550	527
Key figures in %					
Gross margin	48.4	62.9	67.4	70.3	70.7
Operating profit margin	15.8	28.2	34.2	38.1	39.9
Return on assets	6.3	17.6	22.9	26.7	36.2
Solvency ratio	81.8	73.7	74.7	74.1	67.8
Return on equity	10.5	29.4	34.1	37.1	52.4

Calculation of key figures and ratios follow the recommendations of the Danish Association of Finance Analyst. For definitions, see under accounting policies.

SimCorp A/S has historically presented its Financial Statements in accordance with the International Financial Reporting Standards as adopted by the EU. In 2023 the Financial Statements are presented in accordance with Danish Financial Statements Act. Figures for 2019-2021 have not been restated.

Operating review

Description of key activities of the company

SimCorp offers an industry-leading front-to-back investment management platform and ecosystem comprising partners, services and third-party connectivity. Be it on our Software as a Service (SaaS) platform or as an on-premise solution, we offer clients the operating efficiency and flexibility they need to succeed in an increasingly complex world. Globally, we serve clients, ranging from central banks and sovereign wealth funds to pension and insurance funds, asset managers, fund managers, asset servicers, and wealth managers.

On September 29, 2023 Deutsche Börse Group acquired the shares in SimCorp. The Company is a wholly owned subsidiary of Deutsche Börse Group and is part of the Deutsche Börse Group's investment, including Deutsche Börse Group's goals and policies for managing financial risks, etc.

Development in activities and financial matters

The revenue for the year totals EUR 301 million against EUR 263 million in 2022.

For 2023 the company achieved an Operating profit margin of 16%. This is in line with the expectations presented as part of the Financial Guidance for 2023 for the SimCorp Group as a whole, including subsidiaries, which indicated an expected Operating profit margin of 21-24% excluding special items. The reported Operating profit margin of 16%, is however considerably affected by costs related to the takeover by Deutsche Börse, as well as a restructuring initiative.

The nature of the restructuring initiative (FuEI) should Fund and Elevate the journey and transformation of SimCorp to a SaaS company. As a consequence of FuEI non-recurring costs have impacted the operational profit in 2023.

Without the effect of the before mentioned costs the operating profit margin would have been within the expected range of 21-24%. Based on this we consider the operating profit margin to be satisfactory.

SimCorp Group focus on organic ARR (Annual recurring revenue) (forward-looking) growth, cf. definition in financial ratio. As part of our financial guidance for 2023 an expected ARR growth of 12-17% was presented. SimCorp A/S delivered a growth of 18% on ARR in 2023 with an increase of EUR 5.6 million totaling EUR 36.8 million at the end of 2023 against EUR 31.2 million last year.

Risks

Due to the nature of its operations, investments, and financing, the company is exposed to changes in exchange rates and interest rates.

Currency risk

SimCorp's Group Finance department manages the company's currency and financial exposures pursuant to the treasury policy approved by the Board of Directors, including keeping overall currency and financial exposure within defined limits.

The company trades with its subsidiaries in their functional currencies and is therefore also exposed to and impacted by currency fluctuations. Currency risks stemming from transactions with the Company's subsidiaries constitutes the majority of the Company's transactions in foreign currency. Based on a cost-benefit analysis the Company does not apply any hedging or similar strategies to reduce the potential impact of currency exposure. The Group's foreign exchange management policy is to balance incoming and outgoing payments in local currencies as much as possible and generally seek to ensure that an increasing number of contracts entered into are EUR-denominated.

Interest rate risk

The Company's interest rate risks are generally related to its bank deposits and credit facilities. The company is 100% self-financed and has no bank loans at the balance sheet date.

Deposits

The Group had cash deposits of EUR 15.0 million on December 31, 2023 (2022: EUR 11.7 million) carrying a variable rate of interest based on the money market rate. The effective rate of interest varies with the currency and, made up at the statement of financial position date, fluctuated between 1.5% and 5.25% in 2023 (2022: -0.5% and 0.0%) for significant cash deposits.

Credit facilities/loans

SimCorp has a committed credit facility to EUR 37.0 million which matures July 2025 with the opportunity to extend with one year, and a seasonal credit facility of EUR 33.6 million covering the period from March 15 to October 15, with same terms.

On December 31, 2023, there was no draw on the credit facilities (2022: EUR 6.7 million).

Sensitivity

Exposure to interest risk arises from cash deposits and from draws on the credit facility and seasonal facility. If interest rates increased by one percentage point, it would have a positive impact of EUR 0.2 million (2022: positive impact of EUR 0.1 million). A corresponding decrease in interest rates would have the opposite impact.

Liquidity risk

Group liquidity is managed by Group Treasury, with the objective of ensuring effective liquidity management by obtaining sufficient committed credit facilities to provide adequate financial resources. Cash reserve and expected cash flow for 2024 are considered to be adequate to meet the obligations of the Group as they fall due. Cash reserve comprises cash and cash equivalent and unutilized credit facilities. The Group aims to have sufficient cash reserves to allow it to continue to operate adequately in case of unforeseen fluctuations in cash.

Credit risks

The company is not exposed to significant risks concerning individual clients or business partners as clients are generally major investment managers in the financial sector. Under the company's policy for assuming credit risk, all major clients and other business partners are assessed prior to any contract being signed.

Research and development activities

Over the past year, SimCorp has undergone a major transformation both with respect to its systems landscape and operations.

SimCorp has changed from a licence-based operating model to a SaaS-based operating model, primarily as a consequence of customer demand. Management expects 80 percent of the Group's existing customers to be transferred from an on-premise solution to a cloud-based solution in the coming years.

As a consequence of the change in SimCorp's system landscape and operating model, development costs were reassessed in 2023. Based on analysis, benchmark studies and interviews with relevant employees at SimCorp, including project managers from development departments, it was concluded that SimCorp met the criteria for capitalization of the company's development costs from 1 October 2023. The conclusion has been further supported by empirical studies conducted in collaboration with external owner, Deutsche Börse Group, which conclude that SimCorp, following the transformation from a license and on-premise-based business model to a cloud-based business model, is expected to be able to identify, track and report software development costs. It is estimated that approximately 35 percent of the company's total development costs are expected to meet the capitalization requirements. The company has capitalized development costs of EUR 12,281 thousand in 2023. Remaining costs are initially assessed to be maintenance or development costs that do not meet the capitalization requirements, and therefore are expensed as incurred. The recognition of costs incurred, and capitalization is subject to assessment by management.

Intellectual capital resources

SimCorp's business is based on specialized expertise and innovation. It is imperative that SimCorp continues to attract, develop, and retain skilled employees and management talent. Failure to do so constitutes a risk to the Group.

The supply of talent is provided internally through development as well as from the market. For some roles, there is fierce competition for talent. Hence, SimCorp's ability to successfully attract, hire, onboard and retain our talent – and do this in a scalable and efficient way – is critical for our long-term success.

To strengthen SimCorp's employer brand and this way increase awareness of what SimCorp has to offer as an employer, several initiatives have been implemented during the last years. Furthermore, to retain talent in SimCorp, substantial resources have been allocated to mentoring and leadership programs in the last years.

Statement on corporate social responsibility

Deutsche Börse Group explains the work with social responsibility, targets and policies for the underrepresented gender in management in the sustainability report for 2023. The report is based on Deutsche Börse Group's policies in the area of social responsibility and international guidelines such as the UN Global Compact's 10 principles. The report is published at <https://www.deutsche-boerse.com/dbg-en/responsibility/sustainability/esg-reporting-ratings/annual-report>.

[DBG-Consolidated-financial-statements-and-notes-AR-2023.pdf \(deutsche-boerse.com\)](#)

Statement on goals and policies for the underrepresented gender

Target-setting for a gender-balanced organization

Women are the underrepresented gender at SimCorp and we have a target to reach 36% women as a share of 1) the total full-time employee population, 2) people leaders, and 3) Global Management Committee (GMC) by 2025. By 2030, our target is 40% women in all three of these categories.

Gender targets and representation at top leadership levels

SimCorp strives for diversity at all levels of the organization.

As women are the underrepresented gender at SimCorp, we have a 2025-target to reach 36 % women as a share of:

1. Board of Directors
2. Global Management Committee (GMC)
3. The total full-time employee population

By 2030, our target is to reach a share of 40 % representation of women in the GMC and in our overall workforce as well as the board.

However, at year end, women comprise 33.3 % of the Board of Directors. Thus, SimCorp reached an equal gender split in the Board of Directors resulting in non-disclosure of our gender target for 2025 and 2030 respectively.

Whenever there is an open position at the Board of Directors, ExCo, and Group Management Committee levels, the most qualified candidate should be hired. At the same time, the goal is to increase diversity across several parameters - especially with regard to gender balance, but also in relation to age, nationality, professional capabilities, and experience.

SimCorp and our employees support and participate in several initiatives that champion diversity, equity and inclusion.

In 2023, these initiatives have included:

- SimCorp is offering inclusive leadership awareness as part of our 'Lead with Impact' initiative.
- Thriving towards a gender balance in new hires by running and publishing Job Adverts through our DevelopDiverse Tool as well as driving dialogues with the business around diverse hiring, diverse interview panels and a representation of different genders through the process.
- We have also expanded our data extraction and utilization to better understand challenges when it comes to diversity and inclusion.
- SimCorp placed diversity and inclusion targets in place as part of our corporate scorecard.

It is expected that these different initiatives will impact the gender balance at all levels of the organization.

Overview of gender targets

Definition of upper management and number of members	Description	Target 2030	Target 2025	2023 pct of the underrepresented gender	Number of Women
The Board of Directors consists of 6 members excluding 3 employee-elected members.	Share of women, shareholder elected Board members excluding employee-elected members	No target as an equal gender composition has been met in 2023.	No target as an equal gender composition has been met in 2023.	33.30%	2 out of 6 members
In SimCorp A/S the upper management consists of ExCo members and the General Management Committee (GMC). The definition of GMC is "Vice Presidents and above reporting to ExCo". Please note that the 7 ExCo members are part of the total number of GMC members. The GMC consists of 18 members whereof 7 are ExCo members.	Women as share of GMC	40%	36%	33.30%	6 out of 18 members
Women as share of all employees	Women as share of all employees	40%	36%	33.00%	195 out of 590 FTEs

Statement on data ethics

SimCorp has adopted a Data Ethics Policy, the aim of which is to raise awareness of and enhance SimCorp's data ethical values and their anchoring in our organization. The policy is applicable to all types of data processing, regardless of whether it includes personal data. The policy is universal and aims to embrace all scenarios in which data ethics considerations are relevant.

SimCorp processes data on our employees, our clients' employees, our shareholders, and partners to administer our relationships and to support our decisions. The nature of the services which SimCorp provides requires that SimCorp processes transactional and portfolio data on behalf of our clients. SimCorp never engages in selling data which it has obtained through such processes.

All new and existing employees will participate in training programs which include topics on data ethics.

The complete policy can be found on the below link:

[Data Ethics Policy](#)

Deutsche Börse Group prepares an annual report on the group's work with policy for data ethics. The report is published at <https://www.deutsche-boerse.com/dbg-en/investor-relations/corporate-governance/compliance>.

Please refer to the Deutsche Börse Group's annual report for corporate reporting (ESG key figures).

Share-based payments

Simcorp has for several years granted restricted share units (RSU's) to certain employees. The programs are subject to continued employment and some programs are also subject to certain financial performance criteria (non-market vesting conditions). Under the arrangement, the Board of directors can elect to settle the RSU's in cash rather than in shares. Following Deutsche Börse AG's successful completion of the public takeover of SimCorp, it is most likely that all future vesting's will be cash settled. The RSU's can be settled at 735 DKK per RSU. Consequently, the RSU's has been reclassified from equity to current (Other payables) and non-current liabilities (Other provision) at December 31, 2023 valuation. Vesting continues according to the original terms in respect of vesting date and performance criteria i.e. the participants will receive the RSU's upon vesting.

Acquisition of Axioma

Towards the end of the year, it was announced that SimCorp A/S acquired the shares in Axioma Inc. Following the acquisition, the company's name will remain SimCorp and Axioma will continue as an independent brand within the new company.

Prior to the acquisition, Axioma was part of Qontigo, a subsidiary of the Deutsche Börse Group since 2019 and a strategic partner of SimCorp since 2021.

SimCorp will continue its open platform strategy and offer clients the fullest optionality, including access to other risk management providers. Similarly, the Axioma brand will continue to be available to other investment management platform providers.

With the acquisition of Axioma Inc., SimCorp further strengthens its presence in key markets, such as North America, which is our primary growth market. This paves the way for accelerating growth. Over the past two years, our partnership has proven highly successful, and by strategically utilizing each other's market positions, we can now access a broader market with an even stronger offering.

Expectation for next year

SimCorp A/S expect to continue the positive development in 2024. Revenue is expected to increase 15% and operating profit is expected at same level of 16%.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report occurred after the balance sheet date.

Income Statement January 1 – December 31

EUR thousand

Note		2023	2022
1	Revenue	301,390	263,438
	Other operating income	30,384	36,490
	Cost of Sales	-111,471	-74,466
	Other external expenses	<u>-74,338</u>	<u>-59,672</u>
	Gross profit	<u>145,965</u>	<u>165,790</u>
2	Staff expenses	-93,215	-86,678
	Depreciation and amortization	-4,193	-3,821
	Other operating expenses	<u>-1,051</u>	<u>-910</u>
	Operating profit	<u>47,506</u>	<u>74,381</u>
3	Income from investments in subsidiaries	26,628	31,487
4	Income from investments in associates	62	68
5	Financial income	3,336	3,348
6	Financial expenses	<u>-3,179</u>	<u>-811</u>
	Profit/loss before tax	<u>74,353</u>	<u>108,473</u>
7	Tax on the profit for the year	<u>-11,791</u>	<u>-16,086</u>
8	Net Profit/loss for the year	<u>62,562</u>	<u>92,387</u>

Balance sheet December 31

EUR thousand

Assets			
Note		2023	2022
	Software	0	2
	Capitalized sales commission	222	0
	Development projects in progress	<u>12,281</u>	<u>0</u>
9	Intangible assets	<u>12,503</u>	<u>2</u>
	Land and buildings	17,323	18,968
	Plant and machinery	712	374
	Other fixtures and fittings, tools and equipment	566	952
	Leasehold improvements	<u>312</u>	<u>370</u>
10	Property, plant and equipment	<u>18,913</u>	<u>20,664</u>
	Investments in subsidiaries	648,563	137,967
	Investments in associates	9,678	141
	Other investments	4,835	4,843
	Deposits	<u>1,648</u>	<u>1,483</u>
11	Other non-current assets	<u>664,724</u>	<u>144,434</u>
	Total non-current assets	<u>696,140</u>	<u>165,100</u>
	Trade receivables	1,909	4,820
12	Contract assets	45,360	18,270
	Receivables from subsidiaries	266,848	243,273
	Other receivables	6,750	2,855
	Tax receivables	4,764	3,899
13	Prepayments	<u>8,232</u>	<u>6,681</u>
	Receivables	<u>333,863</u>	<u>279,798</u>
	Cash at bank and in hand	<u>15,036</u>	<u>11,723</u>
	Current assets	<u>348,899</u>	<u>291,521</u>
	Total assets	<u>1,045,039</u>	<u>456,621</u>

EUR thousand

Equity and liabilities		2023	2022
Note			
14	Share capital	5,441	5,441
	Reserve for development projects	9,579	0
	Retained earnings	840,290	291,547
	Proposed dividends	<u>0</u>	<u>39,732</u>
	Equity	<u>855,310</u>	<u>336,720</u>
15	Provision for deferred tax	47,813	36,763
16	Other provisions	<u>17,951</u>	<u>2,345</u>
	Provisions	<u>65,764</u>	<u>39,108</u>
17	Lease liabilities	<u>14,065</u>	<u>16,179</u>
	Non-current liabilities	<u>14,065</u>	<u>16,179</u>
	Bank loan/credit facility	0	6,724
17	Lease liabilities	3,697	3,319
	Trade payables	21,885	13,521
12	Contract liabilities	2,551	3,232
	Payable to subsidiaries	45,910	24,526
	Other payables	<u>35,857</u>	<u>13,292</u>
	Current liabilities	<u>109,900</u>	<u>64,614</u>
	Liabilities	<u>123,965</u>	<u>80,955</u>
	Total equity and liabilities	<u>1,045,039</u>	<u>456,621</u>
18	Contingent liabilities		
19	Related parties		
20	Subsequent events		

Statement of changes in equity

EUR thousand

	Share capital	Reserve for development projects	Share- based payment	Retained earnings	Proposed dividends for the year	Total
Equity January 1, 2023	5,441	0	14,463	277,084	39,732	336,720
Group contribution				510,900		510,900
Dividend paid to shareholders					-39,732	-39,732
Net profit for the year				62,562		62,562
Capitalization development projects		9,579		-9,579		0
Share-based payment			12,303			12,303
Share-based payment - reclassification			-26,766			-26,766
Exchange rate adjustments				-677		-677
Proposed dividends					0	0
Equity December 31, 2023	5,441	9,579	0	840,290	0	855,310

Notes

EUR thousand

	2023	2022
1 Revenue		
Revenue breakdown by activity:		
On-premise revenue	52,944	37,909
Software as a Service revenue	5,221	2,885
Professional service	9,409	6,285
Revenue from subsidiaries	<u>233,816</u>	<u>216,359</u>
	<u>301,390</u>	<u>263,438</u>
Revenue breakdown by market:		
Scandinavia	89,753	69,077
Rest of Europe	131,598	138,427
North America	47,587	40,077
Others	<u>32,452</u>	<u>15,857</u>
	<u>301,390</u>	<u>263,438</u>
2 Staff expense		
Salaries	91,125	84,687
Defined contribution pension plans	1,910	1,807
Social security costs	<u>180</u>	<u>184</u>
	<u>93,215</u>	<u>86,678</u>
Including remuneration to the executive and Board of Directors:		
Executive Board	4,446	4,504
Board of Directors	<u>797</u>	<u>947</u>
	<u>5,243</u>	<u>5,451</u>
Average number of employees	<u>590</u>	<u>573</u>

SimCorp's Board of Directors has adopted an overall policy for remuneration and incentive programs. The policy has been approved by shareholders at the Annual General Meeting with the overall objective being to promote awareness of profitable growth and the Group's long-term goals.

Where SimCorp provides long-term incentives and benefits, costs are accrued to match the rendering of services by the employees.

After the takeover by Deutsche Börse Group and subsequent delisting of SimCorp, the share-based program comprised of equity-settled restricted stock units (RSUs) have been reclassified from equity settled to cash settled. During the financial year costs related to the Share-based program of EUR 1.7 million (Executive Board) and EUR 0.2 million (Board of Directors) have been recognized in the income statement. As of 31 December 2023, Executive Board holds 100,289 RSU's with a remaining vesting period of 48 months.

Notes

EUR thousand

	2023	2022
3 Income from investments in subsidiaries		
Dividends from subsidiaries	<u>26,628</u>	<u>31,487</u>
	<u>26,628</u>	<u>31,487</u>
4 Income from investments in associates		
Dividends from associates	<u>62</u>	<u>68</u>
	<u>62</u>	<u>68</u>
5 Financial income		
Interest income, subsidiaries	2,762	873
Foreign exchange gains	0	2,431
Other financial income	<u>574</u>	<u>44</u>
	<u>3,336</u>	<u>3,348</u>
6 Financial expenses		
Interest expenses, subsidiaries	1,344	175
Foreign exchange loss	938	0
Other financial expenses	<u>897</u>	<u>636</u>
	<u>3,179</u>	<u>811</u>
7 Tax on the profit for the year		
Current tax for the year	-1,219	4,515
Deferred tax for the year	13,055	11,793
Prior-year adjustments, deferred tax	-1,925	993
Prior-year adjustments, current tax	<u>1,880</u>	<u>-1,215</u>
	<u>11,791</u>	<u>16,086</u>
8 Proposed distribution of net profit		
Proposed dividend	0	39,732
Transferred to retained earnings	<u>62,562</u>	<u>52,655</u>
Total allocation and transfers	<u>62,562</u>	<u>92,387</u>

Notes

EUR thousand

9 Intangible assets

2023	Development projects in progress	Software	Capitalised sales commission	Total
Cost at January 1	0	8,053	0	8,053
Additions during the year	12,281	0	222	12,503
Cost at December 31	12,281	8,053	222	20,556
Impairment losses and amortisation at January 1	0	8,051	0	8,051
Amortization for the year	0	2	0	2
Impairment losses and amortization at December 31	0	8,053	0	8,053
Carrying amount at December 31	12,281	0	222	12,503
Amortization period		5 years	up to 7 years	

Development projects comprise development of new functionalities on existing products. The new functionalities will improve processes and are expected to be sold to current clients.

10 Property, plant and equipment

2023	Land and buildings	Plant and machinery	Other fixture and fittings, tools and equipment	Leasehold improvements	Total
Cost at January 1	30,476	6,425	3,229	2,570	42,700
Additions during the year	1,790	577	105	0	2,472
Disposal during the year	0	-64	-216	0	-280
Cost at December 31	32,266	6,938	3,118	2,570	44,892
Impairment losses and depreciation at January 1	11,508	6,051	2,277	2,200	22,036
Depreciation for the year	3,435	233	465	58	4,191
Reversal of impairment and depreciation of sold asset	0	-58	-190	0	-248
Impairment losses and depreciation at December 31	14,943	6,226	2,552	2,258	25,979
Carrying amount at December 31	17,323	712	566	312	18,913
Depreciation period	up to 10 years	up to 3 years	up to 5 years	up to 10 years	
Including Right-of-use	17,323	21	165	0	
Interest expenses recognised as part of cost	198	0	3	0	

Notes

EUR thousand

11 Other non-current assets

2023	Investment in subsidiaries	Investments in associates	Other investments**	Deposits	Total
Cost at January 1	137,967	141	4,843	1,483	144,434
Exchange rate adjustment	-304	0	-11	-3	-318
Additional during the year*	510,900	9,537	3	168	520,608
Disposal for the year	0	0	0	0	0
Cost at December 31	648,563	9,678	4,835	1,648	664,724
Carrying amount at December 31	648,563	9,678	4,835	1,648	664,724
Dividends received	26,628	62			26,690
Additions during the year*					
Acquisition of Axioma	510,900				
Investment in Artega	9,537				
Domos FS Limited	3				
Adjustment deposit premises	168				
Other investments**	2023	2022			
Alkymi Inc	523	524			
Domos FS Limited	4,312	4,319			
	4,835	4,843			

2022	Investment in subsidiaries	Investments in associates	Other investments	Deposits	Total
Cost at January	137,874	138	4,843	1,442	144,297
Exchange rate adjustment	0	0	0	0	0
Additional during the year	93	0	0	47	140
Disposal for the year	0	3	0	-6	-3
Cost at December 31	137,967	141	4,843	1,483	144,434
Carrying amount at December 31	137,967	141	4,843	1,483	144,434
Dividends received	31,487	68			31,555

Notes

Local currency, thousand

11 Other non-current assets

Investments in Subsidiaries are specified as follows:

Name	Registered office	Share capital	Ownership	Equity 2022	Net result 2022
SimCorp sp z.o.o.	Warsaw, Poland	PLN 5	100%	5.034	2.879
SimCorp Japan KK	Tokyo, Japan	JPY 0	100%	-39.646	-21.898
SimCorp France S.A.S.	Paris, France	EUR 500	100%	5.537	1.358
SimCorp Schweiz AG	Zurich, Switzerland	CHF 100	100%	6.476	5.453
SimCorp Norge AS	Oslo, Norway	NOK 1.000	100%	6.092	9.254
SimCorp Iberia S.L. (Spain)	Barcelona, Spain	EUR 3	100%	853	-333
SimCorp Ukraine LLC	Kiev, Ukraine	UAH 2.968	100%	44.604	23.177
SimCorp Österreich GmbH	Vienna, Austria	EUR 18	100%	619	456
SimCorp Luxembourg S.a.r.l.	Luxemburg, Luxembourg	EUR 31	100%	33.425	-471
SimCorp Gain Switzerland GmbH	Zurich, Switzerland	CHF 100	100%	1.627	54
SimCorp Gain Austria GmbH	Vienna, Austria	EUR 35	100%	8.233	1.274
SimCorp Ltd. (UK)	London, United Kingdom	GBP 100	100%	5.327	4.018
SimCorp Canada Inc.	Toronto, Canada	CAD 8.500	100%	7.795	892
SimCorp GmbH (Germany)	Bad Homburg, Germany	EUR 102	100%	6.140	5.645
SimCorp Hong Kong Ltd.	Hong Kong, China	HKD 14.000	100%	13.401	607
SimCorp Italiana S.r.l.	Milan, Italy	EUR 2.100	100%	11.373	8.172
SimCorp Philippines Inc.	Manila, Philippines	PHP 5.420	100%	-1.993	-6.993
SimCorp Advanced for Information Technology*	Riyadh, Saudi Arabia	SAR 38	100%		
SimCorp Singapore Pte. Ltd.	Singapore, Singapore	SGD 0	100%	1.790	1.394
SimCorp USA Inc.	New York, USA	USD 7.010	100%	21.194	2.832
SimCorp Sverige AB	Stockholm, Sweden	SEK 100	100%	23.497	13.071
SimCorp India LLP	Noida, India	INR 100	100%	9.854	12.442
SimCorp Coric Ltd. (UK)	London, United Kingdom	GBP 721	100%	4.864	3.463
SimCorp Coric Inc.	Boston, USA	USD 2	100%	2.030	91
SimCorp Asia Pty. Ltd.	Sydney, Australia	AUD 1.000	100%	4.393	1.635
SimCorp Benelux SA/NV	Brussels, Belgium	EUR 62	100%	102	2.154
SCIM SDN. BHD.**	Malaysia		100%		
Axioma Inc.	New York, United States	USD 109.255	100%	12.129	-9.549
Axioma Ltd.	Sydney, Australia	AUD 0	100%	-1.549	-71
Axioma Argentina S.A.U.I	Buenos Aires, Argentina	ARS 100	100%	107.018	89.100
Axioma Asia Pte. Ltd.	Singapore, Singapore	SGD 50	100%	3.244	310
Axioma S.A.S.U.	Paris, France	EUR 20	100%	445	106
Axioma (HK) Ltd.	Hong Kong, Hong Kong	HKD 0	100%	7.943	2.111
Axioma (CH) GmbH	Geneva, Switzerland	CHF 20	100%	475	57
Axioma Deutschland GmbH	Frankfurt/Main, Germany	EUR 25	100%	155	38
Axioma Japan G.K.	Tokyo, Japan	JPY 10.000	100%	9.227	858
Axioma (UK) Ltd.	London, United Kingdom	GBP 11	100%	2.899	787

As Annual Report 2023 for subsidiaries are not finalized, equity and net results are presented in 2022 figures.

*No accounts prepared for 2022. Entity was registered in November 2022

**No accounts prepared for 2023. Entity was registered in 2023

Investments in associates are specified as follows:

Name	Registered office	Share capital	Ownership	Equity	Net result
Dyalog Ltd	Newport pagnell, UK	GBP 68	24,78%	2.230	398
Opus Nebula Ltd	Berkhamsted, UK	GBP 10	24,99%	470	173
Artega Investment Administration	Sydney, Australia	AUD 9.000	20,00%	18.936	-1.236

Notes

EUR thousand

12 Contract balances

Changes in contract assets	Opening balance	Net additions	Invoiced from opening balance	Adjustments ¹	Closing balance
EUR '000					
2023					
Contract assets (gross)	18,294	32,767	-5,527	-112	45,422
Loss allowance	-24	-38	0	0	-62
Contract assets (NPV)	18,270	32,729	-5,527	-112	45,360
2022					
Contract assets (gross)	8,116	14,213	-4,194	159	18,294
Loss allowance	-9	-15	0	0	-24
Contract assets (NPV)	8,107	14,198	-4,194	159	18,270

¹ Adjustments include: reclassifications, foreign exchange adjustments, cumulative catch-up adjustments (including those arising from change in measurement of progress, change in estimate of transaction price and contract modifications), change in time frame for a right to consideration to become unconditional or for a performance obligation to be satisfied.

Changes in contract liabilities	Opening balance	Net additions	Revenue recognized from opening balance	Adjustments	Closing balance
EUR '000					
2023					
Contract liabilities (prepayments from clients)	3,232	3,349	-3,261	-769	2,551
2022					
Contract liabilities (prepayments from clients)	2,626	2,087	-1,479	-2	3,232

Remaining performance obligations at 31.12.2023

With one year	25,876
After one year	61,775
	87,651

Notes

EUR thousand

13 Prepayments

Prepayments primarily consist of amounts prepaid to suppliers of services.

14 Equity

The share capital consists of 40,500,000 shares of a nominal value of DKK 1.
No shares carry any special rights.

	2023	2022
15 Provision for deferred tax		
Intangible assets	-2,750	1
Property, plant and equipment	-3,589	-3,925
Contract assets	-52,791	-40,492
Lease liabilities	3,908	4,289
Liabilities	4,391	1,258
Provisions	-240	480
Incentive programs	<u>3,258</u>	<u>1,626</u>
	<u>-47,813</u>	<u>-36,763</u>

Deferred tax is allocated 22% corresponding to the applicable tax rate.

	2023	2022
Provision for deferred tax January 1	-36,763	-23,274
Deferred tax recognized in the income statement	-13,055	-11,793
Deferred tax recognized in the equity	0	-703
Foreign exchange adjustments	80	0
Prior-year adjustment	<u>1,925</u>	<u>-993</u>
Provision for deferred tax at December 31	<u>-47,813</u>	<u>-36,763</u>

	2023	2022
16 Other provisions		
Incentive programs	15,617	0
Re-establishment costs for rented premises	748	742
Anniversary bonus	<u>1,586</u>	<u>1,603</u>
	<u>17,951</u>	<u>2,345</u>

Notes

EUR thousand

	2023	2022
17 Lease liability		
Payable after 5 years	1,087	3,889
Payable within 1 to 5 years	<u>12,978</u>	<u>12,290</u>
Long-term part	14,065	16,179
Payable within 1 year	<u>3,697</u>	<u>3,319</u>
	<u>17,762</u>	<u>19,498</u>

18 Contingent liabilities and other obligations

SimCorp A/S has issued guarantees for its subsidiaries' delivery commitments to clients for a total of EUR 44.0 million (2022: EUR 39.4 million).

SimCorp A/S has provided guarantees for credit facilities totaling EUR 6.1 million (2022: EUR 4.8 million) to certain subsidiaries.

Bank guarantees have been provided for rent commitments in Australia and Germany totaling EUR 1.0 million.

SimCorp A/S has financial commitments with suppliers for EUR 38.0 million (2022: EUR 54.0 million) mainly related to infrastructure services for cloud solutions.

19 Related parties

Transaction

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. There are no transactions that are not on arm's length basis.

Notes

EUR thousand

Consolidated Financial Statements

The company is included in the Group Annual Report of the Parent Company:

Name: Deutsche Börse Aktiengesellschaft

Place of registered office: Mergenthaleralle 61, 65760 Eschborn, Germany

The Group Annual Report can be obtained at the following address:

Deutsche Börse Aktiengesellschaft

Mergenthaleralle 61

65760 Eschborn

Germany

20 Subsequent events

No events materially affecting the assessment of the Annual Report occurred after the balance sheet date.

Accounting policies

General

The annual report for SimCorp A/S has been prepared in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

Presentation currency

The financial statements are presented in EUR, rounded to the nearest EUR 1,000. Deviations may therefore occur between the stated totals and the sum of the underlying figures.

The functional currency of the company is DKK.

Changes in accounting policies

The financial statements for 2023 is prepared in accordance with Danish Financial Statement Act. Prior years financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS).

In connection with the conversion, the company has considered the conversion to presentation of Financial Statements in accordance with Danish Financial Statement Act and applied relevant exemption provisions.

Management has adopted the recognition and measurement criteria concerning IFRS 15 - Revenue from Contracts with Customers and IFRS - 16 Leases.

The conversion from International Financial Reporting Standards as adopted by the EU (IFRS) to the Danish Financial Statement Act, has not affected recognition and measurement and has not had an effect on either the year's result for 2022 or 2023 and has furthermore not affected the equity as of 1 January 2022 and equity at 1 January 2023 or 31 December 2023.

The presentation of the income statement, balance sheet and notes, respectively, has been changed because of the conversion, present as a consequence of to apply with the schedule requirement in the Danish Financial Statement Act.

Omission of a cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statement of Deutsche Börse Group.

Omission of a consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Simcorp A/S and group entities are included in the consolidated financial statements of Deutsche Börse Group.

Omission of audit remuneration

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid to the auditors appointed at the annual general meeting have been omitted as it is included in the consolidated financial statements of Deutsche Börse Group.

Recognition and measurement in general

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the statement of financial position when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognized in the statement of financial position when it is probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognized in the profit and loss account as an item under financial income or financial expenses.

Receivables, payables, and other foreign currency monetary items that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognized in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate at the date of the transaction.

Foreign exchange adjustments of intra- group accounts are recognized in the income statement in SimCorp A/S' financial statements. Foreign exchange adjustments of intra-group accounts between SimCorp A/S and subsidiaries are considered part of the net investment in the subsidiaries concerned. Settlement of intra-group balances considered part of the net investment are not, per se, considered a partial divestment of a subsidiary.

Income statement

Revenue

The company has applied IFRS 15 as its basis of interpretation for the recognition of revenue.

Contract Identification

Contracts can include several components, in this situation, the total contract consideration is allocated to the separate performance obligations for the purpose of revenue recognition.

Separate contracts with the same client are treated as one contract if entered into at or near the same time and economically interrelated. Contracts closed more than 6 months apart are not considered to be entered at the same time.

In determining whether the various contracts are interrelated judgment is required. Considerations include: whether the contracts were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of another contract, or if some or all offerings in the contract are a single performance obligation.

Additional agreements with existing clients can be a new contract or a modification to existing contracts. Judgments making this determination consider: the presence of a connection between the new agreement and pre-existing contracts, whether subscription fees, license fees, software updates and support fees or services under the new agreement are highly interrelated with the subscription fees, license fees and software updates and support fees or services sold under prior agreements, and how the subscription fees, license fees and software updates and support fees or services under the new agreement are priced. Conversion of a perpetual license agreement to a subscription-based license agreement is accounted for as a termination of the perpetual license agreement and a new subscription license agreement.

Performance obligation identification

Contracts often include several components. License fees from new clients and to existing clients, software updates and support fees, fees from platform as a service, and fees from Client Reporting Services, Digital Portal Services, Investment Accounting Services (IAS), Investment Operational Services (IOS), Data Management Services, Regulatory Reporting Platform Services (RRP), and other services, and furthermore licenses and services fees from the partner ecosystem and fees from implementation and onboarding services

constitute the main performance obligations. The fees allocated to the different performance obligations are recognized separately.

The only performance obligation related to license agreements has been identified as the right to use the software. The right to use software license is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and is functional without upgrades or technical support.

Judgment is required in determining whether a component is considered a separate performance obligation, in particular, professional services for implementation and onboarding activities. Consideration is given as to whether the services significantly integrate, customize, or modify the software or platform as a service offering. In general, implementation services and onboarding activities go beyond setup and qualify as a separate performance obligation. Options to acquire additional components such as renewals or additional volumes require judgment in determining whether such options provide a material right to the client which the client would not receive without entering into that contract. In this judgment it is considered whether the options entitle the customer to a discount that exceeds the discount granted for the respective subscription fees, license fees, software updates and support fees sold with the option.

Transaction price

Estimate is applied in determining the amount to which SimCorp expects to be entitled in exchange for transferring licenses, and software updates and support and services to a customer.

The consideration attributable to license fees in subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant. If the period between licenses transfer, software updates and support and payment from the clients is a year or less no financing component is recognized.

A hierarchy has been established to identify the standalone selling prices used to allocate the transaction price of a customer contract to the performance obligations in the contract.

Where standalone selling prices for a performance obligation are observable and reasonably consistent across customers, estimates are derived from SimCorp's pricing history. Using this approach, professional services stand-alone value is determined based on the hourly billing rate for the relevant market unit. Platform as a service is assumed to be quoted to the client at their stand-alone value if it is equal to or above costs.

Apportionment applied

	Dimension	Coric	Gain	Sofia
License	50%	75%	50%	50%
Software updates and support	50%	25%	50%	50%
Total apportionment	100%	100%	100%	100%

Where sales prices are not directly observable or are highly variable across customers, estimation techniques are applied, such as a cost-plus-margin approach. This approach is often applied to third party products.

If not renewable, with highly variable pricing, and no substantial direct costs to estimate based on a cost-plus margin approach, allocation is achieved by applying a residual approach. We use this technique in particular for license and software updates and support.

Once the standalone price for other components is estimated, an apportionment is applied to allocate the price between license and software updates and support after deducting other performance obligations from the total consideration as follows.

Revenue recognition

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is recognized when the client has obtained control of the license or service and has the ability to use and obtain substantially all the benefits from the license or service.

SimCorp has therefore assessed that the client obtains control of the license when all the following criteria are met: a binding contract is entered into; the license is delivered; and the client has the right to use it. License revenue is therefore generally recognized at that point-in-time.

When the contract contains functionality gaps or requires client acceptance of functionality, the revenue recognition will be deferred until the time of delivery or acceptance.

Revenue from software updates and support agreements is recognized on a straight-line basis over the contract period.

Client-driven development entails direct cooperation between SimCorp's development team and the client for a client- defined software. Such agreements are individually evaluated to determine if revenue is recognized at a point in time or over time.

SaaS covering infrastructure services, operating services, Digital Portal services, Investment Accounting Services (IAS), Investment Operational Services (IOS), Data Management Services and Regulatory Reporting Platform Services (RRP) are revenue recognized over the term of the service.

Professional services fees are recognized based on work performed for time and material contracts. Fixed fee agreements are recognized based on percentage of share of completion unless client acceptance is required.

The percentage-of-completion method requires estimation of total revenue and the stage of completion. The assumptions, estimates, and uncertainties inherent in determining the stage of completion affect the timing and amounts of revenue recognized.

Changes in estimates of progress towards completion and of contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

Revenue is measured at the consideration received and is recognized exclusive of VAT and net of discounts related to sales.

Other operating income

Other operating income comprises income of a secondary nature relative to the activities of the Company, including gains on the sale of intangible assets and property, plant, and equipment and income from subsidiaries for delivered services.

Cost of sales

Cost of sales comprises services purchased from subsidiaries. The services purchased are related to product development projects, client services and other services which are provided to clients.

Costs are recognized in the income statement when the service is delivered.

Other External expenses

Other external expenses comprise indirect production costs, expenses for premises, sales, distribution IT cost, other external consultants, and office expenses.

Staff expenses

Staff expenses comprise salaries, wages, bonuses, social security and share-based payment. Staff expenses are recognized as expenses in the income statement in the period in which the related services are rendered by employees. They are measured at the amounts payable to employees based on contractual agreements, employment terms, and applicable wage rates.

Depreciation and amortization

The basis of depreciation is calculated with due consideration to estimated residual value after the end of useful life and any prior impairment write down. The estimated useful life and the residual value after the end of useful life of each asset is determined at the date of acquisition and reassessed annually. When the estimated residual value after the end of useful life value equals the carrying amount of the assets, the asset ceases to be depreciated. Any change in depreciation period or scrap value is recognized as a change in accounting estimates.

Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

- Leasehold over the lease term up to 10 years
- Technical equipment up to 3 years
- Other equipment, fixtures, and fittings up to 5 years

Intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets, which are as follows:

- Software up to 5 years
- Sales commission up to 7 years

Other operating expenses

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Income from investments in subsidiaries

Income from investment in subsidiaries comprise dividends received from subsidiaries.

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency.

Tax on the profit for the period

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognized in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Intangible assets with limited economic lives are measured at cost less accumulated amortization and impairment losses. Intangible assets are primarily capitalized development costs.

Capitalized development costs comprise salaries plus overheads. Development costs comprise costs attributable to the company's development functions, including salaries, and other employee costs and amortization.

Amortization of capitalized development costs commences once the developed software is completed and available for use.

SimCorp A/S has since April 2023 worked on identifying development projects. As of October 1, 2023, it was deemed that costs meeting the requirement in IAS 38, paragraph 57 could be capitalized, as the costs meet the capitalization requirements.

Sales commissions, which are costs realized to obtain a contract, are capitalized and amortized over the contract period.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets.

The fixed assets residual values are determined at nil.

Depreciation periods and residual value are reassessed annually.

Technical equipment includes IT and other equipment owned. Other equipment includes owned fixtures and fittings.

Leases

The Company has applied IFRS 16 when measuring and recognizing leases.

Leases are recognized at present value of the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet. Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straight-line method, normally a depreciation period corresponding to the lease period. The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method. Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

The company leases vehicles and equipment with lease terms of three to five years. Agreements might include options to purchase assets at the end of the contract term or guarantees in relation to the residual value of the leased asset at the end of the contract term. The use of vehicles and equipment is monitored and the estimated amount payable reassessed at the reporting date to remeasure lease liabilities and right-of-use assets.

None of the Groups' right-of-use assets meet the definition of investment property.

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximize operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. The company assesses at the lease commencement date whether it is reasonably certain to exercise such options and reassesses if there is a significant event.

Additionally, some leases provide for additional payments based on changes to local price indices, these amounts are generally determined annually.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Contract assets and contract liabilities

Contract balances consist of client-related assets and liabilities.

Contract assets relate to the Company's rights to consideration for software licensed to clients under subscription agreements with future payments when the right is conditional on SimCorp's future performance.

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses, software updates and support, and services. Software updates and support and hosting billing generally occur at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in contract liabilities.

Investment in associates and subsidiaries

Investments in subsidiaries and associates are measured at costs in the financial statements.

January 2023 SimCorp A/S acquired 20% of the share in Artega Investment Administration Pty Limited in Australia. The investment is considered a joint venture with strategic partner Challenger Limited.

Financial assets

Financial assets comprise other financial assets, deposits, receivables and cash and cash equivalents.

Deposits are primarily related to leasing of offices. Security deposits which will not be returned within one year of the statement of financial position date are recognized as non-current assets. Commitments which require a deposit will initially be recorded to the deposit asset account. If the deposit is not recovered, it is charged to the income statement.

Other financial assets comprise investments in shares of unlisted entities and are measured at cost.

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debt.

Financial liabilities

Financial liabilities comprise lease liabilities, borrowings, trade payables and other payables.

Loans

Loans, such as mortgage loans and loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Trade payables and other payables

Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Other debt are measured at amortized cost, substantially corresponding to nominal value.

Current tax liabilities and receivables

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Equity

On 29th Dec. 2023, SimCorp received 100% shares of Axioma Inc which was owned by Deutsche Börse Aktiengesellschaft, the valuation price is EUR 510,9 million. The acquisition of Axioma Inc. has been accounted for as a capital contribution from Deutsche Börse Group.

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognized as a liability at the date they are adopted by the annual general meeting (declaration date).

Reserve for development projects

The reserve for development projects comprises capitalized development costs excluding tax. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved as the capitalized development costs are amortized or if they are no longer part of SimCorp A/S's operation by a transfer directly to distributable reserves under equity.

Related party transactions

Related parties exercising a significant influence comprise the Company's Board of Directors and Executive Management Board as well as relatives of these persons. Related parties also comprise companies in which the individuals mentioned above have material interests.

Other related parties are considered to be subsidiaries and associated companies in which SimCorp A/S has a controlling or significant influence.

All agreements relating to these transactions are based on market price.

Financial ratio definitions

Gross margin (%)	Gross profit / revenue x 100
Profit margin (%)	Operating profit / revenue x 100
Return on assets (%)	Operating profit / average total assets x 100
Solvency ratio (%)	Equity / total assets
Return on equity (%)	Net profit for the year / average equity x 100
Annual recurring revenue (ARR) (forward looking)	Annual recurring revenue is the total of the average monthly revenue of all contracts in force at a point in time multiplied by 12