SAP DANMARK A/S

Annual Report
31 December 2024

Marmorvej 4, 2100 Copenhagen OE
CVR no. 11 93 56 80

Approved at the Annual General Meeting of Shareholders on 25 June 2025

Signed by:
Christian Pedersen
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Christian Larsen Pedersen
Chairman of the Board

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SAP Danmark A/S for the financial year 1 January – 31 December 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 as at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Copenhagen, 25 June 2025

Executive Board:

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Helle Dochedahl
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Helle Dochedahl

Chief Executive Officer

Board of Directors:

Signed by: Christian Pedersen 5068DC4814AE459...	Signed by: Mikkel Stavnsbo 2AA17077F494405...	DocuSigned by: Helle Dochedahl 274ED8C4F0B44B8...
Christian Larsen Pedersen	Mikkel Stavnsbo	Helle Dochedahl
Chairman of the Board	Board member	Board member

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of SAP DANMARK A/S

Opinion

We have audited the Financial Statements of SAP DANMARK A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 judgment 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management Commentary
Management is responsible for Management Commentary.

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

Based on the work we have performed, we conclude that Management Commentary 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 Management Commentary.

Copenhagen, 25 June 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

Company Information

Name	SAP Danmark A/S
Address, Postal code, City	Marmorvej 4, 2100 Copenhagen OE
CVR No.	11 93 56 80
Established	1 January 1988
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.sap.com/denmark
Board of Directors	Christian Larsen Pedersen (Chairman of the Board)
	Mikkel Stavnsbo
	Helle Dochedahl
Executive Board	Helle Dochedahl
Auditors	BDO Statsautoriseret revisionsaktieselskab
	CVR: 20222670
	Havneholmen 29
	1561 København

Management Report

Principal activity and business review
The Company's area of business activities are marketing, sales and distribution of software solutions, consulting and training, and other closely related businesses. The Company's principal activity is to grant licenses to use SAP business software solutions.

SAP's vision of bringing out the best in every business reflects SAP's commitment to transform organisations globally. SAP aims to build a future where businesses adapt rapidly to changes and opportunities, embed sustainability in their operations, and drive efficiency throughout the value chain. SAP's commitment to this vision is based on three pillars:
- Agile business transformation at scale;
- Achieve more across the value chain;
- Sustainability at customer's core.

At SAP, our journey is one of continuous innovation and transformation. SAP is committed to delivering solutions that integrate seamlessly, evolve alongside our customers, and are ready to grow with their ambitions.

Financial review

DKK'000	**2024**	2023	2022	2021	2020
Key figures					
Revenue	2.530.258	2.296.873	2.005.600	1.863.876	1.957.605
Operating profit	68.180	91.940	146.843	217.611	206.059
Exchange rate differences, finance income and finance costs	18.340	14.570	1.129	−793	−2.409
Profit after income tax	65.296	85.623	112.246	170.027	159.659
Total assets	1.415.798	1.360.934	1.146.784	1.175.799	1.406.414
Total equity	239.245	323.189	386.516	572.270	551.043
Investments in Property, Plant and equipment	3.291	7.806	2.761	2.986	4.370
Deposits with the ultimate controlling party (cash pool receivables)*	723.483	501.229	538.971	548.715	502.671
Average number of employees	219	223	227	219	219
Financial ratios in %					
Operating margin	2,7%	4,0%	7,3%	11,7%	10,5%
Return on equity	23,2%	24,1%	23,4%	30,3%	30,9%
Solvency ratio	16,9%	23,7%	33,7%	48,7%	39,2%

*The cash pool system is used in the group's internal cash management. Deutsche Bank AG provides cash pool – services related to the arrangement.

**Financial ratios definitions
Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Management Report (Continued)

Proposed distribution of the Company's profit or loss

DKK'000	**2024**	2023
Retained earnings as at 1 January	**317.689**	**381.016**
Profit for the year	65.296	85.623
Dividends	–149.240	–148.950
Retained earnings as at 31 December	**233.745**	**317.689**
Proposed dividends	–111.867	–149.000
Profit after income tax	**121.878**	**168.689**

Development in activities and financial situation

The Company has strong ambitions for sustainable business success, both for our company and for our customers.

The Company continuously focuses on retaining and strengthening its market position in its primary markets. The Company's activities and financial position developed in line with its strategic objectives and management's expectations during the financial year.

The Company's revenue increased to DKK 2.530.258 thousand in 2024 compared to DKK 2.296.873 thousand in 2023. However, the Company's profit after income tax for 2024 decreased to DKK 65.296 thousand from DKK 85.623 thousand in 2023, due to global restructuring program announced by SAP in 2024, which led to a reduction in the workforce around the world, including Denmark.

Future expectations

The Company expects stable development of its activities and financial position in the coming financial year 2025, in line with its strategic focus, with revenue projected to range between approximately DKK 2.100.000 thousand and DKK 3.000.000 thousand, and profit expected to range between approximately DKK 175.000 thousand and DKK 250.000 thousand.

Research and development activities

The development activities are controlled by the parent company SAP SE and are primarily performed there. SAP Danmark A/S as local distributor of SAP products does not perform development activities. It is foreseen that there will be no development activities in the coming financial year.

Risk management

Risk management is integral to the whole business of the Company. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

In general, SAP Danmark A/S is sensitive to changes in demands relating to companies' needs to invest in software solutions, consultancy assistance and training services.

An analysis of the Danish market of small and medium-sized enterprises emphasises that competition is fierce and well-represented within this market segment and that in-house products and solutions may also represent a considerable competitive factor.

The Company has no significant financial risks.

Knowledge resources

A significant parameter of success is the Company's internal culture and external reputation. The Company works with a value-based management form, in which rules and regulations are replaced by an attitude – and behaviour-based framework.

Management's expectation is that all employees should be responsible for their own development. In that context, SAP Danmark A/S provides the individual employee with a development platform – a platform which is meant to generate a link between the employees' understanding of the objective of personal and professional development and which should also provide them with added value in the form of better culture, cooperation and revenue creation for the Company.

Corporate Social Responsibility Report

The parental company SAP SE report on financial, environmental and social performance in one consolidated report ("SAP Integrated Report").

The Company has chosen to apply the exemption provision in Section 99a, subsection 7 of the Danish Financial Statements Act and therefore refers to the parent company's disclosure in the consolidated financial statements, cf. link https://www.sap.com/integrated-reports/2024/en.html

Social and employee matters

The Company has chosen to apply the exemption provision in Section 99a, subsection 7 of the Danish Financial Statements Act and therefore refers to the parent company's disclosure in the consolidated financial statements, cf. link

https://www.sap.com/integrated-reports/2024/en.html

Sustainability | SAP Integrated Report 2024

Respect for human rights

The Company has chosen to apply the exemption provision in Section 99a, subsection 7 of the Danish Financial Statements Act and therefore refers to the parent company's disclosure in the consolidated financial statements, cf. Link https://www.sap.com/integrated-reports/2024/en.html

https://sap.sharepoint.com/sites/200076/SitePages/Human%20Rights%20Due%20Diligence%20Program%20at%20SAP.aspx

Anti-corruption and bribery matters

The Company has chosen to apply the exemption provision in Section 99a, subsection 7 of the Danish Financial Statements Act and therefore refers to the parent company's disclosure in the consolidated financial statements, cf. Link https://www.sap.com/integrated-reports/2024/en.html

Equality and gender distribution

The Company's statutory CSR report is in pursuant to section cf. §99b of the Danish Financial Statements Act.

Currently, SAP's representation of women in the overall workforce is 35.2% (2023: 34.9%), with the representation of women in management roles at 29.7% (2023: 29.4%). We continue to advance workplace equity through promoting inclusive policies on flexible work arrangements, enhanced parental leave benefits, and a focus on fair pay. SAP is present in the Bloomberg Gender-Equality Index in 2019, 2020, and again in 2021, confirming our commitment to gender equity.

The distribution, representing SAP Danmark A/S, done by two types of gender, man and woman respectively. It is the person's registration in the Civil Registration System which decides whether the person is attributable to being a man or a woman.

	2024	2023	2022	2021	2020
Distribution of people (number)					
Women	89	89	89	84	73
Men	134	134	138	135	146
Distribution in percent (%)					
Women	40%	40%	39%	38%	33%
Men	60%	60%	61%	62%	67%

SAP Business Women's Network focuses on driving impact with intention and engagement with over 3,300 participants for International Women's Day and more than 150 chapter events across the globe.

SAP launched the Global Women's Development Program for women below managerial levels, which has 263 participants across all Board areas.

The policy set goals for the percentage of women in management, common to the IT industry. To support and develop female leaders throughout , SAP sponsored and hosted numerous events focused on attracting, developing, and supporting women. Additional ongoing initiatives supporting women at SAP include the Women's Professional Growth Webinar series, the Global Business Women's Network, and the Women@SAP online community. In addition, we offer the Connecting our Future Female Leaders Program, self-driven, yearlong initiative. Its purpose is to provide a platform and structured approach to increase exposure and develop and strengthen relationships for SAP women with the GFA Leaders as well as each other. The Program provides a valuable opportunity for women with leadership ambitions to extend their network, gain new insights, promote and share best practices and increase their exposure with the Leaders of GFA.

Corporate Social Responsibility Report (Continued)

Equality and gender distribution (continued)

Gender equality is a core company value for SAP and a strategic priority for its comprehensive diversity and inclusion efforts. The Company believes that a rich mix of gender perspectives helps drive innovation and enables the Company to better serve to its customers.

The Company has set a target for the number of women in the board. A target of reaching 1 female board member in 2019 has been set and achieved with the appointment of a female board member on 1 July 2019. With this appointment, the Company is no longer under the obligation to set up further target figures.

The board currently consist of 3 members. One of the three members of the Company's executive board is a woman. It has been decided that the three seats go to the Country Managing Director SAP Danmark A/S, the Nordic CFO and the Nordic Managing Director.

EDGE Certification

SAP is the first multi-national technology company to be awarded the Economic Dividends for Gender Equality (EDGE) certificate for SAP's global commitment to workplace gender equality. SAP have also received numerous recognitions for our advances in creating an inclusive and more equal workplace, such as, best place to work as part of "Fortune 100 Best Companies to Work For 2022", Forbes' America's Best Employers For Women ranking, and many others.

Diversity and inclusion

The Company's commitment to diversity and inclusion plays an integral role in the Company's success.

At SAP, we are always striving for inclusion and reflecting the diversity of society. As a global organization with employees from 163 nationalities, when we talk about inclusivity and diversity in the workforce, we are talking about a host of different topics, including gender, race, LGBTQ+, and disability. Our new Diversity & Inclusion Strategy is built on three pillars:

Workforce diversity: We believe in leveraging the widest spectrum of human differences that represent a diversity of identities, thoughts, and perspectives to create business outcomes that help the world run better every day.

Workplace inclusion: Creating a positive work environment where colleagues can thrive and engage to their fullest potential in driving SAP's purpose. Inclusion involves active co-creation of the culture where all experiences lead to a feeling of acceptance and belonging.

Marketplace leadership: We realize the responsibility that comes with being one of the largest tech companies in the world and extend what we do to our entire ecosystem.

Respect for human rights

With our global product and services portfolio, the Company aims to protect the rights of individuals involved and meet relevant local requirements when processing personal data. To meet and ensure consistent security and data protection compliance, the Company has implemented a formal governance model that assigns clear responsibilities across the SAP Group.

SAP Group has established a global network of data protection and privacy coordinators (DPPCs) across all SAP Group entities that process personal data. This DPPC network is aimed to ensure data protection and privacy compliance on a local level.

The SAP Global Data Protection and Privacy Policy outlines a group-wide minimum standard for data protection-compliant processing of personal data. It defines requirements for business processes that involve personal data, and assigns clear responsibilities. The principles established by this policy take into account the requirements of the EU GDPR.

Report of data ethics

The Company has chosen to apply the exemption provision in Section §99a, subsection 7 of the Danish Financial Statements Act and therefore refers to the parent company's disclosure in the consolidated financial statements.

The disclosures can be found under the section titled "Security, Cloud Compliance, and Data Protection and Privacy", which provides insight into SAP's approach to sustainability, data ethics, and compliance, cf. link

https://www.sap.com/integrated-reports/2024/en.html?pdf-asset=9cb366ab-f67e-0010-bca6-c68f7e60039b&page=206

Statement of Financial Position

As at 31 December

DKK'000	Notes	**2024**	2023
Assets			
Non-current assets			
Property and equipment	(4)	83.993	88.500
Intangible assets	(5)	1.546	5.371
Other assets	(6)	165.918	159.044
Total non-current assets		**251.457**	**252.915**
Current assets			
Income tax assets		0	853
Other assets	(6)	65.776	63.576
Trade and other receivables	(7)	1.031.359	935.875
Cash and cash equivalents		67.206	107.715
Total current assets		**1.164.341**	**1.108.019**
Total assets		**1.415.798**	**1.360.934**
Equity and liabilities			
Equity			
Share capital	(8)	5.500	5.500
Retained earnings		233.745	317.689
Total equity		**239.245**	**323.189**
Non-current liabilities	(9)		
Contract liabilities		296	0
Other liabilities		563	9.284
Lease liabilities		36.708	42.295
Total non-current liabilities		**37.567**	**51.579**
Current liabilities			
Deferred tax liabilities	(10)	38.691	36.686
Income tax liabilities		473	0
Contract liabilities		358.509	193.554
Other liabilities		67.260	63.785
Provisions		0	2.242
Employee benefits liabilities		153.362	146.854
Trade and other payables	(11)	516.789	539.936
Lease liabilities		3.902	3.109
Total current liabilities		**1.138.986**	**986.166**
Total liabilities		**1.176.553**	**1.037.745**
Total equity and liabilities		**1.415.798**	**1.360.934**

The above financial statements should be read in conjunction with the accompanying notes.

Statement of Profit or Loss

For the year ended 31 December

DKK'000	Notes	**2024**	2023
Revenue	(12)	**2.530.258**	**2.296.873**
Other income		0	2.111
Royalties, licenses and agents' commissions		–1.045.270	–992.706
Purchased services expenses		–848.763	–672.784
Employee benefits expenses	(13)	–459.873	–418.816
Depreciation	(4)	–9.871	–4.382
Amortisation	(5)	–3.825	–4.648
Other expenses		–94.476	–113.708
Operating profit		**68.180**	**91.940**
Finance income	(14)	19.867	15.044
Finance costs	(14)	–1.527	–474
Profit before income tax		**86.520**	**106.510**
Income tax expense	(15)	–21.224	–20.887
Profit after income tax	(16)	**65.296**	**85.623**

The above financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December

DKK'000	Note	**Share capital**	**Retained earnings**	**Total**
As at 1 January 2023		**5.500**	**381.016**	**386.516**
Profit after income tax		0	85.623	**85.623**
Dividends	(16)	0	–148.950	**–148.950**
As at 31 December 2023		**5.500**	**317.689**	**323.189**
Profit after income tax		0	65.296	**65.296**
Dividends	(16)	0	–149.240	**–149.240**
As at 31 December 2024		**5.500**	**233.745**	**239.245**

The above financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

These notes form an integral part of the accompanying financial statements.

(1) REPORTING ENTITY

SAP Danmark A/S (the "Company") is a profit-oriented company incorporated and domiciled in Danmark and registered in Marmorvej 4, 2100 Copenhagen OE, Denmark.

The Company sells software licenses, cloud solutions and services, and provides maintenance, consulting, training and other professional services. The Company is a wholly owned subsidiary of SAP SE.

The following shareholder is the Company's ultimate controlling party and is registered in the Company's register of shareholders as holding a minimum of 5% of votes.

Name	Domicile	Basis for control
SAP SE	Walldorf, Germany	Participating interest, 100%

The consolidated financial statements of SAP SE have been prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from: http://go.sap.com/investors/en.html#reports and from SAP SE, Dietmar-Hopp-Allee 16, 69190 Walldorf, Germany.

(2) BASIS OF PREPARATION

Statement of compliance
The financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

Basis of measurement
The financial statements have been prepared using the historical cost basis of accounting except for the following:

- Liabilities for cash-settled share-based payments are measured at fair value.
- Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates.

Where applicable, information about the methods and assumptions used in determining the respective measurement bases is disclosed in the Notes specific to that asset or liability.

Omission to present a statement of cash flows and to disclose audit fees
With reference to section 86(4) of the Danish Financial Statements Act, no statement of cash flows has been prepared. The Company's statement of cash flows is part of the consolidated statement cash flows for the ultimate controlling party, SAP SE. With reference to section 96(3) of the Danish Financial Statements Act, no audit fees have been disclosed.

In these financial statements, the Company has applied the exemptions available under section 86(3) of the Danish Financial Statements Act in respect of Statement of Cash Flows. No Statement of Cash Flows has been prepared as the company is a wholly owned subsidiary of its ultimate controlling party, SAP SE, who prepares consolidated financial statements. The consolidated financial statements of SAP SE are available to the public and may be obtained from: https://www.sap.com/investors/en.html#reports and from SAP SE, Dietmar-Hopp-Allee 16, 69190 Walldorf, Germany.

Functional and presentation currency
The Company's functional and presentation currency is Danish Kroner (DKK). All amounts included in the financial statements are reported in thousands of Danish Kroner (DKK), unless otherwise stated. All financial information has been rounded to the nearest thousand Danish Kroner (DKK) unless otherwise indicated. As figures were rounded, numbers presented throughout this document may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

Management judgments and sources of estimation uncertainty
The preparation of the Company's financial statements in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities.

The management bases the judgments, estimates, and assumptions on historical and forecast information, as well as on regional and industry economic conditions in which the Company or the Company's customers operate, changes to which could adversely affect the management's estimates.

(2) BASIS OF PREPARATION (Continued)

Comparative figures
Comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year. The reclassifications are not considered material and do not impact the financial statements as at the beginning of the earliest comparative period.

(3) ACCOUNTING POLICIES

Revenue from contracts with customers
The Company has elected to apply IFRS 15 "Revenue from contracts with customers" as the framework for revenue recognition.

Classes of revenue
The Company derives its revenue from fees charged to the customers for the use of its cloud offerings, for licenses to its on-premise software products, and for standardized and premium support services, consulting, customer-specific software developments, training, and other services.

Revenue from cloud
Revenue from cloud represents fees earned from providing customers with any of the following:

- Software-as-a-Service (SaaS), that is, a right to use software functionality (including standard functionalities and custom cloud applications and extensions) in a cloud-based infrastructure hosted by the Company or third parties engaged by the Company, where the customer does not have the right to terminate the hosting contract and take possession of the software to either run it on its own IT infrastructure or to engage a third-party provider unrelated to the Company to host and manage the software; SaaS also includes transaction and agent fees for transactions that customers execute on the Company's cloud-based transaction platforms.
- Platform-as-a-Service (PaaS), that is, access to a cloud-based platform to develop, deploy, integrate, and manage applications.
- Infrastructure-as-a-Service (IaaS), that is hosting and related application management services for software hosted by the Company or third parties engaged by the Company.
- Premium cloud support that is, support beyond the regular support embedded in the underlying cloud subscription services.

Revenue from software licenses
Software license revenue represents fees earned from the sale or license of software to customers for use on the premises owned or fully controlled by the customer, in other words, where the customer has the right to take possession of the software for installation on the customer's premises or on hardware of third-party hosting providers unrelated to the Company (on-premise software).Software licenses revenue includes revenue from both the sale of the Company's standard software products and customer-specific on-premise software development agreements.

Revenue from software support
Revenue from software support represents fees earned from providing customers with standardised support services which comprise unspecified future software updates, upgrades, and enhancements as well as technical product support services for on-premise software products.

Services revenue
Services revenue primarily represents fees earned from professional consulting services, premium support services and training services.

Identification of contract
The Company frequently enters into multiple contracts with the same customer that the Company treats, for accounting purposes, as a single contract if the contracts are entered into at or near the same time and are economically interrelated. The Company does not combine contracts with closing days more than three months apart because the Company does not consider them being entered into near the same time. Judgment is required in evaluating whether two or more contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all goods in the contracts are a single performance obligation.

(3) ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (continued)
New arrangements with existing customers can be either a new contract or the modification of prior contracts with the customer. The management's respective judgment in making this determination considers whether there is a connection between the new arrangement and the pre-existing contracts, whether the goods and services under the new arrangement are highly interrelated with the goods and services sold under prior contracts, and how the goods and services under the new arrangement are priced. In determining whether a change in transaction price represents a contract modification or a change in variable consideration, the management examines whether the change in price results from changing the contract or from applying unchanged existing contract provisions.

Identification of performance obligations
The Company's customer contracts often include various products and services. In general, the products and services outlined under the Classes of revenue section qualify as separate performance obligations and the portion of the contractual fee allocated to them is recognised separately. Judgment is required, however, in determining whether a good or service is considered a separate performance obligation. In particular for the Company's professional services and implementation activities, judgment is required to evaluate whether such services significantly integrate, customise, or modify the on-premise software or cloud service to which they relate. In this context, the management considers the nature of the services and their volume relative to the volume of the on-premise software or cloud service to which they relate. In general, the implementation services for the Company's cloud services go beyond pure setup activities and qualify as separate performance obligations. Similarly, the Company's on-premise implementation services and custom development services qualify as separate performance obligations. Non-distinct goods and services are combined into one distinct bundle of goods and services (combined performance obligation).

When selling goods or services, the Company frequently grants its customers options to acquire additional goods or services (for example, renewals of cloud or support arrangements, or additional volumes of purchased cloud solutions or software). The management applies judgment in determining whether such options provide a material right to the customer that the customer would not receive without entering into that contract. In this judgment, the management considers whether the options entitle the customer to a discount that exceeds the discount granted for the respective goods or services sold together with the option.

In scenarios where the Company sells indirectly to end customers via partners, sells third-party products to customers or provides services to end customers with the support of suppliers, the Company determines the respective nature of the performance obligation and whether the Company is providing the specified good or service itself or arranging for the good or service to be provided by the third party. The Company identifies whether it (or the partner) is acting as principal or agent in line with this performance obligation assessment. The Company exercises judgment in making this assessment, which is based on the question of whether the intermediary controls the specified good or service before it is transferred to the customer. In exercising this judgment, the Company relies in the majority of cases on the legal responsibility towards the customer in providing the specified good or service and on its pricing discretion for that good or service.

Determination of transaction price
The management applies judgment in determining the amount to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Generally, variable consideration is estimated based on the most likely amount and is included in the transaction price to the extent that the constraint does not apply. This includes estimates as to whether and to what extent subsequent concessions may be granted to customers and whether the customer is expected to pay the contractual fees. In this judgment, the management considers the history with the respective customer or on a portfolio basis.

The recognition constrained is applied to on-premise software transactions that include usage-based or sales-based contingent fees. The Company's typical cloud services do not provide the customer with a software license because the customer does not have the right to terminate the hosting contract and take possession of the software. Consequently, variable cloud fees are considered in the transaction price based on estimates, rather than being accounted for as usage-based or sales-based license royalties.

If the Company pays consideration to a customer in exchange for a distinct good or service, and such purchase is linked to a customer contract, an estimate of fair value of such goods and services is required to conclude whether or not to account for a reduction in the transaction price of the linked customer contract.

Only very rarely, the Company's contracts include significant financing components. The Company does not account for financing components if the period between when the Company transfers the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

(3) ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (continued)
Allocation of transaction price
The Company has established a hierarchy to identify the stand-alone selling prices (SSPs) that is used to allocate the transaction price of a customer contract to the performance obligations in the contract.

- Where SSPs for an offering are observable and reasonably consistent across customers (that is, not highly variable), the Company's SSPs estimates are derived from its respective pricing history. In general, the Company's standardised support offerings and its professional service offerings follow this approach.
- Where sales prices for an offering are not directly observable or highly variable across customers, the management uses estimation techniques.

Effective 2024, the management applies a new technique to estimate the SSP of the cloud offerings, using input parameters that more appropriately reflect the Company's matured commercial models and observed pricing practices in the cloud. This SSP considers overall pricing objectives, taking market conditions and other factors into account. The management estimates the SSP using a specific pricing range that encompasses the majority of the Company's transactions.

As the Company's go-to-market strategies evolve further, the Company continuously monitors its commercial models and pricing practices, which could result in changes to the Company's SSPs in the future.

- For offerings for which the management cannot justify a range and observes highly variable pricing, and for which the management lacks substantial direct costs to estimate based on a cost-plus-margin approach, the management allocates the transaction price by applying a residual approach. The management uses this technique in particular for the standard on-premise software offerings

Judgment is required when estimating SSPs. To judge whether the historical pricing of the Company's goods and services is highly variable, the management has established thresholds of pricing variability.

When the management estimates an SSP range based on pricing objectives, the management uses judgment in determining the upper and lower end of the range. Such judgment considers price points achieved in the market as well as strategic pricing decisions.

The SSPs of material right options depend on the probability of option exercise. In estimating these probabilities, the management applies judgment considering historical exercise patterns.

Recognition of revenue
Revenue from cloud
Revenue from cloud is recognised over time as the services are performed. For cloud business models where the Company grants rights to continuously access and use one or more cloud offerings for a certain term, revenue is recognised based on time elapsed and thus ratably over this term. For cloud business models provisioned on a consumption basis where a customer commits to a fixed value of spend on cloud services throughout the contract term, but with the discretion to call off cloud services during the contract term, the Company recognises revenue based on consumption as it best reflects the Company's measure towards satisfaction of that performance obligation. In limited scenarios where the transaction price is entirely variable and determined by the customer's consumption, the Company recognises revenue based on usage in the period in which it was earned.

Revenue from software licenses
Revenue from software licenses is recognised at a point in time or over time depending on whether the Company delivers standard software, customer-specific software or software subscription contracts that combine the delivery of software and the obligation to deliver, in the future, unspecified software products.

Licenses for the Company's standard on-premise software products are delivered by providing the customer with access to download the software. The Company recognises revenue for these on-premise licenses at the point in time when it grants the license rights to the customer and the customer has access to and thus control over the software. In judging that the Company's on-premise software offerings grant customers a right to use, rather than a right to access, the Company's intellectual property, the management has considered the usefulness of the software without subsequent updates to it.

In general, the Company's customer-specific on-premise software development agreements:

- Represent software developed for specific needs of individual customers and therefore it does not have any use for the Company,
- Provide the Company with an enforceable right to payment for performance completed to date.

(3) ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (continued)

For such development agreements, the Company recognises revenue over time as the software development progresses. Judgment is required in identifying an appropriate method to measure the progress toward complete satisfaction of such performance obligations.

The management measures progress of the Company's development agreements based on the direct costs incurred to date in developing the software as a percentage of the total reasonably estimated direct costs to fully complete the development work (input-based percentage-of-completion method). This method of measuring progress faithfully depicts the transfer of the development services to the customer, as substantially all of these costs are cost of the staff or third parties performing the development work. In estimating the total cost to fully complete the development work, the management considers the Company's history with similar projects.

For agreements that combine the delivery of software and the obligation to deliver, in the future, unspecific software products, the Company recognises revenue at a point in time for licenses that are made immediately accessible to the customer. The Company recognises revenue ratably over the term of the software subscription contract for the unspecified software products, as the Company's performance obligation is to stand ready to deliver such products on a when-and-if available basis.

Revenue from software support
Revenue from software support is recognised based on time elapsed and thus ratably over the term of the support arrangement. Under the Company's standardised support services, the Company's performance obligation is to stand ready to provide technical product support and unspecified updates, upgrades, and enhancements on a when-and-if-available basis. The Company's customers can simultaneously receive and consume the benefits of these support services as the support services are performed.

Services revenue
Services revenue is recognised over time. Where the Company stands ready to provide the service (such as access to learning content), the Company recognises revenue based on time elapsed and thus ratably over the service period. Consumption-based services (such as separately identifiable consulting services and premium support services and classroom training services) are recognised over time as the services are utilised, following the percentage-of-completion method or ratably. When using the percentage-of-completion method, the Company measures the progress toward complete satisfaction of the performance obligation in the same way and with the same reasoning and judgment as the Company does for customer-specific on-premise software development agreements. The management applies judgment in determining whether a service qualifies as a stand-ready service or as a consumption-based service.

Revenue for combined performance obligations is recognised over the longest period of all promises in the combined performance obligation.

Judgment is also required to determine whether revenue is to be recognised at a point in time or over time. For performance obligations satisfied over time, the Company needs to measure the progress using the method that best reflects the Company's performance. When using cost incurred as a measure of progress for recognising revenue over time, the management applies judgment in estimating the total cost to satisfy the performance obligation.

All of the judgments and estimates mentioned above can significantly impact the timing and amount of revenue to be recognised.

Other expenses
Other expenses are mainly comprised of costs of administering the day-to-day operations of the business and costs incurred to market and advertise the Company's services.

Exchange rate differences from foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Exchange rate differences from foreign currency transactions are recognised on a net basis as net gains or losses in profit or loss.

(3) ACCOUNTING POLICIES (Continued)

Finance income and finance costs
Finance income is comprised of interest income.

Finance costs are comprised of interest expense from trade and other payables, negative interest expenses on lease liabilities and interest expenses on the late royalty payments to the ultimate controlling party.

Interest income and interest expenses
Interest income and interest expenses are recognised using the effective interest method.

Income taxes

Income taxes
Income taxes are comprised of current and deferred taxes. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income and equity.

Current taxes
Current taxes are the expected tax liabilities or assets on the taxable income or loss for the year. Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the current taxes relate to the same fiscal authority.

Deferred taxes
Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and/ or from tax losses carried forward.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same fiscal authority.

Intangible assets

Recognition and measurement
The Company classifies intangible assets according to their nature and use in its operations. Acquired technology consists primarily of purchased software to be incorporated into the Company's product offerings and in-process research and development (IPRD).

Intangible assets are measured at cost less accumulated amortisation and impairment losses on intangibles assets.

Amortisation
Intangible assets with a definite useful life are amortised and recognised in profit or loss on a straight-line method over the estimated useful lives of the intangible assets.

The estimated useful lives for the current and comparative years are as follows:

Acquired technology	2 – 10 years

Property and equipment

Recognition and measurement
Property and equipment are stated at cost, net of accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Gains and losses on disposal of property and equipment items are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognised net within other income or other expenses, as relevant, in profit or loss.

(3) ACCOUNTING POLICIES (Continued)

Property and equipment (continued)
Depreciation
Depreciation is recognised in profit or loss on a straight-line method over the estimated useful lives of each part of the asset.

The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	Based on the term of the lease contract;
Office equipment, furniture and fixtures	4 – 20 years ;
Information technology equipment	2 – 6 years;
Construction in progress	No depreciation;
Right-of-use assets	Based on the term of the lease contract.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount. Expenditure for repairs and maintenance of property and equipment is charged to profit or loss of the year in which it is incurred.

Derecognition
An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents are comprised of cash on hand, cash at banks and bank deposits with maturity less than three months that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

Trade and other receivables
Trade and other receivables are comprised of trade receivables, receivables from related parties, contract assets and other receivables. Trade and other receivables are initially recognised as per the determination of the transaction price in the revenue accounting policy. They are subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

The Company recognises trade receivables for performance obligations satisfied over time gradually as the performance obligation is satisfied and in full once the invoice is due. Judgment is required in determining whether a right to consideration is unconditional and thus qualifies as a receivable. Contract assets represent a right to consideration from the customer (for the delivery of free or discounted services) that is conditional upon providing the underlying product or service which will have the respective due invoices in the future. A contract asset will become a receivable when the customer payment becomes unconditional.

Deposits with the ultimate controlling party
Deposits with the ultimate controlling party are cash pooling arrangements with balances that fluctuate from being positive to overdrawn and are subject to daily settlement. The amounts are variable interest bearing, available short-term and are held by the ultimate controlling party, SAP SE on behalf of the Company. Subsequent to initial recognition, deposits are measured at amortised cost using the effective interest method, less allowance for impairment of deposits.

Allowances for expected credit losses
The Company measures trade and other receivables from contracts with customers at amortised cost less expected credit losses. The Company accounts for expected credit losses by recording an allowance on a portfolio basis. The Company applies the simplified impairment approach in that, on initial measurement of the receivables, the Company considers all credit losses that are expected to occur during the lifetime of the receivables. The Company uses a provision matrix to estimate these losses.

The default risk of the Company's trade receivables is managed separately, mainly based on assessing the creditworthiness of customers through external ratings and on the Company's past experience with the customers concerned. Based on this assessment, individual credit limits are established for each customer and deviations from such credit limits need to be approved by management.

The Company applies the simplified impairment approach using a provision matrix for all trade and other receivables to take into account any lifetime expected credit losses already at initial recognition. For the purpose of the provision matrix, customers are clustered into different risk classes, mainly based on historical experience with credit losses. Loss rates used to reflect lifetime expected credit losses are determined using a roll-rate method based on the probability of a receivable progressing through different stages of being overdue and on the Company's actual credit loss experience over the past years.

(3) ACCOUNTING POLICIES (Continued)

Trade and other receivables (continued)
These loss rates are enhanced by forward-looking information to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions, and the expected changes in the economic conditions over the expected life of the receivables. Forward-looking information is based on changes in country risk ratings, or fluctuations in credit default swaps of countries of the customers the Company does business with. The Company continuously monitors outstanding receivables locally to assess whether there is objective evidence that the trade and other receivables are credit impaired. Evidence that trade and other receivables are credit-impaired include, among the trade receivables being past due, information about significant financial difficulty of the customer or non-adherence to a payment plan. The Company considers receivables to be in default when the counterparty is unlikely to pay its obligations in full. However, a delay of payments (e.g., more than 90 days past due) in the normal course of business alone does not necessarily indicate a customer default.

Additionally, the Company recognises allowances for individual receivables if there is objective evidence of credit impairment.

The Company writes off account balances either partially or in full if the management judges that the likelihood of recovery is remote, which might be evidenced, for example, when bankruptcy proceedings for a customer are finalised or when all enforcement efforts have been exhausted.

In the statement of profit or loss, expenses, and related releases from allowances for expected credit losses from applying the provision matrix, from credit-impaired customer balances, and from write offs are included in other expenses or other income.

Other assets
Other assets are comprised of capitalised contract costs, contract assets, prepaid expenses, salary advances and advances paid.

Capitalised contract costs
The assets the Company recognises for the incremental costs of obtaining a customer contract primarily consist of sales commissions earned by the Company's sales force and partners as well as amounts paid to employees with non sales roles when the payments meet the definition of being an incremental cost to obtain a contract with a customer. Judgment is required in determining the amounts to be capitalised, particularly where the commissions are based on cumulative targets and where commissions relate to multiple performance obligations in one customer contract. The Company capitalises such cumulative target commissions for all customer contracts that count towards the cumulative target but only if nothing other than obtaining customer contracts can contribute to achieving the cumulative target. Commissions for contracts with multiple performance obligations or for probable renewals thereof are allocated to these performance obligations and probable renewals relative to the respective stand-alone selling price.

Prepaid expenses
Prepaid expenses are non-financial assets recognised in the statement of financial position when it is probable that future economic benefit will flow to the Company and the amounts can be measured reliably. Prepaid expenses are amortised over the period for which the expenses are incurred and recognised in profit or loss.

Advances paid
Advances paid are non-financial assets and are comprised of the payments made by the Company to the external parties for the acquisition of current assets.

Salary advances
Salary advances are non-financial assets and are comprised of the interest-free advances given to the employees by the Company.

Trade and other payables
Trade and other payables are comprised of trade payables, payables to related parties and other payables. Trade and other payables are subsequently measured at amortised cost using the effective interest method. Payables to related parties are priced on an arm's length basis, interest free, unsecured and usually subject to a payment term of 30 days.

Leases
Identification of a lease
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the following for a period of time in exchange for consideration:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

(3) ACCOUNTING POLICIES (Continued)

Leases (continued)

The Company as a lessee
The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases defined as leases with a lease term of 12 months or less and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The right-of-use asset comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment.

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Company determines its incremental borrowing rate based on the country-specific government bond rate for the lease term, SAP SE´s risk premium rate and the contract life.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in rent expenses in the statement of profit or loss.

Other liabilities

Other liabilities are comprised of advances received, value added tax (VAT), payroll tax liabilities, other tax liabilities, other payables and miscellaneous liabilities.

Advances received

Advances received are liabilities and are comprised of the payments received from the Company's external parties for the future deliverables.

Value-added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of goods or services are not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Input VAT represents the input taxes paid on the purchase of goods or services that the Company can claim against output VAT received from sale of goods or services. VAT is included in the statement of financial position as other assets when the net amount is positive and as other liabilities when the net amount is negative.

Employee benefits

Short-term employee benefits

Salaries, vacation, bonuses, sales commissions and other employee benefits

Salaries, paid vacation and sick leave, bonuses, sales commissions, and other employee benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services during the reporting period. Short-term employee benefits are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

Post-employment benefits

Defined contribution pension plan
The Company maintains domestic defined contribution plan based on local practices and regulations. Amounts contributed by the Company under such plan is based on a percentage of the employees' salaries or on the amount of contributions made by employees and are recognised as part of pension expenses in profit or loss in the periods during which services are rendered by employees.

Cash settled share-based payments

The fair values of Move and Grow SAP cash-settled awards are measured at grant date using a valuation model and are remeasured to fair value at each reporting date until the award is settled. The fair value is recognised in the profit or loss over the period in which the employees become unconditionally entitled to the rights, with a corresponding increase in liabilities. Any changes in the fair value of the liability are recognised as employee benefits expenses in the profit or loss.

(3) ACCOUNTING POLICIES (Continued)

Contract assets and contract liabilities
During 2024 the management modified the presentation of contract assets from Other non-financial assets to Trade and other receivables. Contract assets are of a more similar nature to trade receivables, being both originated from contracts with customers and under the scope of IFRS 9 for the measurement of the loss allowance for expected credit losses.

Contract liabilities primarily reflect invoices due or payments received in advance of revenue recognition.

In general, the Company invoices fees for on-premise standard software upon contract closure and software delivery. Periodic fixed fees for cloud subscription services, software support services, and other multiperiod agreements are invoiced yearly or quarterly in advance. Such fee prepayments account for the majority of the Company's contract liability balance. Fees based on actual transaction volumes for cloud subscriptions and fees charged for non-periodical services are invoiced as the services are delivered. While payment terms and conditions vary by contract type, the terms generally require payment within 30 to 60 days.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company regularly adjust provisions as further information becomes available or as circumstances change. Non-current provisions are reported at the present value of their expected settlement amounts as at the reporting date. Discount rates are regularly adjusted to current market interest rates.

Share capital
Share capital is recognised as issued when it is paid for or subscribed under a binding subscription agreement and is measured at par value.

Retained earnings
Retained earnings represent the cumulative balance of net profit or loss, dividend declaration, effect of changes in accounting policy and other equity adjustments.

Dividends
Dividends are recognised as a liability in the period in which they are declared. The holder of ordinary shares i.e. the immediate controlling party is entitled to receive dividends as and when declared by the Company and approved by the Board of Directors. Dividends to the shareholders are accounted for as a deduction from retained earnings.

Related parties
Related party relationship exists when one party has the ability to control the other party, directly or indirectly, through one or more intermediaries or exercise significant influence over the other party in making financial and operating decisions.

Such relationships exist between the Company and its ultimate controlling party, SAP SE, between the Company and other related parties that are fellow subsidiaries under common control of SAP SE, and between the Company and its key management personnel. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Key management personnel
Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

Events after the reporting period
Events after the reporting period that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to financial statements, when material.

(4) PROPERTY AND EQUIPMENT

DKK'000	Land and buildings	Right-of-use assets from leased land and buildings	Leasehold improvements	Office equipment, furniture and fixtures	Right-of-use assets from leased office equipment, furniture and fixtures	Information technology equipment	Total
Cost							
As at 1 January 2024	**29.827**	**50.178**	**6.674**	**17.771**	**33**	**18.769**	**123.252**
Additions	0	0	170	3.926	317	1.437	**5.850**
Disposals	0	0	–4.889	–11.292	0	–6.353	**–22.534**
As at 31 December 2024	**29.827**	**50.178**	**1.955**	**10.405**	**350**	**13.853**	**106.568**
Accumulated depreciation							
As at 1 January 2024	**0**	**–1.568**	**–4.761**	**–12.516**	**–1**	**–15.906**	**–34.752**
Depreciation	0	–6.270	–380	–1.055	–135	–2.031	**–9.871**
Disposals	0	0	4.889	10.884	0	6.275	**22.048**
As at 31 December 2024	**0**	**–7.838**	**–252**	**–2.687**	**–136**	**–11.662**	**–22.575**
Net book value							
As at 31 December 2024	**29.827**	**42.340**	**1.703**	**7.718**	**214**	**2.191**	**83.993**

(5) INTANGIBLE ASSETS

DKK'000	**Acquired technology**
Cost	
As at 1 January 2024	**18.592**
As at 31 December 2024	**18.592**
Accumulated amortisation	
As at 1 January 2023	**–8.573**
Amortisation	–4.648
As at 1 January 2024	**–13.221**
Amortisation	–3.825
As at 31 December 2024	**–17.046**
Net book value	
As at 31 December 2023	**5.371**
As at 31 December 2024	**1.546**

(6) OTHER ASSETS

DKK'000	**2024**	2023
Non-current		
Capitalised contract costs	160.590	147.701
Prepaid expenses non-current	899	20
Rent deposits non-current	4.429	11.323
Subtotal	**165.918**	**159.044**
Current		
Capitalised contract costs	63.873	62.477
Prepaid expenses	722	123
Other taxes assets	1.181	976
Subtotal	**65.776**	**63.576**
Total	**231.694**	**222.620**

Prepaid expenses current

DKK'000	**2024**	2023
Insurance prepaid expenses	19	47
Travel prepaid expenses	368	6
Administrative prepaid expenses	335	70
Total	**722**	**123**

(7) TRADE AND OTHER RECEIVABLES

DKK'000	Note	**2024**	2023
Trade receivables, gross		181.987	325.412
Allowances for expected credit losses		–148	–1.894
Trade receivables		181.839	323.518
Deposits with the ultimate controlling party	(17)	723.483	501.229
Receivables from related parties	(17)	94.442	78.002
Rent deposits		31.595	33.126
Total		**1.031.359**	**935.875**

(8) SHARE CAPITAL

DKK'000	**2024**	2023
Authorised, issued and fully paid		
500,000 ordinary shares of 1 DKK each	500	500
1,000,000 ordinary shares of 5 DKK each	5.000	5.000
Total	**5.500**	**5.500**

(9) NON-CURRENT LIABILITIES

DKK'000	**Carrying amount**	**One to five years**	**More than five years**
2024			
Non-current liabilities			
Contract liabilities	296	296	0
Other liabilities	563	563	0
Lease liabilities	36.708	28.000	12.223
Total non-current liabilities	**37.567**	**28.859**	**12.223**
2023			
Non-current liabilities			
Other liabilities	9.284	9.284	0
Lease liabilities	42.295	28.119	19.196
Total non-current liabilities	**51.579**	**37.403**	**19.196**

(10) DEFERRED TAXES

DKK'000	**As at 1 January 2024**	**Recognised in profit or loss**	**As at 31 December 2024**
Deferred tax assets			
Intangible assets	2.010	–558	**1.452**
Trade and other payables	138	–138	**0**
Employee benefits liabilities	7.320	2.448	**9.768**
Other liabilities	494	–494	**0**
Lease liabilities	0	8.934	**8.934**
Deferred tax liabilities			
Other assets	–46.378	–3.013	**–49.391**
Property and equipment	–270	–8.782	**–9.052**
Lease liabilities	0	–402	**–402**
Net deferred tax liabilities	**–36.686**	**–2.005**	**–38.691**

DKK'000	**As at 1 January 2023**	**Recognised in profit or loss**	**As at 31 December 2023**
Deferred tax assets			
Intangible assets	2.568	–558	**2.010**
Property and equipment	709	–709	**0**
Trade and other payables	0	138	**138**
Employee benefits liabilities	5.095	2.225	**7.320**
Other liabilities	0	494	**494**
Deferred tax liabilities			
Other assets	–9.492	–36.886	**–46.378**
Trade and other receivables	–29.477	29.477	**0**
Property and equipment	0	–270	**–270**
Lease liabilities	–997	997	**0**
Net deferred tax liabilities	**–31.594**	**–5.092**	**–36.686**

(11) TRADE AND OTHER PAYABLES

DKK'000	Note	**2024**	2023
Trade payables		31.081	85.277
Payables to related parties	(17)	485.708	454.659
Total		**516.789**	**539.936**

(12) REVENUE

Revenue by line of business

DKK'000	**2024**	2023
Cloud	**1.034.598**	**698.663**
Software licenses	73.162	196.478
Software support	856.307	871.120
Software licenses and support	**929.469**	**1.067.598**
Cloud and software	**1.964.067**	**1.766.261**
Services	**566.191**	**530.612**
Total	**2.530.258**	**2.296.873**

Revenue by region

DKK'000	**2024**	2023
Denmark	2.156.492	1.926.622
Germany	201.714	192.404
Japan	49.535	77.397
Sweden	36.576	22.550
Netherlands	24.705	25.405
Other foreign countries	61.236	52.495
Total	**2.530.258**	**2.296.873**

(13) EMPLOYEE BENEFITS AND EMPLOYEES' NUMBER

Average number of employees

Number of full-time equivalents	**2024**	2023
Average number of employees	**219**	**223**

Employee benefits expenses

DKK'000	**2024**	2023
Salaries	345.688	335.569
Cash-settled share-based payments expenses	72.415	55.262
Defined contribution pension plan expenses	20.103	20.194
Social security expenses	1.547	1.936
Other employee benefits expenses	20.120	5.855
Total	**459.873**	**418.816**

The Company's Executive Board consists of only one person and no remuneration have been paid to the members of the Board of Directors. In accordance with section 98b (3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed.

(14) FINANCE INCOME AND FINANCE COSTS

DKK'000	Note	**2024**	2023
Finance income			
Interest income		2.624	3.341
Interest income from the deposits with the ultimate controlling party	(17)	17.243	11.703
Total		**19.867**	**15.044**
Finance costs			
Interest expenses		–19	–47
Interest expenses on asset retirement obligation		0	–24
Negative interest expenses on lease liabilities		–1.508	–403
Total		**–1.527**	**–474**

(15) INCOME TAXES

DKK'000	**2024**	2023
Current income tax expense/ benefit		
Current income tax expense for current year	–17.174	–21.234
Current income tax expense/ benefit for prior year	–2.045	5.439
Subtotal	**–19.219**	**–15.795**
Deferred income tax expense		
Deferred income tax expense	–2.005	–5.092
Subtotal	–2.005	–5.092
Income tax expense	**–21.224**	**–20.887**

(16) PROPOSED PROFIT APPROPRIATION

DKK'000	**2024**	2023
Retained earnings as at 1 January	**317.689**	**381.016**
Profit for the year	65.296	85.623
Dividends	–149.240	–148.950
Retained earnings as at 31 December	**233.745**	**317.689**
Proposed dividends	–111.867	–149.000
Profit after income tax	**121.878**	**168.689**

(17) RELATED PARTIES

DKK'000	**2024**	2023
Balances		
Deposits with the ultimate controlling party	723.483	501.229
Receivables from the ultimate controlling party	19.371	13.046
Receivables from other related parties	75.071	64.956
Payables to the ultimate controlling party	−348.097	−353.454
Payables to other related parties	−137.611	−101.205
Transactions		
Services revenue from the ultimate controlling party	87.087	78.653
Services revenue from other related parties	219.216	199.158
Other income from other related parties	0	1.710
Internal licenses expenses with the ultimate controlling party	−934.197	−885.307
Internal licenses expenses with other related parties	−50.290	−63.863
Third party licenses expenses with the ultimate controlling party	−52.853	−39.563
Services expenses with the ultimate controlling party	−447.466	−328.495
Services expenses with other related parties	−381.762	−335.909
Other expenses with the ultimate controlling party	−34.524	−28.363
Other expenses with other related parties	−20.348	−17.175
Interest income from the deposits with the ultimate controlling party	17.243	11.703
Other		
Share-based payments settled by the ultimate controlling party on behalf of the Company	65.645	39.858

(18) EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Søren Søndergaard Jensen

Statsautoriseret revisor

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