

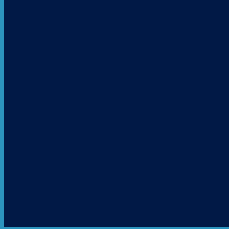



# Annual Report 2022



SimCorp A/S  
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Company reg. no: 15505281  
[simcorp.com](https://simcorp.com)



The world of investment management is defined by ever increasing complexity and pressure to generate alpha. Every day, our clients are faced with new demands, instruments, regulations, and technologies. But the real problem is when the tools and services designed to deal with this rapidly evolving set of challenges introduce yet more fragmentation and complexity. Complexity that ties up resources and prevents clients from reaching their full potential and exploiting new opportunities.

That is why the SimCorp platform is designed to empower the world's institutional investors to simplify their operating models so they can seize opportunities and grow profitably.

→ Learn more at [simcorp.com](https://simcorp.com)



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Sustainability Report 2022

<https://www2.simcorp.com/SustainabilityReport2022>



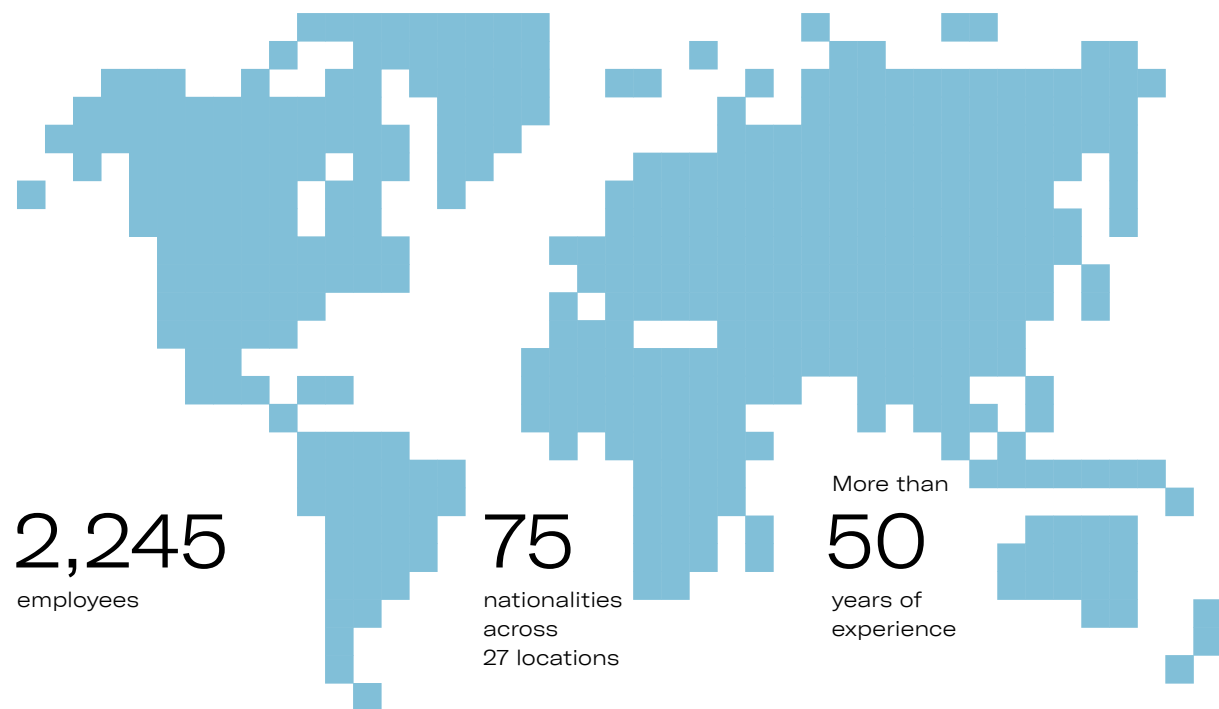
Remuneration Report 2022

<https://www2.simcorp.com/RemunerationReport2022>

# Management report

# SimCorp at a glance

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.



300+  
clients

40%  
of the top 100  
global asset  
managers/  
asset owners.

More than USD  
30  
trillion  
managed on  
our platform

# Performance and progress

SimCorp delivered solid performance and progress on its strategic priorities in 2022. We achieved our financial guidance for the year, added 11 new clients, and strengthened existing client relations. We are well-positioned to continue our growth trajectory in the years ahead.

## Transforming to a full SaaS provider

With Annual Recurring Revenue (ARR) (backward-looking) comprising more than half of total revenue, we are progressing well in our transformation of SimCorp into a technology-enabled service company. ARR (backward-looking) constituted 57.4% of total revenue in 2022 compared with 55.9% in 2021.

## Subscriptions

**50%** clients on subscriptions in 2022<sup>1</sup>

(88% of new clients)

<sup>1</sup> SimCorp Dimension only.

## Solid financial performance

**23.4%**

EBIT margin  
(in local currencies)

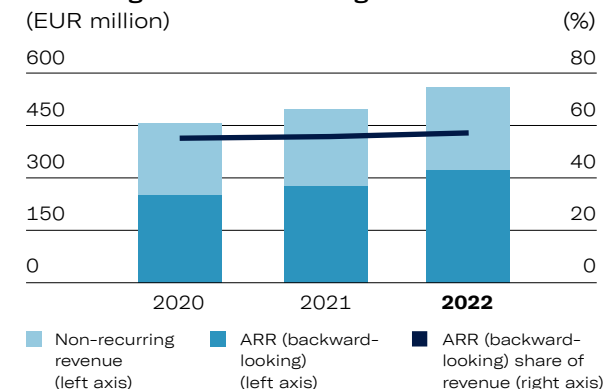
**9.4%**

Revenue growth  
(in local currencies)

**12.1%**

ARR (backward-looking) growth  
(in local currencies)

## Recurring and non-recurring revenue





# Strengthening our offering in a challenging business environment

2022 was a defining year for SimCorp as we continue to strengthen our front-to-back offering, delivering the industry's strongest platform and partner ecosystem. Although the year was characterized by turbulence and increasing geopolitical turmoil, we expanded our engagement with existing and new clients, delivering revenue of EUR 561.0 million, ARR-growth (backward-looking) of 16.1% and EBIT of EUR 125.9 million.



In 2022, we took additional steps to focus our business. To ensure that SimCorp has the right structure and people as it transforms to a SaaS company, 2022 saw continued investments into our SaaS operations and innovation. As our SaaS and tech-enabled services business continues to gain momentum, a key priority is to continuously strengthen our foundation and lay the steppingstones for the next phases of our growth journey. As part of that, we have sharpened our core value proposition in 2022, equipping clients with an ever-increasing array of choice when making key infrastructure decisions and futureproofing their technology platforms. Among other things, this was illustrated by a significant front-to-back deal with a tier one US financial

institution for our full SaaS product suite. In total, we added 11 new logos to our client portfolio in 2022.

With the institutional investment industry facing new demands as a result of market turbulence, inflationary pressure and added operational and strategic complexity, we implemented several key initiatives to expand our offering. This included a number of new tech-enabled business service solutions designed to remove complexity from our clients' non-core operations, as exemplified by the comprehensive investment operations services deal with US asset manager Intech.

Having aligned our delivery roadmap with current market needs during the year, we are in a strong position to continue our growth and our journey towards 2025.

Across all markets in general, we signed a number of full front-to-back SaaS deals, and, during the year, we also signed our first-ever clients in Africa and Malaysia, with that continuing to increase our market presence in both EMEA and APAC. In the latter, we also entered into a strategic partnership with Challenger, a leading Australian investment firm, to form a stand-alone investment operations company. Moreover, the signing of a number of significant clients in the US resulted in a stronger footprint in North America,

and at the turn of the year, we have leveraged now our offering towards new and broader market segments.

### Challenging business environment

2022 was also a year marked by the war in Ukraine. With more than 240 colleagues based in Kyiv, we were shocked and saddened to witness the Russian invasion. The safety and wellbeing of our employees remains a key priority, and we have done and will continue to do whatever we can to safeguard and support our colleagues and their families, i.e. by offering relocation and additional flexibility and support.

It remains a testament to the resilience and determination of our Ukrainian colleagues that our development saw minimal short-term and no sustained disruption – and we thank them all for this.

We extend our admiration, thoughts and support, not only to our strong Ukrainian employees, but to all the people of Ukraine in these difficult times.

### Accelerating our growth

As we ramp up and continue to invest in our SaaS offering, we are well positioned reach our strategic ambitions towards 2025, on which we made solid progress in 2022. With more than 50 clients already running on our SaaS platform, and a growing number of clients either joining or migrating to our SaaS offerings, we continue to progress our transformation.

Looking ahead, we see several attractive growth drivers, and the strong fit between our products and general industry trends means that we continue to widen our target addressable market, yielding a substantial potential for new

client deals in the years to come. In addition, we continue to see very high client retention rates and growing potential for upselling within our existing client base.

To ensure that we further extend the breadth and depth of our SaaS offering, leveraging the strongest and most versatile front to back platform in the industry, we are investing in three growth levers. These are explained in greater detail on page 15:

- Platform leadership
- SaaS acceleration
- Ecosystem scaling

As we continue our transformation towards 2025, the continued delivery of these three core priorities will allow us to offer the optimal platform for supporting our clients' evolving operating models, enabling them to seize business opportunities and support their operating model of choice.

### Our sustainability promise

In 2022, we took important steps on our sustainability journey to gain more data and knowledge, create more transparency, and – ultimately – achieve bigger impact. Our sustainability agenda and our business strategy are fully aligned, and we are integrating sustainability steadily in all our business operations, client offerings, and in our commitment to our people and stakeholders.

We see a convergence of our goals and values with those of our clients, investors, and other stakeholders, and with the commitment of our employees to always do the right thing, we are confident that we can reach new important milestones in the coming year.

### Distribution of profit

In 2022, we paid dividends of EUR 39.9 million, equal to DKK 7.50 per share, and acquired treasury shares for EUR 20 million. Based on the financial performance in 2022, the Board of Directors intends to propose to shareholders at the AGM a dividend of EUR 39.7 million, equal to DKK 7.50 per share, for the financial year 2022. We will continue to maintain a conservative financial policy, and we will allocate the necessary capital to successfully drive our transformation and sharpen our run-rate cost-efficiency.

### Our appreciations

Our highly committed and skilled staff remains the foundation for us as a company. Our ability to deliver value to our clients, to grow, to innovate and ultimately to deliver sustained long-term growth is based on the contribution of our many colleagues around the world. We thank everyone at SimCorp for your loyal commitment, true engagement, and relentless hard work, demonstrating the culture of our company as captured in “the 5Cs”, by being caring, customer success driven, collaborative, curious, and courageous.

Our thanks also goes to our shareholders for their support of our strategy and to our business partners for their trust and co-operation, all helping us in our efforts to increase our value creation. Last but by no means least, we extend our gratitude to our clients, new as well as existing ones, who continue to show strong commitment to our company in times of uncertainty.

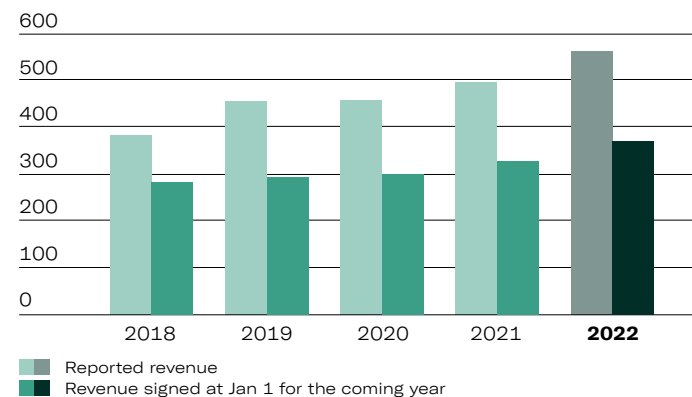


# Financial highlights and key figures

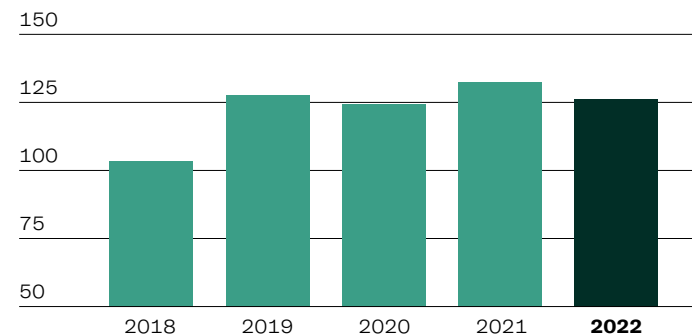
EUR '000	2022	2021	2020	2019	2018
<b>Income statement</b>					
Revenue	560,968	496,274	455,970	454,531	382,626
Earnings before interest, tax, depreciation, and amortization (EBITDA)	140,739	147,796	140,390	142,576	109,268
Operating profit (EBIT)	125,856	132,417	124,296	127,824	103,345
Financial items, net	2,292	5,001	-8,200	-23	-809
Profit before tax	128,148	137,418	116,096	127,801	102,536
Profit for the year	99,254	109,992	88,258	96,901	76,971
<b>Statement of financial position</b>					
Share capital	5,441	5,441	5,441	5,441	5,441
Equity	375,557	323,107	278,250	230,020	169,059
Bank loan/credit facility	6,724	-	-	20,000	-
Intangible assets	88,984	92,691	95,725	99,557	40,444
Property, plant, and equipment <sup>1</sup>	41,459	43,692	47,650	55,650	5,377
Receivables	112,378	96,543	82,513	81,804	79,165
Contract assets	292,903	221,000	175,928	151,774	85,684
Cash and cash equivalents	40,546	47,692	53,051	31,851	47,500
Total assets	604,328	526,312	470,842	437,912	270,267
<b>Cash flow</b>					
Cash flow from operating activities	60,340	90,696	104,565	82,505	82,215
Cash flow from investing activities	-2,767	-5,675	-2,681	-60,214	-1,720
Cash flow from financing activities	-64,822	-90,996	-80,242	-38,249	-64,444
Free cash flow	47,155	78,628	91,809	70,903	80,153
Investment in property, plant, and equipment	1,524	1,259	2,399	1,722	1,950
Net change in cash and cash equivalents	-7,249	-5,975	21,642	-15,958	16,051
EUR/DKK rate of exchange at December 31	7.4365	7.4365	7.4393	7.4697	7.4673

1 2018 does not include right-of-use-assets.

Revenue (EUR million)



EBIT (EUR million)



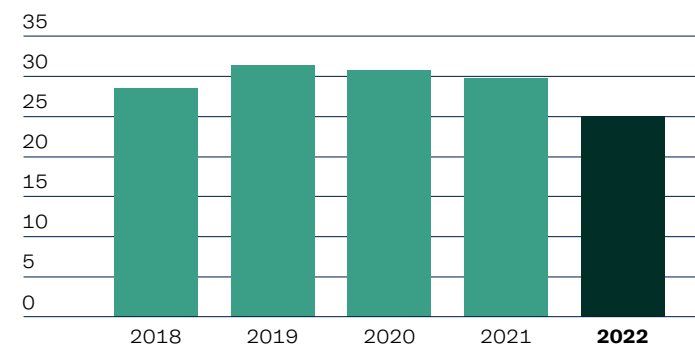
## Financial highlights and key figures (continued)

	2022	2021	2020	2019	2018
<b>Other non-IFRS measures</b>					
Ratable revenue (EUR '000)	489,065	451,202	431,816	388,441	346,888
Order book value <sup>2</sup> (EUR '000)	109,500	72,953	56,069	38,182	45,508
Order intake <sup>2</sup> (EUR '000)	190,600	137,604	115,102	99,679	105,877
Annual Recurring Revenue (ARR) (forward-looking) (EUR '000)	338,480	302,912	-	-	-
Annual Recurring Revenue (ARR) (backward-looking) (EUR '000)	321,948	277,352	250,902	220,943	-
<b>Financial ratios</b>					
Revenue growth (%)	13.0	8.8	0.3	18.8	11.4
Organic <sup>3</sup> revenue growth (%)	9.4	8.7	-0.1	15.5	9.5
Ratable revenue growth (%)	8.4	4.5	10.4	12.0	-
Organic <sup>3</sup> ratable revenue growth (%)	5.3	4.5	10.2	8.8	6.2
ARR (backward-looking) growth (%)	16.1	10.5	13.7	-	-
Organic <sup>3</sup> ARR (backward-looking) growth (%)	12.1	10.3	14.6	-	-
ARR (backward-looking) as share of total revenue (%)	57.4	55.9	55.0	48.6	-
EBITDA margin (%)	25.1	29.8	30.8	31.4	28.6
EBIT margin (%)	22.4	26.7	27.3	28.1	27.0
Cash conversion	47.5	71.5	104.0	73.3	104.1
ROIC (return on invested capital) (%)	35.6	44.7	46.6	65.3	82.4
Receivables turnover ratio	8.4	8.9	8.7	9.3	8.2
Equity ratio (%)	62.1	61.4	59.1	52.5	62.6
Return on equity (%)	26.0	35.4	33.4	46.5	59.7
<b>Employees</b>					
Number of employees at year-end	2,245	1,998	1,901	1,871	1,660
Average number of employees – FTE	2,067	1,871	1,840	1,703	1,554

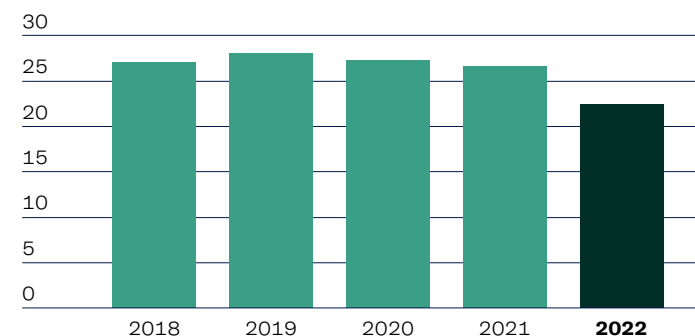
2 2019 order book and order intake have been restated to include Subscription Services such as Datacare and Regulatory Reporting Platform (RRP), and 2018 order intake has been restated to include SimCorp Italiana (Sofia).

3 Organic figures adjust for M&A impact and currency impact.

## EBITDA margin (%)



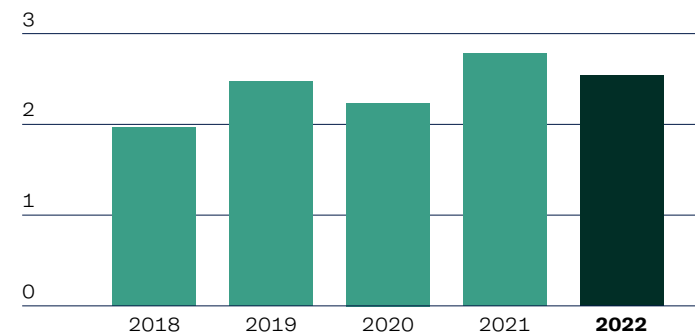
## EBIT margin (%)



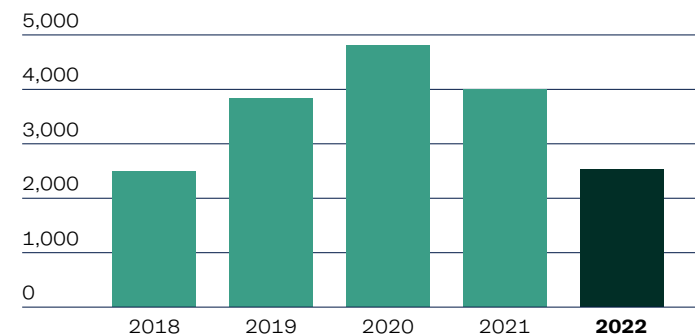
## Financial highlights and key figures (continued)

	2022	2021	2020	2019	2018
<b>Share performance</b>					
Earnings per share – EPS (EUR)	2.52	2.76	2.22	2.44	1.95
Diluted earnings per share – EPS-D (EUR)	2.50	2.74	2.20	2.42	1.93
Cash flow per share – CFPS (EUR)	1.53	2.27	2.64	2.08	2.08
Book value per share at year-end – BVPS (EUR)	9.55	8.11	7.02	5.81	4.27
Dividend per share – DPS (EUR)	1.01	1.01	1.01	0.90	0.87
Dividend per share – DPS (DKK)	7.50	7.50	7.50	6.75	6.50
Dividend payout ratio (%)	39.9	36.4	45.2	37.0	44.7
Total payout ratio (%)	60.3	72.9	56.5	49.9	44.7
<b>Market value ratios</b>					
Share price at year-end – EUR	64.30	96.12	121.72	101.41	59.67
Share price at year-end – DKK	478.2	714.8	909.5	757.5	445.6
Price/book value per share – P/BV (EUR)	6.73	11.9	17.3	17.5	14.0
Diluted price earnings (P/E diluted)	25.5	34.8	55.2	41.9	30.9
Price/cash flow (P/CF)	42.0	42.2	46.2	48.7	28.6
Share capital (million)	40.5	40.5	40.5	40.5	40.5
Average number of shares (million)	39.3	39.9	39.7	39.7	39.5
Average number of shares – diluted (million)	39.7	40.1	40.0	40.1	39.9
Market capitalization – EUR million	2,529	3,831	4,826	4,016	2,362

## Earnings per share (EUR)



## Market capitalization (EUR million)



# Market and trends

Macroeconomic and geopolitical turmoil impacted the investment management industry in 2022. Changing market environments, new regulatory expectations and increasing complexity accelerated the need for investment firms to optimize operating models and transform their business. As a result, the demand for cloud and SaaS offerings continues to grow.

**Good traction across regions**

Although 2022 saw significant market turbulence, the EMEA business unit reported good traction within new and existing client segments, including the largest SaaS migration to date. Across most countries and jurisdictions in the region, we see a strong fit between our solutions and our clients' needs, coupled with a high and increasing market penetration, illustrated by the signing of a deal with a central bank and the successful closing of a deal with a client in Africa.

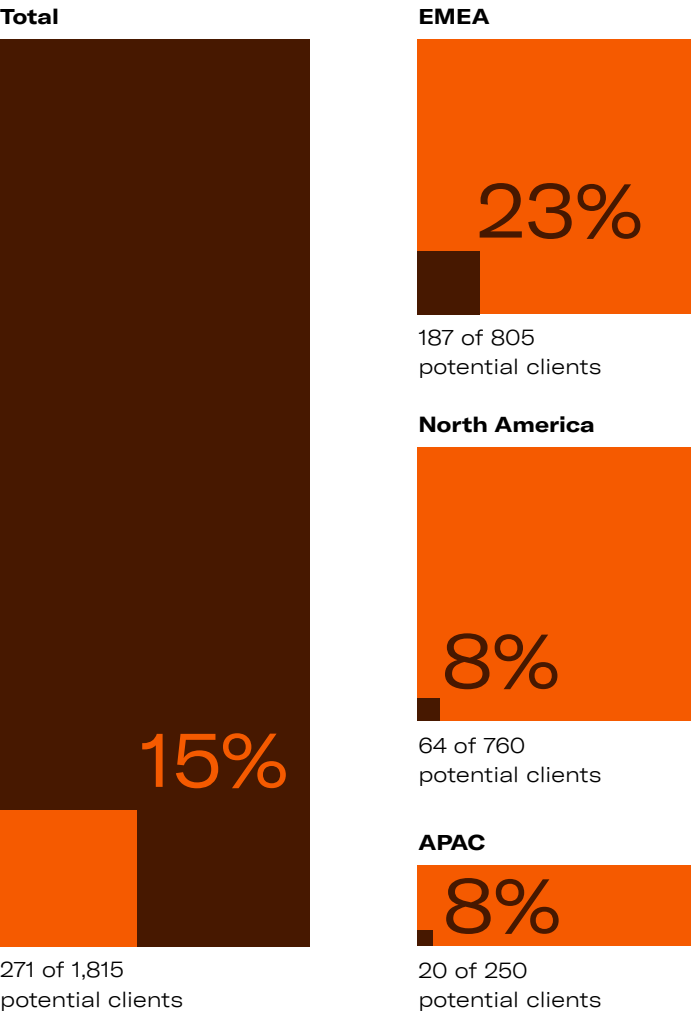
In North America and APAC, market activity is also picking up, and we continue to make significant investments into our market profile and our capacity to further boost our commercial execution. For both regions, the SimCorp service offering has strong market potential, demonstrated by a breakthrough in Malaysia and a number of comprehensive deals with large institutions in the US.

For most players in the market, SaaS is now becoming a matter of “when” rather than “if”, and the long-term growth potential in all three regions remains strong with SimCorp well positioned to increase its market share.



1 SimCorp Dimension.

SimCorp market shares and target addressable market<sup>1</sup>



Global investment management is shaped by several macro trends, which impact clients' strategies and result in a growing need to future-proof operating models and drive efficiencies.

Overall, 2022 emphasized the constantly evolving need for future-proof tools and technology, adding pressure on clients and prospects who have yet to invest in long-term platform solutions. The current macroeconomic environment accelerates the industry's pursuit of scale benefits and strategic ambitions to focus on core business activities. With added regulatory complexity and changing customer expectations, clients' efforts to digitize are advancing, leading to more interest in integrated platform solutions and technology-enabled outsourcing of business processes.

Global investment managers are experiencing increasingly complex strategic and operational environments, rooted in a range of internal and external factors, including:

- Mounting regulatory and transparency demands
- Increasing volume and diversity of data
- Cloud and other technology advances
- Emergence of new instruments and trading strategies
- Rising security and compliance concerns
- Inflationary pressure, rising interest rates and recession risk

As we progress our SaaS transformation, SimCorp has continued to strengthen its value proposition to match this overall market development, with our offering catering well for the operating models of tomorrow and those firms in the industry looking to optimize their investment infrastructure and platforms.

## Key trends impacting investment managers

### Market drivers

- Increasing inflation and interest rates
- Sustainable investing
- Geopolitical tensions
- Fee and cost pressure
- Increased client demands
- New regulations



### Clients' strategic priorities

- Alternatives/private markets
- OTC
- ETF/passives
- Cloud
- AI/ML
- Third party business
- Operating Model Design
- ESG
- Innovation and quant strategies
- Digitization
- Market expansion



### Clients' operational concerns

- Data
- Security and compliance
- Operational resilience
- Operational excellence
- System upgrades
- Integrations
- Staff and talent shortage
- Market ecosystem
- Scalability
- Cyber security
- Regulatory complexity
- Manual processes

# Business model

SimCorp's business model empowers global institutional investors to tackle the growing complexity of the world around us. Offering scale, efficiency, and choice, all based on solid data, our business model supports investment decisions with an integrated front-to-back platform and the industry's broadest ecosystem of partnerships.

## Front-to-back coverage across all asset classes

From front office to back office, SimCorp offers full coverage across our clients' investment management value chain. We support key workflows and functions from portfolio construction to accounting and reporting.

## Integrated data and workflows

Based on a strong data core comprising our market-leading investment book of record (IBOR) and accounting book of record (ABOR), our platform solves our clients' data and integration challenges. Providing new insights for investment decisions and process efficiency, we constantly evolve our data management services to replace complexity with simplicity.

## SaaS platform

With new as well as existing clients who are accelerating their SaaS transformation, we continue to see high demand

for SaaS services. Today, our SaaS value proposition is stronger than ever and offers unparalleled flexibility to clients' operating environment.

## Business services

Our technology-enabled business services help our clients optimize their operations and allow them to focus on value-creation in their core business, while we take responsibility for their non-core business processes. In 2022, we have

made significant strides within managed business services, successfully going live with Investment Accounting Services and Investment Operations Services.

## Ecosystem and partnerships

Our platform is uniquely enhanced and expanded through our partner ecosystem, which offers an unparalleled choice of market-leading tools and third-party data and analytics, all seamlessly embedded and integrated into our offering.

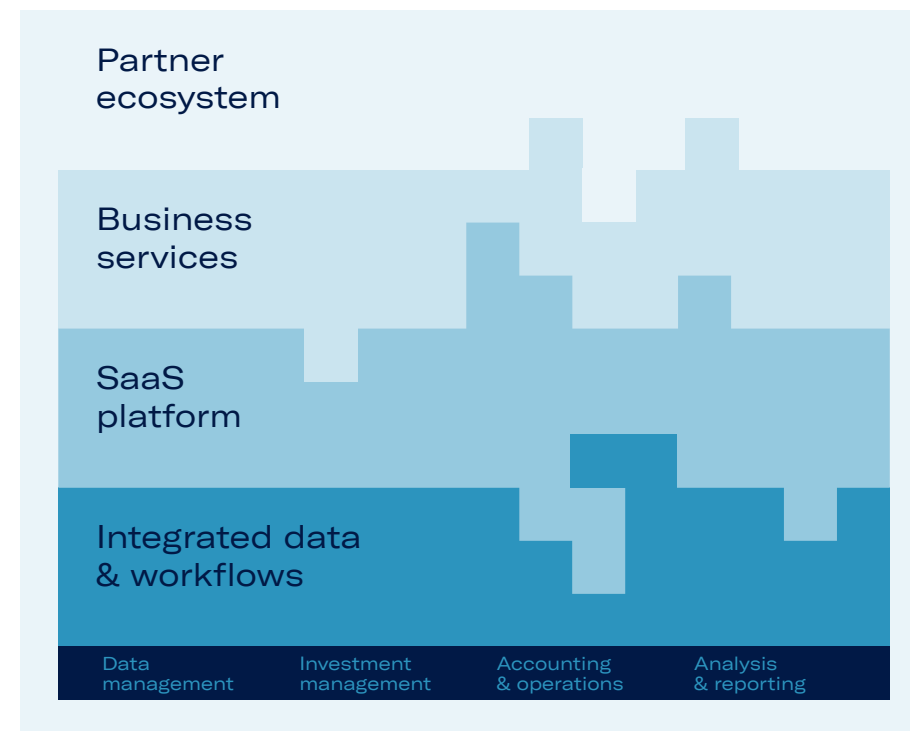
Enhanced and expanded  
by our partner ecosystem

Empowered by our tech-  
enabled services

Offering full front to back,  
multi asset coverage

Based on our  
strong data core

Covering our clients'  
value chain end-to-end





# Strategy update 2022

As our transformation accelerates, we remain fully committed to our strategic ambition of offering everything as a service. Our principal objective remains to provide the investment industry with market leading operating model optionality through a superior SaaS platform and services offering. This strategy was first launched in 2019 and, since then, we have been continuously progressing on our priorities, achieving several milestones over the past years. With the implementation of a new operating model program well underway, we are reaching new maturity levels for our SaaS and Business Process as a Service (BPaaS) offerings and are optimizing our ways of executing and prioritizing.

In 2022, we accelerated our SaaS transformation, making significant progress in the ways we work and deliver value to clients. Looking to build on this momentum and further ensure the continuous crystallization of our strategy into outcomes, we have revisited our strategic imperatives during 2022.

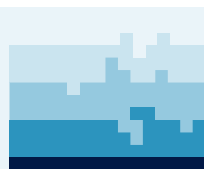
Having entered a full SaaS paradigm, our overall imperatives have thus been further calibrated to cater for the rapidly changing client needs and an operating environment that is changing at an ever-increasing pace. Continuing our growth journey towards 2025, we will be guided by three strategic growth levers, designed to deliver the best possible business outcomes for clients:



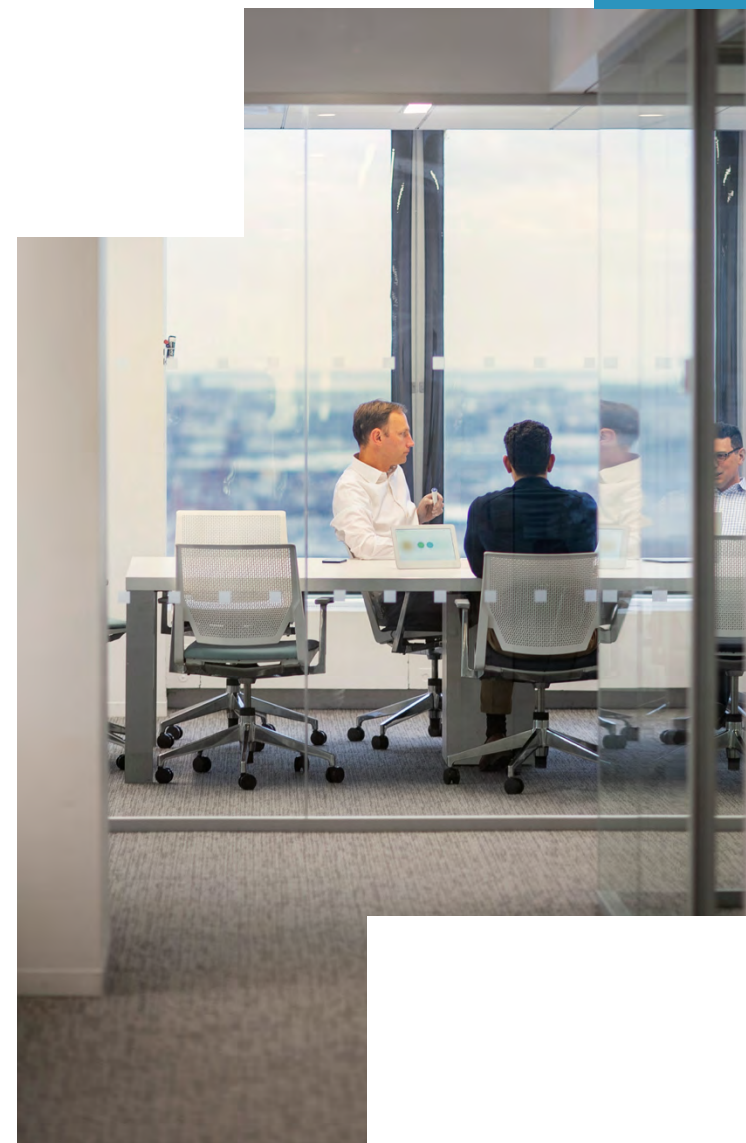
Platform leadership



SaaS acceleration



Ecosystem scaling





## Platform leadership

– a market leading front-to-back platform supporting all asset classes

Our platform remains our stronghold, and with its natively integrated front-to-back functionality, it remains the backbone of our value proposition for our clients. In 2022, we have continued to invest a large portion of our R&D capacity into our platform and the four key offers Data

Management, Front Office, Operations and Accounting and Client Communications

Today our value proposition is as relevant as ever, representing an optimal route for clients looking to ensure operational efficiency based on consistent data and a single version of the truth for investment decisions, compliance, and reporting. With full asset class and functional coverage, we offer the only truly front-to-back platform providing seamless integration across clients' value chain. Looking to 2025, a key focus for SimCorp will be to build on our front-office capabilities and invest significantly into the SaaS platform, with that further optimizing our technology backbone.

## A strong front office potential

- Several front office deals signed in 2022
- Continued investment into front office offering
- Faster, smarter, actionable analytics and data points
- Increasingly leverage partnerships and embrace APIs
- Natively integrated alternatives and ESG factors
- Workflow automation



## SaaS acceleration

– enabling an agile operating model

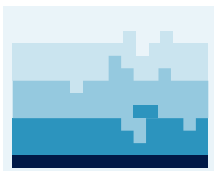
In 2019, we identified a series of strategic opportunities, marking the beginning of our journey to become a full technology-enabled services provider, and since then we have remained fully committed to execute on this strategy. With the implementation of our operating model well progressed in 2022, we are now a more outcome-focused partner to our clients, delivering value through our full SaaS platform and substantial BPaaS engine.

Today, our SaaS value proposition is stronger than ever, designed to remove complexity and offer flexibility to clients' operating models. Our SaaS and BPaaS offerings enable clients to substantially increase competitiveness through unique possibilities for scaling and simplification without foregoing the value that only a fully integrated data foundation can deliver.

The issue now faced by clients is that of addressing the fundamental question of which mission critical infrastructure serves them best in the next 10-15 years. As a result, many are now advancing their evaluations of which underlying technology platform they need to continually evolve their business. To cater for that, we continue to invest in our engineering platform and the extended use of technology to further scale and accelerate our innovation speed, with that continue to create value for clients and their needs – today and as they evolve.

## A mature SaaS business

- +50 SaaS clients
- First new tier 1 bank on SaaS
- Client cloud transformations
- Operations and investment accounting service
- Competitive advantage in total cost of ownership
- Building competitive and profitable SaaS business, further enabled by strong BPaaS service
- Use the full potential of infrastructure as code



## Ecosystem scaling – the power of open

Our architecture is based on a core conviction that openness offers improved choice, flexibility and innovation. We call it “the power of open”, and that mindset is deeply embedded into our offerings, ultimately designed to play a key role in clients’ wider technology ecosystems.

From open innovation with fintech partners, co-creation with clients, and connectivity with many players in the broader capital markets ecosystem, our strategic focus on creating a truly open platform remains integral to our strategy and our value proposition.

Through our platform, we offer interoperability and unparalleled optionality, while also leveraging technology partnerships such as Microsoft Azure for cloud solutions and Snowflake for data solutions. Through that, we offer enhanced competitiveness rooted in strong native solution coupled with a truly open platform and seamless ecosystem.

In doing so, we adopt external innovation to strengthen our own offering. Providing clients with the best of both worlds, we have combined state of the art technology and integrated partner solutions in the SimCorp Platform, offering the market the full depth of our platform along with third-party innovation. Combined with joint ventures and channel partnerships, our ecosystem scaling strengthens our core value proposition.

## The power of open

- Curated fintech partners in functional areas where differentiation adds real value
- Fintech partnerships for innovation and optionality
- Extended offering and market reach via servicing partnerships and joint ventures
- Interoperability with financial ecosystem such as custodians
- Expanding our partnership channels



# Case: ADIA

## ADIA leverages technology to increase operational agility and efficiency

With more than 40 years of experience, the Abu Dhabi Investment Authority (ADIA) is one of the world's leading institutional investors.

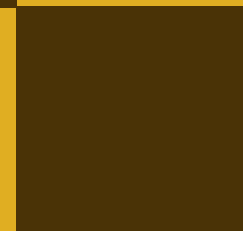
ADIA continually assesses how the external environment, and the business of investing is changing, looking beyond passing trends and market cycles to focus on how ADIA can evolve and prepare for the future.

This long-term outlook requires an operating model that embraces the latest technology to enable greater agility, scale and efficiency.

“ADIA has continued to adapt to the evolving nature of the global investment landscape since

its creation in 1976, and we recognize that the pace of change today is faster than ever before. To sustain success in this dynamic environment, we have pursued numerous initiatives aimed at increasing agility and efficiency, including the adoption of new technologies to build new operational capabilities” - ADIA

A core element of this ongoing, multi-year project has been to develop a operating model powered by a cloud infrastructure and services to help scale and secure investment operations. SimCorp's SaaS platform plays an important part in ADIA's consolidation of its operations across multiple asset classes, with its data management services ensuring high quality data.





ADIA expects to achieve significant optimization in IT administration, development and testing time.

In doing so, ADIA aims to continually intensify the pace and agility of execution, while simplifying

and optimizing the overall investment transaction technology architecture. A prerequisite for those objectives is a solid data foundation across all asset classes with a modern cloud infrastructure that facilitates ongoing innovation.

“ADIA has continued to adapt to the evolving nature of the global investment landscape since its creation in 1976, and we recognize that the pace of change today is faster than ever before. To sustain success in this dynamic environment, we have pursued numerous initiatives aimed at increasing agility and efficiency, including the adoption of new technologies to build new operational capabilities”.

ADIA



Read more about our services here  
<https://www2.simcorp.com/our-services>

# Outlook

## Mid-term financial target – returning to record-high profitability

The current transformation to a full-scale SaaS provider is materially changing the revenue, cost and profitability structure of the company. The mid-term financial target is to generate double-digit average growth rates and return to record-high profitability (above 28% EBIT-margin).

The growth potential stems from the development of the core platform combined with expansion opportunities in SaaS and BPaaS offerings. SaaS and BPaaS clients initially require higher cost to serve while building capabilities and scale. The larger share of revenue from SaaS and BPaaS combined with accelerated investments to build scale are drivers of the current profitability development.

These negative margin drivers are targeted to be more than offset by future scale and efficiency in the SaaS and BPaaS offerings combined with an acceleration of revenue growth. Founded in these drivers, SimCorp targets to return to record-high profitability at a significantly higher revenue level.

### Key drivers to reach record-high profitability

#### *Improving gross margin of SaaS services*

The gross margin of the SaaS offering has steadily improved since SimCorp onboarded its first SaaS customer. Today, SimCorp has made the offering profitable through initial automation and experience but with significant further potential.

The drivers of the SaaS gross margin are a combination of both time and number of clients (scale). By investing in product enhancements and automation, costs related to infrastructure and managed services reduce. This enables service of a growing client base with fewer FTEs per client, while maintaining the highest service quality.

### The five key profitability drivers of the current transformation can be summarized as follows:

- 1) Higher share of revenue from SaaS and BPaaS offerings (unfavorable gross margin mix)
- 2) Accelerated investments in the transformation (building automation and scalability)
- 3) Introduction of cost efficiency program
- 4) Increasing scale and profitability of SaaS and BPaaS offerings
- 5) Revenue acceleration (and operating leverage)

This development represents a key milestone for achieving record-high profitability such that the initial negative impact from the adverse revenue mix is more than offset by a steadily increasing SaaS gross margin.

### *Revenue acceleration and operating leverage*

The investments in SaaS are enabling growth potential across the strategic pillars. Additional investments in Front Office and the revamp of the commercial organization are key enablers for growth in SimCorp's core stronghold, full front-to-back functionality deals. The increasing growth momentum is evidenced by two large and front-to-back deals signed in Q4 2022, in EMEA and US respectively.

The SaaS investments will enable SimCorp to accommodate the continued market demand for cloud solutions and tech-enabled services. SimCorp continues to target new clients within the SaaS and BPaaS offerings, upsell of additional functionalities and more than 10 conversions of current on-premise customers to the SaaS platform per year.

Finally, SimCorp is entering new Fintech partnerships and strives to grow from ecosystem scaling growth and expanding offering and market reach. In January 2023, SimCorp's Joint Venture with Challenger was formally established with an already growing pipeline of customers.



## Outlook for the financial year 2023

The financial outlook for 2023 represents the ongoing SaaS transformation, with accelerated transformation investments, and the initiation of a new cost efficiency programme. The investments are expected to generate solid business growth in 2023, while the profitability deterioration from investments is roughly offset by the cost efficiency program. SimCorp is building scale and is targeting to return to increasing margin development and operating leverage in coming years.

Forward-looking ARR was EUR 338.5 million by the end of 2022, representing organic growth of 11.7% compared to ARR by the end of 2021. The business is expected to continue to grow at accelerating growth rates throughout 2023, ending with forward-looking ARR growth of 12-17% by the end of 2023.

With the strong finish of 2022, SimCorp enters 2023 with signed revenue of EUR 364 million for 2023, compared with EUR 323 million at the same time in 2022. Ratable revenue is expected to grow by 6-11% in 2023. Reported revenue growth is expected to be in line with Ratable revenue growth.

The EBIT-margin is impacted by a number of factors. The positive impact from revenue growth (operating leverage)

### Financial Outlook for 2023

All numbers in local currencies, excluding special items	2022 Achieved	2023 Financial Outlook
Forward-looking ARR growth, (%)	11.7%	12-17%
Ratable revenue growth (%)	5.3%	6-11%
Total cost growth (incl. investments) (%)	14.3%	7-15%
EBIT-margin (%)	24.2%	21-24%

will be partly offset by the current inflationary environment, including high cost increases related to salaries, cloud storage and offices. More revenue is also expected to be derived from SaaS and BPaaS with relatively lower gross margin and, simultaneously, SimCorp is ramping up and front-loading new SaaS and BPaaS customers (such as Intech) creating a time lag between cost incurred and revenue generation.

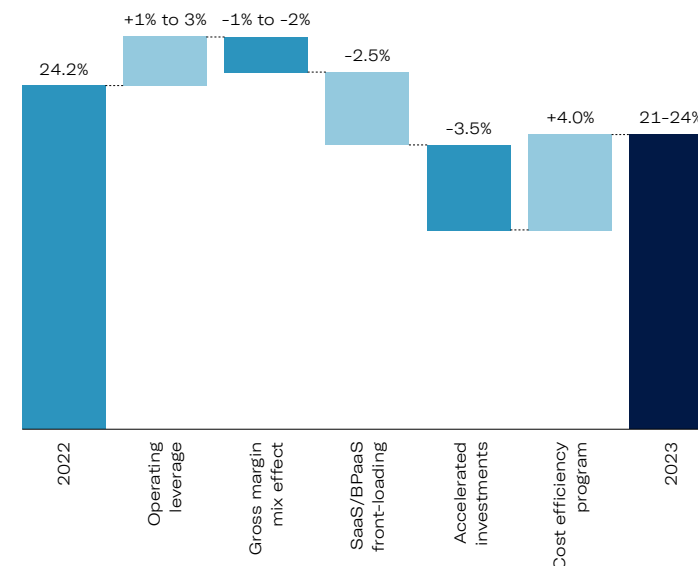
Finally, SimCorp's accelerated investments are expected to add costs corresponding to 3.5%-points to the current run-rate. These investments are more than offset by the cost efficiency program targeting EUR 25 million of in-year cost reductions, equivalent to approximately 4%-points EBIT-margin effect.

Based on the exchange rates at the end of January 2023, it is estimated that the foreign exchange rate development will impact revenue negatively by 1-2% and EBIT-margin negatively by 0-1%.

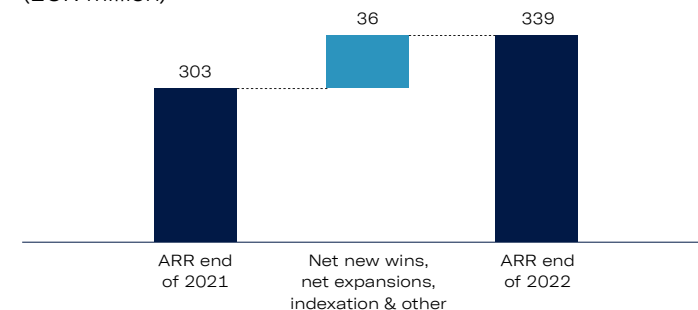
### Exchange rates

Main currencies	Exchange rates January 31, 2023	Average rates 2022	Average rates 2021
USD	92.31	95.43	84.65
CAD	68.63	73.05	67.52
AUD	64.62	66.04	63.39
SGD	70.09	69.17	63.02
GBP	113.54	117.03	116.52
CHF	99.68	99.90	92.60
NOK	9.17	9.90	9.85
SEK	8.81	9.39	9.85

### EBIT-margin bridge (local currencies and excl. special items)



### ARR (forward-looking) development during 2022 (EUR million)



# Business unit review

## EMEA

The EMEA business unit performed well with total revenue increasing by 17% compared with 2021. Three new SimCorp Dimension clients were signed, of which most notable is an asset owner to leverage on SimCorp's full front-to-back product suite across the institution's entire range of assets, including public and private markets. The move to SimCorp will enable the client more efficient execution of its global investment strategies, streamlining and consolidating the institution's solution landscape and setup – driving efficiency and ensuring agility. Furthermore, SimCorp signed a new standalone front-office client in Luxembourg highlighting SimCorp's competitiveness within front office. Finally, SimCorp signed its first client in Africa in 2022 to automate the client's front-to-back operations.

EUR million	2022	2021	Change
Total segment revenue	418.5	357.6	17%

## North America

After a difficult 2021 due to COVID-19, the activity in North American business unit has returned throughout 2022. Total revenue increased by 5% compared with 2021. SimCorp signed five new clients in North America in 2022. In the beginning of the year, SimCorp signed its first Investment Operations Service (IOS) client with a Canadian Asset manager. In late 2022, SimCorp signed its second IOS client with an US based asset manager. The agreements cover the integration of SimCorp's full lifecycle management service to support all of Intech's post-trade, performance, compliance, and IBOR-related activities. Furthermore, SimCorp signed a new SimCorp Dimension full front-to-back SaaS client in the US. The client selected SimCorp in order to modernize its infrastructure and enabling innovation to keep up with new investment mandates and regulatory requirements. In addition, the client expects to reduce operational complexity and costs. Finally, a US based asset manager selected SimCorp for client reporting in order to reduce operational complexity.

EUR million	2022	2021	Change
Total segment revenue	120.1	114.9	5%

## APAC

The APAC business units total revenue increased by 25% y-o-y in 2022 with two new clients signed. Both of the new clients signed in 2022 are based in Malaysia and covers front-to-back delivered as SaaS. The clients have selected a full front-to-back SaaS offering that will provide a flexible and scalable investment monitoring solution with full transparency on exposure and financial returns, all consolidated into one automated platform. SimCorp also signed a strategic partnership with Australian based investment manager Challenger to launch a new stand-alone company. The new company will be Australia's first cloud-based front-to-back investment operations platform, providing fully integrated investment administration services for asset managers and owners across Australia and APAC. Two SimCorp Dimension clients canceled their contracts, bringing the total number of clients to 20.

EUR million	2022	2021	Change
Total segment revenue	58.5	46.3	25%

## SimCorp Sofia

SimCorp Sofia delivered a solid performance in 2022, driven by continued performance within professional services mainly focused by the concentration of IFRS 9 with projects for several insurance clients. SimCorp Sofia signed two new clients in 2022 in Italy confirming the competitiveness of SimCorp Sofia as the main investment management system for the Italian insurers. Four clients canceled their contracts.

EUR million	2022	2021	Change
Total segment revenue	23.6	23.6	0%

# Financial review 2022

SimCorp generated revenue of EUR 561.0 million in 2022, an increase of 13.0% compared with 2021 and Annual Recurring Revenue (ARR) (backward-looking) of EUR 321.9 million, a growth of 16.1%. The order intake was EUR 190.6 million an increase of EUR 53.0 million or 38.5% compared with 2021, and the order book increased in 2022 by EUR 36.5 million to EUR 109.5 million, contributing to positive business growth. SimCorp generated EBIT of EUR 125.9 million. The EBIT margin was 22.4%.

**2022 review**

2022 was characterized by unusually high macroeconomic turmoil. The increase in inflation and interest rates combined with the Russian invasion in Ukraine negatively impacted the business environment and customers from the beginning of the year. The deal activity was low in the first half of 2022 but improved during the year and ended with a strong fourth quarter, both with respect to number of deals signed and revenue.

SimCorp was shocked and saddened by the Russian invasion. The safety of our employees has been top priority throughout the year, and SimCorp has offered all the help and support it can. SimCorp offered relocation to all affected employees and their families at the outbreak of the invasion and again during the winter period. SimCorp remains fully committed to its employees and presence in Ukraine, where SimCorp has been for the last 15 years.

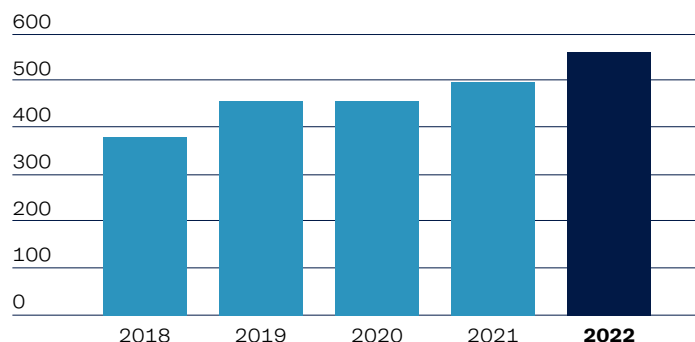
2022 was also a year where additional investments were made in the SaaS transformation to expand the long-term business opportunities and further enhance competitiveness. The investments related predominantly to the SaaS offering including initiation of technology-enabled services offerings (BPaaS). As part of the transformation, SimCorp also implemented a large operating model restructuring to change the



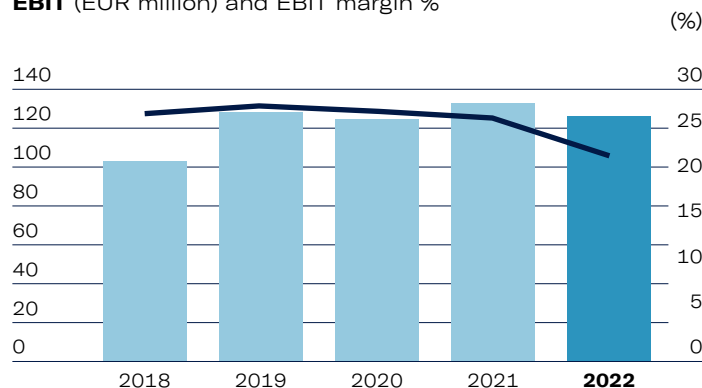
**Financial expectations and results 2022**

In local currencies	Achieved 2022	Annual Report 2021 Feb. 15, 2022
Revenue growth	9.4%	7-12%
ARR (backward-looking) growth	12.1%	10-15%
EBIT margin	23.4%	23-26%

## Revenue development (EUR million)



## EBIT (EUR million) and EBIT margin %



leadership structure and improve collaboration and integration of functions.

## Financial expectations and results 2022

In the 2021 Annual Report, SimCorp announced 2022 expectations for revenue growth measured in local currencies of between 7% and 12%, backward-looking ARR growth of between 10% and 15% and an EBIT margin measured in local currencies of between 23% and 26%.

During 2022, SimCorp announced that exceptional costs would impact EBIT with EUR 3 – 5 million related to the support of our Ukrainian colleagues and with additional EUR 8 – 10 million in one-off costs related to the operating model restructuring program. Excluding these costs, the financial results were in line with expectations.

The realised revenue growth measured in local currencies was 9.4%, backward-looking ARR growth was 12.1% and EBIT margin before exceptional costs measured in local currencies was 23.4%. Reported EBIT margin was 22.4%. The financial guidance and the realized financial results can be seen in the table on page 23.

## Order intake and order book

In 2022, total order intake of EUR 190.6 million was an increase of EUR 53.0 million compared with 2021. The increase was primarily due to higher order intake for SimCorp Dimension, primarily driven by several significant deals signed with existing clients.

Datacare order intake was EUR 6.0 million compared with an order intake of EUR 17.5 million in 2021.

SimCorp Dimension license solutions were sold to eight new clients in 2022, all except one on subscription-based terms, with a total order intake of EUR 17.0 million, compared with sales to four new clients in 2021 with a total order intake of EUR 16.4 million. The average size of initial SimCorp Dimension license deals decreased from EUR 4.1 million in 2021 to EUR 2.1 million in 2022. Of the initial SimCorp Dimension license orders entered into in 2022, three of the orders were signed in North America, two orders in APAC and three orders in EMEA.

EUR 93.5 million of the additional order intake was due to eighteen clients converting their perpetual contracts to subscription-based license contracts. For the eighteen clients converting in 2022, the annual subscription-based payments will be higher than the software updates and support fees under the perpetual contracts due to the sale of additional functionality in connection with the conversions, but the annual software updates and support fees will be around EUR 15.3 million lower, as the subscription license revenue under IFRS 15 is recognized up-front on contract completion.

Total order book increased by EUR 36.5 million from January 1, 2022 to EUR 109.5 million on December 31, 2022. The order book includes SimCorp license solutions EUR 56.3 million, SimCorp Dimension Client-Driven Development (CDD) of EUR 9.2 million and EUR 44.6 million related to subscription services. The order book is a consequence of

income recognition being deferred until certain conditions are fulfilled or subscription services revenue recognized over the contract period.

The total value of the installed SimCorp Dimension license base is EUR 926 million in 2022 compared with EUR 934 million in 2021. The total value of the installed license base for SimCorp Dimension clients who have an installed license base above EUR 2 million accounted for 93% of the value of the total installed license base compared with 92% in 2021.

The share of subscription-based license agreements in the installed SimCorp Dimension license base increased from 35% at the end of 2021 to 50% at the end of 2022. In total, 103 (equivalent to 50%) out of 207 SimCorp Dimension clients are on subscription-based license agreements, while the remaining 104 SimCorp Dimension clients are on a perpetual license agreement. In comparison, 79 (equivalent to 38%) out of 206 SimCorp Dimension clients were on subscription-based license agreements in 2021.

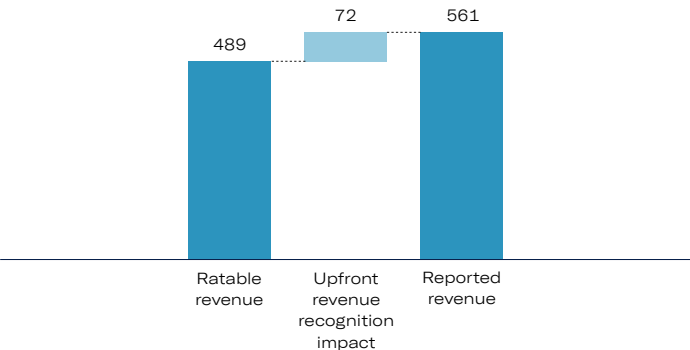
At year-end 2022, the average length of subscription-based license agreements at signing was around six years for SimCorp Dimension, around five years for SimCorp Coric, around six years for SimCorp Gain, and approximately one year for SimCorp Sofia. The remaining average length before renewal was 3.7 years for SimCorp Dimension, 2.7 years for SimCorp Coric, 5.6 years for SimCorp Gain, and around one year for SimCorp Sofia as most agreements are renewed annually at the beginning of the year.

Total contract value outstanding, excluding as a Service offering, at December 31, 2022, was around EUR 567 million (December 31, 2021: EUR 423 million), of which around EUR 144 million is payable in 2023 (2021: EUR 107 million payable in 2022).

At the end of 2022, 64 clients covering Dimension, Coric, and Gain, are as a Service clients on a SaaS solution.

In 2022, six clients canceled SimCorp Dimension and three clients canceled SimCorp Gain contracts. The annual software updates and support fee for the canceled contracts amounted to EUR 4.3 million, equivalent to 0.7% of 2022 revenue compared with EUR 1.8 million in 2021, equivalent to 0.4% of 2021 revenue.

2022 revenue (EUR million)



## Income statement 2022

### Revenue

SimCorp is transforming from a traditional Software company to a full-scale Software-as-a-Service provider. As a consequence of the transformation to a SaaS company, SimCorp will steadily change its business focus from license and maintenance revenue to subscription, hosting and technology-enabled services. SimCorp is converting perpetual license contracts to SaaS subscription agreements, and the gradual transition into a full SaaS business will inherently be a multi-year journey. Therefore SimCorp has changed its revenue segmentation to reflect the transformation.

In 2022, the ARR was EUR 321.9 million, which was equivalent to 57.4% of total revenue. In 2021, the ARR was EUR 277.4 million, which was equivalent to 55.9% of total revenue. The ARR growth in 2022 was 16.1% in EUR, and 12.1% in local currencies. The current ARR is based on the backward-looking revenue. In 2023, SimCorp will report on a forward-looking ARR (see definition on page 63).

SimCorp generated total revenue of EUR 561.0 million in 2022 compared with EUR 496.3 million in 2021, equivalent to an increase of 13.0%. Exchange rate fluctuations for the period had a positive impact on revenue of 3.6%. Measured in local currencies, revenue thus increased organically by 9.4%.

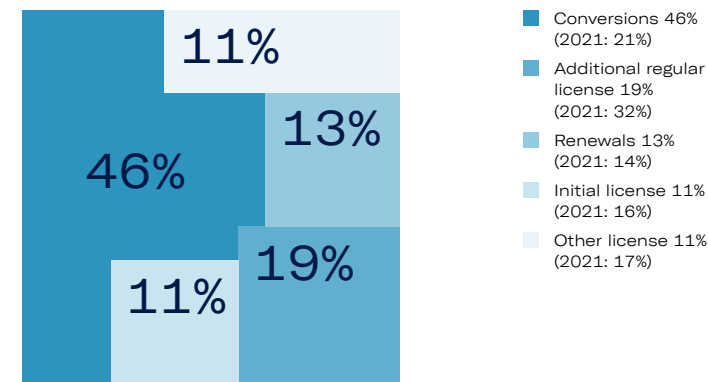
**Total on-premise revenue** was EUR 308.4 million, an increase of EUR 31.6 million or 11.4% compared with 2021. On-premise revenue consists of on-premise license sales from initial licenses to new clients and additional licenses to existing clients and on-premise software updates and support revenue.

**On-premise license sales** was EUR 140.1 million corresponding to a growth of 25.0% compared with 2021.

**On-premise software updates and support revenue** was EUR 168.4 million or 2.3% higher than last year. Growth in on-premise software updates and support from new and existing customers is partly offset by customer conversions from on-premise to SaaS.

**Total SaaS revenue** was EUR 88.7 million an increase of EUR 21.0 or 31.1% compared with 2021 mainly driven by SaaS services with the completion and implementation of new client installations and new functionalities to existing clients. SaaS revenue consists of SaaS license sales and SaaS Services including software updates and support. SaaS License sales was EUR 17.0 million a decline of EUR 0.7 million compared with last year.

### License revenue split



Revenue		Share of revenue		Share of revenue	Revenue growth	Revenue growth local currencies
EUR '000	2022	2022	2021	2021		
On-premise initial licenses	14,045	2.5%	15,679	3.2%	-10.4%	-4.6%
On-premise additional licenses	117,612	21.0%	84,107	16.9%	39.8%	37.4%
On-premise other licenses	8,411	1.5%	12,403	2.5%	-32.2%	-33.5%
On-premise software updates and support	168,367	30.0%	164,645	33.2%	2.3%	-1.2%
Total on-premise revenue	308,435	55.0%	276,834	55.8%	11.4%	8.9%
SaaS initial licenses	3,831	0.7%	5,854	1.2%	-34.6%	-39.2%
SaaS additional licenses	7,784	1.4%	8,399	1.7%	-7.3%	-14.9%
SaaS other licenses	5,371	1.0%	3,466	0.7%	55.0%	45.5%
SaaS services incl. software updates and support	71,704	12.8%	49,944	10.1%	43.6%	36.8%
Total SaaS revenue	88,690	15.9%	67,663	13.7%	31.1%	24.2%
Professional services	163,843	29.1%	151,777	30.5%	7.9%	3.9%
Total revenue	560,968	100.0%	496,274	100.0%	13.0%	9.4%



SaaS Services including software updates and support was EUR 71.7 million corresponding to a growth of 43.6% compared with last year driven by completion and implementation of new client installations and new functionalities to existing clients.

Professional Services which now mainly consists of implementation of new or existing clients was EUR 163.8 million compared to EUR 151.8 million in 2021.

#### Revenue distribution

The ten largest clients generated 25% (2021: 23%) of SimCorp's total revenue. In 2022, the largest client accounted for 5.8% (2021: 4.0%) of the revenue. SimCorp entered 2023 with

signed revenue for the full year of EUR 364 million – an increase of EUR 41 million or 12.6% compared with the beginning of 2022.

#### Costs

Total operating costs and other operating costs (including depreciation and amortization) increased by 16.8% from EUR 364.6 million in 2021 to EUR 426.0 million excluding EUR 9.9 million in special items. Currency fluctuations decreased the total operating costs by 2.5%. Measured in local currencies, the operating costs increased by 14.3% compared with 2021.

The increase in operating costs was primarily a result of increased staffing and an increase of around 5% in annual salaries. The average number of full-time employees increased by 196 or 10.5% from 1,871 in 2021 to 2,067 in 2022. The number of employees (headcount) was 2,245 at the end of 2022 compared with 1,998 at the end of 2021, an increase of 247 employees. 67% of SimCorp's total operating costs were directly related to employees compared with 70% in 2021.

*Cost of sales* increased by 16.0% to EUR 228.6 million. Measured in local currencies, the organic increase in cost of sales was 12.7%. The increase was partly related to an increase in the new SaaS operations. Cost of sales represented 40.7% of revenue compared with 39.7% in 2021.

*Research and development costs* increased by 15.8% to EUR 106.3 million. Measured in local currencies, research and development costs increased by 15.7%. The increase was due to continued investment in our offerings. Research and development costs were 18.9% of revenue in 2022, compared with 18.5% in 2021.

*Sales and marketing costs* increased by 20.6% to EUR 60.6 million. Measured in local currencies, sales and marketing costs increased by 15.9%. The cost increase primarily relates to higher staff costs, user meetings, and higher travel and meeting activities. Sales and marketing costs represented 10.8% of revenue compared with 10.1% in 2021.

*Administrative expenses* increased by 19.2% to EUR 30.5 million. Measured in local currencies, administrative expenses increased by 18.8%. Administrative expenses were 5.4% of revenue compared with 5.2% in 2021.

#### Operating costs

EUR million	Reported costs FY 2022	Special items FY 2022	Costs excl. special items FY 2022	Costs FY 2021	Growth FY 2022	Growth local currencies FY 2022
Cost of sales	228.6	-	228.6	197.0	16.0%	12.7%
Research and development costs	107.0	0.7	106.3	91.8	15.8%	15.7%
Sales and marketing costs	61.5	0.9	60.6	50.2	20.6%	15.9%
Administrative expenses	35.9	5.4	30.5	25.6	19.2%	18.8%
Other operating costs	2.9	2.9	-	-	-	-
Total operating costs	435.9	9.9	426.0	364.6	16.8%	14.3%

Other operating costs of 2.9 million occurred in 2022, are related to help and support for our Ukrainian colleagues.

### Profitability

SimCorp generated an EBIT of EUR 125.9 million compared with EUR 132.4 million in 2021, a decrease of EUR 6.5 million. The reported EBIT margin was 22.4% compared with the EBIT margin of 26.7% in 2021. When measured in local currencies, the EBIT margin was 21.6% in 2022.

EBIT adjusted for special items (EUR 9.9 million), covering costs related to the operating model programme for the transformation to a SaaS company, EUR 7.0 million and support of our Ukrainian colleagues EUR 2.9 million, was EUR 135.7 million. The adjusted EBIT margin was 24.2% and measured in local currencies, the adjusted EBIT margin was 23.4%.

Share of profit after tax in associates of EUR 0.1 million, financial income of EUR 3.2 million, and financial expenses of EUR 1.0 million resulted in a net financial income of EUR 2.3 million in 2022 compared with a net financial income of EUR 5.0 million in 2021. The net financial income in 2022 and 2021 were primarily related to foreign exchange adjustments.

Profit before tax was EUR 128.1 million against EUR 137.4 million in 2021. The estimated tax charges for 2022 amounted to EUR 28.9 million against EUR 27.4 million in 2021. The effective tax rate was 22.5% compared with 20.0% in 2021, the effective tax rates were impacted by refunds of withholding taxes related to prior years. The effective tax rate of 22.5% was slightly lower than the expectation announced in the 2021 Annual Report of an expected effective tax rate for 2022 of between 23% and 25%. The Group profit after

tax was EUR 99.3 million compared with EUR 110.0 million in 2021. After the net effect of foreign currency translation differences and remeasurements of defined benefit plans of EUR 0.1 million, the total comprehensive income amounted to EUR 99.4 million against EUR 114.0 million in 2021.

### Statement of financial position

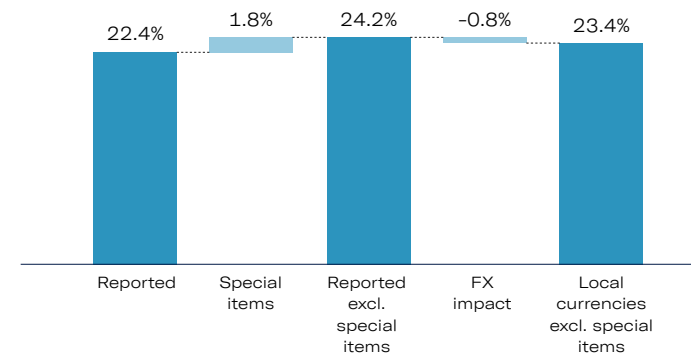
SimCorp had total assets of EUR 604.3 million at December 31, 2022 compared with EUR 526.3 million at December 31, 2021. The increase of EUR 78.0 million was primarily related to changes in contract assets of EUR 71.9 million. Cash holdings decreased by EUR 7.2 million from EUR 47.7 million at December 31, 2021 to EUR 40.5 million.

Compared with December 31, 2021 contract assets increased by EUR 71.9 million from EUR 221.0 million to EUR 292.9 million. New and additional subscription-based licenses added EUR 133.9 million to contract assets, foreign exchange adjustments added EUR 6.6 million, and finance income recognized added EUR 2.2 million. Reductions in 2022 stem from invoiced subscription-based license fees of EUR 70.8 million. There was no change to expected credit loss provision in 2022.

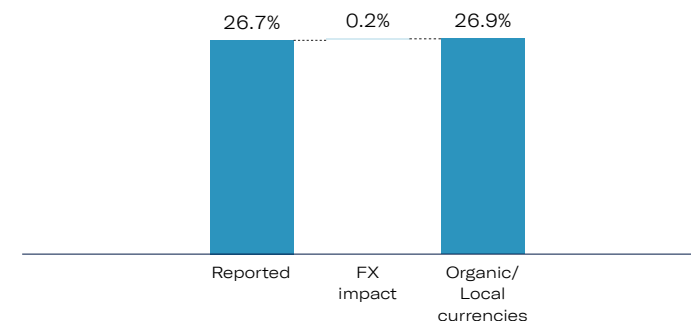
Receivables increased by EUR 15.9 million from EUR 96.5 million at December 31, 2021 to EUR 112.4 million. In accordance with IFRS 9 'Financial Instruments', SimCorp has made an expected credit loss provision of EUR 1.3 million related to contract assets and receivables at December 31, 2022 (December 31, 2021: EUR 1.4 million).

The Group's total non-current assets were EUR 142.4 million compared with EUR 147.3 million on December 31, 2021. Goodwill was EUR 61.3 million at December 31, 2022

### 2022 EBIT margin



### 2021 EBIT margin



compared with EUR 61.6 million at December 31, 2021. No impairment of goodwill was made in 2022.

The carrying amount of acquired software was EUR 8.1 million compared with EUR 9.8 million at the end of 2021 and the value of client relationships was EUR 19.6 million compared with EUR 21.2 million at the end of 2021. The decreases were due to amortization.

The carrying amount of leasehold assets was EUR 38.3 million compared with EUR 40.1 million at the end of 2021. The decreases were due to amortization. Other property, plant, and equipment amounted to EUR 3.2 million compared with EUR 3.6 million at the end of 2021. Other financial assets amounted to EUR 4.8 million. Deferred tax assets were EUR 2.8 million compared with EUR 3.1 million at the end of 2021.

SimCorp's total liabilities were EUR 228.8 million at December 31, 2021, compared with EUR 203.2 million a year earlier. The increase relates mainly to higher trade payables.

### Changes in equity

The Group's equity amounted to EUR 375.6 million on December 31, 2022. This was an increase of EUR 52.5 million compared with December 31, 2021. Equity was reduced by the purchase of treasury shares of EUR 20.0 million and dividends of EUR 39.9 million. Equity was increased by comprehensive income in 2022 of EUR 99.4 million as well as effects of share-based remuneration of EUR 12.9 million, net of tax.

### Cash flow statement

Operating activities generated a net cash inflow of EUR 60.3 million against EUR 90.7 million last year.

Changes in contract assets were EUR 70.6 million compared with EUR 44.9 million in 2021, due to higher subscription-based license revenue in 2022 than in 2021. Changes in working capital were negative at EUR 4.7 million. Payment of income taxes amounted to EUR 22.3 million, against EUR 23.3 million in 2021. Other non-cash items of EUR 4.0 million were primarily related to unrealized exchange gains and other adjustments. There was a net cash outflow of EUR 2.8 million from investing activities compared with EUR 5.7 million in 2021.

Free cash flow (cash flow from operations reduced by CAPEX and lease payments) was EUR 47.2 million compared with EUR 78.6 million in 2021, a decrease of EUR 31.4 million. Cash conversion, defined as free cash flow divided by profit for the year, was 48% compared with 71% in 2021. The cash conversion of 48% was below the expectation announced in the 2021 Annual Report of an expected cash conversion for 2022 of between 70% and 80%.

The lower cash conversion was primarily due to lower profit for the year and larger effect on the cash generation from change in contract assets (higher effect of IFRS 15 upfront revenue recognition in 2022 compared to 2021).

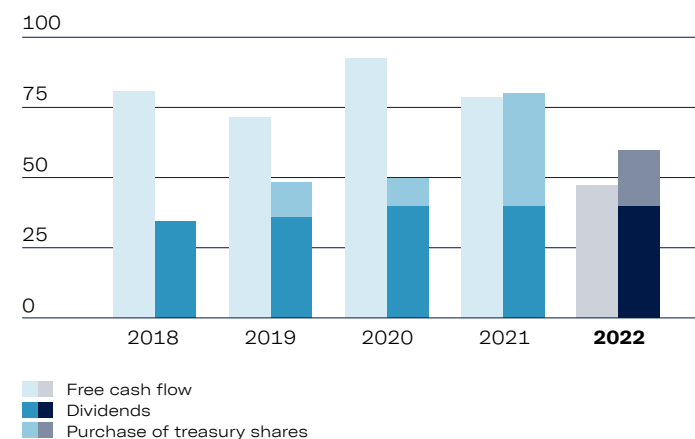
Cash used in financing activities in 2022 of EUR 64.8 million related to dividend payments of EUR 39.9 million, purchase of treasury shares of EUR 20.0 million, repayment of lease liabilities of EUR 11.7 million, proceeds from credit facilities / loans of EUR 26.9 million and repayment from credit facilities of EUR 20.1 million. Cash used in financing activities in 2021 of EUR 91.0 million was dividends of EUR 40.1 million, purchase of treasury shares of EUR 40.1 million, and repayment of lease liabilities of EUR 10.8 million in 2021.

### Treasury shares

In 2022, SimCorp purchased 269,795 treasury shares with a nominal value of DKK 1 at an average price of DKK 514.47 per share, totaling EUR 20.0 million. SimCorp delivered 134,558 treasury shares with a nominal value of DKK 1 on the vesting of restricted stock units.

Furthermore, 2,532 treasury shares will be delivered after publication of this annual report as remuneration to the Board of Directors in accordance with a resolution adopted by shareholders at the Annual General Meeting 2022.

### Free cash flow/ Cash flow to shareholders (EUR million)



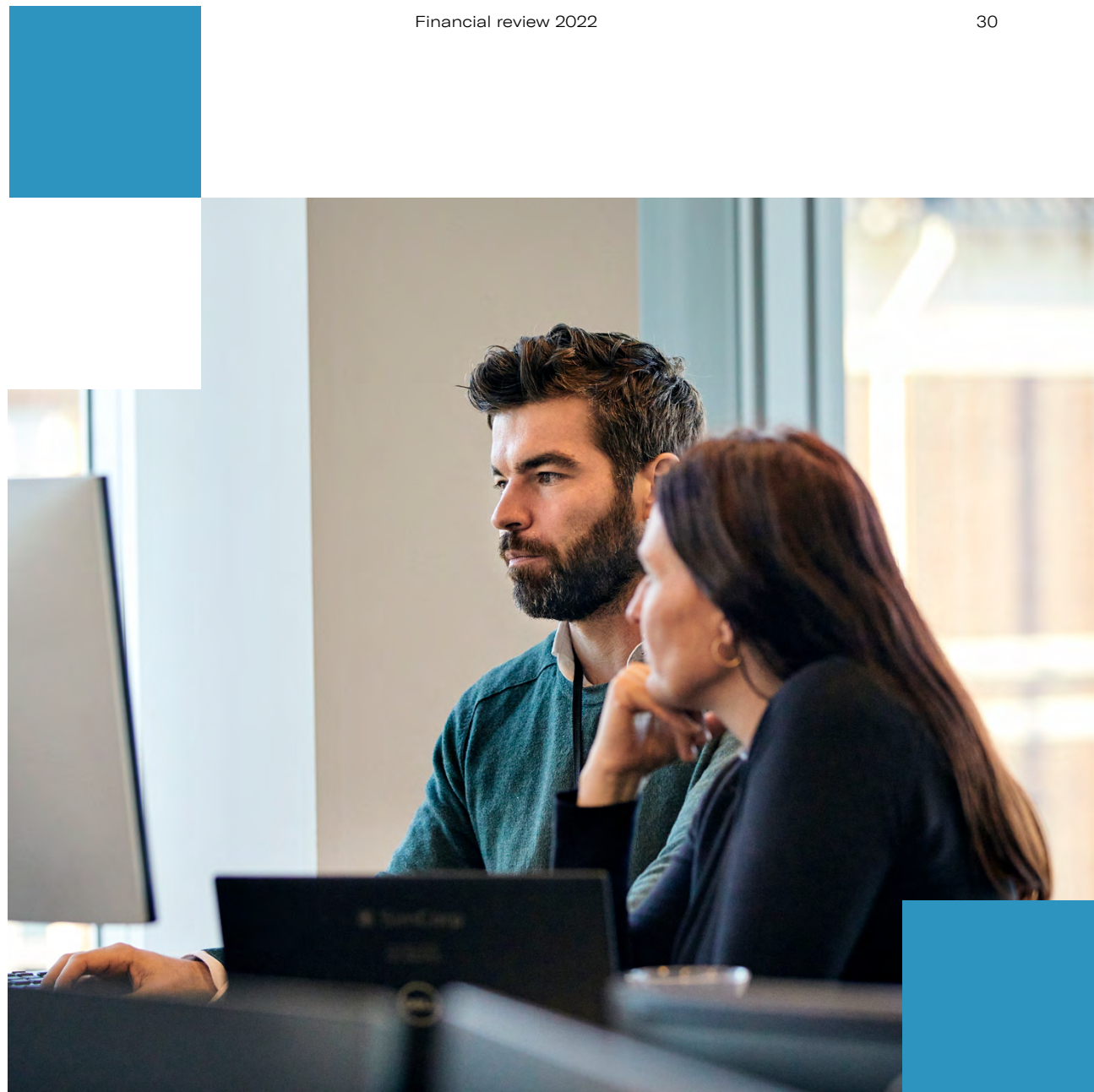
At December 31, 2022, SimCorp held 1,228,084 treasury shares with a nominal value of DKK 1 each (3.0% of the total share capital) at a cost of EUR 98.1 million and a market value of EUR 79.0 million. At December 31, 2021, SimCorp held 1,072,118 treasury shares with a nominal value of DKK 1 each (2.6% of the total share capital) at a cost of EUR 85.6 million and a market value of EUR 103.1 million.

### **The parent company SimCorp A/S**

In 2022, the parent company generated revenue of EUR 263.4 million, an increase of EUR 13.2 million compared with 2021. The parent company received dividends totalling EUR 31.5 million from subsidiaries in 2022 compared with EUR 20.3 million in 2021. Profit before tax for the year was EUR 108.5 million against EUR 110.7 million in 2021. Income tax amounted to EUR 16.1 million compared with EUR 15.8 million in 2021. Net profit was EUR 92.4 million compared with EUR 94.9 million in 2021. Equity increased from EUR 291.2 million at December 31, 2021 to EUR 336.7 million at December 31, 2022.

### **Profit allocation**

The Board of Directors intends to recommend to shareholders at the Annual General Meeting 2023 that, of the total recognized comprehensive income of EUR 92.5 million, dividends of EUR 39.7 million be declared, representing DKK 7.50 per share of DKK 1, and that EUR 52.7 million be transferred to retained earnings.



# Risk management

As SimCorp operates in a continually changing and volatile business environment, its Board of Directors and management regard it as essential that its enterprise risk exposure is thoroughly assessed, monitored and controlled on an ongoing basis. This happens through a structured and constantly improved enterprise risk management process, which is closely linked to our strategy execution, applying a framework of risk policies and risk mitigating procedures.

The Board of Directors and management are deeply committed to prepare the company for different risks and uncertainties which could, in circumstances we may or may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, reputation, future activities, results and liquidity.

## 01 Risk analysis

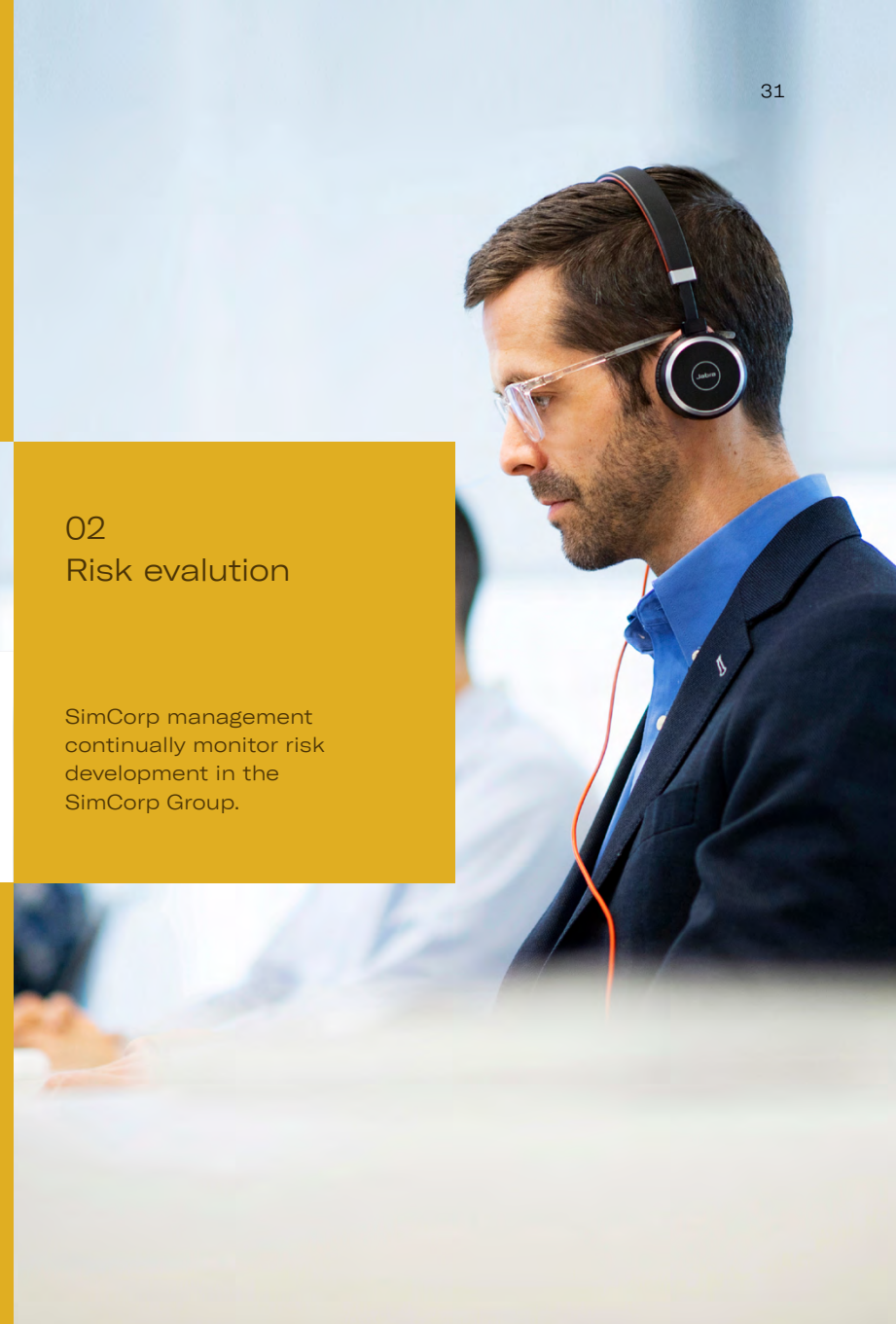
An Enterprise Risk Management process is applied to identify relevant risks in SimCorp's major units.

## 02 Risk evaluation

SimCorp management continually monitor risk development in the SimCorp Group.

## 03 Risk control

The Audit and Risk Committee oversees the ongoing process for identifying, managing and reporting risks.





Risk category		Risk mitigation
<b>Cyber attack</b>	<p>As a software company with a core business based on modern information technology, a failure to adequately protect itself against IT security risks would represent a particular risk. Cybercrime, including unauthorized access to SimCorp's network and data that could endanger SimCorp's infrastructure and applications. This also applies to malware attacks and theft of code or know-how which could also result in prolonged system breakdowns impairing productivity and potentially rendering SimCorp unable to service its clients.</p> <p>SimCorp currently delivers SimCorp Dimension as a Service (hosted) for 34 clients, operating the clients' systems in a third-party hosted environment. Any failure of the hosting provider could result in prolonged system breakdowns that would impair productivity and potentially render SimCorp unable to service clients.</p>	<p>SimCorp monitors its technical infrastructure to identify and minimize risk to the company's production and operations. Established procedures and solutions enable a quick restoration of critical business services. SimCorp upholds a high data security level and strict access control to the environments and network. Controls are monitored and reviewed to improve information security, and SimCorp regularly employs third-party testers to perform penetration testing, security reviews and auditing.</p> <p>SimCorp reviews third-party hosting providers' compliance with security commitments, and we receive and review third-party assurance and penetration testing reports.</p> <p>SimCorp management and employees are regularly updated on new potential cybercrime threats and how to minimize the risk of phishing and hacking. SimCorp has a disaster recovery plan for restoring all critical business services.</p>
<b>People and corporate culture</b>	<p>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.</p> <p>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.</p> <p>For us to be able to attract and retain the right talent, we must offer a diverse, equitable and inclusive workplace and culture. We have a strong culture today and that culture has brought us to where we are and made us perform and win.</p>	<p>To strengthen SimCorp's employer brand and this way increase awareness of what SimCorp has to offer as an employer, an 'Employer Value Proposition' (EVP) program has recently been developed. Furthermore, to retain talent in SimCorp, substantial resources have been allocated to mentoring and leadership programs in 2022.</p> <p>Culture and behaviors are key and our focus is both on adapting our culture to support our growth, as a company as well as how we operate around the world. Actively listening to the voice of the organization is key to preserve our culture and ensuring retention. Hence, in 2022, we have introduced a number of councils and boards in the People and Culture area, a number of employee resource groups have been formed and we are doing bi-monthly pulse surveys with all employees – all these initiatives are put in place to collect feedback and input from employees across SimCorp.</p> <p>In order to map where we lack critical resources, a company-wide capability review has been rolled-out and a gap analysis is being created. A new leadership model focusing on improving the entire leadership skillset, including talent enablement, has been developed and is being implemented.</p> <p>To ensure SimCorp's business is conducted in accordance with corporate values, a Guideline for Good Business Behavior for all employees and a Code of Conduct for Suppliers has been established, and annual online training is conducted. In addition, SimCorp maintains a whistleblower system as a means of increasing focus on transparency and enabling reporting and action on any suspected irregularities.</p>





Risk category		Risk mitigation
Markets and clients	<p>Responding timely to investment management market trends is critical to SimCorp's ability to stay competitive. Failing to spot these trends represents a risk. Competitors' expansion of service-offerings and distribution could also endanger SimCorp's market-leading position. New local requirements or legislation may also influence the demand for SimCorp's offerings.</p>	<p>Through extensive ongoing market research and industry analysis, SimCorp keeps abreast of trends and movements in the global financial markets. Its close and longstanding client relationships allow SimCorp to anticipate and respond to new preferences and requirements. In addition, SimCorp actively monitors contracts to manage risks. Although 40% of SimCorp's clients are among the top 100 global investment managers, the SimCorp Group has no client with revenue of more than 5.8% (2021: 4.0%) of total revenue.</p>
Political and pandemic risks	<p>With offices and sales across the world, SimCorp is from time to time affected by geopolitical uncertainties and unrest.</p> <p>Since 2007, SimCorp has had a development unit based in the Ukraine.</p> <p>The possible close down of countries due to pandemic, terror, war etc. could pose a threat to SimCorp's product offering, sales, and service efforts. The same goes for our employees' well-being.</p>	<p>Potential political and economic unrest in countries and regions where SimCorp operates or plans to operate is monitored and fully considered when making operational and strategic decisions. SimCorp continuously monitors the political situation in countries where we and our clients operate. The situation in Ukraine is being monitored closely, and we have business continuity plans for operations and our employees. Structured sales reviews, the ability to do remote demos and implementations, as well as our standard platform initiative mitigate the risk of discontinuity. Finally, SimCorp has a Group Policy on restricted countries and parties in place to ensure compliance with international sanctions, export controls and requirements of our internal and external stakeholders.</p>
Regulatory issues and fiscal policies	<p>Protecting SimCorp's long-term business interests is vital to its continued operations. This includes legal risk that may impact SimCorp's business.</p> <p>Failure to meet or implement regulatory requirements in a timely fashion with respect to, for instance, data protection, confidentiality agreements, IPR, corruption and fraud constitutes a risk.</p> <p>SimCorp is subject to tax and fiscal policies in the countries in which the Group operates. Changes in local jurisdictions may affect SimCorp's tax and fiscal position. As SimCorp operates in multiple countries, the Group is exposed to changes in currency exchange rates.</p>	<p>SimCorp ensures that all contracts entered into are carefully worded. SimCorp's due diligence and procurement processes, as well as the 'Guideline for Good Business Behavior' and Code of Conduct for Suppliers, ensure that the company's values are adhered to, including safeguarding against corruption.</p> <p>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.</p> <p>Furthermore, Group Finance ensures that SimCorp is at all times tax compliant in the countries in which SimCorp conducts business.</p> <p>SimCorp's Group Legal and Compliance department monitors and ensures data privacy compliance, including compliance with GDPR and data privacy regulation in jurisdictions outside of the EU. Both in terms of handling of employee and client data, SimCorp has in place adequate technical and administrative processes including security measures, data processing agreements and due diligence and audit of suppliers.</p>

Risk category		Risk mitigation
Software implementation and services	<p>Implementation projects not being priced correctly or clearly scoped poses a risk of cost overruns, as well as causing delivery risk.</p>	<p>SimCorp professional services apply a global delivery model leveraging a standard methodology based on industry best practices and standard components. This approach includes comprehensive project plans and regular client meetings. It is key for SimCorp to provide standardized end-to-end serviced solutions, both during implementation, and after clients have gone live.</p> <p>SimCorp has established various measures to control both external and internal risk to the provision of full-service packages. Externally, a due diligence process is conducted on each subcontractor to ensure it meets SimCorp's requirements; financially, organizationally, and product-wise. Internally, a clear description and overview of each delivery component allows for a clear segregation of duties.</p> <p>SimCorp's consultants undergo regular training, and have relevant industry standard and SimCorp specific certifications, to maintain and develop the required knowledge and experience in relation to the operational services.</p> <p>Larger complex implementation contracts are evaluated, approved, and monitored using a Group standard.</p> <p>SimCorp regularly receives independent assurance reports from our third-party service providers, and the hosting providers have undergone due diligence performed by SimCorp and its external partners. SimCorp has a targeted security awareness program on secure development standards. Patch and upgrade servers are part of the product and are protected like other servers.</p>
	<p>After going live with the solution, the most apparent risk is possible breach of service level agreements, security requirements, or other committed standards.</p>	
	<p>Offering SimCorp Dimension as a Service introduces operational risks from running clients' operational IT environments. This in turn exposes SimCorp to potential financial and reputational risks should operations be negatively impacted by errors or downtime.</p> <p>Services are provided by subcontractors engaged by SimCorp. If SimCorp fails to balance the requirements of clients and agreements with these subcontractors, SimCorp risks impairing the clients' businesses as well as its own.</p>	
Product innovation and quality	<p>Product innovation, improved technical infrastructure, and enhanced technical capabilities are fundamental to meeting new system requirements in the market and this continues to be a risk for SimCorp. Being unable to deliver those elements in a timely fashion could mean that SimCorp's product and services would end up as legacy offerings.</p>	<p>Quarterly, SimCorp offers updated versions of SimCorp Dimension, including enhanced system functionality and technical infrastructure based on a systematic prioritization of client and market requirements. A best-practice agile development method enables quick adaptation to change in market and client demands. This also shortens the period of extensive testing prior to new version releases, securing an even better software quality.</p> <p>SimCorp continually raises and follows up on internal quality targets and has been able to minimise the number of errors in new software releases. As part of our transition to cloud, we have laid out the technical needs, ensured feasibility, done extensive estimation, and established burndown measurements. In addition, we have increased our efforts to meet staff needs in all our locations, and we are engaging with subcontractors to increase our capacity.</p> <p>In recent years, we made good progress on the cloud lift to move SimCorp Dimension, a journey that will continue.</p>
	<p>SimCorp's ability to offer clients the best software with the highest possible configurability and flexibility is paramount. Inadequate quality control and testing prior to the release of new software versions could increase the risk of reduced client satisfaction and loyalty. To enable optimal use of resources, lower the total cost of operations (TCO), ease upgrade, and make cloud benefits available for our clients in an efficient manner, we need SimCorp Dimension to operate in a 3-tier deployment model, on premises, in private, and in the public cloud.</p>	
	<p>The 3-tier deployment model is the first step in our cloud lift and is paramount for this transition. The main risk associated with the transition is the lack of necessary development capacity or capabilities.</p>	

Risk category		Risk mitigation
Security breaches in products supported by SimCorp	SimCorp sells software services to on-premise and cloud-based clients. Clients being affected by security incidents directly from our product stack or supply chain poses a significant risk. Furthermore, data breaches, including personal information and market sensitive information, remain one of the top concerns for our clients.	<p>SimCorp's products are subject to a range of security controls prior to release, including peer review and static code analysis by automated code review tools.</p> <p>We recommend clients use Citrix as an additional protection layer. Governance of third-party software components is performed, the suppliers of such software are diligently screened, using both expert assessments of the product as well as in-house proof of concept and on-going automated review.</p>
Business Processes as a Service	With Data Management Services (DMS) and Investment Account Services (IAS) SimCorp has two BPaaS services in the market today. Both services have satisfied clients using them. In the next phase of the lifetime of these services we need to further grow the client base and achieve the needed economies of scale. Not reaching economies of scale will put the margin of the services under pressure or make us vulnerable against low price competition.	We have sales teams around the world to focus on the sales of these services stand alone or in connection with SimCorp Dimension. In addition, we invest in marketing and branding to make ourselves better known in this space. To create the economies of scale we leverage the usage of our own technology to produce these services and continuously automate our processes and reduce the need for additional headcount.
Strategy execution	SimCorp is going through transformational change. To succeed with our transformation, our organization at all levels needs to understand and embrace our corporate strategy and associated change agenda. Failing to do this will put the overall transformation and hence medium-long term company performance at risk. The strategy execution can also be hindered by inefficient change management across the organization.	<p>SimCorp is increasing strategy and transformation communication and enablement via a combination of more frequent, more targeted and granular, and more leadership-driven communication and people engagement. This entails providing more information about the strategic journey, how we progress, why we are winning, and how it affects every individual in the company.</p> <p>Moreover, we are embedding change leadership into our talent and leadership development programs as well as building a "change community" to support change efforts across the organization by providing training and guidance to the business/ project leaders owning the various transformation activities. Additionally, we are implementing a new strategy execution governance framework to drive the necessary focus and progress.</p>



# Corporate governance report

SimCorp's Board of Directors has reviewed each of the recently revised recommendations on corporate governance issued by Nasdaq Copenhagen and has concluded that, with one exception (severance payments), SimCorp is in full compliance with the recommendations. The Board has decided on specific measures on the exception.

SimCorp's Corporate Governance Guidelines are intended to ensure an efficient and adequate management of SimCorp within the framework defined by applicable legislation, rules, and recommendations for listed companies in Denmark and by SimCorp's Articles of Association, vision, and values. The Statutory Report on the Recommendation on Corporate Governance 2021 demonstrates that, with one exception (severance payments), SimCorp is in full compliance with the recommendations.

→ Corporate Governance Guidelines 2022  
<https://www2.simcorp.com/CorporateGovernanceGuidelines22>

→ Statutory Report on the Recommendations on Corporate Governance 2022  
<https://www2.simcorp.com/StatutoryReport2022>

## SimCorp's stakeholder relationships

SimCorp's overall management objective is to promote the long-term interests of the company, and thus of all stakeholders. Achieving this objective assumes that SimCorp establishes lasting and constructive relationships with the Group's primary stakeholders: clients, employees, shareholders, and society. As part of its annual strategy objective setting, the Board of Directors (BoD) considered SimCorp's purpose of "enabling a prosperous life in a liveable world" and agreed it is in support of the long-term value creation of the company and should be pursued on a daily basis.

## The work of the Board of Directors

The BoD is a collective body for promoting the long-term interests of the company. The BoD has as its main three responsibilities to ensure: (i) that the company at all times has the right Executive Management Board (EMB); (ii) that the strategic direction of the company is set; and (iii) that the financial and managerial control of the Group is conducted adequately.

## Composition and qualifications of the Board of Directors, Executive Management Board, and committees

The BoD is constituted to ensure its independence, adequate collective competences, and experiences within executive management disciplines related to global corporations, information technology, and business-to-business sale and deployment of software and delivery of technology-enabled services, and to comprise a sufficient number of members to enable an appropriate distribution of tasks and an effective decision-making process. As provided in the company's articles of association, SimCorp's BoD consists of between four and eight members elected by the company's shareholders in addition to members elected by and among the company's employees. The current BoD consists of six shareholder-elected members and three employee-elected members. During 2022, 3 new employee-elected members joined the BoD.

## Self-assessment

As part of its annual cycle activities, the BoD carries out a self-assessment. In 2022, the Board decided to carry out the evaluation internally. The self-assessment comprised an evaluation of the work and contribution of the EMB, the BoD, the Audit and Risk Committee, the Nomination and Remuneration Committee and the Technology Committee within the areas of strategy, finance, risk management, sales, organization, management, operations and ESG.

## Board of Directors and committees – meeting participation in 2022

Board of Directors	Board of Directors	Audit and Risk Committee	Nomination and Remuneration Committee	Technology Committee
Peter Schütze	8/8		3/3	2/2
Morten Hübbe	8/8		3/3	
Simon Jeffreys	8/8	5/5		
Adam Warby***	8/8	5/5	2/2	
Joan Binstock	8/8	5/5		2/2
Susan Standiford	8/8			2/2
Charlotte S. Klausen*	4/5			
Sven Rinke*	5/5			
Neil Cook*	5/5			1/1
Else Braathen**	3/3	1/1		
Vera Bergforth**	3/3		1/1	
Hugues Chabanis**	3/3			

\* Elected on 24 March 2022

\*\* Election period expired on 24 March 2022

\*\*\* Joined Nomination and Remuneration Committee on 24 March 2022

Each member of the BoD and EMB member provided written comments and feedback on a comprehensive questionnaire which included questions on, inter alia, cooperation within the BoD, the committees and between the BoD and EMB, quality and relevance of the material provided to the BoD, the time spent on various matters and the role of the chairmanship. This was followed up by a personal interview between each member of the BoD and EMB and the Chair of the Board and with a final report and discussion with the entire BoD and EMB.

The BoD also evaluated, whether the total number of functions, including their level and complexity, taken on by each board member was appropriate.

It was concluded that the BoD's work is effective, that the members collectively contribute to the required areas of expertise, and that none of the directors is over-boarded. The BoD concluded that they possess the necessary competencies to and qualifications to perform their duties. The BoD also concluded that the diversity of the EMB and the BoD with regard to nationalities, educational backgrounds, gender, and age represented by its members is appropriate in light of the company's strategy and markets.

Finally, the BoD concluded that SimCorp complies with the Danish Corporate Governance Guidelines' recommendation that at least half of the members elected by the AGM are independent.

### Risk management

The BoD has overall responsibility for ensuring that SimCorp maintains appropriate procedures to monitor, measure, and manage the company's risks and that such procedures are firmly embedded in the company's organization. As part of its risk management, the EMB and the BoD have defined and described the most critical risks to SimCorp and the related mitigating actions. For a more detailed description, see 'Risk Management', pages 31-36.

Further, the company maintains a whistleblower hotline, which is intended to enable reporting on suspected irregularities in the business. SimCorp has engaged a third party, Got Ethics, who provides an internet-based reporting tool. Reports sent through the whistleblower hotline are electronically submitted directly to the Chair of the Audit and Risk Committee and another non executive.

### → Whistleblower Policy

<https://www2.simcorp.com/whistleblower-policy>

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the BoD with oversight of the competence profile and composition of the BoD, nomination of the BoD and committee members, succession plans for the EMB, remuneration packages and policies for the BoD and EMB, and other tasks on an ad-hoc basis as decided by the BoD. The Nomination and Remuneration Committee consists of four members elected by the BoD on a one-year term by and among the BoD. Further, SimCorp's CEO is a regular attendee at meetings of the Nomination and Remuneration Committee. In 2022, the committee held three meetings.

### Exception from the corporate governance recommendations:

#### Severance payments

For one of the three existing executive services agreements, the total severance pay during the notice period exceeds the recommended two years' remuneration in the event of change of ownership as the severance payment is up to nine months, and the notice period is extended to 36 months for one executive. In future agreements, SimCorp will ensure the total remuneration does not exceed the recommended threshold. Refer to our Remuneration Report for more details on severance payments.

### → Remuneration Report 2022

<https://www2.simcorp.com/Remunerationreport2022>

## Audit and Risk Committee

The Audit and Risk Committee is responsible for assisting the BoD by monitoring SimCorp's financial reporting, its internal financial control and enterprise risk management, as well as the quality, effectiveness, and independence of the external auditors for the SimCorp Group of companies. The Audit and Risk Committee consists of three members elected on a one-year term by and among the BoD.

### Auditor fee – SimCorp A/S

EUR '000	2022	2021
Audit fees	203	210
Other service fees	56	68
Total auditor fee	259	278
Non-Audit Services (NAS)/Audit fee ratio	28%	32%

### Auditor fee – SimCorp Group

EUR '000	2022	2021
Audit fees	557	521
Tax and VAT advice fees	17	34
Other service fees	62	71
Total auditor fee	636	626
Non-Audit Services (NAS)/Audit fee ratio	14%	20%

The Audit and Risk Committee meets as often as it and its Chair deem necessary, however, as a minimum, the Committee will meet four times a year at appropriate times in the reporting and audit cycle. In 2022 five meetings were held.

Danish corporate governance guidelines recommend that the majority of the members of the Committee qualify as independent, and that the committee should possess the necessary financial expertise. The members of the Audit and Risk Committee qualify, and are shown in the table on page 40. See SimCorp's Corporate Governance Guidelines for a full description of the Audit and Risk Committee's activities.

### External auditor – tasks, objectivity, and independence

The Audit and Risk Committee reviews and monitors the company's ongoing relations with and the independence of the external auditors. Based on recommendations from the Audit and Risk Committee and the external auditors, the Board of Directors decides whether there are areas to which the external auditors should pay special attention.

During the year, the Audit and Risk Committee has been informed about the external auditor's policies and procedures for safeguarding its objectivity and independence, and the audit partners and firm rotation requirements have been routinely observed. During the year, the Committee has approved audit-related and non-audit related services fees according to the Audit and Risk Committee guidelines for approval of non-audit services. Audit fees are for the audit of the consolidated and local company financial statements.

### Other ongoing activities

As part of its annual cycle activities, the Audit and Risk Committee reviews SimCorp's accounting policies, compliance with reporting requirements, risk policy and assessment, internal controls, whistleblower policy, insurance principles, and interim reports. It does deep-dives into specific topics, for example, risk associated with long-term contracts.

### Assessment

During 2022, the SimCorp Audit and Risk Committee was satisfied with auditor independence, and with the management of risks within the areas it monitors for the BoD.

### Technology Committee

The Technology Committee is responsible for assisting the BoD with respect to the overall role of technology in executing the business strategy, including, but not limited to, major technology investments, technology strategy and transformation, operational performance and technology trends that may affect SimCorp. The Technology Committee consists of four members elected on a one-year term by and among the BoD. The Technology Committee meets as often as it and its Chair deem necessary, however, as a minimum, the Technology Committee will meet four times a year as the the committee was formed in March 2022. In 2022, three meetings were held.

### Data ethics

*Statement on data ethics, cf. Section 99 d of the Danish Financial Statements Act.*

→ Data Ethics Policy  
<https://www2.simcorp.com/DataEthicsPolicy>

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.



Furthermore, SimCorp has adopted significant safeguards in order to provide a high degree of security and integrity of such data.

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

### Corporate social responsibility

*Statement on corporate social responsibility,  
cf. Section 99 a of the Danish Financial Statements Act.*

→ Sustainability Report 2022  
<https://www2.simcorp.com/SustainabilityReport2022>

Corporate social responsibility (CSR) in SimCorp is firmly based on the Group's Sustainability Policy. SimCorp's commitment to corporate sustainable development is based on combining financial performance with socially responsible behavior and environmental awareness.

→ Sustainability Policy  
<https://www2.simcorp.com/SustainabilityPolicy>

SimCorp's commitment to CSR is described in its policies and codes of conduct, including the company's 'Sustainability Policy', 'Diversity, Equity and Inclusion Policy', 'Code of Conduct for Suppliers', 'Data Ethics Policy', 'Remuneration Guidelines', and 'Corporate Governance Guidelines'. These documents include guidelines on ethics, data privacy, human rights, the environment, stakeholder engagement, corporate governance, bribery, and anti-corruption that govern our professional and commercial relations with internal and external stakeholders.

SimCorp joined the UN Global Compact in 2019 and commits to submitting an annual Communication on Progress (CoP) concerning our implementation of its Ten Principles. SimCorp's contribution to specific targets related to the UN's

Sustainable Development Goals and our achievements on a wide range of non-financial ESG targets and metrics are included in our Sustainability Report.

Our cloud transformation, new technologies, and people initiatives are key enablers of realizing our ambitions on sustainability, which aim to reduce our own and our clients' CO<sub>2</sub> emission, expand support for our clients' ESG investments, create a truly diverse, equitable, and inclusive workplace, and ensure meaning in work.

CO<sub>2</sub> emission is the key environmental impact affected by SimCorp's business model (see page 14). To reduce its own and its clients negative impact, SimCorp has a plan in place

for moving its own operations from on-premise data centers to the cloud, offering its clients cloud hosting, and developing and offering energy-efficient services.

Due to the nature of its business model and its associated risks, SimCorp does not have a specific human rights policy. Our approach to human rights is outlined in our Guideline for Good Business Behavior and our Code of Conduct for Suppliers. It is part of the procurement process that suppliers are requested to confirm compliance with the Universal Declaration of Human Rights and the core Conventions of the International Labour Organization (ILO), and to respect an equal status between the sexes and between persons of different races and religion. Further,





SimCorp does not knowingly accept products and services which have directly or indirectly been designed, manufactured, produced, or procured in contravention of local environmental legislation or other legislation, or by means of corruption, bribery, or other fraudulent behavior.

→ Code of Conduct for Suppliers  
<https://www2.simcorp.com/CodeofConductSuppliers>

SimCorp maintains high standards on confidentiality and protection of personal data, which is ensured through compliance with technical data security standards and processes, as well as ongoing employee training on how to handle data confidentially. A framework is in place to ensure that SimCorp complies with the General Data Protection Regulation (GDPR) and other similar national regulations.

Diversity  
 Report on the underrepresented gender and diversity, cf. Sections 99 b and 107 d of the Danish Financial Statements Act is included in our Sustainability Report 2022.

→ Sustainability Report 2022  
<https://www2.simcorp.com/SustainabilityReport2022>

### Our corporate stance

We acknowledge that gender diversity across SimCorp's organization is beneficial to our business and the societies we operate in, which is why it is part of our local and global sustainability targets and agenda. Increasing gender diversity increases diversity of thought and experiences, improving our ability to find solutions to challenges and strengthening our ability to transform our company sustainably into the future.

In addition to gender, SimCorp tracks, reports, and advocates for diversity of age and nationality globally, while encouraging local initiatives and foci for additional diversity dimensions.

We maintain our global, company-wide ambition to have a better gender balance across all levels of our organization and have publicly committed to a target of at least 40% of the underrepresented gender (women) by 2030.

Activities to help us reach our gender balance goals include: a women's mentorship program, increased attention to gender bias in people processes, and target-setting. In 2023, efforts in this area will continue, and the new legislation on the underrepresented gender will provide even more focus and structure to both targets and initiatives.

### Target-setting for a gender-balanced organization

As part of our commitment, we have made internal and external commitments for gender representation at all levels.

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. Our Corporate Scorecard includes a target of at least 34% of promotions for women, as this is the equivalent to the actual percentage of women in our organization; in 2022, this target has been met.

### Gender representation at top leadership levels

In 2022, we maintained our target of at least two shareholder-elected members from the underrepresented gender on our Board and women hold 33% of the BoD positions.

In 2021, we set a target of 25% women on the Executive Management Board (EMB), which has not been met to date. For the seven-member Executive Committee (ExCo), which includes the three EMB members, the 2022 gender split is 14% women and 86% men. For 2030, our gender target is 40% women and 60% men at all levels. There is significant

room for improvement in both the ExCo and GMC, and this will be a focus area going forward.

SimCorp's total employee population comprised 65.5% men (2021: 66.5%) and 34.3% women (2021: 33.3%) and 0.2% undeclared (2021: 0.2%).

### EU Taxonomy

Report on EU Taxonomy Eligibility 2022 is included in our Sustainability Report 2022

→ Sustainability Report 2022  
<https://www2.simcorp.com/SustainabilityReport2022>

The EU Sustainable Finance Action Plan centers around the EU Taxonomy (Regulation (EU) 2020/852), which is a classification system for identifying environmentally sustainable economic activities. For 2022, SimCorp has identified hosting of its clients' operations of SimCorp services as the only Taxonomy-eligible activity related to its business model, which is considered relevant. Currently, SimCorp's Taxonomy-eligible hosting services are not Taxonomy-aligned. For our full EU Taxonomy disclosure, see our Sustainability Report 2022.

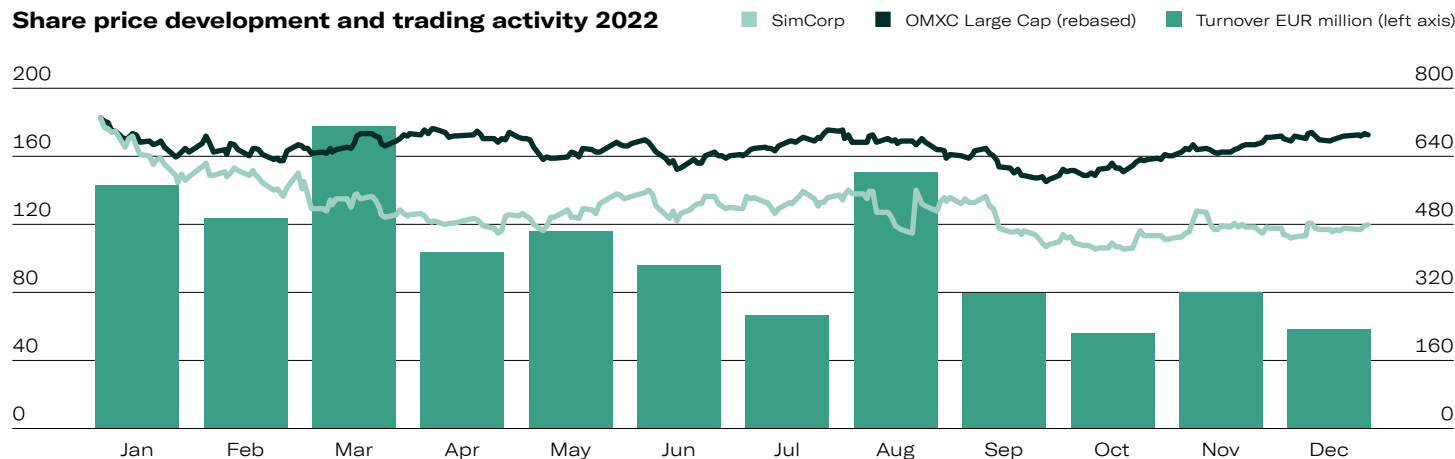
# Shareholder information

In 2022, SimCorp's share price declined by 31% after having increased 108% in the period 2017 to 2021. Liquidity in the SimCorp share measured by average daily trading turnover was down by 40% to DKK 37.2 million.

## The SimCorp share

The share price at December 31, 2022 was DKK 478.20 per share, equal to a market capitalization of EUR 2.5 billion (DKK 18.8 billion). The share price declined by 31% in 2022. By comparison, the Nasdaq Copenhagen Large Cap index, which includes the SimCorp share, declined by 6%. In the period 2017 to 2021, the SimCorp share increased by 108%. Relative to 2021, the average daily turnover of SimCorp shares on Nasdaq Copenhagen declined by 40% to DKK 37.2 million, while the average number of trades per day declined by 29% to 1,496.

## Share price development and trading activity 2022



## Share capital

SimCorp's nominal share capital is DKK 40,500,000 divided into 40,500,000 shares of DKK 1. SimCorp holds 1,228,084 (2021: 1,071,389) treasury shares of DKK 1 equivalent to 3.0% (2021: 2.6%) of the share capital.

## Shareholder structure

At December 31, 2022, SimCorp had more than 14,200 registered shareholders representing around 96% of the company's share capital, an increase of approximately 600 registered shareholders during the year.

Approximately 59% (2021: 58%) of the share capital was held or managed by the 25 largest shareholders, and around 81% (2021: 83%) of the registered share capital was held by shareholders based outside Denmark. At December 31, 2022, around 5% (2021: 5%) of the company's share capital was held by the company's management and employees. Furthermore, SimCorp estimates that Danish and foreign institutional investors held some 81% of the company's shares, a decrease compared with the 82% at year-end 2021. Around 36% (2021: 41%) of SimCorp shares were managed by investors who are also clients of SimCorp. In accordance with section 55 of the Danish Companies Act, the following investors have reported holding more than 5% of SimCorp's share capital:

- BLS Capital Fondsmæglerselskab A/S, 11.3%
- Mawer Investment Management Ltd., 5.3%

## Share-based incentive schemes

In accordance with the remuneration policy, approved by the shareholders at the Annual General Meeting 2022, the Board of Directors approved the share-based LTIP for management and key employees based on restricted stock units. The fair value of the restricted stock units amounted to EUR 4.0m at the time of allotment, and a total of 60,227 restricted stock units of DKK 1 were granted, including

23,821 restricted stock units to the Executive Management Board and 187 restricted stock units to employee-elected members of the Board of Directors.

In addition, in December 2022, in connection with Michael Bjergby taking up the position as CFO, 446 restricted stock units were granted to him for the 2022 LTIP program. Furthermore, in connection with various appointments of senior employees during 2022, 6,438 restricted stock units were granted. The fair value of these amounted to EUR 0.5m at the time of allotment.

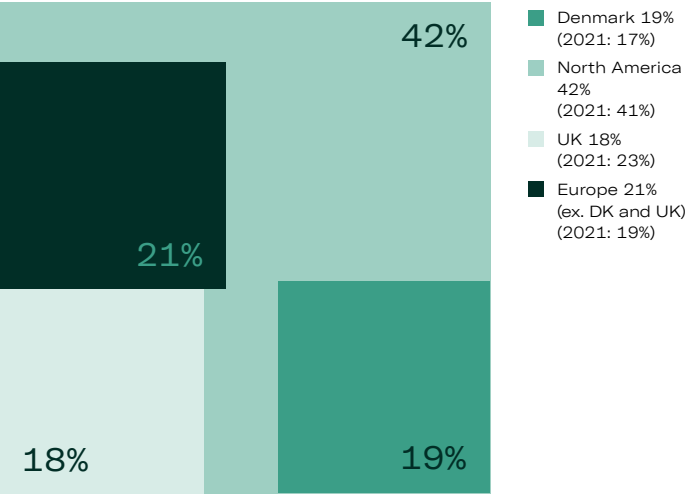
The above-mentioned LTIP restricted stock units will vest after three years, subject to continuing employment and are subject to conditions with respect to average annual minimum ARR growth and annual average net operating profit after tax for the financial years 2022-2024. If the two latter conditions are only partially met, the number of shares transferred after three years will be reduced, potentially to zero.

In addition, in December 2022, in connection with Michael Bjergby taking up the position as CFO, 9,515 restricted stock units were granted to him as part of his sign-on and his investment of EUR 0.3m in SimCorp shares. The fair value of the restricted stock units amounted to EUR 0.6m at the time of allotment. The restricted stock units will vest 1/3 after 3 years, 1/3 after 4 years and 1/3 after 5 years conditional upon continued service.

During 2022, 4,775 LTIP and 12,791 other incentive restricted stock units were canceled, including 8,171 incentive restricted stock units allotted to the former CFO Michael Rosenvold.

In addition, 64,620 restricted stock units relating to the corporate bonus program for 2021 were granted in 2022 and distributed among employees in the Group, including

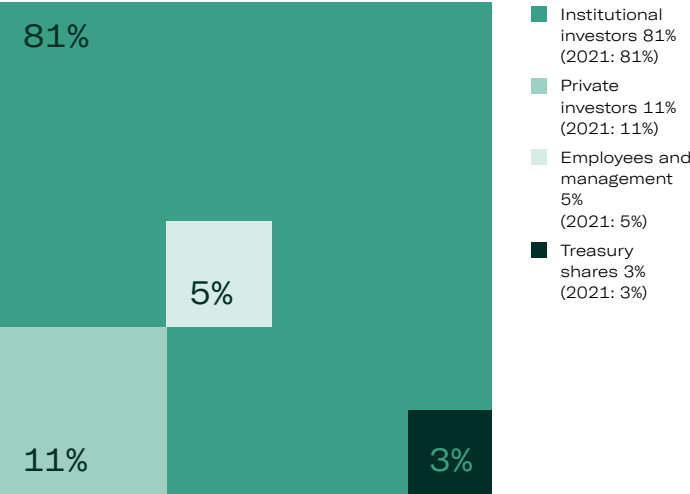
Shareholder structure by geography 2022



540 restricted stock units to employee-elected members of the Board of Directors. The restricted stock units will vest one third after one year, a further one third after two years, and the last third after three years, subject to vesting conditions. The fair value of the restricted stock units amounted to EUR 7.8m at the time of allotment

The share-based incentive program based on restricted stock units will continue in 2023 and comprises restricted stock units with a market value of approximately EUR 4.0m on the date of grant and for the corporate bonus program for 2022 the restricted stock units will have a market value of approximately EUR 7.9m on the date of grant.

Shareholder structure by category 2022



SimCorp's share-based incentive schemes are further detailed in note 3.2 to the financial statements. In accordance with SimCorp's Remuneration Policy, members of the Board of Directors will in 2023 continue to receive SimCorp shares with a total value equal to one third of their total remuneration.

It is the assessment of the Board of Directors that these remuneration principles ensure an appropriate alignment of the interests of the Board of Directors with SimCorp's shareholders in general.

## Financial calendar 2023

### March 23, 2023

Annual General Meeting 2023

### March 28, 2023

Expected date for payout of dividend

### May 17, 2023

Publication of interim financial report Q1 2023 (early morning)

### August 11, 2023

Publication of interim financial report H1 2023 (early morning)

### November 10, 2023

Publication of interim financial report 9 months 2023 (early morning)

All times are CET.

## Share data 2022

### Stock exchange

Nasdaq Copenhagen A/S

### Index

OMXC25

### Sector

Technology

### ISIN code

DK0060495240

### Short code

SIM

### Share capital

DKK 40,500,000

### Nominal size

DKK 1

### Number of shares

40,500,000

### Negotiable papers

Yes

### Restriction in voting rights

No

### Management shares/restricted stock units

As at December 31, 2022, the members of the company's Board of Directors held a total of 41,343 SimCorp shares and 1,202 restricted stock units were held by employee-elected members of the Board. The members of the Group's Executive Management Board held a total of 134,847 SimCorp shares and 60,098 restricted stock units.

Additional information on the holdings of SimCorp shares and restricted stock units by members of the Board of Directors, the Executive Management Board, and other related parties is disclosed in note 7.2 to the financial statements.

### Annual general meeting

The Annual General Meeting of SimCorp A/S will be held on: Thursday, March 23, 2023 at 3pm at SimCorp's head-quarters, Weidekampsgade 16, Copenhagen, Denmark.

It will also be possible to participate in Annual General Meeting via webcast. Agenda and proposed resolutions will be published on Tuesday, February 28, 2023.

### → Remuneration Policy 2022

<https://www2.simcorp.com/RemunerationPolicy>

The Board of Directors further intends to propose that the shareholders authorize the company to acquire treasury shares of up to 10% of the company's share capital. See section 198 of the Danish Companies Act.

### Dividends and share buyback

Maintaining a sound liquidity buffer is vital to SimCorp's continued international expansion. Management considers this objective will be achieved when the cash holdings and credit lines exceed 10% of the projected costs for the coming year. On this basis, the company intends to pay dividends of at least 40% of the free cash flow. Additional cash will, unless other cash requirements are foreseen, be used to buy treasury shares. The purchase of treasury shares is expected to be carried out in compliance with the

provisions of Regulation No. 596/2014 of the European Parliament and of the Council on market abuse, the Market Abuse Regulation (MAR), and delegated legislation under MAR. The Board of Directors has considered SimCorp's cash position and liquidity forecast, and on the basis thereof, the Board of Directors intends to recommend to the shareholders at the Annual General Meeting that dividends of EUR 39.7 million, equal to DKK 7.50 per share of DKK 1, be distributed for the financial year 2023. The dividends of EUR 39.7 million are equivalent to 40.0% of Group profit for the year and 84.2% of free cash flow in 2022. In order to be eligible for dividends, shares must be registered before March 23, 2023. The ex-dividend date is March 24, 2023.

Dividends for the financial year 2022 are expected to be paid on March 28, 2023. Based on the current cash position and business outlook, SimCorp does not expect to initiate a share buyback program in 2023. Instead, SimCorp intends to invest excess proceeds into the SaaS transformation and future growth initiatives.

### Investor relations

SimCorp pursues an open dialogue with investors and analysts about the company's business and financial performance. In order to ensure that all SimCorp's stakeholders have equal access to corporate information, news is released to Nasdaq Copenhagen, the media, and on SimCorp's website, where users can also subscribe to SimCorp's news service. SimCorp's Investor Relations team

handles all contact with investors and the press on issues relating to the company's shares.

Please contact: Anders Hjort, Head of Investor Relations, phone: +45 35 44 88 00, [investor@simcorp.com](mailto:investor@simcorp.com), [www.simcorp.com/en/investor/contact-investor-relations](http://www.simcorp.com/en/investor/contact-investor-relations)

Announcements to Nasdaq Copenhagen in 2022 can be found at [www.simcorp.com/en/news-and-announcements](http://www.simcorp.com/en/news-and-announcements)





# Board of Directors

1. Peter Schütze, Chair
2. Morten Hübbe, Vice-chair
3. Simon Jeffreys
4. Adam Warby
5. Joan A. Binstock
6. Susan Standiford
7. Charlotte Søndergaard Klausen
8. Sven Rinke
9. Neil Cook





## Peter Schütze

Chair

*Personal and educational background*  
Born 1948, Danish citizen, M.Sc. (Econ.).

### Directorships

Former CEO of Nordea Bank Danmark A/S. Chair of SimCorp A/S' Board of Directors since 2019 and Vice-chair 2012-2019. Member of SimCorp A/S' Nomination and Remuneration Committee since 2017 and SimCorp Technology Committee since 2022. Chair of the Board of Directors of DSB SOV, Nordea-fonden and Tietgenfonden. Vice-chair of Lundbeckfonden and Lundbeckfond Invest A/S. Member of Falck A/S, Axelfuture, the Systemic Risk Council, and Gösta Enboms Fond. Chair of the investment committee of Danish SDG Investment Fund and Dronning Margrethe den II's Arkæologiske Fond.

### Independence

Is regarded as independent.

### Relevant competences and experiences

More than 30 years of management experience from an international financial company as well as several board positions both as chair and member. Involvement in IT development and trading operations in financial institutions.

## Morten Hübbe

Vice-chair

*Personal and educational background*  
Born 1972, Danish citizen, B.Sc. (Int. BA & Modern Languages), MSc (Fin. & Acc.).

### Directorships

Group CEO of Tryg since 2011. From 2002-2011 Group CFO of Tryg. Member of SimCorp A/S' Board of Directors since 2018 and Vice-chair since 2019. Chair of SimCorp A/S' Nomination and Remuneration Committee since 2019. Board member of TJM Forsikring. Chair of Conscia and Siteimprove.

### Independence

Is regarded as independent.

### Relevant competences and experiences

Chief executive management experience from a listed company and solid know-how of working with key market players like investors and regulators.

## Simon Jeffreys

*Personal and educational background*  
Born 1952, British citizen, B.Com (Hons) from University of Cape Town, CA(SA), FCA, CPA.

### Directorships

Formerly Chair of Aon UK Ltd. and Henderson International Income Trust plc, PwC Global Investment Management Leader and senior audit partner, and Chief Operating Officer of the Wellcome Trust. Member of SimCorp A/S' Board of Directors since 2011. Chair of SimCorp A/S' Audit and Risk Committee since 2013. Director and Chair of the Audit Committee of the Boards of Directors of St James's Place plc. Chair of the Audit and Risk Committees of Templeton Emerging Markets Investment Trust plc., and the Crown Prosecution Service.

### Independence

Is regarded as independent.

### Relevant competences and experiences

Group executive experience in a multinational corporation, including responsibility for strategy development and implementation, information technology and finance. Involved in the development and governance of companies with IT and consultancy activities.

## Adam Warby

*Personal and educational background*  
Born 1960, British citizen, B.Sc. in Mechanical Engineering from Imperial College, London.

### Directorships

Former CEO of Avanade Inc. (Microsoft & Accenture joint venture) from 2008-2019. Member of SimCorp A/S' Board of Directors since 2017. Member of SimCorp A/S' Audit Committee since 2019. Chair of the Board of Heidrick & Struggles. Chair of Junior Achievement Europe. Board Member of SoftwareONE Holding AG and Senior Advisor to KKR PE European Portfolio.

### Independence

Is regarded as independent.

### Relevant competences and experiences

More than 30 years of international experience in the software and technology services industries, including responsibility for strategy, M&A, enterprise sales, consulting, and managed service delivery from a career spanning IBM, Microsoft, and Avanade.

## Joan A. Binstock

*Personal and educational background*  
Born 1954, US citizen, MBA from NYU Stern School of Business, B.A. from State University of New York at Binghamton. Certified Public Accountant.

### Directorships

Former CFO and COO at Lord, Abnett & Co. LLC. (1999-2018). Prior to joining Lord Abnett, Joan worked inter alia for Goldman Sachs within the Capital Markets Group and for PricewaterhouseCoopers, LLC as a manager, Financial Services Audit Practice. Member of SimCorp A/S' Board of Directors and SimCorp A/S' Audit and Risk Committee since 2018. Member of the Board of Directors of Brown Brothers Harriman US Mutual Funds, KKR Real Estate Trust, and Morgan Stanley Direct Lending Funds.

### Independence

Is regarded as independent.

### Relevant competences and experiences

Experience from the financial services industry within finance, risk management and operations, including software selection and implementation.

## Susan Standiford

### *Personal and educational background*

Born 1967, US citizen, BA, Anthropology & Mathematics, University of Illinois, IL, USA

### *Directorships*

Chief Product and Technology Officer, StepStone. Previous positions include Chief Technology Officer of IKEA IT AB and CTO and COO within international technology companies.

### *Independence*

Is regarded as independent.

### *Relevant competences and experiences*

30 years of technical and managerial experience from various industries including software. Technology visionary leader with knowledge how to market and deliver innovative value-based solutions.

## Charlotte Søndergaard Klausen

### *Personal and educational background*

Born in 1993, Danish citizen, M.Sc. (Economics) from University of Copenhagen.

### *Directorships*

Employee-elected member of SimCorp A/S' Board of Directors since 2022.

### *Relevant competences and experiences*

Since 2018 working in the Investments Service Line of SimCorp's Consulting Services division (DACH). Previous experience from Front Office and Product Lifecycle Management in Asset and Investment Management at leading Pension and Insurance Funds.

## Sven Rinke

### *Personal and educational background*

Born in 1974, German citizen, M.Sc. (Physics) from TU Dresden and Ph.D. (Physics) from Duke University.

### *Directorships*

Former board member of a US-based food cooperative from 2002 – 2008. Employee-elected member of SimCorp A/S' Board of Directors since 2022

### *Relevant competences and experiences*

More than 13 years' experience in positioning, selling, and delivering SimCorp's solutions across a broad range of institutions in the financial services industry.

## Neil Cook

### *Personal and educational background*

Born in 1977, British Citizen. BSc in Information Systems from Canterbury Christ Church University.

### *Directorships*

Employee-elected member of SimCorp A/S' Board of Directors since 2022.

### *Relevant competences and experiences*

Platform Development Line Manager in Product Division in London and 15 years +experience in the finance industry and a background in technology.

# Executive Committee

## 1. Christian Kromann\*

Chief Executive Officer

Employed since 2019

Present position held since 2021

## 2. Michael Bjergby\*

Chief Financial Officer

Employed since 2022

Present position held since 2022

## 3. Georg Hetrodt\*

Chief Operating Officer

Employed since 1998

Present position held since 2022

## 4. Marlene Nyholm Voss

Chief Human Resources Officer,

Senior Vice President

Employed since 2014

Present position held since 2019

## 5. Johan Rosengren Kringel

Chief of Staff

Employed since 2018

Present position held since 2018

## 6. Oliver Johnson

Chief Commercial Officer

Employed since 2017

Present position held since 2022

## 7. Marc Schröter

Chief Product Officer

Employed since 1995

Present position held since 2022



\* The Executive Committee members (see above) are also members of Executive Management Board.

# Statements and signatures

## Statement by the Board of Directors and the Executive Management Board

The Board of Directors and Executive Management Board have today considered and adopted the Annual Report of SimCorp A/S for the financial year January 1 – December 31, 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at December 31, 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2022.

In our opinion, the Management Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as

a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the Annual Report of SimCorp A/S for the financial year January 1 – December 31, 2022 with the file name simcorp-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

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

Copenhagen, 9 February 2023

### Executive Management Board



Christian Kromann  
Chief Executive Officer

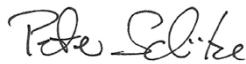


Michael Bjergby  
Chief Financial Officer



Georg Hetrodt  
Chief Product Officer

### Board of Directors



Peter Schütze  
Chair



Morten Hübbe  
Vice-chair



Joan Binstock



Susan Standiford



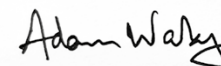
Charlotte Søndergaard Klausen



Simon Jeffreys



Sven Rinke



Adam Warby



Neil Cook

# Independent Auditor's Reports

To the shareholders of SimCorp A/S

## Report on the audit of the Financial Statements

### Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

### What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of SimCorp A/S for the financial year 1 January to 31 December 2022 comprise income statement and statement of comprehensive income, cash flow statement, statement of financial position, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

### Appointment

We were first appointed auditors of SimCorp A/S on 31 March 2014 for the financial year 2014. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 9 years including the financial year 2022.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
Revenue recognition
The Group and the Parent Company provide its products and services to customers in bundled packages as multi-element contracts, and recognition of revenue is subject to the inherent complexities in the software industry. Revenue is recognized when control is passed and if the revenue criteria for recognizing revenue over time or at a point of time have been met. We focused on this area due to the judgmental and complex nature of revenue recognition for multiple element arrangements that include identification of performance obligations in the contracts and allocation of the relative standalone selling prices to the identified performance obligations. Further, we focused on presentation in the statement of financial position of contracts assets and revenue recognition for fixed fee projects due to the inherent estimation uncertainty. Refer to note 2.1 "Revenue", 2.2 "Segment information", 2.3 "Future performance obligations" and note 2.4 "Contract balances" in the Consolidated Financial Statements and note 2.1 "Revenue", 2.2 "Future performance obligations" and note 2.3 "Contract balances" in the Parent Company Financial Statements.



How our audit addressed the key audit matter
<p>We performed risk assessment procedures to obtain an understanding of the IT systems, business processes and relevant controls over the Group's revenue cycle. We assessed whether the controls were designed and implemented to effectively address the risk of material misstatement. We tested relevant controls including application controls and Management's review controls. For revenue recognized we evaluated and challenged Management's assessment that the customers have the ability to direct use and obtain substantially all benefits for the licenses transferred.</p> <p>For revenue recognized point in time we evaluated and challenged Management's documentation for right to payment and that the licenses have been transferred and made available to the customer. For revenue recognized over time we evaluated and challenged Management's assessment that customers over time consumes and benefit from the services delivered.</p> <p>For multi-element contracts, we evaluated and challenged Management's allocation of revenue to the identified performance obligations in the contracts and assessed the allocation of the standalone selling prices to the performance obligations including rebates, discounts, allowances, inherent interests and presentation in the Financial Statements.</p> <p>We assessed the percentage of completion on specific fixed fee projects based on Management reports, project estimates and interview of project managers. We also assessed the outcome of prior period estimates.</p>

Key audit matter
Accounting for taxation
<p>The Group operates in a complex multinational tax environment and there are open tax and transfer pricing cases with domestic and foreign tax authorities.</p> <p>We focused on this area as the amounts involved are material and the valuation of tax assets and liabilities are associated with estimation uncertainty and judgement.</p> <p>Refer to note 4.1 "Income tax" and 4.2 "Deferred tax" in the Consolidated Financial Statements as well as in the Parent Company Financial Statements.</p>
How our audit addressed the key audit matter
<p>We performed risk assessment procedures in order to obtain an understanding of the IT systems and processes regarding the calculation and recognition of tax assets and liabilities that address the risk of material misstatement.</p> <p>In understanding and evaluating Management's judgement, we used our own tax specialists to consider the status of recent and current tax authority audits and enquiries, the outcome of previous claims, judgmental positions taken in tax returns and current year estimates and developments in the tax environment.</p> <p>We evaluated the adequacy of Management's significant assumptions to assess the valuation of deferred tax assets and read correspondence with tax authorities.</p>

Statement on Management Report

Management is responsible for Management Report.

Our opinion on the Financial Statements does not cover Management Report, 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 Report and, in doing so, consider whether Management Report is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management Report includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management Report is in accordance with the Consolidated Financial Statements and the Parent Company 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 Report.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent 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 unless Management either intends to liquidate the Group or the Parent 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 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 Group's and the Parent 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of SimCorp A/S for the financial year 1 January to 31 December 2022 with the filename simcorp-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

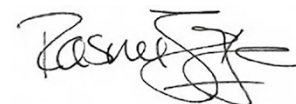
Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of SimCorp A/S for the financial year 1 January to 31 December 2022 with the file name simcorp-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 9 February 2023

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no 3377 1231



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# Consolidated financial statements

# Consolidated financial statements

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## Consolidated financial statements

### Income statement

EUR '000	Note	2022	2021
Revenue	2.1, 2.2	560,968	496,274
Cost of sales	3.1, 3.2, 5.2, 5.3	228,588	196,982
Gross profit		332,380	299,292
Other operating income		830	709
Research and development costs	3.1, 3.2, 5.2, 5.3	107,039	91,771
Sales and marketing costs	3.1, 3.2, 5.2, 5.3	61,534	50,230
Administrative expenses	3.1, 3.2, 5.2, 5.3	35,867	25,583
Other operating costs		2,914	-
Operating profit (EBIT)		125,856	132,417
Share of profit after tax in associates		122	174
Financial income	6.4	3,191	5,774
Financial expenses	6.4	1,021	947
Profit before tax		128,148	137,418
Tax on the profit for the year	4.1	28,894	27,426
Profit for the year		99,254	109,992

### Earnings per share

EUR '000	Note	2022	2021
Earnings per share – EPS (EUR)	7.1	2.52	2.76
Diluted earnings per share – EPS-D (EUR)	7.1	2.50	2.74

### Statement of comprehensive income

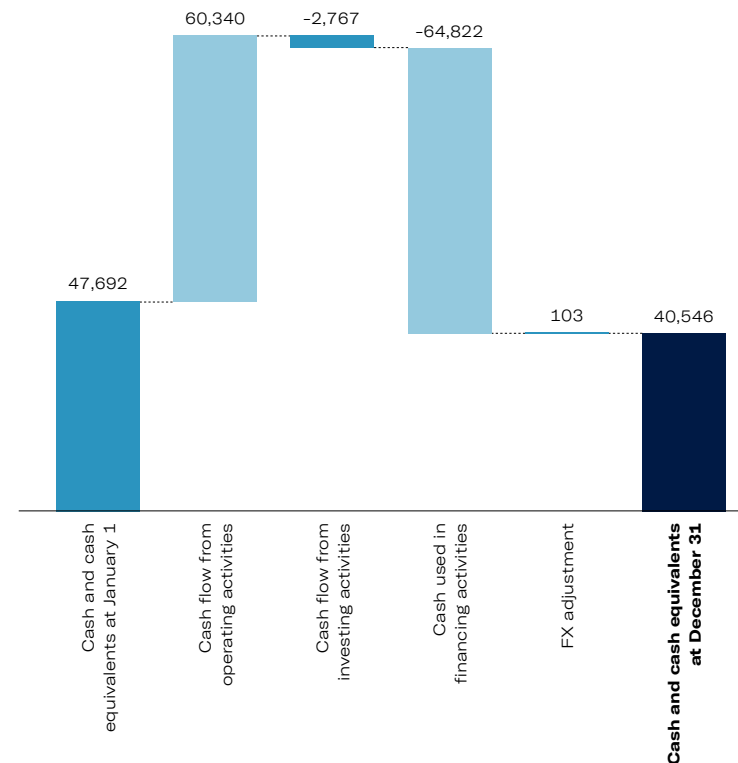
EUR '000	Note	2022	2021
Profit for the year		99,254	109,992
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to the income statement:</i>			
Remeasurements of defined benefit plans	3.3	1,268	1,934
Tax, remeasurement of defined benefit plans		-275	-396
<i>Items that may be reclassified subsequently to the income statement, when specific conditions are met:</i>			
Foreign currency translation differences for foreign operations		-850	2,500
Other comprehensive income after tax		143	4,038
Total comprehensive income		99,397	114,030

## Consolidated financial statements

### Cash flow statement

EUR '000	Note	2022	2021
Profit for the year		99,254	109,992
Amortization and depreciation	5.2, 5.3	14,883	15,379
Share of profit after tax in associates		-122	-174
Financial income	6.4	-3,191	-5,774
Financial expenses	6.4	1,021	947
Tax on profit for the year	4.1	28,894	27,426
Other non-cash items		3,954	12,904
Adjustment share based remuneration		13,527	11,332
Changes in provisions	3.4	-32	-1,663
Changes in contract assets	2.4	-70,576	-44,861
Changes in working capital		-4,756	-11,169
Financial income received		80	5
Financial expenses paid		-345	-319
Income tax paid	4.1	-22,251	-23,329
<b>Net cash from operating activities</b>		<b>60,340</b>	<b>90,696</b>
Purchase of property, plant, and equipment	5.3	-1,524	-1,259
Sale and purchase of financial assets, net		-1,377	-4,507
Dividends from associates	6.4	134	91
<b>Net cash used in investing activities</b>		<b>-2,767</b>	<b>-5,675</b>
Dividends paid		-39,836	-40,086
Purchase of treasury shares	6.1	-20,049	-40,102
Repayment of lease liability	5.3	-11,661	-10,808
Proceeds, credit facilities / loans		26,891	-
Repayment of credit facilities/loans		-20,167	-
<b>Net cash used in financing activities</b>		<b>-64,822</b>	<b>-90,996</b>
<b>Change in cash and cash equivalents</b>		<b>-7,249</b>	<b>-5,975</b>
Cash and cash equivalents at January 1		47,692	53,051
Foreign exchange adjustment of cash and cash equivalents		103	616
<b>Cash and cash equivalents at December 31</b>		<b>40,546</b>	<b>47,692</b>

### Cash flow 2022 (EUR '000)





## Consolidated financial statements

### Statement of financial position December 31

EUR '000	Note	2022	2021
<b>Assets</b>			
Goodwill	5.2	61,266	61,645
Software	5.2	8,132	9,801
Client relationships	5.2	19,586	21,245
<b>Total intangible assets</b>		<b>88,984</b>	<b>92,691</b>
Leasehold	5.3	38,259	40,095
Technical equipment	5.3	851	860
Other equipment, fixtures, fittings and prepayments	5.3	2,349	2,737
<b>Total property, plant and equipment</b>		<b>41,459</b>	<b>43,692</b>
Investments in associates		827	909
Deposits	6.3	3,517	2,123
Deferred tax	4.2	2,755	3,091
Other financial assets		4,843	4,843
<b>Total other non-current assets</b>		<b>11,942</b>	<b>10,966</b>
<b>Total non-current assets</b>		<b>142,385</b>	<b>147,349</b>
Receivables	2.5	112,378	96,543
Contract assets	2.4	292,903	221,000
Income tax receivables		5,480	2,060
Prepayments		10,636	11,668
Cash and cash equivalents		40,546	47,692
<b>Total current assets</b>		<b>461,943</b>	<b>378,963</b>
<b>Total assets</b>		<b>604,328</b>	<b>526,312</b>

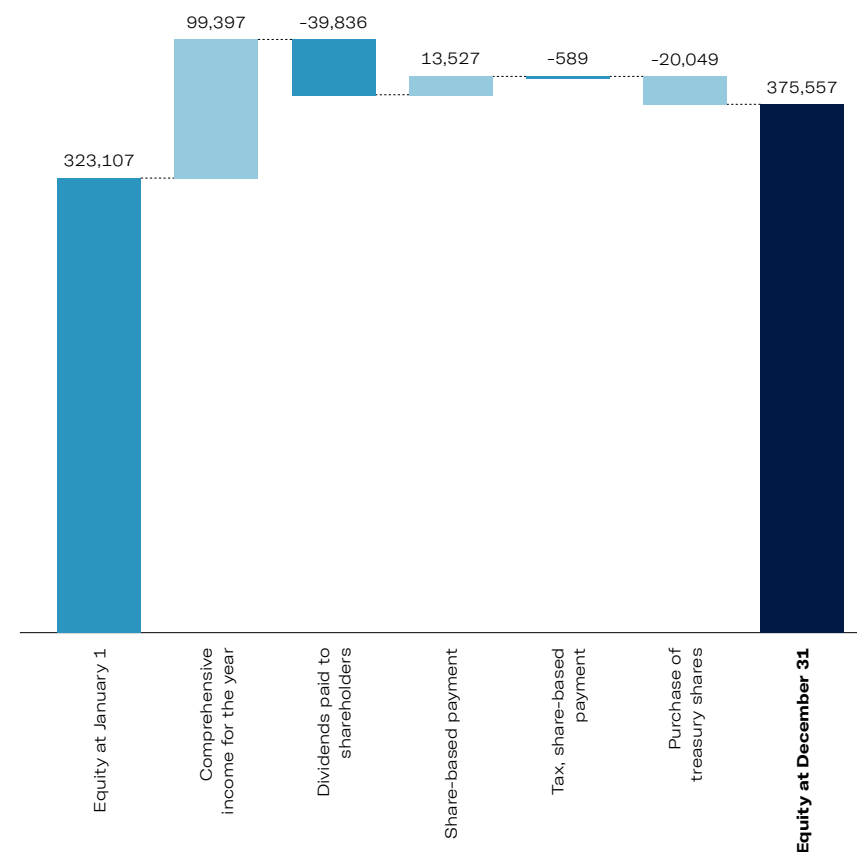
EUR '000	Note	2022	2021
<b>Liabilities and equity</b>			
Share capital		5,441	5,441
Exchange adjustment reserve		-3,075	-2,225
Retained earnings		333,459	280,003
Proposed dividend		39,732	39,888
<b>Total equity</b>		<b>375,557</b>	<b>323,107</b>
Lease liabilities	5.3	29,437	32,088
Deferred tax	4.2	46,596	33,121
Provisions	3.4	9,132	9,743
<b>Total non-current liabilities</b>		<b>85,165</b>	<b>74,952</b>
Credit facilities/loans	6.2	6,724	-
Lease liabilities	5.3	9,401	8,577
Prepayments from clients	2.4	35,975	31,239
Trade payables	6.2	33,351	29,126
Other payables		51,079	49,993
Income tax payables		6,065	8,886
Provisions	3.4	1,011	432
<b>Total current liabilities</b>		<b>143,606</b>	<b>128,253</b>
<b>Total liabilities</b>		<b>228,771</b>	<b>203,205</b>
<b>Total liabilities and equity</b>		<b>604,328</b>	<b>526,312</b>

## Consolidated financial statements

### Statement of changes in equity

EUR '000	Share capital	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
<b>2022</b>					
Equity at January 1	5,441	-2,225	280,003	39,888	323,107
Net profit for the year	-	-	99,254	-	99,254
Total other comprehensive income	-	-850	993	-	143
Total comprehensive income for the year	-	-850	100,247	-	99,397
<b>Transactions with owners</b>					
Dividends paid to shareholders	-	-	52	-39,888	-39,836
Share-based payment	-	-	13,527	-	13,527
Tax, share-based payment	-	-	-589	-	-589
Purchase of treasury shares	-	-	-20,049	-	-20,049
Proposed dividends to shareholders	-	-	-39,732	39,732	-
Equity at December 31	5,441	-3,075	333,459	39,732	375,557
<b>2021</b>					
Equity at January 1	5,441	-4,725	237,409	40,125	278,250
Net profit for the year	-	-	109,992	-	109,992
Total other comprehensive income	-	2,500	1,538	-	4,038
Total comprehensive income for the year	-	2,500	111,530	-	114,030
<b>Transactions with owners</b>					
Dividends paid to shareholders	-	-	39	-40,125	-40,086
Share-based payment	-	-	11,332	-	11,332
Tax, share-based payment	-	-	-317	-	-317
Purchase of treasury shares	-	-	-40,102	-	-40,102
Proposed dividends to shareholders	-	-	-39,888	39,888	-
Equity at December 31	5,441	-2,225	280,003	39,888	323,107

### Movements in equity 2022 (EUR '000)



# Section 1

## Basis of preparation

This section provides an overview of the accounting policies and key accounting estimates. Accounting policies, management judgments and sources of estimation uncertainty are presented together with other related disclosures in the notes that deal with the relevant subject. Accounting policies, judgments and estimates that do not relate to a specific subject are presented in this section.

Accounting policies focus on the accounting choices within the framework of the prevailing IFRS and refrain from repeating the underlying promulgated IFRS guidance, unless considered particularly important to the understanding of a note's content.

Notes to the financial statements are grouped into seven sections with the aim of reducing complexity and improving the reader's experience. The notes are organized into the following sections:

- Section 1 Basis of preparation
- Section 2 Revenue and clients
- Section 3 Employees
- Section 4 Tax
- Section 5 Invested capital
- Section 6 Equity, capital structure and financing items
- Section 7 Other disclosures

## 1.1 Accounting policies, estimates, and judgments

### General

The annual report for the period January 1 – December 31, 2022, includes the consolidated financial statements of SimCorp A/S (the Parent) and its subsidiary undertakings (the Group), as well as separate financial statements for SimCorp A/S. Reference is made to page 108 for the Parent's specific accounting policies. SimCorp A/S is incorporated and domiciled in Denmark.

### Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and additional requirements in the Danish Financial Statements Act.

On 9 February, 2023 the Board of Directors and the Executive Management Board considered and approved the annual report for 2022 of SimCorp A/S and the Group. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on March 23, 2023. The directors have the power to amend and reissue the financial statements.

### Presentation currency

The financial statements are presented in EUR, rounded to the nearest EUR 1,000. The functional currency of the Parent is DKK.

### Basis of measurement

The annual report has been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

### Basis of consolidation

The consolidated financial statements have been prepared by including the financial statements of the Parent and the subsidiaries, which have all been prepared in accordance with the Group's accounting policies. Subsidiaries are entities controlled by the Parent. Control is established when SimCorp A/S is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

On consolidation, intra-group income and expenses, shareholdings, balances, dividends and realized and unrealized gains and losses on intra-group transactions are eliminated. Unrealized gains and losses on transactions with associates are eliminated in proportion to the Group's shares in the associates.

### Foreign currency translation

Income and expenses and operating cash flows of foreign subsidiaries that use a functional currency other than the euro are translated at average rates of foreign exchange computed on a monthly basis. Exchange rate differences resulting from foreign currency transactions as well as from

## 1.1 Accounting policies, estimates, and judgments (continued)

the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognized under financial income or financial expenses.

### Other operating income

Other operating income consists of income of a secondary nature relative to the activities of the Group, including gains on sale of intangible assets and property, plant and equipment and government grants. Government grants relate to research and development funding in the United Kingdom and job growth incentive in Singapore. As the grant is compensation for costs incurred, it is recognized as other operating income in the period in which it is receivable.

### Other operating costs

Other costs comprise all the non-operating costs incurred for the supporting business operations.

### Statement of comprehensive income

Other comprehensive income consists of income and costs not included in the income statement, including exchange rate adjustments arising from the translation of foreign subsidiaries' financial statements into presentation currency, and actuarial gains or losses on defined benefit pension plans.

### Cash flow statement

The cash flow statement is presented according to the indirect method commencing with the profit for the year. The cash flow statement shows how changes in items in the statement of financial position and income affect cash and cash equivalents.

Cash and cash equivalents consist of cash at bank and in hand. Cash flows in other currencies are translated into EUR at the average exchange rate for the respective year.

Cash from operating activities is assessed by converting income statement items from accrual to cash basis accounting. Starting with net profit, non-cash items are reversed, and actual payments included. In addition, the change in working capital and contract assets is taken into consideration as it represents cash withheld in the statement of financial position.

Cash from investing activities are related to the sale and purchase of long-term investments, including subsidiaries, fixed, intangibles and financial assets.

### Materiality

The financial statements separately present items considered individually material. Individually immaterial items are aggregated with other items of similar nature in the statements or in the notes.

Specific disclosures required by IFRS are presented, unless the information is considered immaterial to the economic decision making of the users.

### Operating costs

Operating costs are allocated into cost of sales, research and development, sales and marketing costs, and administrative expenses.

Cost of sales cover costs incurred to achieve the year's revenue, including costs of delivering and implementing systems, hosting and infrastructure costs, third party costs, courses, and support. These primarily comprise salaries, share-based payments, other employee costs, external implementation consultants, hosting costs and other third-party costs, depreciation and amortization, and indirect costs, such as technological infrastructure.

Research and development costs comprise salaries, share-based payments, other employee related costs, depreciation and amortization, and other costs directly attributable to the Group's research and development activities. Research and development costs are expensed in the year in which they are incurred when they do not qualify for capitalization. For capitalization criteria see note 5.2.

Sales and marketing costs comprise salaries, commissions, bonuses, share-based payments, and other sales employee related costs, travel and meeting expenses, marketing expenses, withholding taxes, depreciation and amortization, and indirect costs such as technological infrastructure directly or indirectly attributable to the Group's sales and marketing activities.

Administrative expenses comprise salaries, bonuses, share-based payments and other employee costs and expenses, office costs, depreciation and amortization, expected loss allowance, and indirect costs such as technological infrastructure directly or indirectly attributable to the Group's administrative activities.

### Accounting estimates and judgments

While applying the Group's accounting policies, in addition to estimations, management makes other judgments that may impact the application of accounting policies and reported amounts of assets, liabilities, costs, cash flows, and related disclosures at the date of the financial statements.

## 1.1 Accounting policies, estimates, and judgments (continued)

The estimates and judgments applied are based on assumptions which management believes to be reasonable, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise.

In addition, the company is subject to risks and uncertainties encountered in the ordinary course of business that may cause actual results to deviate from the estimates. The notes to the financial statements contain information about the assumptions and the uncertainty of estimates at the statement of financial position date involving the risk of changes that could lead to adjustments to the carrying amounts of assets or liabilities within the upcoming financial year.

Management considers the following to be key accounting estimates and assumptions used in the preparation of the financial statements:

- Revenue (note 2.1)
- Tax and deferred tax (Section 4)

Risk factors specific to the Group are described in the management report on pages 31-35 and in note 6.2.

### **New financial reporting standards**

SimCorp has adopted relevant new or amended standards (IFRS) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2022. SimCorp has assessed that the new or amended standards and interpretations have not had any material impact on SimCorp's annual report in 2022.

### **New financial reporting standards not yet adopted**

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2022 consolidated financial statements. SimCorp expects to implement the standards and amendments when they take effect.

None of the new standards issued are currently expected to have significant impact on the Group's financial statements when implemented amendments.

### **iXBRL reporting**

The 2022 Annual report is prepared in the XHTML format which can be displayed in a standard browser in line with the new European Single Electronic Format ('ESEF'). The primary statements are tagged using inline eXtensible Business Reporting Language (iXBRL) and comply with the ESEF taxonomy.

Where a line item is not defined in the ESEF taxonomy, an extension has been created and anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files.

### **Non-IFRS measures**

Certain measures disclosed regarding the Group's financial performance, financial position and cash flows are not defined in IFRS.

These are defined under other non-IFRS measures and may not be defined and calculated by other companies in the same manner and may therefore not be comparable.

## 1.1 Accounting policies, estimates, and judgments (continued)

### Financial ratio definitions

Revenue growth	revenue current year x 100 / revenue last year
EBITDA	earnings before interest, tax, depreciation, and amortization
EBITDA margin (%)	EBITDA / revenue x 100
EBIT margin (%)	operating profit (EBIT) / revenue x 100
Invested capital	total assets – cash and cash equivalents – provisions – prepayments from clients – trade payables and other payables
ROIC (return on invested capital)	EBITDA / average invested capital x 100
Receivables turnover ratio	revenue / receivables at year-end
Equity ratio (%)	equity at year-end / total assets at year-end x 100
Return on equity (ROE) (%)	profit for the year / average equity x 100

### Share performance definitions

Cash flow per share (CFPS)	cash flow from operating activities / average number of diluted shares
Book value per share (BVPS)	equity at year-end / average number of shares
Dividends per share (DPS)	dividends paid / number of shares at year-end
Dividends payout ratio (%)	dividends paid / profit for the year x 100
Total payout ratio (%)	dividends paid plus value of share buybacks / profit for the year x 100
Average number of shares	number of shares issued, excluding treasury shares, as an average for the year
Average number of diluted shares	number of shares issued, excluding treasury shares, as an average for the year plus the average dilutive impact of outstanding restricted stock units

### Market value ratio definitions

Price / Book value per share (P/BV)	price / book value (BVPS)
Price / Diluted price earnings (P/E Diluted)	price / diluted earnings per share
Price / Cash flow (P/CF)	price / cash flow per share (CFPS)

### Other non-IFRS measures definitions

License base	accumulated order value for SimCorp Dimension clients
Order intake	value of initial and additional licenses contracts, subscription services agreements and client driven development agreements entered into during the reporting period
Order book	accumulated order intake value, where revenue could not be recognized yet, but deferred to future periods because either the license has not been delivered, the software functionality has not been developed, released or accepted by client yet, or certain conditions must be met before delivery
Revenue signed	total revenue commitment for licenses, software updates and support fee, professional services, as a service offering, etc.
Revenue, operating cost, and EBIT growth and margin in local currencies	effect of exchange rate movements is excluded by restating the measure for the current period at the previous year's average rates when calculating growth
Organic revenue, operating cost, and EBIT growth and margin in local currencies	effect of acquisitions, and exchange rate movements are excluded when calculating growth and EBIT margin by restating the measure for the current period at the previous year's average rates and by excluding the effect of acquisitions in the first year the acquired company is included in the reported numbers
CAPEX	purchase of intangible fixed assets + purchase of property, plant, and equipment – proceeds from sale of property, plant, and equipment
Net cash position	cash and cash equivalents less bank loan/credit facility
Free cash flow	net cash from operating activities less CAPEX less principal payment on lease liabilities
Cash conversion (%)	free cash flow / profit for the year x 100
Total contract value (TCV)	total contract value subscription-based solutions
Annualized contract value (ACV)	total contract value divided by contract term
Annual recurring revenue (ARR) (backward-looking)	total revenue – total license fee + subscription based license fee – implementation services – other non-recurring fees. ARR is measured for last twelve months
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
ARR (backward-looking) as share of total revenue (%)	ARR (backward-looking) / total revenue x 100
ARR (forward-looking) as share of total revenue (%)	ARR (forward-looking) / total revenue x 100
Ratable revenue	reported revenue adjusted for the change in Contract Assets (Contract Assets Closing Balance – Contract Assets Opening Balance)



# Section 2

## Revenue and clients

This section provides information related to contracts with clients. This includes information on how revenue is classified and recognized, segments and information about client related balances in the statement of financial position.

Accounting policies which relate to a particular note to the income statement have been included within each individual note.

In this section, the following notes are presented:

- 2.1 Revenue
- 2.2 Segment information
- 2.3 Future performance obligations
- 2.4 Contract balances
- 2.5 Receivables

## 2.1 Revenue

SimCorp is updating its revenue segmentation to reflect new structure for reporting revenue. The segmentation below show the new segmentation.

### Revenue types

Revenue is categorized into three main types: Revenue from clients operating and maintaining their SimCorp solution *On-premise*, revenue from clients that are on a *SaaS (Software as a Service)* solution and *Professional Services*. On-premise revenue is derived from license fees and software updates and support fees. SaaS revenue is derived from SaaS license fees and SaaS services which covers services and software updates fees, operating services including platform as a service/ hosting fees and BPaaS (business processes as a service) fees. Professional Service fees is derived primary from implementation.

License fees can be derived from subscription or from perpetual license agreements.

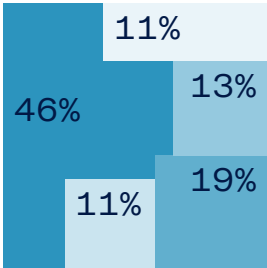
Subscription agreements give the right to use the software for a determined period of time, which can be extended at the end of the initial term. Standard perpetual software licenses provide clients with the right to use the software whilst the software updates and support contract remains in force. License fees also include revenue from Client Driven Development agreements and standard platform offerings, and furthermore includes license fees derived from agreements from the partner eco-system licenses.

Software updates and support fees relate to contracts made on perpetual and subscription-based license terms. Software updates and support fees include both on-premise license and SaaS license-based software updates and support fees. Performance obligations include: unspecified future upgrades, maintenance and helpline support.

License revenue split 2022

Type	2022	2021
■ Conversions	46%	21%
■ Additional regular license	19%	32%
■ Renewals	13%	14%
■ Initial license	11%	16%
■ Other license	11%	17%

2022



## 2.1 Revenue (continued)

SaaS revenue is derived from SaaS license revenue and SaaS services. SaaS service offerings provide the client with updates and support, infrastructure services, data management services, client reporting services and other services enabled from the partner ecosystem required to maximize the outcome of the SimCorp Dimension solution.

Professional services can include multiple performance obligations. The performance obligations are: implementation services and other non-recurring services.

### Accounting policies, judgments and estimates

#### 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.

## 2.1 Revenue (continued)

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
Licenses	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 are 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	Share of revenue 2022	Share of revenue 2021	Revenue growth	Revenue growth local currencies
EUR '000	2022	2021		
On-premise initial licenses	14,045	15,679	-10.4%	-4.6%
On-premise additional licenses	117,612	84,107	39.8%	37.4%
On-premise other licenses	8,411	12,403	-32.2%	-33.5%
On-premise software updates and support	168,367	164,645	2.3%	-1.2%
Total on-premise revenue	308,435	276,834	11.4%	8.9%
SaaS initial licenses	3,831	5,854	-34.6%	-39.2%
SaaS additional licenses	7,784	8,399	-7.3%	-14.9%
SaaS other licenses	5,371	3,466	55.0%	45.5%
SaaS services incl. software updates and support	71,704	49,944	43.6%	36.8%
Total SaaS revenue	88,690	67,663	31.1%	24.2%
Professional services	163,843	151,777	7.9%	3.9%
Total revenue	560,968	496,274	13.0%	9.4%

## 2.1 Revenue (continued)

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 services 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.

From the reported licenses on-premise SaaS – additional sales EUR 10.8 million is derived from perpetual sales (2021: EUR 23.9 million). The Group has no client contributing revenue of more than 5.8% (2021: 4.0%) of total revenue.

## 2.2 Segment information

The Group's revenue arises primarily from the sale of software licenses and related services, and updates and support to clients refer section 2.1. The Group's operations are managed and organized into business units regularly reviewed by the Executive Management Board, who is responsible for assessing the Group's performance and making resource allocation decisions.

The sales organization comprises four business units. Three business units have been identified based on countries that share the same market conditions and one is dedicated to Sofia software.

In addition, the research and development business unit is responsible for all software development, except for Sofia. This segment derives revenue mainly from fees charged to other business units for the right to distribute SimCorp Dimension software.

Finally, the Group reports on corporate functions, which include shared services comprising administration, marketing, internal systems, global support and services division. These are managed on corporate level and costs are principally allocated and charged based on an allocation key for the segments. Consulting and support are charged on an hourly basis. External revenue originates from courses to clients.

Revenue allocation by country (significant)	2022		2021	
	EUR '000	%	EUR '000	%
Germany	103,847	18.5%	68,049	13.7%
USA	83,404	14.9%	81,695	16.5%
Switzerland	45,500	8.1%	40,429	8.1%
France	25,293	4.5%	31,665	6.4%
Canada	36,326	6.5%	31,184	6.3%
Italy	31,182	5.6%	30,566	6.2%
Netherlands	26,466	4.7%	30,103	6.1%
Denmark	31,140	5.6%	25,885	5.2%
Other	177,810	31.6%	156,698	31.5%
Total	560,968	100.0%	496,274	100.0%

## 2.2 Segment information (continued)

<b>Segment information</b>								
EUR '000	EMEA	Asia and Australia	North America	SimCorp Sofia	Research and development	Corporate functions	Elimination/ Not allocated	<b>Group</b>
<b>2022</b>								
On-premise initial licenses	10,304	2,341	1,285	115	-	-	-	14,045
On-premise additional licenses	92,241	9,805	11,648	3,918	-	-	-	117,612
On-premise other licenses	6,276	654	1,481	-	-	-	-	8,411
On-premise software updates and support	128,173	11,471	21,827	5,242	1,364	290	-	168,367
<b>Total on-premise revenue</b>	<b>236,994</b>	<b>24,271</b>	<b>36,241</b>	<b>9,275</b>	<b>1,364</b>	<b>290</b>	<b>-</b>	<b>308,435</b>
SaaS initial licenses	509	388	2,934	-	-	-	-	3,831
SaaS additional licenses	2,289	724	4,771	-	-	-	-	7,784
SaaS other licenses	2,172	261	2,938	-	-	-	-	5,371
SaaS services incl. software updates and support	37,929	8,507	24,718	550	-	-	-	71,704
<b>Total SaaS revenue</b>	<b>42,899</b>	<b>9,880</b>	<b>35,361</b>	<b>550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,690</b>
Professional services	93,540	18,400	38,172	13,731	-	-	-	163,843
<b>External revenue</b>	<b>373,433</b>	<b>52,551</b>	<b>109,774</b>	<b>23,556</b>	<b>1,364</b>	<b>290</b>	<b>-</b>	<b>560,968</b>
Revenue between segments	45,056	5,410	10,328	34	194,591	49,097	-304,516	-
<b>Total segment revenue</b>	<b>418,489</b>	<b>57,961</b>	<b>120,102</b>	<b>23,590</b>	<b>195,955</b>	<b>49,387</b>	<b>-304,516</b>	<b>560,968</b>
EBITDA	75,864	4,967	15,369	10,599	104,860	-70,920	-	140,739
Depreciation and amortization	3,985	699	1,591	1,199	3,241	4,168	-	14,883
<b>Segment operating profit (EBIT)</b>	<b>71,879</b>	<b>4,268</b>	<b>13,778</b>	<b>9,400</b>	<b>101,619</b>	<b>-75,088</b>	<b>-</b>	<b>125,856</b>
Financial items, net	-	-	-	-	-	-	2,292	2,292
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,148</b>
<b>Total assets</b>	<b>316,081</b>	<b>58,706</b>	<b>112,150</b>	<b>50,217</b>	<b>60,418</b>	<b>3,554</b>	<b>3,202</b>	<b>604,328</b>

Research and Development, corporate functions and elimination / not allocated are not operating segments but part of reconciliation of the segment data to the group income statement.

## 2.2 Segment information (continued)

<b>Segment information</b>								
EUR '000	EMEA	Asia and Australia	North America	SimCorp Sofia	Research and development	Corporate functions	Elimination/ Not allocated	<b>Group</b>
<b>2021</b>								
On-premise initial licenses	11,687	1,473	2,519	-	-	-	-	15,679
On-premise additional licenses	64,961	4,914	7,692	6,540	-	-	-	84,107
On-premise other licenses	7,537	1,474	3,392	-	-	-	-	12,403
On-premise software updates and support	126,100	12,891	19,365	4,840	1,224	225	-	164,645
<b>Total on-premise revenue</b>	<b>210,285</b>	<b>20,752</b>	<b>32,968</b>	<b>11,380</b>	<b>1,224</b>	<b>225</b>	<b>-</b>	<b>276,834</b>
SaaS initial licenses	711	607	4,536	-	-	-	-	5,854
SaaS additional licenses	1,779	107	6,513	-	-	-	-	8,399
SaaS other licenses	599	115	2,752	-	-	-	-	3,466
SaaS services incl. software updates and support	24,347	5,323	19,904	198	116	56	-	49,944
<b>Total SaaS revenue</b>	<b>27,436</b>	<b>6,152</b>	<b>33,705</b>	<b>198</b>	<b>116</b>	<b>56</b>	<b>-</b>	<b>67,663</b>
Professional services	84,616	16,901	39,115	11,145	-	-	-	151,777
External revenue	322,337	43,805	105,788	22,723	1,340	281	-	496,274
Revenue between segments	35,238	2,480	9,113	887	204,079	52,816	-304,613	-
<b>Total segment revenue</b>	<b>357,575</b>	<b>46,285</b>	<b>114,901</b>	<b>23,610</b>	<b>205,419</b>	<b>53,097</b>	<b>-304,613</b>	<b>496,274</b>
EBITDA	46,301	2,319	10,969	11,890	118,879	-42,562	-	147,796
Depreciation and amortization	4,414	694	1,321	1,413	1,812	5,725	-	15,379
<b>Segment operating profit (EBIT)</b>	<b>41,887</b>	<b>1,625</b>	<b>9,648</b>	<b>10,477</b>	<b>117,067</b>	<b>-48,287</b>	<b>-</b>	<b>132,417</b>
Financial items, net	-	-	-	-	-	-	5,001	5,001
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,418</b>
<b>Total assets</b>	<b>254,817</b>	<b>46,265</b>	<b>103,216</b>	<b>50,962</b>	<b>60,605</b>	<b>3,100</b>	<b>7,347</b>	<b>526,312</b>

Research and Development, corporate functions and elimination / not allocated are not operating segments but part of reconciliation of the segment data to the group income statement.



## 2.2 Segment information (continued)

### Accounting policies

The accounting policies of the reported segments are the same as the Group's described throughout the notes. Segment reporting shows revenue and operating profit together with total assets that can be directly related to the individual segments. Unallocated assets are head-quarters' assets, cash, and investments in associates. Segment reporting is prepared in accordance with the Group's internal management reporting structure for performance management and resource allocation.

Segment income and costs consist of transactions between the segments. Such transactions are made on market terms.

Research and development and Corporate functions are not operating segments, and the disclosure forms part of the reconciliation to Group totals rather than being information about operating segments.

Information about liabilities and additions to assets by segment are not regularly provided to the Executive Management Board.

### Non-current asset allocation by country (significant)

	2022		2021	
	EUR '000	%	EUR '000	%
Austria	56,905	40.8%	58,929	40.8%
Italy	28,379	20.3%	29,633	20.5%
Denmark	22,150	15.9%	23,707	16.4%
United Kingdom	10,853	7.8%	7,257	5.0%

Geographical allocation of fixed assets is based on the country in which economic benefits are derived from the asset.

Significant countries are defined as countries representing 5.0% or more of the Group's non-current assets.

Non-current assets comprise intangible assets and property, plant and equipment owned by the segment/country, even if the income is earned outside the segment/country that owns the asset. Furthermore, they include non-current financial assets other than deferred tax assets.

## 2.3 Future performance obligations

The amount of a customer contract's transaction price that is allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized. Including amounts recognized as contract liabilities and amounts that are contracted but not yet delivered.

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2022 is EUR 718.8 million (2021: EUR 554.8 million). This amount mostly comprises obligations to provide software updates, agreements which require client acceptance of functionality, and support or hosting subscriptions and support, as the respective contracts typically have durations of multiple years.

Management expects that EUR 212.8 million in 2022 (2021: EUR 141.3 million) of the amount allocated to the future performance obligations as of December 31, 2022 will be recognized during 2023. EUR 445.0 million (2021: EUR 342.3 million) is expected to be recognized as revenue within 2 to 5 years. The remaining part is expected to be recognized as revenue after 5 years. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

### Accounting estimates and judgments

This estimation is judgmental, as it needs to consider estimates of possible future contract modifications and the timing of satisfaction of performance obligations. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by, among others, currency fluctuations and possible contract modifications.

Under the percentage-of-completion method used for fixed fee services agreements, recognition of profit is dependent upon the accuracy of a variety of estimates. Such estimates are based on various judgments with respect to multiple factors and are difficult to accurately determine until the project is significantly underway. Due to uncertainties inherent in the estimation process, it is possible that the actual timing of completion may vary from estimates.

## 2.4 Contract balances

Contract balances consist of client-related assets and liabilities.

### Contract assets

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

If the timing of payments specified in the contract provides the client with a significant financing benefit, the transaction price is adjusted to reflect this financing component.

Contract assets increased by EUR 71.9 million with subscription-based licenses adding EUR 133.9 million (2021: EUR 45.1

million) and finance income recognized EUR 2.2 million (2021: EUR 2.0 million). Foreign exchange as well as adjustments also had a positive impact partly off-set by deduction of expected credit loss provision with overall positive impact of EUR 6.6 million (2021: EUR 8.6 million). The overall balance was reduced by invoiced subscription-based license fees of EUR 70.8 million (2021: EUR 50.3 million).

### Contract liabilities

When a client pays consideration in advance, or an amount of consideration is due contractually before transferring of the license or service, then the amount received in advance is presented as a liability. 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 occurs at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in liabilities.

The majority of license agreements are recognized as revenue in the year of sale. However, contracts with functionality gaps or acceptance criteria may have revenue recognition deferred, resulting in a contract liability when payment has occurred.

Contracts in progress relating to fixed fee professional services are measured at the

estimated sales value of the proportion of the contract completed at the statement of financial position date.

Periodic fixed fees for subscription services, software updates and support services, and other multiperiod agreements are typically invoiced yearly or quarterly in advance. Such fee prepayments account for the majority of our contract liability balance.

Fees based on actual transaction volumes for SCDaaS subscriptions and fees charged for non-periodical services are invoiced as the services are delivered. While payment terms and conditions vary by contract type and region, our terms typically require payment within 30 to 60 days.

### Changes in contract assets

EUR '000	Opening balance	Invoiced from opening balance	Net additions	Adjustments <sup>1</sup>	Financing income recognized	Closing balance
<b>2022</b>						
Contract assets (gross)	226,977	-59,815	131,514	6,135	-	304,811
Contract interest element	-4,717	-	-8,582	440	2,183	-10,676
Loss allowance	-1,260	-	28	-	-	-1,232
Contract assets (NPV)	221,000	-59,815	122,960	6,575	2,183	292,903
<b>2021</b>						
Contract assets (gross)	182,537	-39,434	74,610	9,264	-	226,977
Contract interest element	-5,435	-	-624	-700	2,042	-4,717
Loss allowance	-1,174	-	-86	-	-	-1,260
Contract assets (NPV)	175,928	-39,434	73,900	8,564	2,042	221,000

<sup>1</sup> Adjustments include: reclassifications, cancellations and foreign exchange adjustments and cumulative catch-up adjustments (including those arising from 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.

### Invoicing of contract assets

EUR '000	2022	2021
1 to 6 months	45,821	31,893
7 to 12 months	31,461	24,057
13 to 24 months	68,839	50,456
25 to 36 months	56,523	44,944
37 to 48 months	40,046	32,656
49 to 60 months	28,623	20,603
After 60 months	33,498	22,368
Total contract assets (gross)	304,811	226,977

## 2.4 Contract balances (continued)

### Changes in contract liabilities

EUR '000	Opening balance	Net additions	Revenue recognized from liability opening balance	Adjustments <sup>1</sup>	Closing balance
<b>2022</b>					
Contract liabilities – licenses	3,123	1,618	-2,444	7	2,304
Contract liabilities – software updates and support	6,597	5,634	-6,178	-5	6,048
Contract liabilities – services	7,860	14,531	-6,568	137	15,960
Contract liabilities – other	13,659	10,834	-12,904	74	11,663
Contract liabilities (prepayments from clients)	31,239	32,617	-28,094	213	35,975
<b>2021</b>					
Contract liabilities – licenses	3,573	1,965	-2,474	59	3,123
Contract liabilities – software updates and support	7,429	6,513	-7,376	31	6,597
Contract liabilities – services	5,338	7,282	-4,902	142	7,860
Contract liabilities – other	9,891	13,616	-9,883	35	13,659
Contract liabilities (prepayments from clients)	26,231	29,376	-24,635	267	31,239

<sup>1</sup> Adjustments include: reclassifications, cancellations, foreign exchange adjustments and cumulative catch-up adjustments (including those arising from change in measurement of progress).

### Accounting policies, judgments and estimates

Amounts invoiced on account in excess of work completed are included in prepayments under current liabilities.

Contract assets from contracts with customers are measured at amortized cost less expected credit losses. Contract assets are within the scope of impairment requirements in IFRS 9.

For contract assets the simplified approach is used, and the expected loss

provision is measured at the estimate of the lifetime expected credit losses.

Expected loss rates between 0.03% - 13.69% are applied (2021: 0.03% - 14.13%), based on average default rates by region as published by Standard & Poor. For additional information refer to note 6.2 Risk.

Judgment is required in determining whether a right to consideration is conditional and thus qualifies as contract assets. Estimates are made as to whether and to what extent subsequent concessions or payments may be granted to customers

and whether the customer is expected to pay the contractual fees. In this judgment, trading history is considered both with the respective customer and more broadly.

### Incremental costs of obtaining customer contracts

The Group expenses the incremental costs of obtaining a customer contract as incurred. The incremental costs of obtaining a customer contract primarily consist of sales commissions earned by the sales force. Commissions are typically related to the license fee which is recognized upfront upon delivery, consequently, we expense

sales commissions concurrently with revenue recognition.

### Costs to fulfill customer contracts

The Group does not capitalize costs incurred to fulfil customer contracts. Direct costs for custom development and standard platform are expensed as incurred.

## 2.5 Receivables

### Receivables

EUR '000	2022	2021
Trade receivables from clients	67,157	56,060
Accrued revenue	43,310	38,018
Loss allowance	-81	-116
Other receivables	1,992	2,581
<b>Total receivables at December 31</b>	<b>112,378</b>	<b>96,543</b>
<b>Aging of trade receivables from clients at December 31</b>		
Not due	49,386	42,248
Overdue between 1 and 30 days	8,827	9,184
Overdue between 31 and 90 days	6,983	3,760
Overdue over 90 days	1,961	868
<b>Total trade receivables from clients</b>	<b>67,157</b>	<b>56,060</b>

### Accounting policies

Receivables are recognized when control over licenses or services, etc. is transferred to a client before the client pays consideration and the right to consideration is not conditional on SimCorp's future performance.

Trade receivables represent receivables which have been invoiced to clients and remain outstanding. Accrued revenue consists mainly of revenue from the sale of perpetual software licenses and receivables from professional services contracts in progress which are yet to be invoiced. Other receivables are mainly sales and payroll taxes.

Trade receivables for performance obligations satisfied over time are recognized steadily, as the performance obligation is satisfied and in full once the invoice is due.

Receivables are initially recognized at fair value, and subsequently carried at amortized cost less expected loss allowance. Expected loss allowance is recorded on a portfolio basis. The simplified approach is applied and on initial measurement of receivables, all credit losses expected during the lifetime of the receivables are considered.

Additionally, allowances for individual receivables are recognized if there is objective evidence of credit impairment. Account balances are written off either partially or in full if judged that the likelihood of recovery is remote.

Expected loss allowance and impairments are recognized in the income statement under operating expenses. No security has been received with respect to trade receivables.

For information about how the default risk for trade receivables is analysed and managed, how the loss rates for the provision matrix are determined, how credit impairment is determined and what the criteria for write offs are, see the section on credit risk in note 6.2.

No impairment was recognized for trade receivables in 2022 (2021: 0.0 million).

The Group's exposure to currency and credit risk for trade receivables is disclosed in note 6.2 Risk.

## Section 3

### Employees

This section provides information related to employee compensation arrangements and it should be read in conjunction with the Remuneration Report and note 7.2 on related party transactions.

Accounting policies which relate to a particular note to the income statement have been included within each individual note.

In this section, the following notes are presented:

- 3.1 Employee cost
- 3.2 Share based remuneration
- 3.3 Pension and similar liabilities
- 3.4 Provisions

### 3.1 Employee cost

Employee costs consist of salaries, sales commissions, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits.

Management expects commissions paid to employees as a result of signing new client contracts to be recoverable. Such commissions are deferred and expensed when the related revenues are recognized. Deferred commissions are presented under prepayments in the statement of financial position.

#### Accounting policies

Salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits are recognized in the year in which the associated services are rendered by the employees.

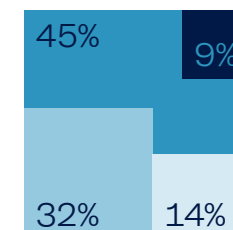
Where SimCorp provides long-term incentives and benefits, costs are accrued to match the rendering of services by the employees. The accounting policy for share-based remuneration is described in vw.

#### Employee cost

EUR '000	2022	2021
Salaries	224,559	197,601
Defined contribution pension plans	6,876	4,299
Defined benefit pension plans	1,058	801
Share-based payments	10,144	10,035
Social security and other costs	20,385	19,291
<b>Total employee cost</b>	<b>263,022</b>	<b>232,027</b>
Number of employees at the end of the year	2,245	1,998
Average number of employees – FTE	2,067	1,871

#### Average number of employees by function

Function	2022	2021
Professional services	45%	42%
Research and development	32%	35%
Internal support and service	14%	15%
Sales and sales support	9%	8%



### 3.1 Employee cost (continued)

Obligations related to contribution-based pension schemes are recognized in the income statement under employee costs in the period for which the related service is provided.

The accounting treatment for defined benefit plans is described in note 3.3.

The Group Management Committee with 13 members in 2021 has changed to The Group Executive Management Committee with 7 members in 2022, incl. The Executive Management Board.

Remuneration to the Executive Management Board, the Executive Management Committee and Board of Directors is given below:

#### Remuneration to Executive Management Board, Executive Management Committee and Board of Directors

EUR '000	2022	2021
Salaries	1,913	2,494
Other benefits (short-term benefits)	110	171
Share-based payment	1,525	3,260
Performance-related bonus (short-term benefits)	956	1,513
Executive Management Board total	4,504	7,438
Salaries	1,032	3,341
Other benefits (short-term benefits)	78	167
Share-based payment	391	1,080
Performance-related bonus (short-term benefits)	282	1,122
Executive Management Committee total <sup>1</sup>	1,783	5,710
Board fees	508	568
Fees for committee work (short-term benefits)	162	123
Travel allowance (short-term benefits)	106	18
Share-based payment	171	175
Board of Directors total	947	884
Total	7,234	14,032

1 The Group Executive Management Committee with 3 members in 2022 has changed from The Group Management Committee with 9 members in 2021.

### 3.2 Share based remuneration

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.

#### Accounting policies

Share-based payments comprise equity-settled restricted stock units (RSUs) issued to employees. The fair value of RSUs is measured at the grant date, adjusted for estimated dividends and recognized in the income statement as employee cost over the vesting period. Expenses are recognized as employee share-based payments and classified in the consolidated income statements according to the activities that the employees perform. The counter entry is recognized directly in equity.

Most of these awards are described in detail below. Other share-based payment plans not described below, are, individually and in aggregate, immaterial to our consolidated financial statements.

Assumptions are made in estimating the fair values for share-based payments, including number of RSUs expected to vest and number of employees estimated to become entitled to RSUs.

Upon resignation employees forgo all unvested RSUs, these are reported as canceled. The number of the RSUs is adjusted when performance conditions are only partly met, such adjustments are reported under performance adjustments. All adjustments are recognized in the income statement as employee cost.

In the 2022 financial year, EUR 10.1 million was charged to the income statement in respect of share-based remuneration: EUR 4.8 million related to issued RSUs, EUR 5.2 million related to corporate bonus 2022 provision, and EUR 0.2 million related to shares to the Board of Directors (2021: EUR 10.0 million charged to the income statement, of which EUR 5.3 million from RSUs, EUR 4.5 million from corporate bonus 2021 provision and EUR 0.2 million from shares to the Board of Directors).

As a result of the equity-settled share-based payments transactions, a commitment exists to grant SimCorp shares to employees. SimCorp meets these commitments using treasury shares to fulfil these obligations.

#### Shares to the Board of Directors

Members of the Board of Directors receive shares as a part of their overall remuneration. Shares are granted subject to approval at the Annual General Meeting. In the financial year January 1 to December 31, 2022, a cost of EUR 171 thousand (2021: EUR 175 thousand) was charged to the income statement in respect of this program.



## 3.2 Share based remuneration (continued)

The company will allot 2,532 treasury shares after publication of the Annual Report to members of the Board of Directors (2021: 1,697 treasury shares).

### Restricted stock units (RSUs)

The Group grants RSUs to its employees and Executive Management Board (EMB) as part of its three incentive programs: long-term incentive program, corporate bonus, and special retention programs. The table which follows on the next page shows a summary of changes in the balance of outstanding RSUs from January 1, 2021 to December 31, 2022.

#### Long-term incentive program

RSUs are granted annually to members of the EMB and key employees as part of the long-term incentive program. These vest three years after being granted subject to continuing employment and conditions with respect to average annual minimum ARR growth/business growth and net operating profit after tax for the three consecutive financial years, including the year of grant. If the two last conditions are only partially satisfied, the undertaking with respect to the number of shares transferred after three years is reduced (performance adjustment) and may possibly lapse completely.

Upon resignation employees forgo all unvested RSUs. These are reported as canceled. In 2022, 24,267 RSUs were

granted to Executive Management Board (2021: 21,459), 745 RSUs were granted to employee elected members of the Board of Directors (2021: 228) and 35,661 RSUs were granted to other employees (2021: 19,991). Fair value at grant date was EUR 4.8 million (2021: EUR 4.3 million), and EUR 1.2 million was charged to the income statement for 2022 (2021: EUR 1.1 million).

#### Corporate bonus program

The annual corporate bonus program is linked to two key financial metrics: ARR growth/business growth and Group EBIT. Employees have the following options: receive the year's corporate bonus in cash; or waive their corporate cash bonus and elect to receive RSUs at a discount of 67%. Based on the waived bonus amount, the company grants RSUs to employees of the Parent company and its foreign subsidiaries. One third of these RSUs vest after one year, a further one third after two years, and the remaining third after three years, subject to continuing employment.

In 2022, 117,966 RSUs were granted including 1,067 RSUs to employee elected members of the Board of Directors. Fair value at grant date was EUR 5.8 million (2021: EUR 6.7 million). EUR 3.4 million was charged to the income statement for 2022 (2021: EUR 2.8 million).

In March 2023, the company will grant RSUs as part of its corporate bonus for

2022. EUR 1.7 million was charged to the income statement in 2022 (2021: EUR 1.6 million). These are not included in the specification on the next page.

### Other incentive programs

RSUs with particular vesting conditions are occasionally granted to key personnel upon hiring as a part of a sign-on agreement, special performance incentives, or similar incentives. A short description of particular vesting conditions is provided below. Other share-based payment plans not described below, are, individually and in aggregate, immaterial to our consolidated financial statements.

#### Granted 2022

In December 2022, 9,515 RSUs were granted to Michael Bjergby in connection with his appointment as CFO. The fair value of these RSUs amounted to EUR 0.6 million. The RSUs will vest 1/3 after three years, 1/3 after four years and 1/3 after five years conditional upon continued service and investment by Michael Bjergby of EUR 0.3 million in SimCorp shares. The investment was completed.

In addition, 446 restricted stock units were granted to Michael Bjergby for the 2022 LTIP program.

Furthermore during 2022, 6,438 RSUs were granted to senior employees in the Group as part of sign-on agreements and

incentive programs. Fair value at grant date was EUR 0.3 million.

The RSUs will vest after three years subject to continued employment and certain performance conditions for the financial years 2022 to 2025.

#### Vested 2022

In 2022, 15,654 RSUs related to other incentive programs vested, including 5,959 RSUs to Christian Kromann.

#### Canceled 2022

24,306 RSUs were canceled due to employees discontinuing their employment with SimCorp in 2022.

## 3.2 Share based remuneration (continued)

<b>RSUs</b>	Long term incentive	Corporate bonus	Other	<b>Total</b>	Board of Directors <sup>1</sup>	Executive Management Board	Other employees
Number of RSUs							
<b>2022</b>							
Outstanding January 1, 2022	138,671	128,074	58,865	325,610	1,606	96,289	227,715
Granted	60,673	117,966	15,953	194,592	1,812	33,782	159,575
Vested	-51,032	-64,620	-15,654	-131,306	-1,101	-15,940	-114,631
Canceled/transferred	-4,775	-6,740	-12,791	-24,306	-1,115	-54,033	30,631
Outstanding December 31, 2022	143,537	174,680	46,373	364,590	1,202	60,098	303,290
<i>of which vesting:</i>							
2023	44,854	79,687	3,053	127,594	516	9,680	117,398
2024	39,876	57,440	19,659	116,975	367	14,631	101,977
2025	58,807	37,553	13,464	109,824	319	25,590	83,915
2026	-	-	7,026	7,026	-	7,026	-
2027	-	-	3,171	3,171	-	3,171	-
<b>2021</b>							
Outstanding January 1, 2021	166,532	154,232	26,712	347,476	1,853	93,961	251,662
Granted	41,678	61,609	39,349	142,636	689	40,268	101,679
Vested	-64,651	-81,516	-4,052	-150,219	-936	-37,940	-111,343
Canceled/transferred	-4,888	-6,251	-3,144	-14,283	-	-	-14,283
Outstanding December 31, 2021	138,671	128,074	58,865	325,610	1,606	96,289	227,715
<i>of which vesting:</i>							
2022	51,032	65,263	18,044	134,339	735	30,847	102,757
2023	46,576	42,737	3,197	92,510	488	23,930	68,092
2024	41,063	20,074	26,062	87,199	383	29,950	56,866
2025	-	-	5,781	5,781	-	5,781	-
2026	-	-	5,781	5,781	-	5,781	-
<i>Charge to the income statement EUR million</i>							
<b>2022</b>	3.80	3.44	1.05	8.29			
2021	4.44	2.77	0.91	8.12			

1 Board of Director's restricted stock units are acquired in the capacity of employees of SimCorp.

### 3.3 Pension and similar liabilities

The Group has entered into pension and similar agreements with most employees. Obligations relating to defined-contribution plans are recognized in the income statement in the period in which they are earned, and payments due are recognized in the statement of financial position under other payables.

For defined-benefit plans, the net present value is only calculated for those benefits earned to date by employees. The present value of future pension payments is estimated actuarially and shown net of the fair value of any plan assets in the statement of financial position as pension obligations.

Differences between estimated pension assets and liabilities and their realized values are termed actuarial gains and losses. Actuarial gains and losses are recognized in the statement of other comprehensive income.

Changes in benefits earned to date are actuarially calculated and expensed immediately when the employees have already earned the right to the changed benefits. Otherwise, they are recognized in the income statement over the period during which the employees earn the right to the benefits.

#### ■ Accounting policies, judgments and estimates

For defined-benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation, and mortality rates.

Assumptions are assessed at reporting date and changes in these assumptions may significantly affect the liabilities and pension cost under defined benefit plans.

The pension obligations of the Parent company and most foreign subsidiaries (all those with defined-contribution plans) are covered by insurance. For a few foreign subsidiaries (those with defined benefit plans), the pension obligations are not covered or only partly covered by insurance.

Under defined-benefit plans, the employer is obliged to pay a defined benefit (for example a fixed percentage of an employee's final salary) to the employee after retirement. Under a defined-benefit plan, the Group carries the risk in respect of future developments in interest rates, inflation, mortality, or disability.

#### Pensions and similar liabilities

EUR '000	2022	2021
<b>Pension liabilities</b>		
At January 1	13,395	15,593
Foreign exchange adjustment and other adjustments	257	508
Employee contributions	348	304
Expensed in the income statement	1,058	801
Calculated interest	96	74
Actuarial loss/(gain) change in demographic assumptions	-	-782
Actuarial loss/(gain) change in financial assumptions	-3,618	-762
Actuarial loss/(gain) change in experience	-945	-258
Payroll taxes	-62	-67
Settlements	-	-2,367
Benefits paid through pension assets	-318	351
Present value of pension liabilities at December 31	10,211	13,395
<b>Fair value of plan assets</b>		
At January 1	10,969	11,299
Foreign exchange adjustment	219	340
Calculated interest	78	55
Return on plan assets in addition to calculated interest	-3,295	138
Employee contributions	415	368
Employer contributions	846	811
Settlements	-	-2,367
Benefits paid through pension assets	-318	351
Other	-34	-26
Fair value of plan assets at December 31	8,880	10,969
Net liability included in the statement of financial position	1,331	2,426

### 3.3 Pension and similar liabilities (continued)

The plan entitles employees to defined future benefits. These primarily depend on number of years of service, salary level at retirement age, and the size of the national pension.

The actuarial assessments of assets and liabilities in the Norwegian defined-benefit plan have been prepared by Storebrand Pensjonstjenester AS (Norway).

For the Swiss defined-benefit plan, the actuarial assessments of assets and liabilities have been prepared by Allea Ltd (Switzerland).

For the Belgian defined-benefit plan, the actuarial assessments of assets and liabilities have been prepared by Willis Towers Watson (Belgium).

#### Sensitivity analysis

Significant actuarial assumptions for the determination of the pension benefit liability are discount rate and expected future remuneration increases. The sensitivity analysis below has been determined based on reasonable likely changes in assumptions occurring at the end of the period.

The analysis considers the single change shown in the table with all other assumptions assumed to remain unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in

#### Asset allocation (latest available)

	Switzerland		Norway		Belgium	
	2022	2021	2022	2021	2022	2021
Shares	-	-	6.8%	6.8%	3.5%	3.5%
Bonds	-	-	63.7%	63.7%	83.7%	85.1%
Property	-	-	16.1%	16.1%	-	-
Other financial assets	-	-	13.4%	13.4%	12.8%	11.4%
Assets held at Allea Ltd (Switzerland)	100.0%	100.0%	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

#### Most important assumptions for actuarial calculations

	Switzerland		Norway		Belgium	
	2022	2021	2022	2021	2022	2021
Discount rate	2.0%	0.4%	3.2%	1.5%	3.7%	0.9%
Future salary increases	2.0%	1.3%	3.8%	2.5%	-	-

#### Sensitivity analysis on reported pension liabilities

	Switzerland		Norway		Belgium	
	2022	2021	2022	2021	2022	2021
EUR '000						
Discount rate +1%	-710	-941	-134	-371	-552	-948
Discount rate -1%	1,040	1,336	175	500	650	1,202
Future remuneration +1%	183	230	61	225	-	-
Future remuneration -1%	-164	-207	-54	-195	-	-

another assumption (although this is not always the case).

The Group expects to pay EUR 770 thousand to the defined-benefit pension plans in 2023 (2021: EUR 739 thousand for the year 2022).

For defined-contribution plans, the employer is obliged to pay a defined contribution (for example a fixed percentage of an employee's salary) to independent insurance companies.

For a defined-contribution plan, the Group runs no risk in respect of future developments in interest rates, inflation, mortality, or disability.

## 3.4 Provisions

### Accounting policies, judgments and estimates

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of the Group's resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In valuing provisions, the costs estimated to settle the liability are discounted if such discounting would have a material effect on the measurement of the liability. A pre-tax discount rate is used that reflects the level of interest rates with the liability. Changes in the discount element during the year are recognized as financial expenses. The present value of defined-benefit obligations and the related current service cost and past service cost were measured using the projected unit credit method.

#### Anniversary bonuses

This provision results from the Group's commitment of one month's pay in connection with employees' 25th and 40th anniversary.

#### Termination indemnity

In Italy, upon termination of employment for any reason, employers must pay a leaving indemnity ('Trattamento di fine Rapporto' or TFR).

Termination pay is calculated as 6.9% of each year's annual salary, revalued on the basis of 75% of the inflation rate plus a fixed rate of 1.5% during the period of accrual, and is paid as a lump sum when the employees leaves or transferred to private pension fund. The cost is accrued on a monthly basis representing 1/13 of the annual cost per month.

#### Pension

Refer to note 3.3 Pension and similar liabilities.

#### Other

Other provisions contain, among others, the obligation to re-establish leased offices when the premises are vacated.

The present value of the re-establishment obligation is included in the cost of the property plant and equipment and depreciated accordingly.

Uncertainties exist with respect to pension obligation's timing as well as timing and amount of re-establishment costs and termination indemnity. Judgment is used to determine when and whether such obligations will crystallize.

### Provisions

EUR '000	Anniversary bonuses	Pension	Termination indemnity	Other	Total
<b>2022</b>					
Liability at January 1	2,529	2,426	3,285	1,935	10,175
Foreign exchange adjustment	3	38	-	-17	24
Used during the year	-144	-	-387	-658	-1,189
Reversal of unused liabilities	-104	-426	-	-340	-870
Provisions for the year	584	-707	991	1,135	2,003
Total provisions	2,868	1,331	3,889	2,055	10,143
<i>Expected due dates for provisions:</i>					
Falling due within 1 year	220	-	341	450	1,011
Falling due within 2 to 5 years	977	883	648	376	2,884
Falling due after 5 years	1,671	448	2,900	1,229	6,248
Total provisions	2,868	1,331	3,889	2,055	10,143
<b>2021</b>					
Liability at January 1	2,293	4,294	3,142	2,109	11,838
Foreign exchange adjustment	11	169	-	37	217
Used during the year	-46	-	-361	-340	-747
Reversal of unused liabilities	-521	-1,894	-	-20	-2,435
Provisions for the year	792	-143	504	149	1,302
Total provisions	2,529	2,426	3,285	1,935	10,175
<i>Expected due dates for provisions:</i>					
Falling due within 1 year	181	-	76	175	432
Falling due within 2 to 5 years	964	-	304	759	2,027
Falling due after 5 years	1,384	2,426	2,905	1,001	7,716
Total provisions	2,529	2,426	3,285	1,935	10,175

# Section 4

## Tax

This section contains all relevant disclosures and details regarding corporate income tax recognized within the financial statements. The total tax on Group profit for the year was EUR 28.9 million compared with EUR 27.4 million in 2021.

The Group's effective tax rate has increased to 22.5% in 2022 from 20.0% in 2021. Comparing effective tax rate exclusive other adjustments 2022 is in line with 2021 at 22.6%.

### 4.1 Income tax

### 4.2 Deferred tax

## 4.1 Income tax

### ■ Accounting policies

The income tax for the year comprises current and deferred tax, including adjustments to prior years. Tax is recognized in the income statement, except to the extent it relates to items recognized in other comprehensive income or directly in equity.

The tax deduction on share-based remuneration for the year is recognized as taxable income in the income statement to the extent that the tax deduction is attributable to the share-based payment expenses recognized in the income statement. The value of the excess tax reduction, if any, is recognized directly in equity.

### Income tax

EUR '000	2022	2021
<i>Tax for the year:</i>		
Tax on profit	28,894	27,426
Tax on other comprehensive income	275	397
Total tax	29,169	27,823
<i>Tax on profit for the year breaks down as follows:</i>		
Current tax	16,816	22,809
Deferred tax	12,145	4,200
Prior-year adjustments	11	372
Changes in tax rates	-78	45
Total tax on profit for the year	28,894	27,426
Tax paid during the year	22,251	23,329
<i>Tax on profit for the year breaks down as follows:</i>		
Tax calculated on the year's pre-tax profit, 22% (2021: 22%)	28,975	30,144
Difference in tax in subsidiaries relative to 22% (2021: 22%)	1,194	1,703
Changes in tax rates	-78	45
<i>Tax effect:</i>		
Non-taxable income	-2,246	-2,141
Non-deductible expenses	1,161	1,282
Other, including prior-year adjustments	-112	-3,607
Total tax on profit for the year	28,894	27,426
Effective tax excl. Other, incl. prior-year adjustments, rate	22.6%	22.6%
Effective tax rate	22.5%	20.0%



## 4.2 Deferred tax

### Accounting policies, judgments and estimates

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities. Deferred tax assets are assessed yearly and recognized only to the extent that it is more likely than not that they can be utilized.

Deferred tax assets, including the tax value of tax losses carried forward, are recognized as other non-current assets and measured at the amount at which they are expected to be realized. These are either offset against deferred tax liability or against tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallize as current tax. Changes in deferred tax resulting from changes in tax rates are recognized in the income statement.

For jurisdictions where IFRS 15 is not applicable for tax purposes, the revenue is deferred, and the related income tax is recognized as deferred tax.

Deferred tax reflects assessment of future taxable income across all legal entities. Actual future taxes may deviate from these estimates.

In some jurisdictions the tax treatment related to the adoption of IFRS 15 is yet to be determined, management assesses the tax treatment for those legal entities yearly. Management assessed that, for those jurisdictions, the most likely outcome is a deferred income of subscription-based license fees for tax purposes, related income tax is thus recognized as deferred tax.

The uncertainty of the tax treatment of IFRS 15, to be classified as deferred tax, amounts to approximately EUR 40 million (2021: EUR 28 million), related to Parent company.

The Group recognizes deferred tax assets relating to losses carried forward, if management assesses that these can be offset against taxable income in the foreseeable future.

Tax value of the capitalized tax losses are expected to be realized within the foreseeable future, as the affected subsidiaries expect a sufficient future taxable income. In 2023, EUR 0.7 million (2022: EUR 0.3 million) of the deferred tax assets are expected to be utilized within the next 12 months. The tax value of tax losses not capitalized is EUR 0.6 million (2021: EUR 0.8 million).

### Deferred tax

EUR '000	2022	2021
Deferred tax at January 1	-30,030	-24,150
Foreign exchange adjustment	-4	139
Net change of deferred tax, profit and loss	-12,145	-4,200
Prior-year adjustment, profit and loss	-762	173
Change in tax rates	78	-45
Adjustment of deferred tax, other comprehensive income	-275	-397
Adjustment of deferred tax, equity	-703	-1,550
Net deferred tax (liability)/asset at December 31	-43,841	-30,030
<i>Recognized in the statement of financial position as follows:</i>		
Deferred tax assets	2,755	3,091
Deferred tax liabilities	-46,596	-33,121
Net deferred tax (liability)/asset at December 31	-43,841	-30,030

### Tax risks

SimCorp operates in more than 20 countries through sales companies, while development is carried out in a few countries, mainly Denmark and Ukraine, and support and services are delivered locally as well as from shared centers in primarily Poland and India. This leads to transactions between Group Companies. SimCorp follows the OECD principles in setting internal transfer prices for these transactions. This implies a tax risk, as the transactions are subject to judgment in each country. SimCorp has reduced its risk using bilateral advanced pricing agreements (APAs).

### Bilateral APAs

An APA is an agreement between a taxpayer and a tax authority determining the transfer pricing method for a taxpayer's international transactions for future years. The APA is for a certain period and based on certain terms and conditions. SimCorp has entered into bilateral APAs, which means agreements that are negotiated between tax authorities of the two countries that the transactions cover.

An APA provides assurance with respect to the tax outcome for the international transactions, by determining in advance arm's length pricing.

## 4.2 Deferred tax (continued)

### Deferred tax

EUR '000	Balance January 1	Foreign exchange adjustment	Recognized in:			Balance December 31
			Profit and loss	Other comprehensive income	Equity	
<b>2022</b>						
Intangible assets	-534	29	96	-	-	-409
Property, plant, and equipment, owned	-6,660	-20	436	-	-	-6,244
Property, plant, and equipment, right-of-use	-8,888	-4	438	-	-	-8,454
Contract assets	-31,167	-22	-13,012	-	-	-44,201
Lease liabilities, current	2,149	-13	119	-	-	2,255
Current liabilities	3,258	46	158	-	-	3,462
Lease liabilities, non-current	7,814	25	-1,316	-	-	6,523
Provisions, non-current	49	-58	725	-275	-	441
Share-based payment	2,640	-	-311	-	-703	1,626
Tax losses carry-forward	1,309	13	-162	-	-	1,160
<b>Total</b>	<b>-30,030</b>	<b>-4</b>	<b>-12,829</b>	<b>-275</b>	<b>-703</b>	<b>-43,841</b>
<b>2021</b>						
Intangible assets	-7,024	-42	6,532	-	-	-534
Property, plant, and equipment, owned	-1,030	11	-5,641	-	-	-6,660
Property, plant, and equipment, right-of-use	-9,417	-211	740	-	-	-8,888
Contract assets	-27,029	-19	-4,119	-	-	-31,167
Lease liabilities, current	2,536	56	-443	-	-	2,149
Current liabilities	2,561	88	609	-	-	3,258
Lease liabilities, non-current	7,698	176	-60	-	-	7,814
Provisions, non-current	1,076	30	-660	-397	-	49
Share-based payment	3,964	1	225	-	-1,550	2,640
Tax losses carry-forward	2,515	49	-1,255	-	-	1,309
<b>Total</b>	<b>-24,150</b>	<b>139</b>	<b>-4,072</b>	<b>-397</b>	<b>-1,550</b>	<b>-30,030</b>

SimCorp has entered into bilateral APAs with the tax authorities in the countries where internal transactions are most significant. Transactions covered by APAs are internal transactions between Denmark and the US and Germany, respectively.

### Withholding tax

SimCorp is subject to withholding taxes from various countries. The most significant withholding tax impact relates to France.

### R&D tax credit

R&D Tax credit is based on tax incentive from the Danish Government. In 2021 and 2022, the qualifying R&D expenses can be deducted with 130%. The qualifying development must meet criteria's such as being new technological developments for the company, innovative and entail uncertainty.

SimCorp has applied the R&D tax credit of 130% for certain R&D expenses.

## Section 5

### Invested capital

This section comprises notes which offer a thorough understanding of the Group's non-current assets. Additions in invested capital include separate asset acquisitions or business combinations. Furthermore, in this section are disclosed all lease related disclosures, including liabilities.

Additions to property, plant, and equipment amounted to EUR 10.5 million in 2022 (2021: EUR 7.0 million). Additions in 2022 comprise mainly lease extensions and purchase of equipment.

In this section, the following notes are presented:

- 5.1 Acquisition of enterprises
- 5.2 Intangible assets
- 5.3 Property, plant, and equipment

### 5.1 Acquisition of enterprises

#### ■ Accounting policies, judgments and estimates

##### Business combinations

Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the effective dates of acquisition.

The takeover method is applied for acquisitions if the Parent company gains control of the entity.

The net aggregate value of identifiable assets and liabilities is measured in accordance with IFRS 3 Business Combinations.

Transaction costs related to acquisitions are charged to the income statement as administration expenses at the time of acquisition.

Provisional values are used for initial recognition where there is uncertainty regarding the identification and measurement of acquired assets, liabilities, and contingent liabilities at the date of acquisition. Such provisional values can be adjusted or additional assets or liabilities included until 12 months after the acquisition date if new information is available regarding circumstances that existed at the time of acquisition and which would have affected the fair value at the time of acquisition, had the information been known. Thereafter, no adjustments are made to goodwill, and changes in estimates of contingent consideration relating to business combinations are recognized in the income statement.

SimCorp did not enter into acquisitions in 2022 or 2021.

## 5.2 Intangible assets

### ■ Accounting policies, judgments and estimates

#### Goodwill

Initially, goodwill is recognized at cost. Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortized.

The carrying amount of goodwill is tested for impairment at least annually. Impairment losses are recognized directly in profit for the year and are not subsequently reversed.

#### Other intangible assets

Intangible assets with limited economic lives are measured at cost less accumulated amortization and impairment losses. Intangible assets include proprietary and acquired software as well as client relationships. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which are as follows:

- Software up to 10 years
- Client relationships up to 20 years

#### *Proprietary software for resale*

Costs of development projects for software for resale are recognized as intangible assets where they are clearly defined and identifiable, where there are sufficient resources to implement the projects, and where it is probable that identifiable future income or cost reductions will cover the development and future operating costs.

Capitalized development costs comprise salaries plus overheads. Overheads comprise staff costs, IT, and communications and amortization. Development costs comprise costs attributable to the Group's development functions, including salaries, and other employee costs and amortization. To the extent that the development costs are not capitalized, they are recognized as research and development costs in the income statement.

#### *Acquired software*

Software acquired is measured at cost less accumulated amortization and accumulated impairment losses.

#### *Client relationships*

Acquisition related client relationships are initially recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. The value of client relationships is amortized on a straight-line basis, based on the estimated duration of the acquired relationship or other relevant period if deemed appropriate.

The carrying values of other intangible assets are reviewed annually for impairment to assess if there is an indication of impairment beyond what is expressed through normal amortization. If the carrying amount exceeds its recoverable amount, the carrying amount of the asset is written down to the recoverable amount.



## 5.2 Intangible assets (continued)

<b>Intangible assets</b>				
EUR '000	Goodwill	Software	Client relationships	<b>Intangible assets total</b>
<b>2022</b>				
Cost at January 1	61,645	24,158	28,628	114,431
Foreign exchange adjustment	-379	-196	-179	-754
Disposals	-	-191	-	-191
<b>Cost at December 31</b>	<b>61,266</b>	<b>23,771</b>	<b>28,449</b>	<b>113,486</b>
Amortization at January 1	-	14,357	7,383	21,740
Foreign exchange adjustment	-	-168	-87	-255
Amortization	-	1,641	1,567	3,208
Disposals	-	-191	-	-191
<b>Amortization at December 31</b>	<b>-</b>	<b>15,639</b>	<b>8,863</b>	<b>24,502</b>
<b>Carrying amount at December 31</b>	<b>61,266</b>	<b>8,132</b>	<b>19,586</b>	<b>88,984</b>
<b>2021</b>				
Cost at January 1	61,367	23,899	28,393	113,659
Foreign exchange adjustment	278	261	235	774
Disposals	-	-2	-	-2
<b>Cost at December 31</b>	<b>61,645</b>	<b>24,158</b>	<b>28,628</b>	<b>114,431</b>
Amortization at January 1	-	12,428	5,506	17,934
Foreign exchange adjustment	-	189	85	274
Amortization	-	1,742	1,792	3,534
Disposals	-	-2	-	-2
<b>Amortization at December 31</b>	<b>-</b>	<b>14,357</b>	<b>7,383</b>	<b>21,740</b>
<b>Carrying amount at December 31</b>	<b>61,645</b>	<b>9,801</b>	<b>21,245</b>	<b>92,691</b>
Amortization period		Up to 10 years	Up to 20 years	

### Amortization

EUR '000	<b>2022</b>	2021
Cost of sales	1,294	1,135
Research and development costs	931	1,031
Sales and marketing costs	576	827
Administrative expenses	407	541
<b>Total amortization</b>	<b>3,208</b>	<b>3,534</b>

All intangible assets apart from goodwill are considered to have limited useful economic lives.

For the SimCorp Group, the measurement of intangible assets, including goodwill, could be affected by significant changes in judgment and assumptions underlying their calculation.

The estimated useful life reflects the period over which the Group expects to derive economic benefit from intangible assets.

Determination of the useful life of client relationships at up to 20 years and software at up to 10 years is based on estimates regarding the period over which such assets are expected to produce economic benefits to the Group.

### Impairment test

Goodwill is tested for impairment once a year, other intangible assets are tested when there is indication of impairment. No indication of impairment beyond what is expressed through normal amortization has been perceived in relation to software and client relationships.

### Carrying amounts and assumptions

	Goodwill		Discount rate after tax		Annual average growth	
EUR '000	<b>2022</b>	2021	<b>2022</b>	2021	<b>2022</b>	2021
SimCorp Dimension	37,091	37,470	7%	7%	10%	10%
SimCorp Sofia	24,175	24,175	7%	7%	0%	0%
<b>Total carrying amount</b>	<b>61,266</b>	<b>61,645</b>				

Discount rate before tax: SimCorp Dimension 9% (2021: 9%), SimCorp Sofia 10% (2021:10%).

## 5.2 Intangible assets (continued)

When performing the impairment test, an assessment is made as to the ability of individual cash generating units (CGUs) to generate sufficient positive net cash flow in the future to support the value of the unit-value in use. The discount rate used in determining the value in use is based on the weighted average cost of capital (WACC).

Cash generating units are defined as the smallest group of identifiable assets which together generate incoming cash flow from continued operations. We have identified SimCorp Dimension and SimCorp Sofia as the CGUs.

For SimCorp Dimension the impairment testing for the intangible assets is based on testing for the business unit SimCorp Dimension and for SimCorp Sofia the impairment testing is based on testing the business unit.

The future cash flows are based on budgets and management's estimates of expected developments over the next five years. Revenue growth assumptions, EBIT, and discount rate constitute the most material parameters in the calculations.

At December 31, 2022, the carrying amount of goodwill was tested for impairment. The expected performance of SimCorp

Dimension was assessed for business unit SimCorp Dimension and the expected performance of SimCorp Sofia was assessed for SimCorp Italiana S.r.l. in order to verify if sufficient to offset the carrying amount of the cash generating units.

The impairment test at December 31, 2022 showed no indication of impairment for 2022 (2021: nil). Management's assessment is that currently no changes in key assumptions are reasonably likely to reduce the value in use below the carry value for any of the cash generating units.

For SimCorp Dimension, the expected growth rate is based on SimCorp's own market intelligence process, through which information is collected from all key markets to form the basis for future market growth expectations. The internal expectations are then verified against available market data from external resources, including global market intelligence and research companies.

For SimCorp Sofia, the estimated growth rate is based on management's expectations.

## 5.3 Property, plant, and equipment

The Group chose to present right-of-use assets together with the underlying assets of the same nature which it owns.

### Accounting policies

Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment. Right-of-use assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial direct costs incurred by SimCorp as the lessee.

Leasehold includes right of use assets related to the rental of premises as well as improvements. The Group leases land and buildings for its office space for three to ten years.

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

### Leases

The Group 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 group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. The Group 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.

## 5.3 Property, plant, and equipment (continued)

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.

Lease liabilities arise from the adoption of IFRS 16. Details on lease liabilities, amounts recognized in the income statement and statement of cash flow in relation to leases follow.

### Lease liabilities

EUR '000	2022	2021
Payable within 1 year	9,895	8,577
Payable within 2 to 5 years	24,892	24,194
Payable after 5 years	5,085	8,191
Total undiscounted lease liabilities	39,872	40,962
Total lease liabilities included in the statement of financial position	38,838	40,665
Current	9,401	8,577
Non-current	29,437	32,088

### Amounts recognized in the income statement

EUR '000	2022	2021
Interest on lease liabilities	533	530
Variable lease payments not included in the measurement of lease liabilities	296	1,043
Expenses related to short-term lease	108	72
Expenses related to low-value assets	6	4
Total recognized in profit and loss	943	1,649

### Amounts recognized in the statement of cash flow

EUR '000	2022	2021
Repayment of lease liability	11,661	10,808
Total recognized in statement of cash flow	11,661	10,808

### Depreciation

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 asset, the asset ceases to be depreciated. Any change in depreciation period or scrap value is recognized as a change in accounting estimate.

Impairment, depreciation, and amortization are recognized in cost of sales, research and development costs, sales and marketing costs, or administrative expenses. 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

### Depreciation

EUR '000	2022	2021
Cost of sales	4,710	3,758
Research and development costs	3,389	3,476
Sales and marketing costs	2,095	2,787
Administrative expenses	1,481	1,824
Total depreciation	11,675	11,845



## 5.3 Property, plant, and equipment (continued)

Property, plant, and equipment	Leasehold		Technical equipment		Other equipment, fixtures, fittings and prepayments		Property, plant, and equipment total
	Right-of-use	Improvements	Right-of-use	Owned	Right-of-use	Owned	
EUR '000							
<b>2022</b>							
Cost at January 1	64,359	7,707	459	8,792	2,823	5,100	89,240
Foreign exchange adjustment	-526	-26	6	-126	-5	-34	-711
Additions	8,023	412	92	961	486	563	10,537
Transfer	-	258	-	-	0	-258	0
Disposals	-6,230	-1,318	-11	-993	-310	-862	-9,724
Cost at December 31	65,626	7,033	546	8,634	2,994	4,509	89,342
Depreciation at January 1	26,170	5,801	189	8,202	1,483	3,703	45,548
Foreign exchange adjustment	-245	-18	2	191	-10	-10	-90
Depreciation	9,500	564	183	343	622	463	11,675
Transfer	-	14	-	-	-	-14	-
Disposals	-6,068	-1,318	-	-781	-312	-771	-9,250
Depreciation at December 31	29,357	5,043	374	7,955	1,783	3,371	47,883
Carrying amount at December 31	36,269	1,990	172	679	1,211	1,138	41,459
<b>2021</b>							
Cost at January 1	59,363	7,270	401	8,452	2,232	4,899	82,617
Foreign exchange adjustment	1,474	269	14	139	4	110	2,010
Additions	4,850	421	54	436	795	403	6,959
Disposals	-1,328	-253	-10	-235	-208	-312	-2,346
Cost at December 31	64,359	7,707	459	8,792	2,823	5,100	89,240
Depreciation at January 1	17,663	5,286	64	7,726	919	3,309	34,967
Foreign exchange adjustment	492	294	2	109	1	83	981
Depreciation	9,343	474	133	588	712	595	11,845
Disposals	-1,328	-253	-10	-221	-149	-284	-2,245
Depreciation at December 31	26,170	5,801	189	8,202	1,483	3,703	45,548
Carrying amount at December 31	38,189	1,906	270	590	1,340	1,397	43,692
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

# Section 6

## Equity, capital structure, and financing items

This section presents how SimCorp manages its capital structure. SimCorp's capital structure management aims primarily to support business growth. It is the Group's policy that any excess capital present after 1) funding growth opportunities and 2) leaving remaining cash reserves that cover at least 10% of the following year's cost, be returned to investors.

In this section, the following notes are presented:

- 6.1 Equity, treasury shares, and dividends
- 6.2 Risk
- 6.3 Financial assets and liabilities
- 6.4 Financial income and expenses

## 6.1 Equity, treasury shares, and dividends

### Accounting policies

Treasury shares acquired by the Parent company are recognized in the statement of financial position at zero value. Dividends from such shares are recognized in equity.

On December 31, 2022, the share capital amounted to DKK 40,500,000 divided into 40,500,000 shares (unchanged from 2021). The company's shares are traded on Nasdaq Copenhagen in denominations of DKK 1. No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights.

The share capital may be increased in one or more issues by a total nominal amount of up to DKK 4,000,000 (4,000,000 shares of DKK 1 nominal value) as directed by the Board of Directors with respect to time and terms.

This authority is valid for a period of five years, expiring on March 1, 2025, and may be extended by the shareholders for one or more periods of up to five years at a time.

The capital increase may be affected by cash payment or otherwise. The capital increase may be affected without pre-emption rights to the company's existing shareholders, if the shares are issued at market price or as consideration for the company's acquisition of an existing operation or specific assets of a value that equals the value of the shares issued.

Except for the cases specified in the preceding period, the company's existing shareholders shall have a right to subscribe new shares proportionately to their existing holdings. The new shares shall be negotiable instruments, and no restrictions shall apply to the transferability of the shares. No shareholders shall be under an obligation to have their shares redeemed in full or in part by the company or any other party.

Unless Danish legislation provides for a greater majority or unanimity, the adoption of resolutions regarding amendments to the company's articles of association and the company's dissolution or merger with another company requires a majority of not less than two thirds of all the votes cast as well as of the voting share capital represented at the relevant general meeting, and that not less than 50% of the share capital is represented at the general meeting. Should less than 50% of the share capital be represented at the general meeting, and the resolution is adopted by not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting, another general meeting may be called within 14 days after the preceding general meeting. At the new general meeting, the resolution can be adopted by not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting. Refer to pages 41 to 44 for additional information.

## 6.1 Equity, treasury shares, and dividends (continued)

### Treasury shares

The market value of treasury shares at December 31, 2022 was EUR 79.0 million (2021: EUR 103.1 million). The treasury shares are carried at EUR 0.0 million (2021: EUR 0.0 million) in the financial statements.

The Board of Directors has been authorized to let the company acquire treasury shares of up to a total nominal value of 10% of the company's share capital, including the company's current holding of treasury shares.

In 2022, SimCorp A/S acquired 289,795 treasury shares for EUR 20.0 million, at an average price of DKK 514.47 per share (2021: EUR 40.1 million at an average price of DKK

794.17 per share). In 2022, SimCorp A/S delivered 133,829 treasury shares as part of the share-based remuneration program for a nominal value of DKK 133,829 (2021: DKK 152,806) calculated at an average market price of DKK 586.26 per share (2021: DKK 813.55 per share), equal to a calculated price of EUR 10.5 million (2021: EUR 16.7 million).

The company acquires treasury shares to reduce share capital and to cover obligations arising from restricted stock unit programs.

### Capital structure and management and dividends policy

The Board of Directors regularly assesses the need to adjust the capital structure,

including the requirement for cash, credit facilities, and equity.

SimCorp intends to pay dividends of at least 40% of the Group free cash flow. In addition, the company buys treasury shares provided that it does not anticipate specific cash requirements.

SimCorp is predominantly equity financed and its guiding principle is that excess capital after funding of organic and acquisitive growth opportunities should be returned to investors.

In 2022, SimCorp acquired EUR 20.0 million in SimCorp shares as part of a share buyback program (2021: EUR 40.1 million). In 2023, there will be no share buyback.

Distribution of dividends to shareholders has no tax consequences for the company.

The Board of Directors intends to recommend to the shareholders at the Annual General Meeting that dividends of approximately EUR 39.7 million (2021: EUR 39.9 million), equal to DKK 7.50 (2021: DKK 7.50) per 1 share, be distributed and that the company be authorized to acquire treasury shares for up to 10% of the company's share capital.

## 6.2 Risk

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

The Group's policy is to direct financial management towards the management of financial risks related to operations and finance. The Group's financial risks are managed centrally by the group finance according to policies committed in writing and approved by the Board of Directors. The purpose is to ensure efficient liquidity management. Excess liquidity is transferred to SimCorp A/S which operates as the internal bank for the Group.

The scope and nature of the Group's financial instruments appear from the income statement and the statement of financial position in accordance with the accounting policies applied.

This note provides information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements.

This note addresses only financial risks directly related to the Group's financial instruments as detailed in note 6.3 Financial assets and liabilities.

### Treasury shares

	Number of shares	Acquisition value EUR '000	Percentage of share capital
<b>2022</b>			
At January 1	1,072,118	85,609	2.6
Foreign exchange adjustment	-	-26	-
Purchases	289,795	20,049	0.7
Used RSU program	-133,829	-7,507	-0.3
At December 31	1,228,084	98,125	3.0
<b>2021</b>			
At January 1	849,449	52,627	2.1
Foreign exchange adjustment	-	209	-
Purchases	375,475	40,102	0.9
Used RSU program	-152,806	-7,329	-0.4
At December 31	1,072,118	85,609	2.6

## 6.2 Risk (continued)

### Currency exposure

EUR '000	Receivables	Contract assets	Cash/ equivalents	Debt	2022		Receivables	Contract assets	Cash/ equivalents	Debt	2021	
					Net position						Net position	
USD/GBP	2,231	20,140	540	1,543	21,350	3,629	13,915	1,483	1,888	17,139		
EUR/DKK	7,591	7,914	3,721	5,586	13,640	6,869	1,393	2,516	1,433	9,345		
USD/SGD	1,077	12,242	34	-	13,353	-	12,931	61	-	12,992		
CHF/EUR	-707	7,331	-229	221	6,174	-848	7,160	-2,769	6	3,537		
CHF/GBP	64	1,824	-	-	1,888	-	1,824	-	-	1,824		
CAD/USD	596	530	604	-42	1,772	524	669	56	189	1,060		
USD/DKK	1,780	-	2,410	2,537	1,653	1,780	-	-	2,603	-823		
EUR/SEK	56	1,581	68	211	1,494	408	2,310	91	126	1,683		
USD/EUR	76	359	1,051	-	1,486	-	492	802	-	1,294		

The Group's most important operational and commercial risk factors are described in more detail on pages 31-35 of the annual report.

### Currency risk

Currency risk is the risk that arises from changes in exchange rates and affects the Group's result.

The Group's foreign subsidiaries are not severely impacted by foreign exchange fluctuations, as both income and costs are generally settled in the functional (local) currency of the individual entity and material cash balances are transferred to SimCorp A/S.

The consolidated income statement is impacted by changes in exchange rates. The results of foreign subsidiaries are

translated from their functional currency to EUR at the exchange rates ruling on the dates of underlying transactions. The average exchange rate for the month is used to reflect the transaction dates' exchange rates.

SimCorp A/S, the parent company, trades with its subsidiaries in their functional currencies, and is therefore also exposed to and impacted by currency fluctuations.

SimCorp A/S has entered into distribution agreements with its subsidiaries for SimCorp Dimension and received a product fee related to their distribution activities. SimCorp's subscription based agreements with clients have a duration of 5 to 10 years, SimCorp A/S' trade receivables with the subsidiaries have matching terms.

The currency exposure for the Group is shown in the table above and the currency exposure for the Subsidiaries is shown in the table to the right.

The exposure for the Group relates predominantly to USD/GBP and USD/SGD, as the subsidiaries in the UK and Singapore have entered into several contracts in USD.

The Group's currency exposure (excluding translation exposure) based on the functional currencies of the individual Group companies shows that the majority of the cross-currency exposure comes from the USD/GBP exchange rate: EUR 21.4 million (2021: EUR 17.1 million) and the USD/SGD exchange rate: EUR 13.4 million (2021: EUR 13.0 million).

### Currency exposure, subsidiaries

EUR '000	2022	2021
EUR/DKK	84,076	44,854
USD/DKK	50,181	41,720
SGD/DKK	27,454	21,323
CHF/DKK	15,912	17,639
GBP/DKK	15,288	15,821
AUD/DKK	10,434	3,176
CAD/DKK	9,041	13,715
SEK/DKK	7,292	9,676

In addition, the Group has currency exposure on the Parent company trade receivables with its subsidiaries, in which much of the cross-currency exposure comes from USD/DKK: EUR 50.2 million (2021: EUR 41.7 million) and SGD/DKK: EUR 27.5 million (2021: EUR 21.3 million).

Based on the net exposure of the Group, the hypothetical impact of exchange rate fluctuations on the profit before tax for the year and equity would be EUR 2.1 million (2021: EUR 1.7 million) for a 10% change in the USD/GBP exchange rate and EUR 1.3 million (2021: EUR 1.3 million) for a 10% change in the USD/SGD exchange rate (an appreciation of the USD in relation to the GBP and the SGD would have positive impact, a depreciation would have a negative impact).

## 6.2 Risk (continued)

Based on the net exposure of the Group on the Parent company trade receivables with its subsidiaries the hypothetical impact of exchange rate fluctuations on the profit before tax for the year and equity would be EUR 5.0 million (2021: EUR 4.2 million) for a 10% change in the USD/DKK exchange rate and EUR 2.7 million (2021: EUR 2.1 million) for a 10% change in the SGD/DKK (an appreciation of the DKK in relation to the USD and the SGD would have negative impact, a depreciation would have a positive impact).

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.

When placing surplus funds, the Group generally seeks to minimize its net exposure in individual currencies. To match part of the USD surplus, we use USD in Ukraine for salaries.

Currency exposures from investments in subsidiaries have not been hedged. The related exchange rate adjustments are recognized in other comprehensive income.

The table at the top shows the change in average exchange rate for the main currencies impacting the Group's operating profit. The table at the bottom shows the Group Revenue split by currency.

### Change in average exchange rate in relation to EUR

Functional currency	2021 to 2022	2020 to 2021
AUD	4.17%	5.01%
CAD	8.18%	3.82%
CHF	7.88%	-0.80%
DKK	-0.04%	0.22%
GBP	0.44%	3.60%
NOK	0.50%	6.12%
SEK	-4.70%	3.22%
SGD	9.76%	-0.54%
USD	12.73%	-3.06%

### Revenue by currency

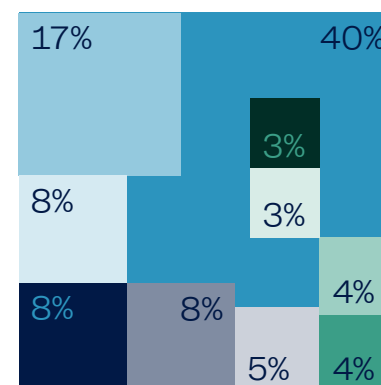
Currency	2022	2021
EUR	40%	38%
USD	17%	18%
DKK	8%	7%
CHF	8%	8%
GBP	8%	8%
SGD	5%	5%
AUD	4%	3%
CAD	4%	5%
NOK	3%	3%
SEK	3%	4%

### Interest risk

The Group's interest rate risks are generally related to its bank deposits and credit facilities.

#### Deposits

The Group had cash deposits of EUR 40.5 million on December 31, 2022 (2021: EUR 47.7 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 -0.5% and 0.0% in 2022 (2021: -0.5% and 0.0%) for significant cash deposits.



### Credit facilities/loans

In 2022, SimCorp has renewed the committed credit facility to EUR 37.0 million 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, 2022, there was EUR 6.7 million drawn on the credit facilities, and EUR 1.8 million was utilized for various guarantees. The Group had unused credit facilities in banks of EUR 28.5 million (2021: EUR 36.6 million).

SimCorp's cash flow is by nature impacted by the annual dividend payment, the seasonal credit facility is used to optimize the debt structure. See note 6.3 Financial assets and liabilities for additional information.

### 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 0.3 million (2021: positive impact of EUR 0.5 million).

## 6.2 Risk (continued)

A corresponding decrease in interest rates would have the opposite impact. The impact of change in interest levels on the equity of the Group does not deviate significantly from the impact on the profit and loss for the year.

### 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. It is the Group's policy that cash reserves must exceed 10% of the coming year's expected costs. Cash reserve and expected cash flow for 2023 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

### Credit risk exposure

EUR '000	2022	2021
Cash and cash equivalents	40,546	47,692
Trade receivables from clients	67,157	56,060
Accrued revenue	43,310	38,018
Contract assets (gross)	304,811	226,977
Other receivables	1,992	2,581
Maximum credit exposure	457,816	371,328

adequately in case of unforeseen fluctuations in cash. Current and non-current financial liabilities are depicted below:

### Credit risk

The maximum exposure to credit risk equals the following carrying amounts: The Group 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 Group's policy for assuming credit risk, all major clients and other business partners are assessed prior to any contract being signed.

The Group primarily enters financial instruments and transactions with the Group's relationship banks. Group treasury monitors the Group's gross credit exposure to banks and operates with individual limits on banks based on rating and access to netting of assets and liabilities.

The main banking relationship is with Nordea Bank and their S&P rating is AA-.

### Receivables and contract assets

In assessing expected credit loss of trade receivables and contract assets which comprises many small balances, the Group uses an allowance matrix. Expected loss rates are calculated separately for exposures in different segments based on common credit risk characteristics in relation to geographical region. Two factors are therefore considered when estimating expected loss rates: the actual credit loss experienced over the past seven years and a factor which reflects differences between economic conditions during the period over which the rates were collected, current conditions, and the Group's view of economic conditions over the expected life of the receivables.

Accumulated average corporate default rates by region as published by Standard & Poor are used as proxy for probability of loss as these provide an indication on counterpart default risk by region of origin. Higher expected loss rates are used for certain balances if individual assessment indicates a higher probability of default. Initially, an expected loss rate from 0.03% up to 2.44% (2021: 0.03% up to 2.50%) is applied for clients with investment grade rating depending on the length of the asset's lifetime and location.

### Financial liabilities – December 31

EUR '000	Current				Non-current			
	1 to 6 months	7 to 12 months	2 to 5 years	Later than 5 years	1 to 6 months	7 to 12 months	2 to 5 years	Later than 5 years
2022	2021	2022	2021	2022	2021	2022	2021	2021
Lease liabilities	4,662	4,491	4,739	4,086	24,274	23,997	5,163	8,091
Credit facility	6,724	-	-	-	-	-	-	-
Trade payables	28,153	24,785	5,198	959	-	3,382	-	-
Other payables	51,079	49,993	-	-	-	-	-	-
Total financial liabilities	90,618	79,269	9,937	5,045	24,274	27,379	5,163	8,091

## 6.2 Risk (continued)

For unrated clients and clients that do not have investment grade rating, an expected loss rate from 0.34% up to 13.69% (2021: 0.36% up to 14.13%) is applied depending on the length of the asset's lifetime and the client's geographical location. A higher rate might be applied to certain clients after individual assessment resulting in the weighted average expected loss rates depicted on the credit risk exposure on receivables and contract assets table.

If there is no reasonable expectation of recovery, the gross carrying amount is written-off. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in repayment plan with the Group, and a failure to make contractual payments for a period greater than three hundred and sixty days past due.

No client represents more than 6.0% (2021: 4.4%) of total receivables from clients.

Expected timing of invoicing for the contract assets balance can be found in note 2.4.

The table below depicts information about exposure to credit risk and expected credit loss for trade receivables, accrued revenue and contract assets (gross) on December 31:

### Credit risk exposure on receivables and contract assets

	2022			2021		
	Weighted average expected loss rate	Loss allowance EUR '000	Carrying amount EUR '000	Weighted average expected loss rate	Loss allowance EUR '000	Carrying amount EUR '000
Not due	0.33%	1,280	385,545	0.44%	1,316	301,170
Not more than 30 days	0.19%	17	8,810	0.58%	53	9,131
More than 30 days but not more than 90 days	0.07%	5	6,977	0.11%	4	3,757
More than 90 days <sup>1</sup>	0.56%	11	1,957	0.33%	3	903
Total	0.33%	1,313	403,289	0.44%	1,376	314,961

1 Includes allowance resulting from individual assessment of outstanding balances.

The expected loss allowance has developed as follows:

### Expected loss allowance

EUR '000	2022	2021
Balance at January 1	1,376	1,425
Foreign exchange adjustment	31	-18
Net loss allowance recognized	-94	-31
Balance at December 31	1,313	1,376



## 6.3 Financial assets and liabilities

### Accounting policies, judgments and estimates

All financial assets and liabilities are measured at amortized cost. The carrying amount of these approximate fair value. Financial assets which have been modified or renegotiated during the period are assessed individually for impairment.

#### Financial liabilities

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

#### Lease liabilities

Lease liabilities arise from the adoption of IFRS 16. For additional information on lease liabilities refer to notes 5.3.

#### Loans

Loans is initially recognized at fair value less transaction cost. Fair value does not materially differ from carrying amount since interest payable is close to current market rates.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the income statement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

SimCorp has access to: 1) a multi-currency committed credit facility of EUR 37.0 million expiring July 31, 2025, 2) a seasonal facility of EUR 33.6 million covering the period from March 15 to October 15 expiring July 31, 2025. Together, they are available for general corporate purposes of the Group.

On December 31, 2022, the Group had a committed credit facility of EUR 37.0 million, of which EUR 6.7 million had been drawn and EUR 1.8 million used for guarantees.

#### Trade payables and other payables

Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

Exposure to currency and liquidity risk for trade and other payables as well as borrowings is disclosed in note 6.2.

### Financial assets

Financial assets comprise other financial assets, deposits, receivables and cash and cash equivalent. For additional information on receivables refer to note 2.5.

Deposits are primarily related to the 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.

#### Deposits

EUR '000	2022	2021
Cost at January 1	2,123	2,031
Foreign exchange adjustment	11	24
Additions	1,477	82
Disposals	-94	-14
Carrying amount at December 31	3,517	2,123

## 6.3 Financial assets and liabilities (continued)

### Financial assets and liabilities by measurement category

EUR '000	Measured at amortized cost	Carrying amount
<b>2022</b>		
Deposits	3,517	3,517
Other financial assets	4,843	4,843
Non-current financial assets	8,360	8,360
Receivables	112,378	112,378
Cash and cash equivalent	40,546	40,546
Current financial assets	152,924	152,924
Lease liabilities	29,437	29,437
Non-current financial liabilities	29,437	29,437
Lease liabilities	9,401	9,401
Trade payables	33,351	33,351
Other payables	51,079	51,079
Current financial liabilities	93,831	93,831
<b>2021</b>		
Deposits	2,123	2,123
Other financial assets	4,843	4,843
Non-current financial assets	6,966	6,966
Receivables	96,543	96,543
Cash and cash equivalent	47,692	47,692
Current financial assets	144,235	144,235
Lease liabilities	32,088	32,088
Non-current financial liabilities	32,088	32,088
Lease liabilities	8,577	8,577
Trade payables	29,126	29,126
Other payables	49,993	49,993
Current financial liabilities	87,696	87,696

## 6.4 Financial income and expenses

### Accounting policies

Financial income and expenses include: interest income, interest expense, amortization of borrowing issue costs, realized and unrealized exchange gains and losses, refunds under the Danish tax prepayment scheme, changes to the fair value of derivative financial instruments, withholding tax, amortization of financial assets and liabilities, as well as surcharges under the Danish tax prepayment scheme.

Borrowing cost, except for commitment fees on credit facilities, are recognized in profit or loss using the effective interest method. Commitment fees on credit facilities are recognized on a straight-line basis over the term of the agreement.

Dividends on investments in associates are recognized in the Group's income statement in the financial year in which the dividends are declared.

### Financial income

EUR '000	2022	2021
Interest income, financial assets carried at amortized cost	80	5
Dividends from associates	134	91
Foreign exchange gains, net	2,977	5,678
Total financial income	3,191	5,774

### Financial expenses

EUR '000	2022	2021
Interest expenses, financial assets carried at amortized cost	35	32
Interest expenses, financial liabilities carried at amortized cost	329	303
Interest expenses, pension	16	16
Interest expenses, lease	533	570
Interest expenses, re-establishment	13	11
Other financial expenses	95	15
Total financial expenses	1,021	947

# Section 7

## Other disclosures

This section contains other required disclosures relevant for the understanding of the Groups' financial statements, but which are not essential for the understanding of the individual themes in the previous sections. It includes information pertaining to the Executive Management Board, Board of Directors and other corporate governance related topics.

In this section, the following notes are presented:

- 7.1 Earnings per share
- 7.2 Related party transactions
- 7.3 Special items
- 7.4 Auditors' remuneration
- 7.5 Contingent liabilities
- 7.6 Events after statement of financial position date
- 7.7 Associates
- 7.8 Subsidiaries

## 7.1 Earnings per share

Earnings per share (EPS) and diluted earnings per share (EPS-D) are measured according to IAS 33.

### Earnings per share

	2022	2021
Profit for the year (EUR'000)	99,254	109,992
Average number of shares	40,500,000	40,500,000
Average number of treasury shares	-1,170,078	-646,387
Average number of shares in circulation	39,329,922	39,853,613
Average dilutive impact of outstanding restricted stock units	333,799	291,766
Average number of diluted shares in circulation	39,663,721	40,145,379
Earnings per share – EPS (EUR)	2.52	2.76
Diluted earnings per share – EPS-D (EUR)	2.50	2.74

In 2022, the performance conditions for the 2020 LTIP was met, i.e. no adjustment made in 2022 (2021: no performance adjustment). No adjustments to allotted restricted stock units in 2021 and 2022 programs as the conditions stipulated in note 7.1 are expected to be met. See also the Management report concerning share-based remuneration on pages 43-44.

## 7.2 Related party transactions

SimCorp's 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 Group's associates. All agreements relating to these transactions are based on market price (arm's length).

Trade from associates amounted in 2022 to EUR 1,268 thousand compared with EUR 833 thousand in 2021.

The Group did not enter into any agreements, deals, or other transactions in 2022 in which the Parent company's Board of Directors or Executive Management Board had a financial interest, except for transactions following from the employment relationship. See note 3.2 and the Remuneration Report.

Key Management Personnel (cf. IAS 24) consists of the Board of Directors and the Executive Management Board. Remuneration to members of the Board of Directors and the Executive Management Board is disclosed in note 3.1 and the Remuneration Report.

Members of the Board of Directors are elected by the shareholders at the Annual General Meeting for terms of one year. Members of the Board of Directors elected

by the employees are elected among all SimCorp Group employees every third year. Election was held in March 2022, the next election will be held in March 2025.

Refer to pages 45-47 for additional information on Board of Directors members. Interest in the company of members of the Board of Directors and the Executive Management Board:

### Shareholdings, Board of Directors and Executive Management Board

Number of shares	2022	2021
<b>Board of Directors</b>		
Peter Schütze	13,367	12,819
Morten Hübbe	7,878	7,470
Simon Jeffreys	12,542	12,241
Adam Warby	2,245	1,845
Joan A. Binstock	1,679	1,179
Susan Standiford	521	169
Herve Couturier	-	9,456
Charlotte Søndergaard Klausen <sup>1</sup>	521	-
Neil Cook <sup>1</sup>	1,220	-
Sven Rinke <sup>1</sup>	1,370	-
Else Braathen <sup>2</sup>	-	8,642
Vera Bergforth <sup>2</sup>	-	2,606
Hugues Chabanis <sup>2</sup>	-	2,740
Board of Directors, total	41,343	59,167
<b>Executive Management Board</b>		
Christian Kromann	14,852	7,472
Georg Hetrodt	115,277	110,000
Michael Bjergby <sup>3</sup>	4,758	-
Michael Rosenvold <sup>4</sup>	-	17,524
Klaus Holse <sup>5</sup>	-	90,111
Executive Management Board, total	134,887	225,107
Total shareholdings by members of the Board of Directors and the Executive Management Board	176,230	284,274

<sup>1</sup> Elected 24 March, 2022.

<sup>2</sup> Resigned 24 March, 2022.

<sup>3</sup> Appointed 1 December, 2022.

<sup>4</sup> Resigned 30 November, 2022.

<sup>5</sup> Resigned 31 December, 2021.

## 7.2 Related party transactions (continued)

### Restricted stock units, Board of Directors and Executive Management Board

Number of restricted stock units	2022	2021
<b>Board of Directors</b>		
Charlotte Søndergaard Klausen	218	-
Neil Cook	901	-
Sven Rinke	83	-
Else Braathen	-	448
Hugues Chabanis	-	1,158
Board of Directors, total	1,202	1,606
<b>Executive Management Board</b>		
Christian Kromann	36,534	29,680
Georg Hetrodt	13,603	13,394
Michael Bjergby	9,961	-
Michael Rosenvold	-	21,443
Klaus Holse	-	31,772
Executive Management Board, total	60,098	96,289
Total restricted stock units granted to members of the Board of Directors and the Executive Management Board	61,300	97,895

## 7.3 Special items

In 2022, the Group had one-off consultancy cost of EUR 2.7 million (2021: EUR 0 million) and redundancy cost of EUR 4.3 million (2021: EUR 0 million) to ensure that SimCorp has the right structure and people as it transforms to a SaaS company.

## 7.4 Auditors' remuneration

In 2022, audit fees included the audit of the consolidated and local financial statements, including additional audit procedures due to implementation of a new ERP system. In 2021, audit fees included the audit of the consolidated and local financial statements, including additional audit procedures due to implementation of a new ERP system. Tax fees related primarily to tax compliance service. Other service fee primarily related to advice on sustainability reporting.

## 7.5 Contingent liabilities

The Group is party to legal proceedings and inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the Group's financial position.

SimCorp A/S has financial commitments with suppliers for EUR 54 million (2021: EUR 65 million) mainly related to infrastructure services for the cloud solutions.

## 7.6 Events after statement of financial position date

In January 2023 SimCorp A/S has invested in Artega Investment Administration. SimCorp A/S share is 20%.

No other material events have occurred after December, 31 2022, that has consequences for the annual report 2022.

## 7.7 Associates

### Associates

The Group holds an ownership interest of 24.8% in Dyalog Ltd and 24.99% in Opus Nebula Ltd. SimCorp's investment in Dyalog Ltd, United Kingdom is a strategic investment as the company is an important supplier. The Group purchases APL licenses from Dyalog Ltd. both for SimCorp Dimension and SimCorp Sofia.

## 7.8 Subsidiaries

In 2022, the Group established two new subsidiary, SimCorp Philippines Inc. in the Philippines and SimCorp Advanced for Information Technology in Saudi Arabia.

### Fees to independent auditors

EUR '000	2022	2021
Audit fees	557	521
Tax and VAT advice fees	17	34
Other service fees	62	71
Total auditors' remuneration	636	626
Non-Audit Services (NAS)/		
Audit fee ratio	14%	20%

## 7.8 Subsidiaries (continued)

Group's subsidiaries are at December 31, 2022 and December 31, 2021.

Subsidiaries	Name	Registered office	Ownership interest		Share capital	
			2022	2021		
	SimCorp Ltd.	London, United Kingdom	100%	100%	100,000	GBP
	SimCorp GmbH	Bad Homburg, Germany	100%	100%	102,258	EUR
	SimCorp Österreich GmbH	Vienna, Austria	100%	100%	17,500	EUR
	SimCorp Norge AS	Oslo, Norway	100%	100%	1,000,000	NOK
	SimCorp Sverige AB	Stockholm, Sweden	100%	100%	100,000	SEK
	SimCorp Benelux SA/NV	Brussels, Belgium	100%	100%	62,000	EUR
	SimCorp USA Inc.	New York, USA	100%	100%	7,010,000	USD
	SimCorp Schweiz AG	Zurich, Switzerland	100%	100%	100,000	CHF
	SimCorp Asia Pty. Ltd.	Sydney, Australia	100%	100%	999,992	AUD
	SimCorp Singapore Pte. Ltd.	Singapore, Singapore	100%	100%	1	SGD
	SimCorp Ukraine LLC	Kiev, Ukraine	100%	100%	2,968,254	UAH
	SimCorp Canada Inc.	Vancouver, Canada	100%	100%	8,500,001	CAD
	SimCorp France S.A.S	Paris, France	100%	100%	500,000	EUR
	SimCorp Hong Kong Ltd.	Hong Kong, China	100%	100%	14,000,002	HKD
	SimCorp Coric Ltd.	Wolverhampton, United Kingdom	100%	100%	120	GBP
	SimCorp Iberia S.L.	Barcelona, Spain	100%	100%	3,000	EUR
	SimCorp Italiana S.r.l.	Milan, Italy	100%	100%	2,100,000	EUR
	SimCorp Sp z.o.o.	Warsaw, Poland	100%	100%	5,000	PLN
	SimCorp Luxembourg S.a.r.l.	Luxemburg, Luxemburg	100%	100%	44,636	EUR
	SimCorp Japan KK	Tokyo, Japan	100%	100%	1	JPY
	SimCorp India LLP	Noida, India	100%	100%	100,000	INR
	SimCorp Philippines Inc.	Manila, Philippines	99.99%	-	5,000,000	PHP
	SimCorp Advanced for Information Technology	Riyadh, Saudi Arabia	100%	-	38,000	SAR

SimCorp Ltd. has a branch in the United Arab Emirates and in Azerbaijan.

SimCorp Sverige AB has a branch in Finland.

SimCorp Sverige AB owns 1% of SimCorp Benelux SA/NV and 1% of SimCorp India LLP.

SimCorp Benelux SA/NV has branches in the Netherlands, Luxembourg and France.

SimCorp USA Inc. has a branch in Canada.

SimCorp Coric Ltd. has a 100% owned subsidiary in the USA, SimCorp Coric Inc.

SimCorp Italiana S.r.l. had a 100% owned subsidiary in Italy; Sofia Online S.r.l. (merged at 31.12.2021).

SimCorp Luxembourg S.a.r.l. has 100% owned subsidiaries in Luxemburg, Switzerland and Austria, and UK (under liquidation).

SimCorp Philippines Inc 0.01% is owned by management of the company.

# Financial statements of SimCorp A/S



# Financial statements of SimCorp A/S

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## Financial statements of SimCorp A/S

### Income statement

EUR '000	Note	2022	2021
Revenue	2.1	263,438	250,191
Cost of sales	3.1,3.2,5.2,5.3	84,517	81,660
Gross profit		178,921	168,531
Other operating income		36,490	29,945
Research and development costs	3.1,3.2,5.2,5.3	79,233	58,491
Sales and marketing costs	3.1,3.2,5.2,5.3	13,762	19,066
Administrative expenses	3.1,3.2,5.2,5.3	48,035	35,458
Operating profit (EBIT)		74,381	85,461
Financial income	6.2	34,903	25,842
Financial expenses	6.2	811	588
Profit before tax		108,473	110,715
Tax on the profit for the year	4.1	16,086	15,767
Profit for the year		92,387	94,948

### Statement of comprehensive income

EUR '000	Note	2022	2021
Profit for the year		92,387	94,948
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to the income statement:			
Foreign currency translation differences for foreign operations		73	128
Other comprehensive income after tax		73	128
Total comprehensive income		92,460	95,076
<b>Proposed distribution</b>			
Dividends		39,732	39,888
Transferred to retained earnings		52,728	55,188
		92,460	95,076

## Financial statements of SimCorp A/S

### Cash flow statement

EUR '000	Note	2022	2021
Profit for the year		92,387	94,948
Amortization and depreciation	5.2, 5.3	3,821	3,982
Financial income	6.2	-34,903	-25,842
Financial expenses	6.2	811	588
Tax on profit for the year	4.1	16,086	15,767
Other included in operating income		-23	3,810
Adjustment share-based remuneration		13,527	11,332
Changes in provisions		268	-268
Changes in contract assets		-10,265	2,388
Changes in working capital		-48,556	-36,784
Financial income received		917	130
Financial expenses paid		-596	-358
Income tax paid	4.1	-12,143	-12,377
<b>Net cash from operating activities</b>		<b>21,331</b>	<b>57,316</b>
Investment in subsidiaries, net	5.1	-93	1
Purchase of property, plant, and equipment	5.3	-333	-149
Sale and purchase of financial assets, net		-44	-4,420
Dividends from associates	6.2	68	50
Dividends from subsidiaries	6.2	31,487	20,275
<b>Net cash used in investing activities</b>		<b>31,085</b>	<b>15,757</b>
Dividends paid		-39,836	-40,086
Purchase of treasury shares		-20,049	-40,102
Repayment of lease liability	5.3	-3,458	-3,433
Loan proceeds		26,891	-
Loan repayment		-20,167	-
<b>Net cash used in financing activities</b>		<b>-56,619</b>	<b>-83,621</b>
<b>Change in cash and cash equivalents</b>		<b>-4,203</b>	<b>-10,548</b>
Cash and cash equivalents at January 1		15,927	26,583
Foreign exchange adjustment of cash and cash equivalents		0	-108
<b>Cash and cash equivalents at December 31</b>		<b>11,724</b>	<b>15,927</b>

## Financial statements of SimCorp A/S

### Statement of financial position December 31

EUR '000	Note	2022	2021
<b>Assets</b>			
Software		2	11
Total intangible assets	5.2	2	11
Leasehold		19,338	20,881
Technical equipment		374	174
Other equipment, fixtures, fittings and prepayments		952	1,199
Total property, plant, and equipment	5.3	20,664	22,254
Investments in subsidiaries	5.1	137,967	137,874
Investments in associates	5.1	141	138
Other financial assets		4,843	4,843
Deposits	6.1	1,483	1,442
Total other non-current assets		144,434	144,297
Total non-current assets		165,100	166,562
Receivables	2.4	250,948	192,274
Contract assets	2.3	18,270	8,107
Income tax receivables		3,899	-
Prepayments		6,681	7,092
Cash and cash equivalents		11,723	15,927
Total current assets		291,521	223,400
Total assets		456,621	389,962

EUR '000	Note	2022	2021
<b>Liabilities and equity</b>			
Share capital		5,441	5,441
Retained earnings		291,547	245,878
Proposed dividends		39,732	39,888
Total equity		336,720	291,207
Lease liabilities	5.3	16,179	18,023
Deferred tax	4.2	36,763	23,274
Provisions	3.2	2,183	1,991
Total non-current liabilities		55,125	43,288
Bank loan/credit facility		6,724	-
Lease liabilities	5.3	3,319	2,899
Prepayments from clients	2.3	3,232	2,626
Debt to subsidiaries		24,526	16,148
Trade payables		13,521	15,014
Other payables		13,292	14,205
Income tax payables		-	4,489
Provisions	3.2	162	86
Total current liabilities		64,776	55,467
Total liabilities		119,901	98,755
Total liabilities and equity		456,621	389,962

## Financial statements of SimCorp A/S

### Statement of changes in equity

EUR '000	Share capital	Retained earnings	Proposed dividends for the year	Total
<b>2022</b>				
Equity at January 1	5,441	245,878	39,888	291,207
Net profit for the year	-	92,387	-	92,387
Total other comprehensive income	-	73	-	73
Total comprehensive income for the year	-	92,460	-	92,460
<b>Transactions with owners</b>				
Dividends paid to shareholders	-	52	-39,888	-39,836
Share-based payment	-	13,527	-	13,527
Tax, share-based payment	-	-589	-	-589
Purchase of treasury shares	-	-20,049	-	-20,049
Proposed dividends to shareholders	-	-39,732	39,732	-
Equity at December 31	5,441	291,547	39,732	336,720
<b>2021</b>				
Equity at January 1	5,441	219,738	40,125	265,304
Net profit for the year	-	94,948	-	94,948
Total other comprehensive income	-	128	-	128
Total comprehensive income for the year	-	95,076	-	95,076
<b>Transactions with owners</b>				
Dividends paid to shareholders	-	39	-40,125	-40,086
Share-based payment	-	11,332	-	11,332
Tax, share-based payment	-	-317	-	-317
Purchase of treasury shares	-	-40,102	-	-40,102
Proposed dividends to shareholders	-	-39,888	39,888	-
Equity at December 31	5,441	245,878	39,888	291,207

# Section 1

## Basis of preparation

### 1.1 Accounting policies, estimates, and judgments

#### General

SimCorp A/S is a public limited company based in Denmark. The Annual Report for the period January 1 – December 31, 2022 includes the financial statements of SimCorp A/S, the Parent company.

#### Statement of compliance

SimCorp A/S financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and additional requirements in the Danish Financial Statements Act.

The financial statements are presented in EUR, which is the presentation currency of the activities of the Parent, rounded to the nearest EUR 1,000. The functional currency of the Parent company SimCorp A/S is DKK.

Accounting policies are unchanged from last year.

The accounting policies are the same as for the consolidated financial statements, with exceptions described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

#### Foreign currency translation

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.

#### Financial assets

Investments in subsidiaries and associates are measured at cost in the Parent company's financial statements.

#### Other operating income

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

#### Risk

For information on risk refer to note 6.2 of the consolidated financial statements and overview of risk factors in "Risk management", pages 31-35.

#### New financial reporting standards not yet adopted

A number of new standards and interpretations not applicable/mandatory for the preparation of the 2022 annual report have been published. The Parent expects to implement the new applicable and approved, not yet effective accounting standards and interpretations, as they take effect.

None of the other changed standards or interpretations are expected to have significant monetary effect on the statements of the Parent's results, assets and liabilities or the equity.

# Section 2

## Revenue and clients

## 2.1 Revenue

### Revenue

EUR '000	2022	2021
On-premise initial licenses	21	78
On-premise additional licenses	15,988	4,874
On-premise other licenses	709	590
On-premise software updates and support	21,191	20,187
<b>Total on-premise revenue</b>	<b>37,909</b>	<b>25,729</b>
SaaS initial licenses	-	2
SaaS additional licenses	26	387
SaaS other licenses	12	43
SaaS services incl. software updates and support	2,847	2,463
<b>Total SaaS Revenue</b>	<b>2,885</b>	<b>2,894</b>
Professional services	6,285	7,208
External revenue	47,079	35,831
Revenue from subsidiaries	216,359	214,361
<b>Total revenue</b>	<b>263,438</b>	<b>250,191</b>

## 2.2 Future performance obligations

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at December 31, 2022, is EUR 34.1 million (2021: EUR 19.7 million). This amount mostly comprises obligations to provide software updates and support, agreements which require client acceptance of functionality, and support or hosting subscriptions and support, as the respective contracts typically have durations of multiple years.

Management expects that EUR 15.2 million (2021: EUR 7.3 million) of the amount allocated to the future contract obligations as of December 31, 2022 will be recognized during 2023. EUR 18.9 million (2021: EUR 12.5 million) is expected to be recognized as revenue within 2 to 5 years.

For accounting policies, estimates and judgments, please refer to the consolidated financial statements note 2.3.



## 2.3 Contract balances

Contract balances consist of client-related assets and liabilities.

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

Contract liabilities represent mainly pre-payments 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.

The majority of licenses agreements is revenue recognized in the year of sale. However, contracts with functionality gaps or acceptance criteria may have revenue recognition deferred, resulting in a contract liability when billing has occurred.

Contracts in progress relating to fixed fee professional services are measured at the estimated sales value of the proportion of the contract completed at the statement of financial position date. Amounts invoiced on account in excess of work completed are included in prepayments under current liabilities.

For accounting policies, estimates and judgments please refer to the consolidated financial statements note 2.4.

Significant changes in contract assets and liabilities during the period are presented below.

Contract assets are expected to be realized within the Parent's normal operating cycle, 29.4% (2021: 49.1%) of it is expected to be realized within the next twelve months, 70.6% (2021: 50.9%) within the next 2 to 5 years.

### Changes in contract assets

EUR '000	Opening balance	Net additions	Invoiced from opening balance	Adjustments <sup>1</sup>	Closing balance
<b>2022</b>					
Contract asset (gross)	8,116	14,213	-4,194	159	18,294
Loss allowance	-9	-15	-	-	-24
Contract asset (NPV)	8,107	14,198	-4,194	159	18,270
<b>2021</b>					
Contract asset (gross)	10,582	1,075	-3,511	-30	8,116
Loss allowance	-16	7	-	-	-9
Contract asset (NPV)	10,566	1,082	-3,511	-30	8,107

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

EUR '000	Opening balance	Net additions	Revenue recognized from opening balance	Adjustments	Closing balance
<b>2022</b>					
Contract liabilities – licenses	908	197	-338	-	767
Contract liabilities – software updates and support	712	812	-712	-	812
Contract liabilities – services	666	564	-137	-	1,093
Contract liabilities – other	340	514	-292	-2	560
Contract liabilities (prepayments from clients)	2,626	2,087	-1,479	-2	3,232
<b>2021</b>					
Contract liabilities – licenses	321	908	-321	-	908
Contract liabilities – software updates and support	524	712	-524	-	712
Contract liabilities – services	1,237	379	-950	-	666
Contract liabilities – other	98	339	-97	-	340
Contract liabilities (prepayments from clients)	2,180	2,338	-1,892	-	2,626

## 2.4 Receivables

### ■ Accounting policy

When estimating expected credit loss on receivables from subsidiaries, the three-stage approach is applied while making use of the exception for low credit risk financial assets.

An expected loss rate of 0.03% - 0.82% (2021: 0.03% - 0.91%) is applied, based on corporate investment grade 1-year average default rates by region as published by Standard & Poor.

### Receivables

EUR '000	2022	2021
Trade receivables from clients	4,820	3,950
Accrued revenue	2,280	4,532
Loss allowance	-3	-3
Receivables from subsidiaries	243,273	183,795
Other receivables	578	-
Total receivables at December 31	250,948	192,274
<i>The aging of trade receivables from clients was at December 31:</i>		
Not due	3,829	3,226
Not more than 30 days	165	168
More than 30 days but not more than 90 days	541	21
More than 90 days	285	535
Total trade receivables from clients	4,820	3,950

# Section 3

## Employees

### 3.1 Employee costs

Employee costs consist of salaries, sales commissions, bonuses, pensions and social

costs, share-based payments, vacation pay, and other benefits.

For additional disclosures on share-based remuneration refer to note 3.2 of the consolidated financial statements. Please see remuneration report for further details.

#### Employee costs

EUR '000	2022	2021
Salaries	74,156	69,274
Defined contribution pension plans	1,807	1,729
Share-based payments	10,144	10,035
Social security costs	184	169
Total employee costs	86,291	81,207
Number of employees at the end of the year	618	587
Average number of employees	573	553

Remuneration to the Executive Management Board and Board of Directors is given below:

#### Remuneration to Executive Management Board and Board of Directors

EUR '000	2022	2021
Salaries	1,913	2,494
Other benefits	110	171
Share-based payment	1,525	3,260
Performance-related bonus	956	1,513
Executive Management Board total <sup>1</sup>	4,504	7,438
Board fees	508	568
Fees for committee work	162	123
Travel allowance	106	18
Share-based payment	171	175
Board of Directors total	947	884
Total	5,451	8,322

<sup>1</sup> In 2022, Executive Management Board were 3 members (2021: 4 members)

## 3.2 Provisions

<b>Provisions</b>	Re-establishment costs for rented premises	Anniversary bonuses	<b>Total</b>
EUR '000			
<b>2022</b>			
Liability at January 1	663	1,414	2,077
Used during the year	-	-101	-101
Reversal of unused liabilities	-	-90	-90
Provisions for the year	79	380	459
<b>Total provisions</b>	<b>742</b>	<b>1,603</b>	<b>2,345</b>
<i>Expected due dates for provisions:</i>			
Falling due within 1 year	-	162	162
Falling due within 2 to 5 years	-	477	477
Falling due after 5 years	742	964	1,706
<b>Total provisions</b>	<b>742</b>	<b>1,603</b>	<b>2,345</b>
<b>2021</b>			
Liability at January 1	656	1,689	2,345
Foreign exchange adjustment	-	1	1
Used during the year	-	-3	-3
Reversal of unused liabilities	-	-521	-521
Provisions for the year	7	248	255
<b>Total provisions</b>	<b>663</b>	<b>1,414</b>	<b>2,077</b>
<i>Expected due dates for provisions:</i>			
Falling due within 1 year	-	86	86
Falling due within 2 to 5 years	-	514	514
Falling due after 5 years	663	814	1,477
<b>Total provisions</b>	<b>663</b>	<b>1,414</b>	<b>2,077</b>

Re-establishment provisions cover the costs of restoring leasehold premises.

Provisions for anniversary bonuses result from the Company's commitment of one month's pay in connection with employees' 25th and 40th anniversaries.

## Section 4

### Tax

SimCorp A/S' income taxes amount to EUR 16.1 million relative to EUR 15.8 million in 2021.

SimCorp A/S' effective tax rate increased to 14.8% from 14.2%.

The Danish corporate tax rate was 22% in 2022, which was unchanged from 2021.

Deferred tax has changed to EUR 36.8 million in 2022 from EUR 23.3 million in 2021, which mainly relates to increases in deferred tax on contract assets.

For accounting policies, estimates, and judgments, please refer to Section 4 of the consolidated financial statements.

### 4.1 Income tax

#### Income tax

EUR '000	2022	2021
<i>Tax for the year:</i>		
Tax on profit	16,086	15,767
Total tax	16,086	15,767
<i>Tax on profit for the year breaks down as follows:</i>		
Current tax	4,515	13,206
Deferred tax	11,793	2,565
Prior-year adjustments	-222	-4
Total tax on profit for the year	16,086	15,767
Tax paid during the year	12,143	12,377
<i>Tax on profit for the year breaks down as follows:</i>		
Tax calculated on the year's pre-tax profit, 22% (2021: 22%)	23,865	24,295
Dividends from subsidiaries and associates	-6,944	-4,472
<i>Tax effect:</i>		
Non-taxable income	-2,110	-2,749
Non-deductible expenses	1,602	1,417
Other, including prior-year adjustments	-327	-2,724
Total tax on profit for the year	16,086	15,767
Effective tax rate	14.8%	14.2%

## 4.2 Deferred tax

### Deferred tax

EUR '000	2022	2021
Net deferred tax (liability)/asset at January 1	-23,274	-19,121
Foreign exchange adjustment	-	-9
Net change of deferred tax, profit and loss	-11,793	-2,565
Prior-year adjustment, profit and loss	-993	-29
Adjustment of deferred tax, equity	-703	-1,550
Net deferred tax (liability)/asset at December 31	-36,763	-23,274
<i>Recognized in the statement of financial position as follows:</i>		
Deferred tax liabilities	-36,763	-23,274
Net deferred tax (liability)/asset at December 31	-36,763	-23,274

### Deferred tax

EUR'000	Balance January 1	Foreign exchange adjustment	Recognition in profit and loss	Recognition in equity	Balance December 31
<b>2022</b>					
Intangible assets	-2	-	3	-	1
Property, plant and equipment, owned	360	-	-43	-	317
Property, plant and equipment, right-of-use	-4,563	-	321	-	-4,242
Contract assets	-27,683	-	-12,809	-	-40,492
Lease liabilities, current	637	-	93	-	730
Current liabilities	982	-	276	-	1,258
Lease liabilities, non-current	3,965	-	-406	-	3,559
Provisions, non-current	390	-	90	-	480
Share-based payment	2,640	-	-311	-703	1,626
Total	-23,274	-	-12,786	-703	-36,763
<b>2021</b>					
Intangible assets	-27	-	25	-	-2
Property, plant and equipment, owned	277	-	83	-	360
Property, plant and equipment, right-of-use	-5,095	-2	534	-	-4,563
Contract assets	-24,961	-9	-2,713	-	-27,683
Lease liabilities, current	689	-1	-51	-	637
Current liabilities	976	-	6	-	982
Lease liabilities, non-current	4,565	2	-602	-	3,965
Provisions, non-current	491	-	-101	-	390
Share-based payment	3,964	1	225	-1,550	2,640
Total	-19,121	-9	-2,594	-1,550	-23,274

# Section 5

## Invested capital

### 5.1 Investments in associates and subsidiaries

The Parent accounts for its investments in subsidiaries and associates at cost.

Please refer to note 7.7 in the consolidated financial statements for a list of subsidiaries.

Additions to investments in subsidiaries in 2022 related to capital injection to SimCorp Philippines Inc. in the Philippines and SimCorp Advanced for Information Technology in Saudi Arabia.

#### Investment in associates

EUR '000	2022	2021
Cost at January 1	138	157
Foreign exchange adjustment	-	1
Disposals/adjustments	3	-20
Cost at December 31	141	138
Carrying amount at December 31	141	138

#### Investments in subsidiaries

EUR '000	2022	2021
Cost at January 1	137,874	137,825
Foreign exchange adjustment	-	50
Additions	93	-
Transfers	-	-1
Cost at December 31	137,967	137,874
Carrying amount at December 31	137,967	137,874
Dividends received	31,487	20,275

## 5.2 Intangible assets

For a description of the accounting policies, please refer to the consolidated financial statements note 5.2.

### Intangible assets – software

EUR '000	2022	2021
Cost at January 1	8,053	8,050
Foreign exchange adjustment	-	3
Cost at December 31	8,053	8,053
Depreciation at January 1	8,042	7,929
Foreign exchange adjustment	-	3
Depreciation	9	110
Depreciation at December 31	8,051	8,042
Carrying amount at December 31	2	11

### Amortization

EUR '000	2022	2021
Cost of sales	2	28
Research and development costs	4	51
Sales and marketing costs	1	7
Administrative expenses	2	24
Total amortization	9	110



## 5.3 Property, plant, and equipment

For a description of the accounting policies, please refer to the consolidated financial statements note 5.3. Lease liabilities, amounts recognized to the income statement and amounts recognized in the statement of cash flow are presented below.

Property, plant, and equipment	Leasehold		Technical equipment		Other equipment, fixtures, fittings and prepayments		Property, plant, and equipment total
	Right-of-use	Improvement	Right-of-use	Owned	Right-of-use	Owned	
EUR '000							
<b>2022</b>							
Cost at January 1	29,708	2,570	74	6,306	545	2,663	41,866
Additions	1,690	-	-	323	198	10	2,221
Disposals	-922	-	-	-278	-187	-	-1,387
Cost at December 31	30,476	2,570	74	6,351	556	2,673	42,700
Depreciation at January 1	9,255	2,142	34	6,172	296	1,713	19,612
Depreciation	3,175	58	26	97	142	313	3,811
Disposals	-922	-	-	-278	-187	-	-1,387
Depreciation at December 31	11,508	2,200	60	5,991	251	2,026	22,036
Carrying amount at December 31	18,968	370	14	360	305	647	20,664
<b>2021</b>							
Cost at January 1	29,697	2,569	74	6,212	415	2,605	41,572
Foreign exchange adjustment	11	1	-	2	-	1	15
Additions	-	-	-	92	268	57	417
Disposals	-	-	-	-	-138	-	-138
Cost at December 31	29,708	2,570	74	6,306	545	2,663	41,866
Depreciation at January 1	6,157	2,083	12	5,951	244	1,404	15,851
Foreign exchange adjustment	2	1	-3	2	-6	1	-3
Depreciation	3,096	58	25	219	166	308	3,872
Disposals	-	-	-	-	-108	-	-108
Depreciation at December 31	9,255	2,142	34	6,172	296	1,713	19,612
Carrying amount at December 31	20,453	428	40	134	249	950	22,254
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

## 5.3 Property, plant, and equipment (continued)

### Depreciation

EUR '000	2022	2021
Cost of sales	915	989
Research and development costs	1,820	1,808
Sales and marketing costs	194	246
Administrative expenses	882	829
Total depreciation	3,811	3,872

### Lease liabilities

EUR '000	2022	2021
Payable within 1 year	3,414	3,069
Payable within 2 to 5 years	12,415	11,805
Payable after 5 years	3,889	6,806
Total undiscounted lease liabilities	19,718	21,680
Total lease liabilities included in the statement of financial position	19,498	20,922
Current	3,319	2,899
Non-current	16,179	18,023

### Amounts recognized in income statement

EUR '000	2022	2021
Interest on lease liabilities	206	223
Variable lease payments not included in the measurement of lease liabilities	21	27
Total recognized in profit and loss	227	250

### Amounts recognized in the statement of cash flow

EUR '000	2022	2021
Repayment of lease liability	3,458	3,433
Total recognized in statement of cash flow	3,458	3,433

# Section 6

## Financing items

### 6.1 Financial assets and liabilities

All financial assets and liabilities are measured at amortized cost. The carrying amount of these approximate fair value. Financial assets which have been modified or renegotiated during the period are assessed individually for impairment.

#### Financial assets

Financial assets comprise deposits of EUR 1.5 million (2021: EUR 1.4 million), receivables of EUR 250.9 million (2021: EUR 192.3 million), and cash and cash equivalents of EUR 11.7 million (2021: EUR 15.9 million). For additional information on receivables refer to note 2.4.

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.

#### Financial liabilities

Financial liabilities comprise lease liabilities of EUR 19.5 million (2021: EUR 20.9 million), and trade payables and other payables of EUR 26.8 million (2021: EUR 29.2 million).

#### Trade payables and other payables

Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

#### Deposits

EUR '000	2022	2021
Cost at January 1	1,442	1,441
Foreign exchange adjustment	-	1
Additions	47	-
Disposals	-6	-
Carrying amount at December 31	1,483	1,442

## 6.2 Financial income and expenses

### Financial income

EUR '000	2022	2021
Interest income, subsidiaries	873	130
Interest income, financial assets carried at amortized cost	44	-
Dividends from subsidiaries	31,487	20,275
Dividends from associates	68	50
Foreign exchange gains, net	2,431	5,387
Total financial income	34,903	25,842

### Financial expenses

EUR '000	2022	2021
Interest expenses, subsidiaries	175	46
Interest expenses, financial liabilities carried at amortized cost	296	245
Interest expenses, financial assets carried at amortized cost	35	32
Interest expenses, lease	206	223
Interest expenses, reestablishment	9	7
Other financial expenses	90	35
Total financial expenses	811	588

# Section 7

## Other disclosures

## 7.1 Related party transactions

For the Parent company, in addition to transactions with other related parties depicted in note 7.2 of the consolidated financial statements, related parties also comprise subsidiaries and associates in which SimCorp A/S has a controlling or significant influence.

The Parent company's outstanding balance with subsidiaries comprises receivables of EUR 243.3 million, current account EUR 97.1 million and non-current group contract asset EUR 146.2 million (2021: EUR 183.8 million, current account EUR 44.4 million and non-current group contract asset EUR 139.4 million) and payables of EUR 24.5 million (2021: EUR 16.1 million).

Balances with subsidiaries and associates comprise ordinary trade balances relating to the purchase and sale of services.

The current account balance carry interest and are subject to terms and conditions

identical to those made with the Parent company's and the Group's clients and suppliers.

Trading with subsidiaries and associates is conducted on arm's length terms. Ownership interests are shown in note 7.7 of the consolidated financial statements.

Interest on outstanding balances with subsidiaries and associates is specified in note 6.2 in the financial statements of the Parent company. In 2022, the Parent company has received dividends of EUR 31.5 million (2021: EUR 20.3 million) from subsidiaries and dividends of EUR 0.07 million from associates (2021: EUR 0.05 million).

The Parent company has provided delivery bonds to certain clients of its subsidiaries, and the Parent company has issued letters of support to certain subsidiaries, see note 7.3.

### Trading with subsidiaries and associates

EUR '000	2022	2021
Purchases of services from subsidiaries	71,425	62,110
Purchases of services from associates	872	533
Sale of services to subsidiaries	252,469	224,064

7.2 Auditors’ remuneration

In 2022, audit fees included the audit of the Parent company’s financial statements.

In 2021, audit fees included the audit of the Parent company’s financial statements, including additional audit procedures due to implementation of a new ERP system.

Auditors' remuneration

EUR '000	2022	2021
Audit fees	203	210
Other service fees	56	68
Total	259	278
Non-Audit Services (NAS)/Audit fee ratio	28%	32%

7.3 Contingent liabilities and other financial liabilities

As part of building long-term client relationships, the company has made a commitment to, in some contracts, provide SimCorp Dimension product supports for up to ten years from the date of the contract.

SimCorp A/S has issued guarantees for its subsidiaries’ delivery commitments to clients for a total of EUR 39.4 million (2021: EUR 49.2 million).

The Parent company expects to issue letters of support to certain subsidiaries.

The Parent company has provided guarantee for credit facilities totalling EUR 4.8 million (2021: EUR 4.4 million) to certain subsidiaries.

Bank guarantees have been provided for rent commitments in Australia, Belgium, France, Germany, Luxembourg, and USA.

The Parent company is from time to time party to legal proceedings and inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the company’s financial position.

SimCorp A/S has financial commitments with suppliers for EUR 54 million (2021: EUR 65 million) mainly related to infrastructure services for the cloud solutions.

7.4 Events after statement of financial position date

In January 2023 SimCorp A/S has completed its investment in Artega Investment Administration. SimCorp A/S share is 20%.

No other material events have occurred after December, 31 2022, that has consequences for the annual report 2022.

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