

# SimCorp Interim Report Q2 2023

## SaaS transformation drives sustainable business growth

### Key highlights

- In Q2 2023, SimCorp generated double-digit growth across all revenue metrics for the second consecutive quarter. SimCorp signed three SaaS conversion deals and two new SimCorp Dimension clients in the quarter leading to 77.3% organic SaaS growth. The forward-looking Annual Recurring Revenue (ARR) growth continued to accelerate and was 13.6% by the end of Q2, measured in local currency.
- Ratable revenue increased by 20.4% in Q2 2023 and 16.8% in H1 2023 compared to the same period in 2022. The development is driven by the underlying business growth of the SaaS transformation. Reported revenue grew organically by 15.1% in Q2 2023 and 16.9% in H1 2023.
- The profitability improved in both Q2 2023 and H1 2023 compared to 2022, driven by the strong revenue growth and controlled cost development. EBIT excluding special items was EUR 18.6 million in Q2 2023 (EUR 12.9 million in Q2 2022) and EUR 46.9 million in H1 2023 (EUR 29.2 million in H1 2022). Special items amounted to EUR 8.8 million in H1 2023 (restructuring costs of EUR 7.8 million and transaction costs of EUR 1.0 million) compared to EUR 7.5 million in H1 2022.
- SimCorp generated free cash flow of EUR 18.1 million in Q2 2023 and EUR 63.8 million in H1 2023. This represents an increase of 111% compared to the free cash flow in H1 2022. The increase is driven primarily by the strong growth in ratable revenue as well as enhanced working capital management.
- The execution of the accelerated strategic investments is on track, including the cost efficiency program, FuEI. The cost reduction targets of EUR 25 million in 2023 and EUR 35 million run-rate effect are confirmed.
- Based on the performance in H1 2023, SimCorp confirms the current financial guidance for 2023.
- On 27 April, SimCorp and Deutsche Boerse entered into an agreement pursuant to which Deutsche Boerse has made a recommended takeover offer to acquire all SimCorp shares at a price of DKK 735 per share. The extended offer period will expire on 19 September 2023, and Deutsche Boerse has announced that all regulatory approvals are expected before the expiry of the offer period.

### SimCorp CEO, Christian Kromann, comments:

"In Q2 2023, we saw continued solid growth. The acquisition of new platform clients as well as large SaaS migration agreements exemplify the strength of our SaaS value proposition. As our transformation accelerates, we remain focused on continually investing to enhance our offerings across segments and operating models to drive long-term and sustainable growth."

### Key financial highlights

EUR million, unless otherwise stated	2023 Q2	2022 Q2	2023 H1	2022 H1	2022 FY	2023 Outlook
Organic ARR growth (%)	13.6%	N/A <sup>1</sup>	13.6%	N/A <sup>1</sup>	11.7%	12-17%
Organic growth of ratable revenue (%)	20.4%	4.8%	16.8%	6.3%	5.3%	6-11%
Ratable revenue	132.1	111.8	274.4	234.0	489.0	
Reported revenue	131.6	116.0	267.9	230.7	561.0	
<b>EBIT-margin, excluding special items (%)</b>	<b>14.1%</b>	<b>11.1%</b>	<b>17.5%</b>	<b>12.7%</b>	<b>24.2%</b>	<b>21-24%</b> (local currencies)
EBIT, excluding special items	18.6	12.9	46.9	29.2	135.8	
Special items	-3.4	-6.7	-8.8	-7.5	-9.9	
Reported EBIT	15.2	6.2	38.1	21.7	125.9	
<b>Free cash flow</b>	<b>18.1</b>	<b>10.1</b>	<b>63.8</b>	<b>30.2</b>	<b>40.5</b>	

<sup>1</sup> ARR is an alternative performance measure introduced in the Annual Report 2022.

## Other financial highlights and key ratios for the SimCorp Group

EUR '000	2023 Q2	2022 Q2	2023 H1	2022 H1	2022 FY
<b>Income Statement</b>					
Revenue	131,591	116,000	267,910	230,713	560,968
Earnings before interest, tax, depreciation, and amortization (EBITDA)	18,951	10,054	45,635	29,206	140,739
Operating profit (EBIT)	15,196	6,218	38,115	21,745	125,856
Financial items, net	-1,295	4,965	-3,567	7,135	2,292
Profit before tax	13,901	11,183	34,548	28,880	128,148
Profit for the period	10,581	9,267	26,152	22,588	99,254
<b>Balance Sheet</b>					
Share capital	5,441	5,441	5,441	5,441	5,441
Total equity	372,794	297,047	372,794	297,047	375,557
Bank loan / credit facility	-	13,442	-	13,442	6,724
Intangible assets	87,568	90,778	87,568	90,778	88,984
Property, plant, and equipment	39,480	46,026	39,480	46,026	41,459
Receivables	107,088	110,768	107,088	110,768	112,378
Contract assets	286,430	217,557	286,430	217,557	292,903
Cash and cash equivalents	47,886	31,997	47,886	31,997	40,546
Total assets	612,189	528,867	612,189	528,867	604,328
<b>Cash Flow</b>					
Net cash from operating activities	22,098	12,135	70,425	35,307	60,340
Net cash used in investing activities	-1,166	-670	-11,567	-1,369	-2,767
Net cash used in financing activities	-39,428	-29,396	-51,283	-49,897	-64,822
Free cash flow	18,119	10,134	63,768	30,225	47,155
<b>Employees</b>					
Number of employees at the end of the period	2,456	2,105	2,456	2,105	2,245
Average number of employees - FTE	2,361	2,029	2,326	2,003	2,067
<b>Alternative Performance measures</b>					
Annual Recurring Revenue (ARR) (EUR '000)	378,673	294,426	378,673	294,426	352,224
Ratable revenue	132,087	111,792	274,383	234,043	489,065
<b>Financial Ratios</b>					
Revenue growth (%)	13.4	-2.3	16.1	0.9	13.0
Organic revenue growth (%)	15.1	-6.1	16.9	-2.5	9.4
Organic ARR growth (%)	8.4	N/A	8.4	N/A	11.7
EBIT-margin (%)	11.5	5.4	14.2	9.4	22.4
ROIC (return on invested capital) (%)	18.2	11.1	21.6	16.3	35.6
Receivables turnover ratio	7.9	7.4	8.1	7.4	8.4
Equity ratio (%)	60.9	56.2	60.9	56.2	62.1
Return on equity (%)	11.6	12.6	13.6	13.2	26.0
<b>Share Performance</b>					
Earnings per share - EPS (EUR)	0.27	0.24	0.66	0.57	2.52
Diluted earnings per share - EPS-D (EUR)	0.26	0.23	0.66	0.57	2.50
Cash flow per share - CFPS (EUR)	0.55	0.30	1.77	0.89	1.53
<b>Number of Shares</b>					
Average number of shares (million)	39.4	39.3	39.4	39.4	39.3
Average number of shares - diluted (million)	40.0	39.6	39.8	39.7	39.7
EUR/DKK rate of exchange at end of period	7.4474	7.4392	7.4474	7.4392	7.4365

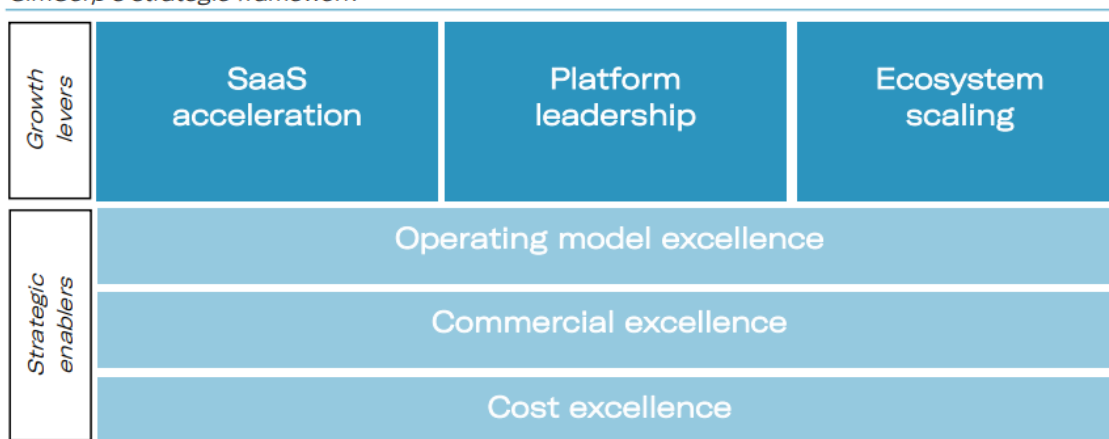
## Strategy update

In 2019, SimCorp launched the current strategy to evolve from a software company to a full-scale Software-as-a-Service (SaaS) company. The strategy is based on the three strategic growth levers of SaaS acceleration, Platform leadership and Ecosystem scaling.

The SaaS acceleration continued in Q2 2023 supporting SimCorp's market competitiveness and operational scaling. SimCorp migrated a customer from on-premise to SaaS in Q2 and two additional customers in early Q3. The number of SaaS go-lives in H2 2023 is projected to be historically high. Revenue generated from the SaaS platform amounted to EUR 33.8 million in Q2 2023, representing an increase of 74.2% compared with Q2 2022.

The strength of the Ecosystem scaling allows for significant innovation and flexible use of third-party data, analytics, and tools integrated with SimCorp Dimension. In Q2 2023, SimCorp united with Battea Class Action Services to provide intelligence and claims management services for SimCorp clients. For customers connected with the SimCorp platform, Battea provides immediate and improved class and collective action antitrust and securities litigation recovery services.

*SimCorp's strategic framework*



### Accelerated strategic investments

In 2023, SimCorp has initiated key accelerated investments in its core transformation focused on five important initiatives to enhance the transformation speed. The significant investments led to a material increase in the number of full-time employees to 2,456 at the end of Q2 2023 compared to 2,105 at the end of Q2 2022.

The **Front Office** investment is focused on product, positioning as well as commercial improvements of the value proposition. The product is particularly being strengthened in the surrounding workflows, including design, user experience, OTC and Order manager. As part of the development, the new cloud-native Performance Management Module is now commercially available globally.

The continued efforts in creating **development efficiency and scalability** are progressing according to plan with the benefits expected to materialize from Q4 2023. As part of the general development improvements, SimCorp has also launched a new framework to further enhance the development security. The framework is labelled 'Secure Software Development Life Cycle' and effectively addresses potential security issues and creates an enhanced ability to respond to security threats.

The **SaaS acceleration investments** focus on the total cost of serving SaaS customers, both related to the technical infrastructure and the automation of managed services. The scale advantages for SimCorp in offering managed services to additional clients continue to be visible as more clients are migrating to SaaS. The **BPaaS (Business-Processes-as-a-service) investments** relate mainly to Investment Operations Services (IOS) and Investment Accounting Services (IAS). Key implementation projects are progressing as planned, including the first full IOS customer, Intech, with go-live planned in H2 2023.

### Program FuEI

In early 2023, SimCorp launched a company-wide cost efficiency program (Program FuEI) aimed at funding and elevating the transformation. The business change towards a more service-based offering makes cost efficiency critical for future market competitiveness, and the program is designed to sharpen and improve the underlying operations, focusing on structural cost improvements to enhance competitiveness and the long-term potential of the company.

The program is progressing according to plan with numerous initiatives ongoing. In Q2 2023, the new Talent Location in Mexico was formally opened and became fully operational. The location will support SimCorp's existing delivery center setup attracting strong talent and offering around-the-clock services to clients globally. The choice of Mexico City was based on thorough analysis of all potential locations in the Americas, focused on macro-economics, labor cost, labor availability and overall risk considerations.

Non-recurring restructuring costs to execute the program FuEI amounted to EUR 2.4 million in Q2 2023, and amounting to EUR 7.8 million in H1 2023. The total restructuring costs to execute the program are still expected to amount to up to EUR 20 million to be fully recognized in 2023.

## Business update

The commercial activity in Q2 2023 resulted in SimCorp signing two new clients. Hassana Investment Company entered a strategic partnership with SimCorp to utilize SimCorp's investment management platform. The partnership agreement covers SimCorp's back- and middle office suite, utilizing SimCorp's industry-leading investment management solutions across public and private assets. Additionally, the agreement covers the risk management solution and the optionality that comes with a connected ecosystem.

Later in the quarter, SimCorp signed with a Sovereign Wealth Fund that will use SimCorp Dimension IBOR, Alternative Investments Manager, Performance Manager, Business Intelligence functionality and Accounting to feed their corporate general ledger.

In the beginning of Q3 2023, SimCorp also signed a new customer in the US, where SimCorp will be delivering SaaS-powered Client Reporting. The US customer is a leading investment manager offering private markets solutions globally.

A number of expansionary SimCorp Dimension license contracts were signed in Q2 2023, including three migrations from on-premise to SaaS solutions.

### *New customer wins in Q2 2023*

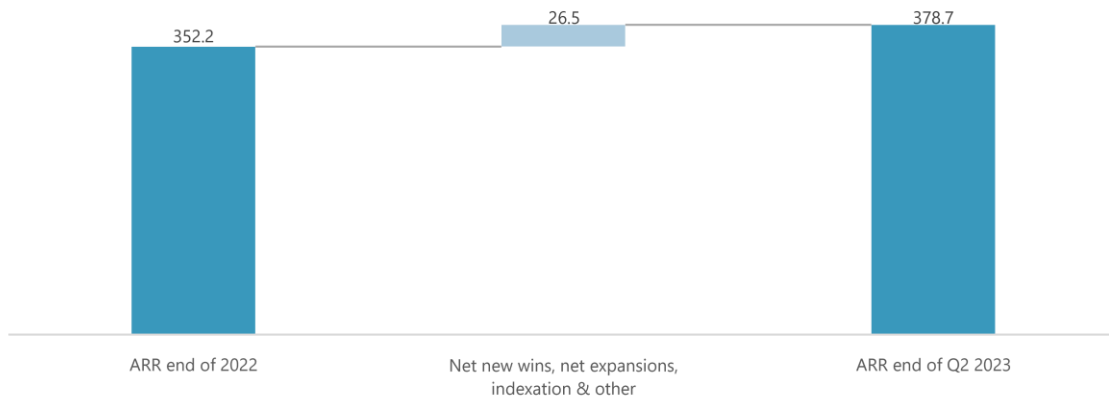
Region	Client	Offering	SaaS	Order Intake	Revenue recognition
EMEA	Hassana Investment Company	Dimension and Risk Management	No	Q2 2023	Revenue from sale of license recognized upfront. Services and Risk part of contract recognized over the period
EMEA	Undisclosed investment manager	Dimension	No	Q2 2023	Revenue from sale of license recognized upfront.

### ARR development

SimCorp accelerated its growth momentum with ARR accelerating by 13.6% in local currency by the end of Q2 2023. In H1 2023, ARR increased by EUR 26.5 million of which the largest contributors were Indexation on current contracts and expansion of business with current clients, including the signed conversions to SaaS. Additionally, the signing of four new clients during H1 2023 supported the growth.

#### ARR development in H1 2023

EUR million

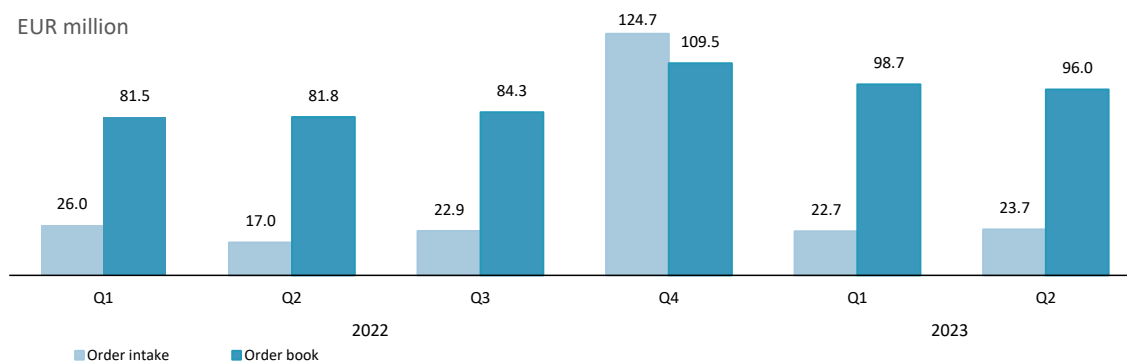


### Order intake and order book

In Q2 2023, the total order intake was EUR 23.7 million compared with EUR 17.0 million in the same period last year, mainly driven by additional license sales. Total order book was EUR 96.0 million at June 30, 2023, which is an increase of EUR 14.2 million compared with the order book at June 30, 2022.

In H1 2023, the total order intake was EUR 46.4 million compared with EUR 43.0 million in the same period last year, mainly driven by additional license sales.

EUR million



**Update on the situation in Ukraine**

The situation in Ukraine remained challenging in Q2 2023. Despite the extremely difficult situation, our Ukrainian colleagues are overcoming enormous challenges and continue to manage their daily work with dedication and limited disruption. SimCorp has not incurred any extraordinary costs related to the situation in Ukraine in H1 2023.

**Other highlights**

On April 27, 2023, SimCorp A/S and Deutsche Boerse AG announced that they entered into an agreement pursuant to which Deutsche Boerse made an all-cash voluntary recommended public takeover offer to acquire all of the issued and outstanding shares (except treasury shares) in SimCorp. The price of the Offer was DKK 735.0 in cash for each share of nominally DKK 1.0, valuing the entire share capital of SimCorp at approximately DKK 29.0 billion.

On July 28, 2023 Deutsche Boerse extended the offer for the second time, which was required to allow time to obtain the necessary regulatory approvals and clearances from regulatory authorities. Deutsche Boerse has announced that the only remaining pending approval is by the European Commission, which is scheduled to be completed in September. As such, Deutsche Boerse does not expect any further extensions and has announced that the offer is expected to be settled and completed on 29 September 2023 at the latest.

The work related to the announcement agreement and public takeover offer will entail transaction costs for SimCorp, mainly related to advisor fees. The transaction costs have been recognized as special items. In Q2 2023, these costs amounted to EUR 1.0 million.

## Financial review

### Revenue development

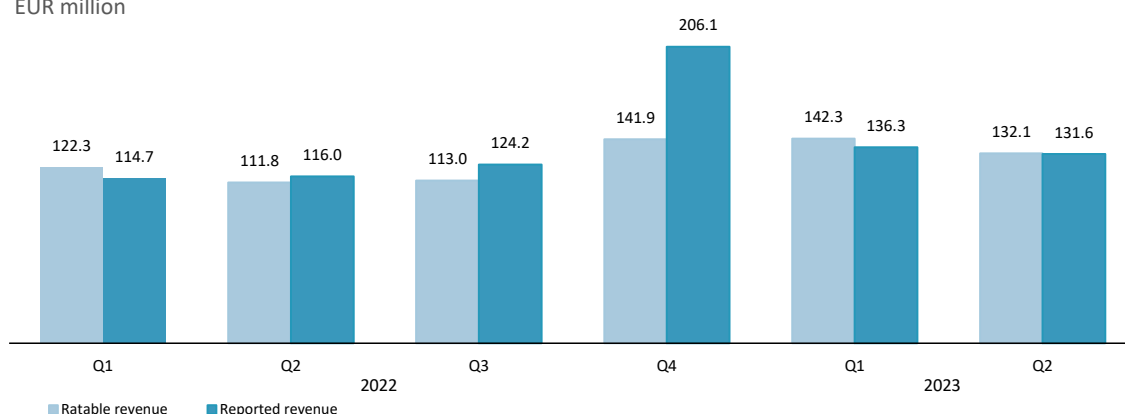
In Q2 2023, ratable revenue was EUR 132.1 million – an increase of 20.4% in local currencies and 18.2% in reported terms.

Reported revenue was EUR 131.6 million corresponding to an increase of 13.4% compared to Q2 2022. Measured in local currencies, the revenue growth was 15.1% driven by 74.2% SaaS revenue growth.

In H1 2023, ratable revenue was EUR 274.4 million – an increase of 16.8% in local currencies and 17.3% in reported currency. Reported revenue was EUR 267.9 million driven by local currency revenue growth of 16.9%.

### Quarterly revenue development

EUR million



### Revenue development per segment

In Q2 2023, on-premise revenue decreased by 2.8% as a consequence of the continued migration of customers to SaaS. The SaaS revenue continued to develop positively with revenue of EUR 33.8 million corresponding to an increase of 74.2% compared to Q2 2022. The growth was driven both by additional license sales as well as SaaS services.

In H1 2023, on-premise revenue increased by 0.8%. The SaaS revenue was EUR 71.7 million corresponding to an increase of 79.7% compared to H1 2022.

Reported Revenue EUR million	Revenue Q2 2023	Revenue Q2 2022	Growth Q2 2023	Growth Local currency Q2 2023	Revenue H1 2023	Revenue H1 2022	Growth H1 2023	Growth Local currency H1 2023
On-premise license sales	17.2	16.0	7.5%	8.7%	37.0	31.3	18.2%	18.9%
On-premise software updates and support	39.3	42.1	-6.7%	-5.2%	78.9	83.7	-5.7%	-5.6%
<b>Total on-premise revenue</b>	<b>56.5</b>	<b>58.1</b>	<b>-2.8%</b>	<b>-1.2%</b>	<b>115.9</b>	<b>115.0</b>	<b>0.8%</b>	<b>1.0%</b>
SaaS license sales	10.5	1.9	452.6%	457.9%	27.3	6.6	313.6%	316.7%
SaaS services incl. software updates and support	23.3	17.5	33.1%	36.0%	44.4	33.3	33.3%	34.1%
<b>Total SaaS revenue</b>	<b>33.8</b>	<b>19.4</b>	<b>74.2%</b>	<b>77.3%</b>	<b>71.7</b>	<b>39.9</b>	<b>79.7%</b>	<b>80.8%</b>
<b>Professional services</b>	<b>41.3</b>	<b>38.5</b>	<b>7.3%</b>	<b>8.6%</b>	<b>80.3</b>	<b>75.8</b>	<b>5.9%</b>	<b>7.1%</b>
<b>Total revenue</b>	<b>131.6</b>	<b>116.0</b>	<b>13.4%</b>	<b>15.1%</b>	<b>267.9</b>	<b>230.7</b>	<b>16.1%</b>	<b>16.9%</b>

The total license sales (on-premise license sales and SaaS license sales) can be split into the following:

License split	Q2 2023	Q2 2022	H1 2023	H1 2022
Initial license	13%	6%	10%	11%
Additional regular license	19%	45%	21%	37%
Renewals	20%	5%	30%	17%
Conversions	33%	31%	25%	19%
Other license	15%	13%	14%	16%
<b>Total license revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Operating Costs

SimCorp's total operating costs excl. special items (including depreciation and amortization) were EUR 113.4 million in Q2 2023 compared to EUR 103.5 million in Q2 2022, an increase of 9.6% in reported currency.

Headcount increased by 16.7% from 2,105 at the end of Q2 2022 to 2,456 at the end of Q2 2023, mainly reflecting investments and the development of the SaaS and BPaaS offerings. The majority of the increase came from talent-locations, predominantly Poland, India and most recently, Philippines. Furthermore, overall salaries and staff related costs excl. special items accounted for 66.7% of total costs in Q2 2023, compared with 65.4% in Q2 2022.

In Q2 2023, cost of sales, including costs for implementation consultants and hosting activities, increased by 10.2% in local currencies to EUR 60.5 million driven by larger share of revenue derived from SaaS and BPaaS.

Compared with Q2 last year, research and development costs increased by 23.2% in local currencies to EUR 31.3 million. The work of the research and development organization is focused on improving the offerings with additional applications such as Alternatives and ESG investments, enhancing the SaaS platform, including development of cloud-native applications and improving the interaction between the standard platform and the tech-enabled service offerings (BPaaS).

In Q2 2023, sales and marketing costs increased by 6.5% in local currencies. Administrative expenses decreased by 10.3% in local currencies partly driven by the FuEI cost reduction program and partly as a result of timing of consultancy costs.

### Operating costs Q2 2023

Operating costs EUR million	Reported costs Q2 2023	Special items Q2 2023	Costs excl. special items Q2 2023	Costs excl. special items Q2 2022	Growth excl. special items Q2 2023	Growth local currency excl. special items Q2 2023
Cost of sales	61.4	0.9	60.5	56.0	8.1%	10.2%
Research and development costs	31.3	0.0	31.3	26.0	20.4%	23.2%
Sales and marketing costs	17.0	0.9	16.1	15.3	5.4%	6.5%
Administrative expenses	7.1	1.6	5.5	6.2	-11.8%	-10.3%
<b>Total operating costs</b>	<b>116.8</b>	<b>3.4</b>	<b>113.4</b>	<b>103.5</b>	<b>9.6%</b>	<b>11.7%</b>

In H1 2023, total operating costs excl. special items (including depreciation and amortization) were EUR 221.5 million in H1 2023 compared to EUR 202.1 million in H1 2022, an increase of 9.6% in reported currency.



Compared with H1 last year, research and development costs increased by 18.5% in local currencies to EUR 58.7 million.

### Operating costs H1 2023

Operating costs EUR million	Reported costs H1 2023	Special items H1 2023	Costs excl. special items H1 2023	Costs excl. special items H1 2022	Growth excl. special items H1 2023	Growth local currency excl. special items H1 2023
Cost of sales	121.7	1.9	119.8	108.4	10.4%	11.7%
Research and development costs	60.1	1.4	58.7	50.7	15.8%	18.5%
Sales and marketing costs	31.4	2.2	29.2	29.0	0.7%	0.9%
Administrative expenses	17.1	3.3	13.8	13.9	-0.8%	0.2%
<b>Total operating costs</b>	<b>230.3</b>	<b>8.8</b>	<b>221.5</b>	<b>202.0</b>	<b>9.6%</b>	<b>11.1%</b>

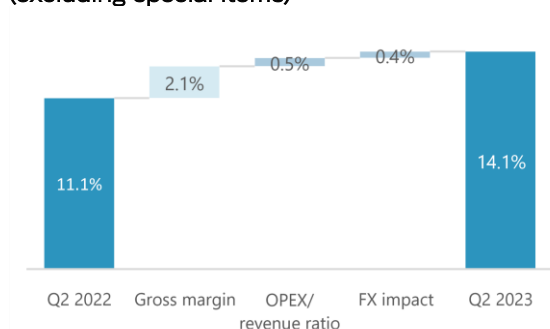
### Profitability

In Q2 2023, the Group generated EBIT of EUR 18.6 million excluding special items, compared to EUR 12.9 million in Q2 2022. The EBIT-margin was 14.1% compared to 11.1% in Q2 2022. Foreign exchange fluctuations had a small positive net impact on the EBIT-margin, primarily related to depreciation of UAH/EUR. Restructuring costs related to the execution of Program FuEI amounted to EUR 2.4 million while transaction cost related to the takeover offer from Deutsche Boerse amounted to EUR 1.0 million. Reported EBIT was EUR 15.2 million, equivalent to an EBIT-margin of 11.5%.

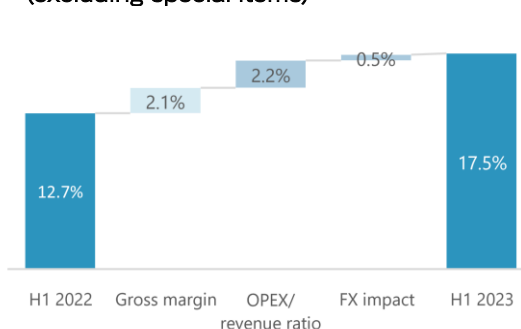
The EBIT-margin improvement is driven by revenue growth and operating leverage, which is positively impacting both the Gross margin and the OPEX/revenue ratio. The favorable development in cost ratios is also supported by the FuEL cost efficiency program initiated in February 2023.

In H1 2023, the Group posted an EBIT of EUR 46.9 million excluding special items. The EBIT-margin was 17.5% compared to 12.7% in H1 2022. Foreign exchange fluctuations had a positive net impact on the EBIT-margin of 0.5%-points. Special Items (restructuring costs and transactions costs) amounted to EUR 8.8 million in H1 2023 impacting reported EBIT of 38.1 million, equivalent to an EBIT-margin of 14.2%.

**Q2 2023 EBIT-margin development  
(excluding special items)**

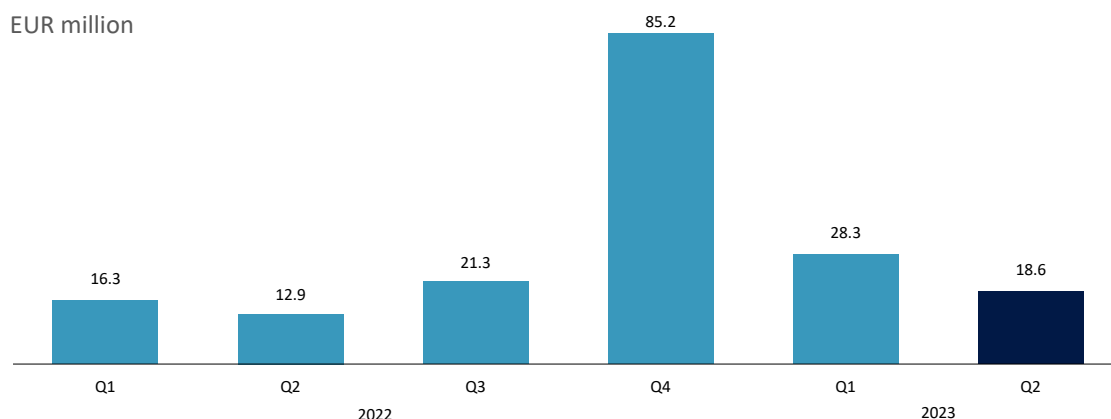


**H1 2023 EBIT-margin development  
(excluding special items)**



### Quarterly EBIT development excl. special items

EUR million



Financial items for Q2 2023 comprised net expenses of EUR 1.3 million compared with a net income of EUR 5.0 million in the same period last year. Financial income and expenses are primarily related to non-cash foreign exchange adjustments. The Group posted pre-tax profit of EUR 13.9 million in Q2 2023 against pre-tax profit of EUR 11.2 million in Q2 2022.

Financial items for H1 2023 comprised net expenses of EUR 3.6 million compared with a net income of EUR 7.1 million in the same period last year. The Group posted pre-tax profit of EUR 34.5 million in H1 2023 against pre-tax profit of EUR 28.9 million in H1 2022.

### Cash flow

Operating activities generated a cash inflow of EUR 22.1 million in Q2 2023 compared with EUR 12.1 million in Q2 2022.

Payment of income taxes amounted to EUR 6.6 million, against EUR 3.9 million in Q2 2022. The Q2 2023 free cash flow (cash flow from operations reduced by CAPEX and by the principal element of lease payments) amounted to EUR 18.1 million representing a significant improvement compared to EUR 10.1 million in Q2 2022. The improvement was driven by stronger underlying profitability and enhanced working capital management.

In H1 2023, operating activities generated a cash inflow of EUR 70.4 million in H1 2023 compared with EUR 35.3 million in H1 2022, with net cash used in investing activities amounting to EUR 11.6 million in H1 2023 of which EUR 10 million related to the ownership investment in Artega, SimCorp's joint venture channel play partner in Australia.

In H1 2023, payment of income taxes amounted to EUR 12.2 million, against EUR 13.6 million in H1 2022. The H1 2023 free cash flow (cash flow from operations reduced by CAPEX and by the principal element of lease payments) amounted to EUR 63.8 million compared to EUR 30.2 million in H1 2022.

### Balance sheet

SimCorp's total assets were EUR 612.2 million at June 30, 2023 compared with EUR 528.9 million a year earlier, an increase of EUR 83.3 million, mainly due to higher contract assets.

Cash holdings amounted to EUR 47.9 million. Draw on credit facilities was EUR 0.0 million. Consequently, net cash holdings was EUR 47.9 million compared with EUR 18.6 million a year earlier. Receivables amounted to EUR 107.1 million at June 30, 2023, representing a decrease of EUR 3.7 million compared with June 2022, due to increased focus on payment terms and overdue receivables.

Contract assets were EUR 286.4 million, an increase of EUR 68.9 million compared with June 30, 2022. Compared with December 31, 2022, contract assets decreased by EUR 6.5 million. New and additional subscription-based licenses added EUR 51.6 million to contract assets in H1 2023 and finance income recognized added EUR 2.4 million. Reductions stem from foreign exchange adjustments of EUR 3.5 million and invoicing of subscription-based license fees of EUR 57.2 million.

**Changes in equity**

The company's equity amounted to EUR 372.8 million at June 30, 2023. This was an increase of EUR 75.7 million from June 2022. Equity was reduced by the declared and paid dividends of EUR 39.7 million. The payment of dividends was approved by the shareholders at the AGM on March 23, 2023. Equity was increased by comprehensive income for H1 2023 of EUR 26.4 million as well as the effects of share-based remuneration of EUR 10.6 million, net of tax.

## Outlook for the financial year 2023

SimCorp confirms its expectations for 2023 as announced in its Annual Report 2022. Measured in local currency, it is expected that ARR will grow 12-17%, ratable revenue will grow 6-11% and the EBIT-margin is expected to be 21-24%, excluding special items (costs related to the execution of Programme FuEI and M&A-related transaction costs).

SimCorp's accelerated investments are still expected to increase costs corresponding to 3.5%-points on the EBIT-margin. These investments will be more than offset by the cost efficiency program. The execution of the FuEI cost efficiency program is on track and the cost reduction targets of EUR 25 million in 2023 and EUR 35 million run-rate effect are confirmed. The restructuring costs amounted to EUR 7.8 million in H1 2023. The restructuring costs related to Program FuEI are still expected to amount to up to EUR 20 million to be fully recognized in 2023.

The financial outlook for 2023 reflects the ongoing SaaS transformation, with accelerated investments, and the initiation of the cost efficiency program. 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.

The work related to the announcement agreement and public takeover offer will entail transaction costs for SimCorp, mainly related to advisor fees. The transaction costs are being recognized as special items. The larger part of the advisor fees is success-based and if the transaction completes, transaction costs are expected to amount to EUR 15-17 million in 2023. In Q2 2023, the transaction costs amounted to EUR 1.0 million.

### Financial outlook for 2023

All numbers in local currency, excluding special items	2023 H1 achieved	2022 FY achieved	2023 financial outlook
ARR growth (%)	13.6%	11.7%	12-17%
Ratable revenue growth (%)	16.8%	5.3%	6-11%
Total cost growth (incl. investments)	11.1%	14.3%	7-15%
EBIT-margin (%)	17.0%	24.2%	21-24%

Based on the exchange rates at the end of July 2023, it is estimated that the foreign exchange rate development will reduce revenue by 2-3% and have a neutral to slightly positive impact on the EBIT-margin.

## Confirmed 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 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. Based on these drivers, SimCorp targets to return to record-high profitability at a significantly higher revenue level.

## Other information

### Significant risk and uncertainty factors

SimCorp operates in a dynamic and complex business environment, where performance relies heavily on the ongoing achievement of a number of success criteria. Pages 31-35 of SimCorp's Annual Report 2022 (published on 9 February 2023) describe the most important general risk factors and the risk management measures applied in everyday operations. Management believes that the description of these potential risks still pertains to the current situation.

### Shareholder information

#### Restricted stock units

#### Allotment of restricted stock units

604,076 restricted stock units are outstanding on June 30, 2023. The restricted stock units will be transferred in whole or in part between 2023 and 2027 to program participants still employed when the stock units vest, some are subject to performance conditions.

#### Holding of treasury shares

SimCorp has not purchased treasury shares in H1 2023. In comparison, SimCorp purchased 289,795 treasury shares at an average price of DKK 514.47 per share, totaling EUR 20.0 million in 2022.

On June 30, 2023, SimCorp's holding of treasury shares amounted to 1,101,474 shares, equal to 2.7% of SimCorp's issued share capital.

#### Investor presentation

SimCorp's Executive Management Board will present the report on a conference call on Friday, August 11, 2023 at 11:00 am (CET). At the end of the presentation there will be a Q&A session.

The presentation will be available prior to the conference call via SimCorp's website [www.simcorp.com/en/about/investor/presentations-and-events/quarterly-and-annual-investor-meetings](http://www.simcorp.com/en/about/investor/presentations-and-events/quarterly-and-annual-investor-meetings)

#### Webcast details

It will be possible to follow the presentation via this link:

<https://edge.media-server.com/mmc/p/yi5racyj>

#### Telephone conference registration

Participants are required to register in advance of the conference using the link provided below. Upon registering, each participant will be provided with Participant Dial In Numbers, and a unique Personal PIN.

Online registration: <https://register.vevent.com/register/BI4604f41a752d446fa2ab2e7a6f90453d>

#### Enquiries regarding this announcement should be addressed to

##### *Investor contacts*

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Michael Bjergby, Chief Financial Officer, SimCorp A/S (+45 3544 8800, +45 3137 4171)

##### *Media contacts*

Tobias Brun-Falkencrone, Group Communications Director, SimCorp A/S (+45 2938 1284)

Søren Rathlou Top, Global PR & Communications Manager, SimCorp A/S (+45 3115 8706)

## Signatures

The Board of Directors and the Executive Management Board have today considered and adopted the interim report for the period January 1 – June 30, 2023.

The interim report, which is unaudited and has not been reviewed by the Company's auditors is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for interim reports for listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position as at June 30, 2023 and of the profit of the Group's operations and cash flow for the period January 1 – June 30, 2023.

Besides what has been disclosed in the interim report, there are no significant changes to the Group's risks and uncertainties, as disclosed in the Annual Report 2022 (published on 9 February 2023).

Furthermore, in our opinion the management's report gives a true and fair view of developments in the activities and financial position of the Group, the results for the period and of the Group's financial position in general, and outlines the significant risk and uncertainty factors that may affect the Group.

Copenhagen, 11 August 2023

### *Executive Management Board*

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Christian Kromann  
Chief Executive Officer

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Michael Bjergby  
Chief Financial Officer

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Georg Hetrodt  
Chief Operating Officer

### *Board of Directors*

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Peter Schütze  
Chair

---

Morten Hübbe  
ViceChair

---

Simon Jeffreys

---

Susan Standiford

---

Adam Warby

---

Allan Polack

---

Charlotte Søndergaard  
Klausen

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Neil Cook

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Sven Rinke

## Consolidated income statement

EUR '000	2023 Q2	2022 Q2	2023 H1	2022 H1	2022 FY
Revenue	131,591	116,000	267,910	230,713	560,968
Cost of sales	61,432	55,981	121,765	108,486	228,588
<b>Gross profit</b>	70,159	60,019	146,145	122,227	332,380
Other operating income	435	370	535	549	830
Research and development costs	31,257	26,689	60,056	51,378	107,039
Sales and marketing costs	16,996	15,500	31,373	29,222	61,534
Administrative expenses	7,106	11,982	17,065	20,431	35,867
Other operating costs	39	-	71	-	2,914
<b>Operating profit (EBIT)</b>	15,196	6,218	38,115	21,745	125,856
Share of profit after tax in associates	-368	11	-288	60	122
Financial income/expenses, net	-927	4,954	-3,279	7,075	2,170
<b>Profit before tax</b>	13,901	11,183	34,548	28,880	128,148
Tax on the profit for the period	3,320	1,916	8,396	6,292	28,894
<b>Profit for the period</b>	10,581	9,267	26,152	22,588	99,254
<b>Earnings per Share</b>					
Earnings per share - EPS (EUR)	0.27	0.24	0.66	0.57	2.52
Diluted earnings per share - EPS-D (EUR)	0.26	0.23	0.66	0.57	2.50

## Statement of comprehensive income

EUR '000	2023 Q2	2022 Q2	2023 H1	2022 H1	2022 FY
<b>Profit for the period</b>	10,581	9,267	26,152	22,588	99,254
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to the income statement:					
Remeasurements of defined benefit plans	-	-	-	-	1,268
Tax, remeasurement of defined benefit plans	-	-	-	-	-275
Items that may be reclassified subsequently to the income statement, when specific conditions are met:					
Foreign currency translation differences for foreign operations	908	1,318	198	1,723	-850
<b>Other comprehensive income after tax</b>	908	1,318	198	1,723	143
<b>Total comprehensive income</b>	11,489	10,585	26,350	24,311	99,397

## Consolidated balance sheet

EUR '000	Jun. 30 2023	Jun. 30 2022	Dec. 31 2022
<b>Assets</b>			
Goodwill	61,381	61,395	61,266
Software	7,332	8,964	8,132
Client relationships	18,855	20,419	19,586
<b>Total intangible assets</b>	<b>87,568</b>	<b>90,778</b>	<b>88,984</b>
Leasehold	36,026	43,008	38,259
Technical equipment	1,386	675	851
Other equipment, fixtures, fittings and prepayments	2,068	2,343	2,349
<b>Total property, plant, and equipment</b>	<b>39,480</b>	<b>46,026</b>	<b>41,459</b>
Investments in associates	9,960	787	827
Deposits	4,136	3,378	3,517
Deferred tax	3,820	3,074	2,755
Other financial assets	4,838	4,844	4,843
<b>Total other non-current assets</b>	<b>22,754</b>	<b>12,083</b>	<b>11,942</b>
<b>Total non-current assets</b>	<b>149,802</b>	<b>148,887</b>	<b>142,385</b>
Receivables	107,088	110,768	112,378
Contract assets	286,430	217,557	292,903
Income tax receivables	5,297	4,239	5,480
Prepayments	15,686	15,419	10,636
Cash and cash equivalents	47,886	31,997	40,546
<b>Total current assets</b>	<b>462,387</b>	<b>379,980</b>	<b>461,943</b>
<b>Total assets</b>	<b>612,189</b>	<b>528,867</b>	<b>604,328</b>

EUR '000	Jun. 30 2023	Jun. 30 2022	Dec. 31 2022
<b>Liabilities and Equity</b>			
Share capital	5,441	5,441	5,441
Exchange adjustment reserve	-2,877	-502	-3,075
Retained earnings	370,230	292,108	333,459
Proposed dividend	-	-	39,732
<b>Total equity</b>	<b>372,794</b>	<b>297,047</b>	<b>375,557</b>
Lease liabilities	27,308	33,342	29,437
Deferred tax	45,975	34,287	46,596
Provisions	9,751	10,201	9,132
<b>Total non-current liabilities</b>	<b>83,034</b>	<b>77,830</b>	<b>85,165</b>
Bank loan / credit facility	-	13,442	6,724
Lease liabilities	9,380	8,617	9,401
Prepayments from clients	61,105	57,620	35,975
Trade payables	37,082	30,704	33,351
Other payables	42,275	38,161	51,079
Income tax payables	5,685	4,443	6,065
Provisions	834	1,003	1,011
<b>Total current liabilities</b>	<b>156,361</b>	<b>153,990</b>	<b>143,606</b>
<b>Total liabilities</b>	<b>239,395</b>	<b>231,820</b>	<b>228,771</b>
<b>Total liabilities and equity</b>	<b>612,189</b>	<b>528,867</b>	<b>604,328</b>

## Consolidated cash flow statement



EUR '000	2023 Q2	2022 Q2	2023 H1	2022 H1	2022 FY
Profit for the period	10,581	9,267	26,152	22,588	99,254
Depreciation/amortization	3,716	3,837	7,449	7,462	14,883
Share of profit/loss after tax in associates	368	-11	288	-60	-122
Financial income	-151	-5,198	-247	-7,535	-3,191
Financial expenses	1,078	244	3,526	460	1,021
Tax on profit for the period	3,320	1,916	8,396	6,292	28,894
Other non-cash	-472	5,317	-2,814	7,435	3,954
Adjustment share-based remuneration	5,154	2,566	10,029	8,862	13,527
Change in provisions	126	560	442	1,029	-32
Change in contract assets	2,203	1,442	7,529	9,421	-70,576
Change in working capital	2,730	-3,830	21,892	-6,821	-4,756
Financial income received	247	5	247	7	80
Financial expenses paid	-205	-107	-295	-195	-345
Income tax paid	-6,597	-3,873	-12,169	-13,638	-22,251
<b>Net cash from operating activities</b>	<b>22,098</b>	<b>12,135</b>	<b>70,425</b>	<b>35,307</b>	<b>60,340</b>
Purchase of property, plant, and equipment, net	-1,371	309	-1,717	-263	-1,524
Sale and purchase of financial assets, net	82	-1,113	-9,973	-1,240	-1,377
Dividends from associates	123	134	123	134	134
<b>Net cash used in investing activities</b>	<b>-1,166</b>	<b>-670</b>	<b>-11,567</b>	<b>-1,369</b>	<b>-2,767</b>
Dividends paid	-9,986	-10,068	-39,669	-39,599	-39,836
Purchase of treasury shares	-	-10,293	-	-18,921	-20,049
Repayment of lease liability	-2,608	-2,310	-4,940	-4,819	-11,661
Proceeds, credit facilities / loans	-	-	36,962	20,167	26,891
Repayments, credit facilities / loans	-26,834	-6,725	-43,636	-6,725	-20,167
<b>Net cash used in financing activities</b>	<b>-39,428</b>	<b>-29,396</b>	<b>-51,283</b>	<b>-49,897</b>	<b>-64,822</b>
<b>Change in cash and cash equivalents</b>	<b>-18,496</b>	<b>-17,931</b>	<b>7,575</b>	<b>-15,959</b>	<b>-7,249</b>
Cash and cash equivalents at beginning of period	66,382	49,768	40,546	47,692	47,692
Foreign exchange adjustment of cash and cash equivalents	0	160	-235	264	103
<b>Cash and cash equivalents end of period</b>	<b>47,886</b>	<b>31,997</b>	<b>47,886</b>	<b>31,997</b>	<b>40,546</b>

## Statement of changes in equity

EUR '000	Share capital	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
<b>2023</b>					
Equity at January 1	5,441	-3,075	333,459	39,732	375,557
Net profit for the period	-	-	26,152	-	26,152
Total other comprehensive income	-	198	-	-	198
Total comprehensive income for the period	-	198	26,152	-	26,350
<b>Transactions with owners</b>					
Dividends paid to shareholders	-	-	63	-39,732	-39,669
Share-based payment	-	-	10,029	-	10,029
Tax, share-based payment	-	-	527	-	527
Equity at June 30	5,441	-2,877	370,230	-	372,794
<b>2022</b>					
Equity at January 1	5,441	-2,225	280,003	39,888	323,107
Net profit for the period	-	-	22,588	-	22,588
Total other comprehensive income	-	1,723	-	-	1,723
Total comprehensive income for the period	-	1,723	22,588	-	24,311
<b>Transactions with owners</b>					
Dividends paid to shareholders	-	-	52	-39,888	-39,836
Share-based payment	-	-	8,862	-	8,862
Tax, share-based payment	-	-	-476	-	-476
Purchase of treasury shares	-	-	-18,921	-	-18,921
Equity at June 30	5,441	-502	292,108	-	297,047
Net profit for the period	-	-	76,666	-	76,666
Total other comprehensive income	-	-2,573	993	-	-1,580
Total comprehensive income for the period	-	-2,573	77,659	-	75,086
<b>Transactions with owners</b>					
Share-based payment	-	-	4,665	-	4,665
Tax, share-based payment	-	-	-113	-	-113
Purchase of treasury shares	-	-	-1,128	-	-1,128
Proposed dividends to shareholders	-	-	-39,732	39,732	0
Equity at December 31	5,441	-3,075	333,459	39,732	375,557

## Notes

### Accounting policies

The interim report for Q2 2023 has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies.

The interim report for the first half of 2023 follows the same accounting policies as the annual report for 2022 except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on January 1, 2023. These IFRSs have not had any impact on the Group's interim report. See the annual report 2022 for a comprehensive description of the accounting policies applied.

### Judgments and estimates

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognized assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimates made by management when using the Group's accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2022.

### Contingent liabilities

Please refer to the annual report 2022.

### Events after June 30, 2023

No other significant events have occurred after the balance sheet date that affect the interim report other than described separately in this interim report.

### Segment information

The segment reporting reflects the management reporting structure where revenue is categorized into three main segments: revenue from clients operating and maintaining their SimCorp solution, on-premise, revenue from clients that are on a SaaS solution, and non-recurring professional services revenue.

Revenue disclosures are based on SimCorp's market units and development activities, while asset allocation is based on the physical location of the assets. Unallocated assets relate to headquarter assets, cash and investments in associates. "Research and development" and "Corporate functions" and "Elimination/Not allocated" are not operating segments, and the disclosure forms part of the reconciliation of segment data to the group income statement rather than being information about operating segments.

EUR '000	EMEA	Asia and Australia	North America	SimCorp Sofia	Research and develop- ment	Corporate functions	Elimina- tion/Not allocated	Group
<b>April 1 - June 30, 2023</b>								
On-premise initial licenses	2,712	6	191	1	-	-	-	2,910
On-premise additional licenses	6,222	4,306	793	780	-	-	-	12,101
On-premise other licenses	1,601	472	68	-	-	-	-	2,141
On-premise software updates and support	30,157	2,440	4,704	1,405	82	516	-	39,304
Total on-premise revenue	40,692	7,224	5,756	2,186	82	516	-	56,456
SaaS Initial licenses	607	72	120	-	-	-	-	799
SaaS additional licenses	7,317	273	191	-	-	-	-	7,781
SaaS other licenses	1,451	187	326	-	-	-	-	1,964
SaaS services incl. software updates and support	12,701	3,093	7,222	-	-	322	-	23,338
Total SaaS revenue	22,076	3,625	7,859	-	-	322	-	33,882
Professional services	23,720	4,682	10,109	2,742	-	-	-	41,253
External revenue	86,488	15,531	23,724	4,928	82	838	-	131,591
Revenue between segments	4,786	429	854	168	51,251	47,880	-105,368	-
Total segment revenue	91,274	15,960	24,578	5,096	51,333	48,718	-105,369	131,591
EBITDA	19,686	3,447	7,725	1,664	25,658	-39,230	-	18,951
Depreciation and amortization	912	151	375	334	768	1,214	-	3,754
Segment operating profit (EBIT)	18,774	3,296	7,350	1,330	24,890	-40,444	-	15,196
Financial items, net							-1,295	-1,295
Profit for the period before tax								13,901
<b>January 1 - June 30, 2023</b>								
On-premise initial licenses	3,668	67	472	3	-	-	-	4,210
On-premise additional licenses	16,520	4,800	2,736	4,270	-	-	-	28,326
On-premise other licenses	3,338	467	616	-	-	-	-	4,421
On-premise software updates and support	60,437	4,919	9,559	2,791	159	1,036	-	78,901
Total on-premise revenue	83,963	10,253	13,383	7,064	159	1,036	-	115,858
SaaS Initial licenses	917	463	968	-	-	-	-	2,348
SaaS additional licenses	14,540	545	5,145	-	-	-	-	20,230
SaaS other licenses	3,691	271	839	-	-	-	-	4,801
SaaS services incl. software updates and support	24,660	5,516	13,895	-	-	322	-	44,393
Total SaaS revenue	43,808	6,795	20,847	-	-	322	-	71,772
Professional services	46,681	9,368	18,108	6,123	-	-	-	80,280
External revenue	174,452	26,416	52,338	13,187	159	1,358	-	267,910
Revenue between segments	10,471	1,318	1,971	274	97,041	58,672	-169,747	-
Total segment revenue	184,923	27,734	54,309	13,461	97,200	60,030	-169,747	267,910
EBITDA	35,278	5,716	18,933	6,785	54,276	-75,354	-	45,635
Depreciation and amortization	1,877	306	759	661	1,537	2,379	-	7,519
Segment operating profit (EBIT)	33,401	5,410	18,174	6,124	52,739	-77,733	-	38,115
Financial items, net							-3,567	-3,567
Profit for the period before tax								34,549
Total assets	332,282	55,123	108,586	50,105	59,594	4,272	2,227	612,189

EUR '000	EMEA	Asia and Australia	North America	SimCorp Sofia	Research and develop- ment	Corporate functions	Elimina- tion/Not allocated	Group
<b>April 1 - June 30, 2022</b>								
On-premise initial licenses	107	339	116	-	-	-	-	562
On-premise additional licenses	4,138	8,450	787	313	-	-	-	13,688
On-premise other licenses	1,076	79	608	-	-	-	-	1,763
On-premise software updates and support	32,065	2,912	5,236	1,271	413	193	-	42,090
Total on-premise revenue	37,386	11,780	6,747	1,584	413	193	-	58,103
SaaS initial licenses	354	74	67	-	-	-	-	495
SaaS additional licenses	20	88	831	-	-	-	-	939
SaaS other licenses	294	48	123	-	-	-	-	465
SaaS services incl. software updates and support	8,964	2,130	6,031	103	-	251	-	17,479
Total SaaS revenue	9,632	2,340	7,052	103	-	251	-	19,378
Professional services	23,054	3,781	8,288	3,396	-	-	-	38,519
External revenue	70,072	17,901	22,087	5,083	413	444	-	116,000
Revenue between segments	9,985	1,336	2,392	9	35,534	9,962	-59,218	-
Total segment revenue	80,057	19,237	24,479	5,092	35,947	10,406	-59,218	116,000
EBITDA	11,594	1,341	3,105	1,957	11,173	-19,116	-	10,054
Depreciation and amortization	935	161	402	296	956	1,086	-	3,836
Segment operating profit (EBIT)	10,659	1,180	2,703	1,661	10,217	-20,202	-	6,218
Financial items, net							4,965	4,965
Profit for the period before tax								11,183
<b>January 1 - June 30, 2022</b>								
On-premise initial licenses	2,252	681	256	60	-	-	-	3,249
On-premise additional licenses	10,737	8,548	1,758	3,552	-	-	-	24,595
On-premise other licenses	2,458	322	660	-	-	-	-	3,440
On-premise software updates and support	63,879	5,893	10,197	2,568	739	422	-	83,698
Total on-premise revenue	79,326	15,444	12,871	6,180	739	422	-	114,982
SaaS initial licenses	393	234	262	-	-	-	-	889
SaaS additional licenses	943	90	2,126	-	-	-	-	3,159
SaaS other licenses	1,310	95	1,108	-	-	-	-	2,513
SaaS services incl. software updates and support	17,018	4,080	11,809	225	-	251	-	33,383
Total SaaS revenue	19,664	4,499	15,305	225	-	251	-	39,944
Professional services	44,078	8,110	16,936	6,663	-	-	-	75,787
External revenue	143,068	28,053	45,112	13,068	739	673	-	230,713
Revenue between segments	22,025	2,199	4,487	17	73,298	20,007	-122,033	-
Total segment revenue	165,093	30,252	49,599	13,085	74,037	20,680	-122,033	230,713
EBITDA	22,116	2,507	6,703	7,065	29,083	-38,268	-	29,206
Depreciation and amortization	2,076	352	764	592	1,650	2,027	-	7,461
Segment operating profit (EBIT)	20,040	2,155	5,939	6,473	27,433	-40,295	-	21,745
Financial items, net							7,135	7,135
Profit for the period before tax								28,880
Total assets	242,384	58,514	104,661	50,437	59,713	3,647	9,511	528,867