

Virtual Annual General Meeting  
Deutsche Börse Aktiengesellschaft

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## Draft report of the CEO

Theodor Weimer  
Deutsche Börse AG

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## Ladies and gentlemen, dear shareholders, dear shareholder representatives!

Seven is a special number. Some say it's magical. It's often regarded as a lucky number. The seven days of the week. In seventh heaven. Or occasionally: There are seven steps to wisdom.

The number seven also has a special significance for me. As I would like to point out: I'm now in my seventh year as CEO of Deutsche Börse. It's also my last year. For you and with you.

Seven years at Deutsche Börse. Time to say thank you. To the owners of this special company. And especially to our employees. To all of you around the world. To customers worldwide. Without whom we could not exist. To policymakers in Hesse and Berlin, and also in Brussels. And, yes, I also want to thank the regulators. To the public – media representatives, the financial hub, and all the friends of the stock exchange. Thanks to all those who care about this company. Who are interested in us. And believe in free, transparent markets.

Time to say thank you. For a busy, exciting time. A time in which we wanted to set things in motion. And were allowed to. Thank you for your trust in our abilities. And in our enthusiasm.

And finally: Time also to say thank you: To the entire Supervisory Board of Deutsche Börse and to its Chairman, Martin Jetter. For the leap of faith. For their support in what have sometimes been difficult times. Times of coronavirus, war in Europe, the trials and tribulations of the world. Thank you for many a critical debate. And thanks also for the sometimes probing questions. Thank you for excellent checks and balances.

We have achieved a lot. As a company. As a team. We have measured up to the best in the world in a fiercely competitive environment. We have no reason to hide. We have acted strategically. Worked well. Haven't been afraid to make fundamental decisions. Have acted as entrepreneurs. We didn't just want to manage. We wanted to win in our markets.

What has Deutsche Börse Group achieved in the past few years? Where did we stand in 2017? Where are we today? We have succeeded in many things – but by no means in everything. Just like in real life. But the results are impressive. As I go through them, I'll compare the end of 2017 to the end of 2023:

- Our share price has performed very strongly: From 97 euros to over 187 euros. During this period, the DAX index rose by 30 per cent. We were up just over 90 per cent.
- Our net revenue doubled between the end of 2017 and the end of 2023: from 2.5 to 5.1 billion euros.
- Our pre-tax profit – EBITDA – also doubled: from 1.4 to 2.9 billion euros.
- And earnings per share doubled as well.

- When I took over Deutsche Börse, it had 5,600 employees; today more than 14,000 people work for the company.

We have become a really large company with global operations. We are almost the smallest of the big players in the DAX index. But we don't have to be embarrassed about our valuation on the stock market. We've made it into the top half of the DAX index in terms of our market capitalisation.

Our employees also appreciate our success: The fact that over 80 per cent of them recommend us as an employer makes me particularly happy.

My job as CEO was to embark on new paths. To give the team courage for the road ahead. To inspire them to believe in growth. That this is possible. And yes – profitable growth is not a lucky coincidence. On the contrary: it is inherent to the market economy. I know: occasionally, difficult decisions had to be made. And their value did not become apparent until later.

Now – in my final year – my main task is to pave the way for my successor and the management team that is evolving all the time. To encourage them to change things. To dare to try something new. My task in 2024 is not to entrench the way for others. But rather to open it. Modern strategy means: To create room for options. To stay agile without becoming arbitrary. The aim is to explore new paths without getting lost. The direction is set. Regardless of people, ambitions, and sensitivities.

Only one thing counts: the sustained success of Deutsche Börse. That's the true north of our strategy. It's all right for the compass needle to tremble sometimes – the direction is clear. We are all committed to achieving the best for Deutsche Börse. I am convinced that Deutsche Börse's path will lead upwards. Walking it is certainly tough. But fulfilling. That's my message.

But I don't want to become emotive. After all, we are here at the Annual General Meeting. And it is my honourable duty and pleasure to report on the 2023 financial year. As the law requires. So here you go:

We again exceeded our targets in 2023. Our net revenue grew by 17 per cent, taking us to a record level of 5.1 billion euros. We achieved 12 of those percentage points organically – i.e. without acquisitions. Cyclical growth accounted for 7 per cent and structural growth for 5 per cent of our increase in revenue. This means we had a tailwind, although last year this was not due to high volatility – on the contrary. We saw extremely low fluctuations in the markets. The tailwind came from the rise in interest rates. A further 5 percentage points were added through successful acquisitions.

All in all: after a record year in 2022, we had another really strong year. We've gone one better, as they say.

But even more than the figures, we were pleased about two developments in particular:

First: Our new strategy has been really well received by our investors. The bar was set high. Our Roadmap 2020 and Compass 2023 strategies have laid the foundations. Now Horizon 2026 is showing us the way into the near future. We've had a lot of positive feedback. It has convinced people. And it is supported by

you, our shareholders. May this still be the case in a couple of years. We, at any rate, are delighted. And it encourages us to continue.

Second: Last year, we successfully acquired SimCorp. It is the biggest takeover in our company's history. Demanding – without a doubt. But it will be a success. The first two quarters after the takeover were impressive.

We were delighted when Germany's stock market daily Börsen-Zeitung honoured us with the Corporate Finance Award in the "Digital" category. But it's not making us overconfident. We have to deliver. On revenue and on synergies. Our customers determine our success. But I'm confident as I stand here before you.

In addition to the sheer growth in revenue, it's the proportion of recurring income that makes us proud, as this is what makes us resilient. It now accounts for 60 per cent. This means: at the start of the financial year, we already had over 60 per cent of our revenue in the bag. Let me tell you: that's a very good feeling.

Now I want to give you some details about our cost performance:

The acquisition of SimCorp has also resulted in a 16 per cent increase in costs overall. But in purely organic terms – excluding the acquisition of SimCorp – our costs have only risen by 5 per cent. This 5 per cent organic cost growth compares with the 12 per cent organic revenue growth I mentioned earlier.

This shows that our business is scaling. Costs are increasing more slowly than revenue. The effect on profits is impressive:

As a result, our pre-tax profit – EBITDA – was also up significantly in 2023, rising by 17 per cent to 2.9 billion euros. And our consolidated net income amounted to 1.7 billion euros, an increase of 15 percent.

Let me take this opportunity to express my sincere thanks for the year 2023. To our employees around the world. For their commitment. For the enthusiasm they show in their jobs. For being ready to perform day in, day out. For working so independently and being intrinsically motivated. That's fantastic to see. Thank you very, very much, also on behalf of the entire Executive Board.

Ladies and gentlemen, dear shareholders!

We have decided to share a substantial part of our financial success with you and are proposing a dividend of 3 euros 80 per share for 2023, 6 per cent more than last year. It means we are distributing 40 per cent of net income for the period to our shareholders. Our aim is to increase the dividend per share every year.

In addition, we have completed a share buyback programme amounting to 300 million euros. This means that, together with the dividend, we are returning a total of 1 billion euros to our shareholders.

So far, the year 2024 has also been going very well. Our net revenue increased by 16 per cent to 1.4 billion euros in the first quarter. And our EBITDA was up 13 per cent to 0.9 billion euros. We have therefore once again exceeded analysts' expectations. This has again got us off to a good start this year. Let's look ahead with confidence rather than exaggerated pride.

I've already referred to our new Horizon 2026 strategy several times today. Let me again summarise the core elements of this strategy. This is because we want all of our shareholders to know where we are heading!

### **Pillar 1: Our new strategic focus**

We have decided to focus more strongly on the buy side. On the big investors. Where growth will be higher in the future. We have created a new growth segment for this purpose. IMS. Investment Management Solutions. To use the potential of asset management. Firstly, we acquired SimCorp to this end. And teamed it up with our Axioma. Secondly, we combined ISS with our subsidiary STOXX. A large provider of ESG data with a leading index provider. Both new companies are global powerhouses for Investment Management Solutions.

### **Pillar 2: Organic growth before acquisitions**

We are pursuing a consistent growth strategy. Its most important core pillar is organic growth. And the maximum level of recurring revenue. Organic growth is supplemented by targeted acquisitions. Which must be financially viable and a strategic fit for us. We want to grow by a total of around 10 per cent a year. Organically, we are growing really well in many of our businesses.

Let me highlight a few of them:

- Eurex, one of the few leading global derivatives exchanges, is a billion-euro business in its own right. A platform that performs at its best when the markets fluctuate. Its contribution to minimising risk in the markets cannot be overstated.
- Our subsidiary EEX operates marketplaces for power and gas worldwide. It has become the secret star in our portfolio. It is simply the largest power exchange in the world – the envy of many.
- There's also 360T, our small but mighty foreign exchange platform. Small is perhaps a bit of an understatement: After all, its trading volume is around 130 billion US dollars a day.
- We now execute around 800 million transactions across all trading activities. Day after day. That's more than 10,000 transactions per second.
- Clearstream Securities Services – our settlement business – has performed remarkably well thanks to the rise in interest rates.
- Some people advised me to sell Clearstream years ago. We said NO. And we were right. In total, we generated around 700 million euros in net interest income at Clearstream in 2023. And by the way: we have custody of assets totalling around 14,900 billion euros. That is more than three times Germany's gross domestic product.
- And our Clearstream Fund Services business also delivers consistently high income. Incidentally, we have another 3,600 billion euros in fund assets under management there.

- The only business that is really not growing for us is our cash equity market. Xetra may give us a market share of over 60 per cent. But we are suffering from the structural weakness of the German and European capital markets. These markets are too fragmented. Too regulated. There are fewer and fewer listed companies. And too few IPOs. There are no incentives for them. What is even worse: the German capital market is falling further and further behind. The activities of national investors and financial intermediaries are underdeveloped. There is only one asset manager left among the world's top ten. And no bank. Often there are simply not enough investors. The competitive disadvantage compared to the American market has become huge. And we are not talking about Germany alone. But all of Europe.

Let me stop here before I get too carried away – and come back to our company.

Our high organic growth doesn't come for free. It doesn't drop from the sky. It requires effort. We have to spend money to achieve this. My rule of thumb is: every year, we invest to increase our cost base by around 5 per cent in order to grow our business organically by around 7 per cent. In my view, that's a healthy ratio.

### **Pillar 3: Growth only in conjunction with high profitability**

No growth, please, without scalability. Profits have to grow faster than revenue. Profit isn't everything, but without profit there is nothing. A common saying, but also a true one. We won't lose sight of this.

### **Pillar 4: Setting the technological course**

The last few decades have been decades of global growth. In recent years, the world's growth has been determined by technology, and this will continue over the next few decades. It will affect us, too. That's why we invest so much:

- We have made very large investments in cybersecurity because we operate a critical infrastructure.
- We have entered a strategic partnership with Google Cloud.
- We now have around half of our computing power in the cloud. The trend is rising rapidly.
- We continued to invest in digital assets, even during the crypto winter. We promote regulated business with institutional investors. We have obtained licences and scaled our D7 post-trading platform together with partners. We are preparing for tokenisation – through business models and technological systems. We are investing in digital ecosystems and building a platform for digital assets.
- We are creating a data network and investing in our data architecture to commercialise data further.
- We have many AI use cases underway and are monitoring developments carefully.

We have many questions – not an answer to every one of them. But we'll keep at it.

### **Pillar 5: Implementation – the underestimated factor**

It sounds simple, but it doesn't come as a matter of course: It needs a focused management team that works hard and pulls in the same direction. Without resting on its laurels. It takes the effort of always

wanting to do better. Day after day. Some people have great ideas, many are talented and almost all of them are full of good advice. But what really counts is getting it right as a company. With a convincing strategy and systematic implementation.

My mantra has been for years: If you have a good strategy but no implementation skills, you have no strategy. Strategy and implementation really go hand in hand.

In addition to these main pillars of our strategy, we have changed our capital management:

At the start of my term of office, we distributed around 60 per cent of our consolidated profit. We have since then increased the dividend every year, although the pay-out ratio has fallen due to some good results. It now stands at around 40 per cent. And it will tend to range between 30 and 40 per cent, rather than higher, in the next few years.

But you, our shareholders, will not miss out. On the contrary: We aim for dividend continuity, with increasing dividends per share. In addition, we have announced as part of our Horizon 2026 strategy that if we have excess liquidity, which should not be the exception given our business, we plan to supplement the dividend distributions with share buyback programmes. We also want this to send a clear signal to you: our number one priority is organic growth. And the bar for acquisitions is high.

My conclusion on the strategy is as follows: we are leading Deutsche Börse to new horizons. And beyond. You may know the song by Udo Lindenberg, which translates to "Beyond the horizon, the journey continues". There is no better basis for many more successful years. And by that I mean: years of continuing high growth. In the service of our customers. And in the service of our shareholders.

That will be your role in future, Stephan Leithner. You've been my deputy for a few weeks now. From next year, you will be the captain of this ship. In both calm and rough seas. I have known and thought highly of you for years. And I know you will succeed. Next year you will be standing here and report. And you will do well. I'm quite sure of that. You can look forward to taking on one of the most rewarding jobs the German economy has to offer. Congratulations again on your appointment.

Dear shareholders,

I'd like to thank you – also on behalf of the Executive Board – for your loyalty to our company. It's a give and take: you give the money by buying our shares. Trust us that we will turn it into something good and pay you a risk-adequate return on your investment. It has worked so far. I trust this will continue to be the case. The loyalty of our valued shareholders is part of our success. And for that I want to express my heartfelt thanks.

Thank you!