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IDS GmbH - Analysis and Reporting Services

Munich

Annual financial statements for the business year from 01/01/2020 to 12/31/2020

Management report for the 2020 financial year

Business activity

IDS GmbH - Analysis and Reporting Services (IDS) was founded on July 6, 2001 in Munich as a 100% subsidiary of Allianz SE. It offers services in connection with the controlling of capital investments at the Munich and Frankfurt locations.

IDS makes their global investment decisions transparent for its customers, from the individual transaction to the entire investment portfolio. With the help of the most suitable financial technology, a highly motivated, diverse and highly qualified team, the most modern project management approaches and excellent industry knowledge, IDS supports all information dimensions for investment portfolios. Together with our customers from the investment and asset management industry, we are constantly developing our service portfolio as required.

Thanks to the modular structure of the production platform, all lot sizes can be mapped. The efficiency of production is the result of decades of experience in data management. Among other things, based on the quality of the analyzes and reports, IDS customers regularly receive awards.

IDS creates the required target formats, both in push and pull mode, so that data and reports can be seamlessly docked into the customers' ecosystems. In addition to the "classic" risk, performance and structural analyzes as well as regulatory reporting, IDS regularly supplements its range of services in order to either take current developments such as ESG into account, to deepen analyzes or to expand the data supply for customers.

The IDS services are available globally to the Allianz group as well as to third parties. In particular, the expansion of business for customers outside the group is being sustained.

General framework

Macroeconomic and industry-specific development

The dominant topic in 2020 was the Covid pandemic and its side effects.

- (1) In the euro area, economic output slumped by 11.7% in the second quarter, triggered by drastic measures to contain the corona epidemic. Despite a strong recovery in the course of the year, the gross domestic product remained below the comparable period of the previous year. Corresponding changes in behavior in consumption can be observed along with this (consumer spending - 8%), especially in the area of mobility; In return, the savings rate almost doubled (to 21% in Q2).
- (2) The fight against the pandemic was accompanied by an unprecedented expansionary fiscal and central bank policy: As part of the PEPP (Pandemic Emergency Purchase Program), the ECB is buying 1.35 trillion in addition to its "regular" bond purchases (over EUR 20 billion per month). EUR in bonds until June 2021. The planned reconstruction fund of the EU Commission has a volume of EUR 750 billion. The German Corona package to strengthen the economy amounts to EUR 130 billion. The stock exchanges that experienced a sharp decline within weeks (e.g. DAX -40% in mid-March compared to mid-February),
- (3) The corona news has pushed the topic of climate change into the background a little. That cannot hide the fact that 2020 was the second warmest year in Germany since records began and the tenth in a row in which the average temperature was above the long-term average. ESG has established itself as a dimension alongside IFRS, investment yield and Solvency. This is particularly evident from the explicit statements made by the Net-Zero Asset Owners Alliance regarding ambitious reduction targets and GDV (joining the global investor initiative PRI as a network supporter).

Market and competitive conditions

In recent years, the financial data of the supplier industry in particular has seen another wave of concentration. Practically all well-known ESG data providers have been taken over by one of the well-known established data providers. On the one hand, the concentration per se and the associated pricing is problematic for the demand side; on the other hand, the transparency, substitutability and applicability of the data provided is problematic because the data to be processed often itself represents calculation results similar to ratings. While rating comparisons between the providers show a relatively high correlation, the assessment of individual "ESG rated" companies diverges significantly depending on the data provider.

In addition, the trend towards opening up data platforms has continued. Customers not only want to "consume" finished analyzes and reports, but also increasingly process maintained data in "sandboxes" in order to carry out their own analyzes. IDS has developed a model for this in which customers can set up themselves directly on their own platform and also provide the necessary data decentrally.

The third major development is so-called artificial intelligence. These are general methods that are suitable for supporting decision-making processes through skillful calibration. These solutions go beyond pure classic rule-based automation and enable more complex processes to be digitized automatically with the help of result heuristics.

Essentially, the competitive situation has not changed compared to the previous year: Tool providers are expanding on the data supply side, while data providers are moving into the domain of tool providers.

Business development and situation of IDS

The annual financial statements show the asset, financial and earnings position of IDS. The company is set up within the Allianz Group as a cost center. The services to customers outside the group are based on remuneration agreements with a structure that is customary in the market.

Customers

In 2020, IDS maintained customer relationships with 129 (previous year 121) companies, 32 of which (previous year 31) were not part of the Allianz Group.

Employees

As of December 31, 2020, IDS employed a total of 322 (previous year 330) people at the two German locations in Munich and Frankfurt.

64 (previous year 70) employees had part-time contracts and 16 (previous year 16) employees had fixed-term employment contracts. One employee (previous year 1) had a part-time contract for a limited period.

sales

Revenues rose by 4.03% to € 69.6 million compared to the previous year (previous year: € 66.9 million). The increase is mainly due to a significant increase in external costs and strong project business. Additional orders of services during the period under review also have a slight contribution.

expenditure

Personnel expenses rose by 4.56% to € 34.4 million in the financial year (previous year: € 32.9 million), which is mainly due to increases in salaries and higher numbers of new hires. The cost of materials increased in the financial year by 8.8% to € 42.2 million (previous year: € 38.8 million) since operational services have been outsourced to an external service provider to a larger extent since 2020. Other operating expenses fell in the financial year by 89.7% to € 0.9 million (previous year: € 8.7 million) because the previous year's figure was burdened by restructuring expenses and a one-off effect from clearing transactions for the processing of services.

accruals

Significant provisions were made for special payments and for outstanding invoices. In addition, for obligations in the context of a social plan. The provision items represent short-term (<1 year) and the amount of uncertain liabilities.

Result

IDS achieved a positive result of € 440,003.41 in the financial year (previous year: deficit of € 5,243,206.92). The surplus will be added to equity due to the transfer block.

Financial condition

Efficient liquidity management is one of the objectives of IDS financial management. Participation in AZ SE's group-wide cash pool ensures that excess liquidity is invested at customary market conditions and that short-term liquidity requirements can be offset.

Financial position

As a result of the business activities of IDS, the assets side is determined by the receivables from affiliated companies in the amount of € 13.9 million (previous year: € 17.6 million), while the liabilities are determined by the provisions in the amount of € 15.8 million (previous year: € 17.6 million) 17.5 million), mainly for profit sharing and provisions for outstanding invoices.

Forecast report

Expected development 2021/2022

Due to the annual budgeting process and the current customer inquiries, a comparable turnover is assumed for the following years (forecast for 2021: sideways movement). From the gradual expansion of business with customers outside the Allianz Group, IDS continues to expect a slight increase in sales in the medium term (forecast for 2021: medium-term increase).

Future development and opportunities

The development of the company essentially depends on strategic decisions made by the parent company and the individual customer divisions in the group. Increasingly relevant is the influence of the "third party" customer segment, which is now making a substantial economic contribution and is to be expanded further.

At the end of 2020, IDS, in cooperation with the Allianz Group, decided on a strategic further development of the current platform. In particular, the self-service component of the platform is to be substantially expanded and sandboxing is to be further simplified. The components required for this should represent the latest technology after completion.

In particular, developments in the field of artificial intelligence are being driven forward. The productive successes to date encourage IDS to continue investing in this area. The necessary expertise is available in-house. This know-how is of crucial importance when processing unstructured data. This is a decisive advantage when developing ESG services.

Risk report

The IDS risk management system encompasses all relevant risk areas (business risk, operational risks, reputational risks, other risks).

Covid pandemic: As early as February 25, 2020, IDS was tested in home office mode, from March 15. was structurally switched from the classic office presence to home office (90% +). The contingency plans, which were adjusted at the end of January, were implemented within hours. Thanks to the prudence of the crisis team, hygiene measures were taken immediately and protective equipment was ordered before it was out of stock. From 13.3. Immediately and comprehensively informed about all measures.

Business risk

Business risk includes all risks that directly affect IDS's budget. This includes in particular the decision for decentralized data storage in the group or the development and implementation of an alternative platform for the group financial data. Excessive budget restrictions of one or more customers with the same entitlement to benefits can jeopardize the sustainable performance of IDS. In order to meet customer requirements as comprehensively as possible, the management of IDS therefore regularly coordinates the range of services with the advisory board and customers.

IDS is exposed to permanent competition, especially when it comes to products and services for asset management customers. We believe that an excellent knowledge of the needs of our customers and their data landscape gives us a competitive advantage. Nevertheless, we cannot rule out the possibility that current or future competitors may place their own products / services with our customers through aggressive pricing strategies. Our own off-shoring activities were successfully implemented in order to consolidate the competitive situation.

Operational Risks

Operational risks that can result from system processes and human behavior are countered, in particular, through a clear definition of processes, control procedures and responsibilities as well as an independent Allianz SE auditing unit, the Group Audit / Investments. As part of the group guidelines ("Operational Risk Management"), operational risks are thematically pre-structured and their occurrence / non-occurrence quantified through periodic reporting.

Our customers trust in our ability to process substantial volumes of data efficiently and to make analyzes and data available on time via data networks. The IT infrastructure is largely provided by a sister company. Disruptions of any kind in the data centers can have material effects on our business processes. There are extensive precautions against a partial or total failure of the systems:

- Outsourcing of the hardware in spatially separate security and climate zones (different fire protection areas) with access controls;
- Separate data backup archives;
- Oracle-RAC (Real Application Cluster) - Exadata for data warehousing and analysis applications in a cluster for optimal scaling and availability;
- Quadruple data protection through mirroring, backup and storage array clusters;
- Monitoring arrangements such as safety and quality checks as well
- Regular back-ups of software and data.

Taking into account the internal IT security requirements, the data and programs managed by IDS are protected against unauthorized access and manipulation (authentication) by specific access protection systems or user authorization concepts. The data is mainly distributed via encrypted and appropriately secured network connections.

The IDS IT security manager checks the implementation of the group guidelines and works closely with the group. Regular risk analyzes and ongoing system monitoring enable IDS to identify critical developments at an early stage, analyze them and initiate suitable countermeasures. These activities have been bundled in the surgical area since 2019. ITIL-compliant operating processes (incident, problem, change and release management) are established. Despite a wide variety of extensive measures taken by the IT service provider, IDS cannot guarantee that all potential negative events will have no impact on the ability to deliver.

In 2017 the IDS Information Security Management System was certified for the first time in accordance with ISO 27001 for the areas of data management, risk controlling, performance analysis and reporting and confirmed in a surveillance audit in 2019. The scope of the certification includes the services provided by IDS and the support services provided by third parties (e.g. service providers, business partners). IDS is a provider of quantitative analysis, data and reporting for investment portfolios of institutional and retail clients. Customers either have direct access to the databases using tools, receive customized data sets for further processing, or have outsourced entire business processes to IDS. Certain data and analysis models are only made available by a few, in extreme cases a single market provider. Disruptions, errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers. Errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers. Errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers.

Our customers are companies in the financial industry, which is increasingly exposed to regulation. Business information that IDS provides for these customers for their portfolios is explicitly used by them for regulatory reporting or is implicitly included in such reports on the customer side. Inquiries from our customers initiated by the regulator can lead to cost-intensive and lengthy analyzes. Therefore IDS has certified core processes according to ISAE 3402.

The continuous development of an emergency and recovery concept by a BCM (Business Continuity Management) manager from IDS as well as regular internal training courses on capital market compliance, data privacy, anti-fraud and anti-corruption round off the risk management tools.

Operational risks of other group companies or the group parent whose service IDS makes use of are not explicitly subject to IDS risk management. The resulting claims against IDS or its organs due to faulty business processes of others are absorbed by appropriate structures or, in case of doubt, can lead to losses for the company.

In order to limit any legal risks, legal experts from the group or from external law firms are regularly involved in the drafting of contracts.

Reputational risks

The influences on the business relationship with our customers, business partners and owners that could lead to a negative perception are defined as reputational risk. Adequate risk monitoring is therefore necessary. Defined transparency and an intensive exchange of information with all "stakeholders" are an important pillar of risk management for existing business relationships. New activities are assessed in advance with regard to the reputational risk.

Other risks

Business success is based on a highly motivated and well-trained workforce. The competition in the relevant industry (including IT) for talent is very intense. Therefore, the long-term commitment and the recruiting of talented employees for the further development and provision of the existing services is essential. Major efforts by IDS therefore also relate to the creation of attractive working conditions and the further development of employees. The further training offer for employees is regularly checked and further developed.

On the basis of the domination and profit transfer agreement with Allianz SE, the shareholder undertakes to compensate IDS losses.

Overall assessment of the risk situation

Currently and for the current financial year, no risks could be identified which could jeopardize the continuation of the company's activities. All identified risks of the past financial year are stored with appropriate mitigation measures and coordinated with the management.

Reservation for statements about the future

As always, the assessments are subject to the reservations stated below.

Insofar as forecasts or expectations are expressed in this report or statements relate to the future, these may involve known and unknown risks and uncertainties. The actual results and developments can therefore differ significantly from the expectations and assumptions made. In addition to other reasons not listed here, there may be deviations from changes in the general economic situation and the competitive situation, especially in Allianz core business areas and markets, from acquisitions and the subsequent integration of companies and from restructuring measures. The developments in the financial markets and exchange rates, as well as national and international changes in law can have a corresponding influence. Terrorist attacks and their consequences can increase the likelihood and extent of deviations.

The company assumes no obligation to update statements about the future.

Munich, February 12, 2021

The managing directors

Dr. Christoph Plein

Tatjana Ehrlich

Dr. Wolfgang Dietl

Balance sheet as of December 31, 2020

ASSETS

	€	€	December 31, 2020 €	December 31, 2019 €
A. FIXED ASSETS				
I. Intangible Assets				
1. Self-created industrial property rights and similar rights and values	1,174,104.80			305,774.68
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	195,649.86			228,391.11
3. Advance payments made	18,165.33			112,052.23
		1,387,919.99		646,218.02
II. Tangible assets				
1. Other equipment, factory and office equipment		22,841.10		83,888.14
III. Financial assets				
1. Fixed asset securities		18,817.22		0.00
			1,429,578.31	
B. CURRENT ASSETS				
I. Receivables and other assets				
1. Trade accounts receivable	2,166,513.99			4,140,877.29
2. Receivables from affiliated companies	13,877,509.92			17,647,714.76
3. other assets	1,552,209.21			1,474,293.05
		17,596,233.12		23,262,885.10
II. Cash in hand, Bundesbank balances, bank balances and checks		60,824.15		48,310.58
C. PREPAID EXPENSES		694,406.49		419,694.44
D. ACTIVE DIFFERENCE FROM THE ASSET SETTLEMENT		790.80		88,875.36
			18,352,254.56	
			19,781,832.87	24,549,871.64

LIABILITIES

	€	€	December 31, 2020 €	December 31, 2019 €
A. EQUITY				
I. Drawn capital				
1. Drawn capital	36,000.00			36,000.00
II. Net income				
1. Net income	440,003.41			0.00
			476,003.41	36,000.00
B. PROVISIONS				
1. Provisions for pensions and similar obligations	235,349.20			126,073.69
2. Tax provision	543,245.00			403,819.00
3. other provisions	15,052,847.01			16,962,620.22
			15,831,441.21	17,492,512.91
C. LIABILITIES				
1. Trade accounts payable	103,393.87			306,919.49
2. Liabilities to affiliated companies	2,794,167.55			6,305,367.16
3. other liabilities	539,666.47			406,836.78
of which from taxes: € 521,255.56 (previous year: € 372,887.32)				
			3,437,227.89	7,019,123.43
D. PREPAID EXPENSES			37,160.36	2,235.30
			19,781,832.87	24,549,871.64

Income statement for the period from 01/01/2020 to 12/31/2020

	01.01. - 31.12.2020 €	01.01. - 31.12.2019 €
1. Sales	69,577,048.59	66,883,310.89
2. Other own work capitalized	880,250.60	96,000.00
3. other operating income	7,184,203.59	7,288,103.07
4. Cost of materials		
a) Expenses for purchased services	-42,190,683.70	-38,831,875.58
5. Personnel expenses		
a) Wages and salaries	-28,844,680.28	-27,469,901.49
b) social security and pension and support expenses	-5,576,701.33	-5,389,014.60
of which for pensions: -1,360,995.86 € (previous year -1,346,872.81 €)		
6. Depreciation		
a) on intangible fixed assets and property, plant and equipment	-347,418.27	-376,590.76
b) on assets of the current assets, insofar as these exceed the depreciation customary in the corporation	-89.72	-33,243.60
7. other operating expenses	-907,047.27	-8,726,466.71

	01.01. - 31.12.2020 €	01.01. - 31.12.2019 €
8. other interest and similar income	54,634.87	3,430.81
of which from affiliated companies: € 24,473.6 (previous year € 3,393.65)		
9. Interest and Similar Expenses	-243,677.07	-82,142.26
10. Profit after tax	-414,159.99	-6,638,390.23
11. Income taxes	-73,044.90	0.00
12. Other taxes	927,208.30	1,395,183.31
13. Income from the assumption of losses	0.00	5,243,206.92
14. Annual net income	440,003.41	0.00

Appendix for the 2020 financial year

Information in accordance with Section 264 (1a) of the German Commercial Code (HGB)

IDS GmbH - Analysis and Reporting Services
Koeniginstrasse 28, 80802 Munich
Commercial Register B of the Local Court of Munich
Commercial register number HRB 136982

Relevant legislation

IDS prepares the annual financial statements in accordance with the provisions of the Commercial Code (HGB) and the GmbH Act. The rules for large corporations apply. The income statement has been prepared using the total cost method.

Accounting and valuation methods

The following accounting and valuation methods were decisive for the preparation of the annual financial statements.

Intangible assets and property, plant and equipment

The assets recorded here are stated at acquisition or production cost and are reduced by scheduled straight-line depreciation in accordance with their useful life. In exceptional cases, there is an unscheduled depreciation. Depreciation on additions to fixed assets during the financial year is always pro rata temporis. Advance payments made are recognized at their nominal value.

Low-value assets with a net value of up to € 250.00 are written off immediately. For movable assets that are capable of independent use with a net value of € 250.00 to € 1,000.00 net, a collective tax item is created in accordance with Section 6 (2a) of the EStG old version, which changes over at a flat rate in the year of formation and the four following financial years one fifth is released in each case with a reduction in profit.

Receivables and credit balances with banks are shown at their nominal value.

Other assets are valued at their acquisition costs or, if applicable, at the lower market value. Possible risks are taken into account through impairment, provided that the assets are not included in a valuation unit.

Securities to meet debts from pension obligations

In accordance with Section 253 (1) of the German Commercial Code (HGB), the securities are recognized at their fair value and, in conjunction with Section 246 (2) of the German Commercial Code, offset against the debts. If the debts exceed the fair value, the excess amount is shown under provisions. If the fair value exceeds the amount of the debts, the excess amount is shown under the item "Active difference from asset offsetting".

equity capital

Equity is shown at nominal value.

accruals

The **provisions** include all uncertain liabilities. Their scope is based on the necessary settlement amount.

The pension provisions are calculated according to actuarial principles. The conversion costs resulting from the first-time application of the Accounting Law Modernization Act in 2010 were already fully recognized as extraordinary expenses in the past.

According to Section 253, Paragraph 2, Clause 1 of the German Commercial Code (HGB), the provisions for pension obligations are to be discounted using the average market interest rate from the past ten financial years and for other personnel obligations (e.g. value account model) using the average market interest rate from the past seven financial years. A positive difference resulting from the valuation of the pension obligations with the seven-year average interest compared to the valuation with the ten-year average interest is subject to a distribution block in accordance with Section 253, Paragraph 6, Clause 2 of the German Commercial Code. This distribution block does not lead to a transfer block if, as with IDS, there is a profit and loss transfer agreement.

In 2019, the simplification regulation in Section 253 (2) sentence 2 HGB (remaining term of 15 years) will continue to be used, whereby, as in the previous year, an interest rate forecast as of the balance sheet date was used. The effect of a change in the discount rate is shown in income statement 8 "Interest and similar expenses".

Further explanations on the accounting for pension obligations can be found in the notes under "Pension provisions and similar obligations".

Liabilities are **stated** at the settlement amount.

Currency conversion

In principle, all business transactions are recorded in the original currency and converted into euros at the respective daily rate (mean spot exchange rate). In the case of receivables and liabilities with a remaining term of one year or less, the gains or losses from the translation are recognized in profit or loss in accordance with Section 256a of the German Commercial Code (HGB).

Notes to the balance sheet

Capital assets

Asset grid in accordance with Section 284 (3) of the German Commercial Code (HGB):

Historical acquisition and manufacturing costs

Asset	As of December 31,	Historical acquisition and manufacturing costs		As of December 31,
	2019	Additions	Disposals	2020
	€	€	€	€
AI 1 intangible assets (self-created)	647,523	976,251	-	1,623,773
AI 2 intangible assets (acquired against payment)	As of December 31, 2019 1,076,131	130,710	305,248	As of December 31, 2020 1,491,633
AI 3 intangible assets (advance payments made)	112,052	-93,887	-	18,165
Asset	€	€	€	€
A II: Property, plant and equipment	418,484	14,999	2,214	431,269
A III: Financial assets	0.00	18,817	-	18,817
Total fixed assets	2,794,250	1,046,890	307,462	3,533,678

accumulated depreciation

Asset	As of December 31,	Historical acquisition and manufacturing costs		As of December 31,
	2019	Additions	Disposals	2020
	€	€	€	€
AI 1 intangible assets (self-created)	341,748	107,920	-	449,669
AI 2 intangible assets (acquired against payment)	1,387,800	163,451	305,248	1,246,003
AI 3 intangible assets (advance payments made)	-	-	-	-
A II: Property, plant and equipment	334,596	76,046	2,214	408,428
A III: Financial assets	-	-	-	-
Total fixed assets	2,064,144.14	347,418	307,462	2,104,100

Balance values

Asset	As of December 31,	As of December 31,
	2019	2020
	€	€
AI 1 intangible assets (self-created)	305,775	1,174,105
AI 2 intangible assets (acquired against payment)	228,391	195,650
AI 3 intangible assets (advance payments made)	112,052	18,165
A II: Property, plant and equipment	83,888	22,841
A III: Financial assets	0	18,817
Total fixed assets	730,106	1,429,578

Item AI 1 (additions) relates to part of the development costs for self-developed software. The total amount of development costs for this software is € 1,265,869.30. Item AI 2 essentially contains software products that are used to provide customer-specific services. There were no changes to bookings or charges.

Current assets**Receivables and other assets**

	December 31, 2020	December 31, 2019
	€	€
Requests from deliveries and services	2,166,513.99	4,140,877.29
Receivables from affiliated companies	13,877,509.92	17,647,714.76
Other assets	1,552,209.21	1,474,293.05
	17,596,233.12	23,262,885.10

The receivables all have a remaining term of up to one year.

Of the receivables from affiliated companies, the shareholder (Allianz SE) accounts for € 12,308,743.97 (previous year: € 14,486,858.13), of which € 11,082,719.80 (previous year: € 7,698,704.38) are receivables Cash pool credit. In the previous year, it also included € 5,307,320.60 receivables for loss compensation based on the profit and loss transfer agreement.

The other assets correspond to the hedges acquired for obligations of IDS from the Allianz Equity Incentive Plans.

Valuation units**Allianz Equity Incentive Plans**

The restricted stock units (RSU) are hedged through forward transactions with Allianz SE, which are accounted for as a receivable from Allianz SE and as an equity swap. Forward transactions are combined with the corresponding underlying transactions as a valuation unit. The underlying transactions are shown under other provisions and the hedging transactions are shown under other assets. A micro-hedge is used for the valuation units created in order to completely exclude the risk of price changes due to market price fluctuations.

The effectiveness of the valuation units for the share-based compensation plans that expire in 2023 at the latest is proven prospectively and retrospectively by the agreement of the conditions, parameters and risks (critical term match method).

As of the balance sheet date, the basic transactions included, consisting of services that are expected to be offset in the future, have a volume of € 1,538,044.45 (previous year: € 1,453,799.75). The valuation units are used to hedge against risks in the form of changes in value amounting to € 416,597.59 (previous year: € 705,077.52). The valuation units are accounted for using the freezing method.

Prepaid expenses

In the reporting year, prepayments for license fees and expenses for IT maintenance related to the year 2021 were mainly accrued.

Deferred taxes

Due to the existing income tax group, deferred taxes are taken into account at the level of the parent company with analogous application of §§274 HGB. There are significant deviations between the commercial and tax law valuations in the provisions for pensions and similar obligations, which each lead to deferred tax assets. The valuation of domestic tax deferrals is based on a tax rate of 31 percent.

Pension provisions and similar obligations

IDS has made pension commitments for which pension provisions are set up. Some of the pension commitments are secured within the framework of a "contractual trust arrangement" (Methuselah Trust eV). These trust assets represent plan assets that have to be netted, with the asset value or market value being taken as the basis for the fair value.

The settlement amount is determined on the basis of the projected unit credit method (this refers to a projected unit credit method, based on the earned part) or shown as the present value of the acquired entitlement. If the commitments are securities-linked, the current value of the assets is used. The calculation was based on the following assumptions:

	December 31, 2020	December 31, 2019
Discount rate (10-year average)	2.30%	2.71%
Discount rate (7-year average)	1.60%	1.97%
Pension trend	1.30%	1.50%
Salary trend (including average career trend)	3.25%	3.25%

In contrast to this, some of the pension commitments are based on the guaranteed pension growth rate of 1% pa.

The current Heubeck RT2005G mortality tables, which have been adapted to company-specific circumstances with regard to mortality, disability and fluctuation, are used as the biometric calculation basis. These adjustments were introduced in 2010 and reviewed and redefined in 2018. The contractually stipulated age limit or the age limit resulting from the Pension Insurance Age Limit Adjustment Act 2007 is used as the retirement age. The IDS does not have any unrecognized provision amounts in accordance with Article 67 (2) EGHGB.

The total amount of the pension provisions formed at IDS and the assets offset against these provisions in accordance with Section 246 (2) sentence 2 HGB is made up as follows:

	December 31, 2020	December 31, 2019
	€	€
Acquisition costs of the offset assets	8,514,080	7,303,327
Fair value of the offset assets	8,576,521	7,679,426
Settlement amount of the offset debts	8,811,871	7,716,630

After offsetting the settlement amount with the fair value of the assignable assets, this results in a pension provision of € 235,349.20 (previous year: € 126,073.69).

The settlement amount of the offset debts determined using the 7-year average interest rate as of December 31, 2020 is € 9,215,206 and exceeds the balance sheet value by € 403,335.

Tax provisions

The main part is accounted for by sales tax of € 434,775.00 (previous year: € 323,641.00).

Other provisions

Other provisions account for € 6,046,821.28 (previous year: € 6,492,410.80) for special bonuses and € 2.1 million (previous year: € 3.0 million) for severance payments from the 2019 restructuring program that have not yet been paid out. In addition, other provisions for vacation entitlements in the amount of € 991,261.00 (previous year € 759,525.00), for outstanding supplier invoices in the amount of € 3,108,409.99 (previous year € 3,885,185.15) and for virtual shares (RSU) in the amount of € 1,133,437.99 (previous year: € 1,044,260.13).

The company has obligations from a value account model and from partial retirement contracts, which are reported under other provisions. The assets reserved in Methuselah Trust eV for the partial retirement security credit and the value account model represent plan assets that are subject to offsetting, whereby the asset value or the market value is taken as the basis as the fair value. These obligations are essentially valued in the same way as pension commitments and on the basis of the same calculation assumptions (with the exception of the discount rate). The provisions are made up as follows (unrecognized provisions in accordance with Art. 67 Para. 2 EGHGB nil report):

	December 31, 2020	December 31, 2019
	€	€
Acquisition costs of the offset assets	1,614,734	1,221,960
Fair value of the offset assets	1,615,025	1,221,960
Settlement amount of the offset debts	1,614,234	1,221,960

For obligations from partial retirement where the fair value of the assigned assets exceeds the provision, IDS shows the netted value of € 790.80 in the item "Active difference from asset offsetting".

liabilities

The liabilities (see table below) all have a remaining term of up to one year.

Liabilities table

	December 31, 2020	December 31, 2019
	€	€
Type of liability		
Liabilities from deliveries and services	103,393.87	306,919.49
Liabilities to affiliated companies	2,794,167.55	6,305,367.16
other liabilities	539,666.47	406,836.78
- of which from taxes	521,255.56	372,887.32
	3,437,227.89	7,019,123.43

The liabilities to affiliated companies result from clearing transactions (processing of services). Of this, the shareholder accounted for € 83,149.27 (previous year: € 77,980.96).

Notes on the income statement

Sales

The sales revenues amount to € 69,577,048.59 (previous year: € 66,883,310.89) and are mainly attributable to services. Of the sales revenue, € 17,396,738.99 (previous year: € 16,044,105.87) is attributable to customers from abroad.

Other company income

The other operating income mainly consists of income from the reversal of provisions in the amount of € 2,516,950.82 (previous year: € 4,433,775.45). It also included an insurance benefit of € 4,320,414.00 (previous year: € 2,699,207.69 income from the reversal of a liability).

Cost of materials

This item shows the cost of purchased services.

Other operating expenses

The other operating expenses essentially include expenses for further training and recruiting, travel expenses, fees and reimbursements to employees and service recipients / customers. The previous year included € 3.0 million in restructuring expenses.

Interest and similar expenses

The compounding of long-term provisions results in an expense of € 232,218.89 (previous year: € 69,255.20), of which € 209,686.99 (previous year: € 52,336.80) relates to pensions.

Financial result

Offsetting assets and debts in accordance with Section 246 (2) HGB resulted in the following expenses and income being netted:

	Pensions 12/31/2020	Pensions 12/31/2019	Other 12/31/2020	Other 12/31/2019
	€	€	€	€
Income from the fair value of the offset assets	203,829	307,206	28,003	14,683
Calculated interest on the settlement amount of the offset debts	-210,594	-330,951	-28,003	-15,264
Effect from the change in the discount rate for the settlement amount	-203,192	-28,593	46	-6
Net amount of offset income and expenses	-209,957	-52,338	46	-587

The financial result amounts to € -189,042.40 (previous year: € -78,711.45) and includes, in addition to the above net amount, in particular the interest income / expenses from the cash pool.

Taxes on income and earnings

There is a fiscal unity with Allianz SE. The taxes are therefore passed on to Allianz SE.

Other taxes

The annual sales tax return for the previous year resulted in income of € 1,039,318.05 (previous year: € 1,578,798.23).

Other Information**Contingent liabilities**

Contingent liabilities exist within the framework of the company pension scheme. The basis of the company pension scheme for the employees of the German subsidiaries who joined the company by December 31, 2014 is usually the membership in the Allianz pension fund VVaG (AVK), which, as a legally independent and regulated pension fund, is subject to the supervision of the Federal Financial Supervisory Authority. The services of the AVK are financed according to the single contribution system through contributions from the sponsoring companies to the fund through salary conversion. In addition to Allianz SE, Allianz Deutschland AG,

IDS is obliged to bear part of the administrative costs of the AVK and, if necessary, to make subsidies in accordance with the legal basis. In addition, the sponsoring companies make contributions to the Allianz Pensionsverein eV (APV) for employees who joined the company until December 31, 2014. Due to the sharp drop in the discount rate and because the adjustment obligation in accordance with Section 16 BetrAVG is not reinsured in the old APV tariff, the APV's plan assets as of December 31, 2020 are lower than the pension obligations. The deficit as of December 31, 2020 was € 1,513,735 (previous year: € 925,452). The company makes use of the option under Article 28 Paragraph 1 EGHGB not to set up any provision for uncertain liabilities.

Both the AVK and the APV were closed to new entrants from 1.1.2015. For new entrants from January 1, 2015, the company pension scheme has been uniformly reorganized. IDS pays a monthly contribution to direct insurance with Allianz Lebensversicherungs-AG for new entrants from January 1, 2015, which is financed by the employee as part of the deferred compensation. In addition, a monthly employer contribution is made as part of a direct commitment.

Allianz SE has assumed joint and several liability for part of IDS' pension commitments by assuming debt. The IDS reimburses the costs; Allianz SE took over the fulfillment. Therefore, these pension obligations are accounted for by Allianz SE and not by the company. With effect from January 1, 2017, the companies will only reimburse their employees for the service costs. There is no longer any reimbursement for the risks arising from interest rates, inflation and biometrics. The joint and several liability of IDS from these pension commitments as well as the recourse claims against Allianz SE against these liability obligations amount to:

	December 31, 2020	December 31, 2019
	€	€
Settlement amount of the offset debts	5,538,912	5,197,545
Unrecognized provision amount in accordance with Article 67 Paragraph 2 EGHGB	0.00	0.00
Joint and several liability or right of recourse against Allianz SE	5,538,912	5,197,545

As of December 31, 2020, due to the change in the financing method of the Pensions-Sicherheits-Verein VVaG in 2006, there is a joint and several liability of € 739 (previous year: € 1,457), which is not shown in the IDS balance sheet, as this liability is equivalent Claims of recourse against Allianz SE stands.

Other financial obligations

Apart from the contingent liabilities, there are no other financial obligations.

Managing directors

Dr. Christoph Plein, Chief Executive Officer (since February 24, 2020)

Dr. Wolfgang Dietl, Commercial Director

Tatjana Ehrlich, special tasks

Total remuneration of the management

In application of the regulations in Section 286 (4) of the German Commercial Code (HGB), the information on the remuneration of the active managing directors is omitted. The total remuneration for retired former managing directors was € 129,679.92 (previous year: € 128,479.92).

The pension obligations for former managing directors or their surviving dependents are as follows:

	December 31, 2020	December 31, 2019
	€	€
Acquisition costs of the offset assets	892,590	878,059
Fair value of the offset assets	892,590	878,059
Settlement amount of the offset debts	3,516,239	3,412,281
Unrecognized provision amount in accordance with Article 67 Paragraph 2 EGHGB	0	0
Pension provision	2,623,649	2,534,222

The asset value of the reinsurance is used as the basis for the fair value of the offset assets.

Average number of employees over the year

On average in 2020, IDS employed 328 (previous year 327) employees.

2020

2019

	2020	2019
Full-time employee	260	254
Part-time workers	68	73
Temporary help	0	0
	328	327

Annual surplus / distribution block (Section 268 (8) HGB)

The distribution block resulting from Section 268 (8) is € 1,174,105. The annual surplus of € 440,003.41 will therefore be added to equity.

Supplementary report

There were no events between the end of the financial year and the preparation of the annual financial statements that would have been of particular importance for the assessment of the asset, financial and earnings position of IDS.

Auditor's fee

The information on the total fee of the auditor in accordance with Section 285 No. 17 HGB for services to IDS is contained in the consolidated financial statements of Allianz SE, Munich.

Advisory Board

Dr. Claus Stickler, Chairman, Managing Director of Allianz Investment Management SE (AIM)

Michael Peters, Head of Investment Business Management at Allianz Global Investors GmbH

Dr. Roman Sauer, Head of Group Accounting & Reporting, Allianz SE

Group affiliation

IDS is part of the Allianz Group under the leadership of Allianz SE, Munich. Consolidated financial statements and management report are published in the Allianz SE annual report and submitted to the operator of the Federal Gazette after its general meeting and published there. They can be viewed in the company register or requested from IDS. IDS has been included in the consolidated financial statements since 2017. A domination and profit transfer agreement exists between IDS and Allianz SE.

Munich, February 12, 2021

The managing directors

Dr. Christoph Plein

Tatjana Ehrlich

Dr. Wolfgang Dietl

INDEPENDENT AUDITOR'S REPORT

To IDS GmbH - Analysis and Reporting Services, Munich

Examination Opinions

We have prepared the annual financial statements of IDS GmbH - Analysis and Reporting Services, Munich, - consisting of the balance sheet as of December 31, 2020 and the income statement for the financial year from January 1 to December 31, 2020 as well as the notes, including the Presentation of accounting and valuation methods - checked. In addition, we have audited the management report of IDS GmbH - Analysis and Reporting Services for the financial year from January 1 to December 31, 2020.

According to our assessment based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, give a true and fair view of the company's assets and financial position as of December 31, 2020 as well as its earnings position for the financial year from January 1 to as of December 31, 2020 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe

Responsibility of the legal representatives and the advisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law in all essential respects, and for ensuring that the annual financial statements provide a true and fair view of the assets, financial and earnings position of the in compliance with the German principles of proper bookkeeping Society mediates. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intentional or unintentional - misstatements.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis on the basis of the accounting principle, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have considered necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements in the management report can.

The Advisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intended or unintentional - misstatements, and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the findings of the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Sufficient security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional misrepresentations in the annual financial statements and in the management report - plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.

we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for going concern and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue business can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.

- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Munich, April 16, 2021

PricewaterhouseCoopers GmbH
auditing company

Christine Keller, auditor

Michael Kilbinger, auditor

Shareholder resolution of IDS GmbH - Analysis and Reporting Services Munich

The sole shareholder of IDS GmbH - Analysis and Reporting Services, based in Munich, decides not to hold a shareholders' meeting in writing:

1. The annual financial statements as of December 31, 2020, presented by the managing directors, are adopted.
2. The balance sheet total is EUR 19,781,832.87. The annual surplus of EUR 440,003.41 will be carried forward in full.
3. Discharge will be granted to the managing directors for the 2020 financial year.

Munich, May 18, 2021

Allianz SE

Claus Stickler, authorized signatory

Axel Zeren, authorized signatory

Unterscriben von: Claus Stickler
E-Mail: claus.stickler@allianz.com
Signaturzeitpunkt: 18-05-2021 17:18:33
IP-Adresse: 194.127.24.74

Signed by: Axel Zehren
EMail: axel.zehren@allianz.com
Signing time: 18-05-2021 17:21:05
IP address: 80.128.149.102

The annual financial statements as of December 31, 2020 were approved on May 18, 2021.

